

CITY OF **FAIRFIELD**



Comprehensive Annual Financial Report



**City of Fairfield, Ohio
For the Year Ended
December 31, 2017**



Dave Yost • Auditor of State

City Council
City of Fairfield
5350 Pleasant Ave.
Fairfield, Ohio 45014

We have reviewed the *Independent Auditor's Report* of the City of Fairfield, Butler County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 20, 2018

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City of Fairfield, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

**Prepared By:
Department of Finance
Mary Hopton, Director**

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On the Cover

The bronze sculpture “Puppy Love” designed by W. Stanley “Sandy” Proctor, depicts two children and their puppy enjoying a day at the park. This tribute is located in Village Green Park.

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INTRODUCTORY SECTION

City of Fairfield, Ohio

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June 27, 2018

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, 2017 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 2016, the City replenished the revenue to the Street Improvement and Capital Improvement funds to fund the substantial five-year Capital Improvement Program. The City will continue to do so as long as income tax revenues are sufficient to maintain the General fund operations and reserves.

Relevant Financial Policies

In 2015, the State of Ohio 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 financial impact is unknown as no business profit returns have been filed through the State of Ohio.

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 2017:

- 1) Water System Improvements for Route 4 was financed with outside debt of \$3.3 million. The timing of this replacement was crucial to the Route 4 Urban Paving project in early 2018.
- 2) Motor Control Center replacement for the Wastewater Plant was financed with outside debt of \$1.7 million. The current motor control center was installed in 1965 and is critical to the operation of the Wastewater Plant.

Future Projects

Accomplishments and significant capital projects to look forward to in 2018 include the following:

- 1) The Route 4 Urban Paving project is slated to commence in early 2018 with an expected cost of \$3.7 million with \$2.1 million in state funding. This project will pave Route 4 from the City's northern corporate line south to Seward Road.
- 2) The improvements to North Gilmore Road from Holden Boulevard to Symmes Road with an expected cost of \$1.06 million with outside funding of \$760,000 will include overlay, storm sewer, guardrail, shoulder widening and adding a striped center turn lane between Route 4 and Hicks Boulevard. This project will begin in mid-2018.
- 3) The upgrades to the Central Traffic System with an expected cost of \$2.8 million with outside funding of \$2.2 million will include new adaptive software, video detection and advance radar at select intersections. This project will begin in mid-2018.

Internal Accounting and Budgetary Controls

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

Budgetary control is maintained at the department level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as assignments of the fund balance for the governmental fund types at December 31, 2017.

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:

	2017	2016
General fund 1.2%	\$24,578,337	\$23,295,587
Street Improvement fund 0.15%	3,072,292	2,911,948
Capital Improvement fund 0.15%	<u>3,072,292</u>	<u>2,911,948</u>
Gross Revenues	<u>\$30,722,921</u>	<u>\$29,119,483</u>

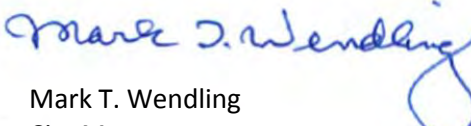
Independent Audit

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.

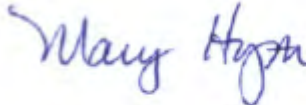
Acknowledgements

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



Mary Hopton
Director of Finance

**CITY OF FAIRFIELD
PUBLIC OFFICIALS**

MAYOR

Steve Miller

COUNCIL MEMBERS

Vice Mayor – Bill Woeste

Chad Oberson
Debbie Pennington
Mike Synder

Craig Keller
Leslie Besl
Tim Abbott

APPOINTED OFFICIALS

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

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

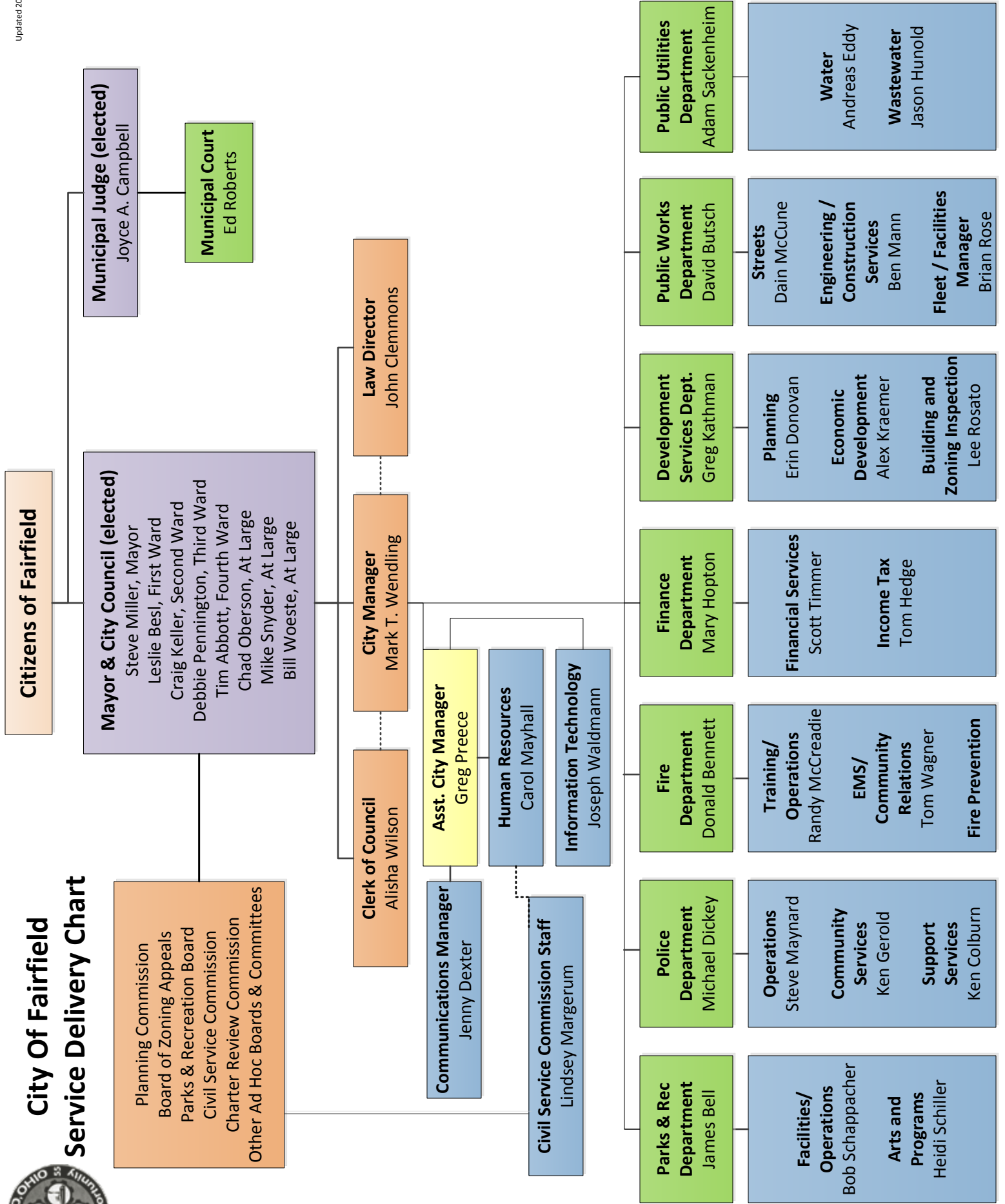
DEPARTMENT OF FINANCE

Mary Hopton, MBA
Scott Timmer
Tom Hedge
Karen Broughton

Finance Director
Financial Services Manager
Income Tax Administrator
Payroll Administrator



City Of Fairfield Service Delivery Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fairfield
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Cincinnati, Ohio
June 27, 2018

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City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2017
(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, 2017. 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 \$2,155,270. Net position of governmental activities increased \$2,519,228, net position of business-type activities decreased by \$363,958.
- The general fund reported a fund balance of \$15,969,942.
- Business-type operations reflected operating loss of (\$533,696).
- The City had \$44,345,381 in expenses relating to governmental activities; program revenues offset \$9,012,325 of these expenses. General revenues of \$38,027,284 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, 2017
(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, Warranty Bonds and Joint Economic Development District. The City's fiduciary responsibility is reported in the Statement of Fiduciary Assets and Liabilities. We exclude these balances from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

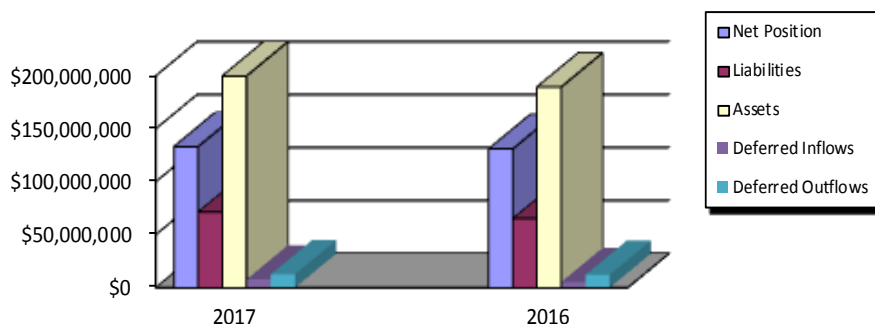
City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2017
(Unaudited)

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 2017 compared to 2016.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$55,072,761	\$48,777,204	\$14,028,009	\$10,892,897	69,100,770	\$59,670,101
Capital Assets	87,358,872	87,752,266	43,423,247	42,039,676	130,782,119	129,791,942
Total Assets	142,431,633	136,529,470	57,451,256	52,932,573	199,882,889	189,462,043
Deferred Outflows of Resources:						
Deferred Charge on Refunding Pension	409,345	199,254	19,836	24,795	429,181	224,049
	9,811,774	9,999,463	2,372,315	1,952,420	12,184,089	11,951,883
Total Deferred Outflows of Resources	10,221,119	10,198,717	2,392,151	1,977,215	12,613,270	12,175,932
Liabilities:						
Long-Term Liabilities	54,907,499	54,071,815	7,670,928	7,549,892	62,578,427	61,621,707
Other Liabilities	2,546,188	2,522,509	6,382,364	1,201,834	8,928,552	3,724,343
Total Liabilities	57,453,687	56,594,324	14,053,292	8,751,726	71,506,979	65,346,050
Deferred Inflows of Resources:						
Property Taxes	6,768,000	4,680,000	0	0	6,768,000	4,680,000
Grants and Other Taxes	230,654	222,976	0	0	230,654	222,976
Pension	731,734	281,438	94,325	98,314	826,059	379,752
Total Deferred Inflows of Resources	7,730,388	5,184,414	94,325	98,314	7,824,713	5,282,728
Net Position:						
Net Investment In Capital Assets	73,664,366	72,702,624	39,221,993	40,221,046	112,886,359	112,923,670
Restricted	20,743,247	18,160,599	1,027,000	1,024,340	21,770,247	19,184,939
Unrestricted	(6,938,936)	(5,913,774)	5,446,797	4,814,362	(1,492,139)	(1,099,412)
Total Net Position	\$87,468,677	\$84,949,449	\$45,695,790	\$46,059,748	\$133,164,467	\$131,009,197



Total net position of the City as a whole increased \$2,155,270. Net position of the City's governmental activities increased \$2,519,228, while the net position of the City's business-type activities decreased \$363,958 from 2016. 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

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(Unaudited)

capital assets to provide services to citizens of the City. The City had an unrestricted net position balance of (\$1,492,139). Capital Assets decreased mainly due to current year depreciation expense being greater than additions. Total Long-Term Liabilities increased mainly due to the increase in net pension liability.

Table 2 shows the changes in net position at year-end and revenue and expense comparisons for 2017 to 2016.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for Services	\$4,452,994	\$6,411,256	\$16,057,357	\$15,297,601	\$20,510,351	\$21,708,857
Operating Grants and Contributions	3,301,379	3,243,396	0	0	3,301,379	3,243,396
Capital Grants and Contributions	1,257,952	185,742	0	0	1,257,952	185,742
Total Program Revenues	9,012,325	9,840,394	16,057,357	15,297,601	25,069,682	25,137,995
General Revenues:						
Income Taxes	28,041,922	28,822,572	0	0	28,041,922	28,822,572
Property Taxes	7,695,614	5,161,790	0	0	7,695,614	5,161,790
Grants and Entitlements	1,092,049	1,413,792	0	0	1,092,049	1,413,792
Investment Earnings	423,476	147,846	81,541	28,592	505,017	176,438
Other Revenues	774,223	671,625	264,497	276,975	1,038,720	948,600
Total General Revenues	38,027,284	36,217,625	346,038	305,567	38,373,322	36,523,192
Total Revenues	47,039,609	46,058,019	16,403,395	15,603,168	63,443,004	61,661,187
Program Expenses:						
General Government	9,420,931	7,968,208	0	0	9,420,931	7,968,208
Public Safety	19,659,072	18,841,094	0	0	19,659,072	18,841,094
Community Development	2,088,857	1,950,158	0	0	2,088,857	1,950,158
Liesure Time Activities	3,523,300	3,746,235	0	0	3,523,300	3,746,235
Transportation and Street Repair	8,471,472	8,097,174	0	0	8,471,472	8,097,174
Basic Utility Service	464,115	458,368	0	0	464,115	458,368
Public Health and Welfare	20,962	21,125	0	0	20,962	21,125
Interest and Other Charges	696,672	732,471	0	0	696,672	732,471
Water Utility	0	0	6,733,916	6,407,038	6,733,916	6,407,038
Sewer Utility	0	0	5,950,929	5,735,840	5,950,929	5,735,840
Solid Waste	0	0	2,295,473	2,259,529	2,295,473	2,259,529
Recreation	0	0	1,962,035	1,873,055	1,962,035	1,873,055
Total Program Expenses	44,345,381	41,814,833	16,942,353	16,275,462	61,287,734	58,090,295
Increase (Decrease) in Net Positon before Transfers	2,694,228	4,243,186	(538,958)	(672,294)	2,155,270	3,570,892
Transfers - Internal Activities	(175,000)	(215,000)	175,000	215,000	0	0
Change in Net Position	2,519,228	4,028,186	(363,958)	(457,294)	2,155,270	3,570,892
Net Position - Beginning of Year	84,949,449	80,921,263	46,059,748	46,517,042	131,009,197	127,438,305
Net Position - End of Year	\$87,468,677	\$84,949,449	\$45,695,790	\$46,059,748	\$133,164,467	\$131,009,197

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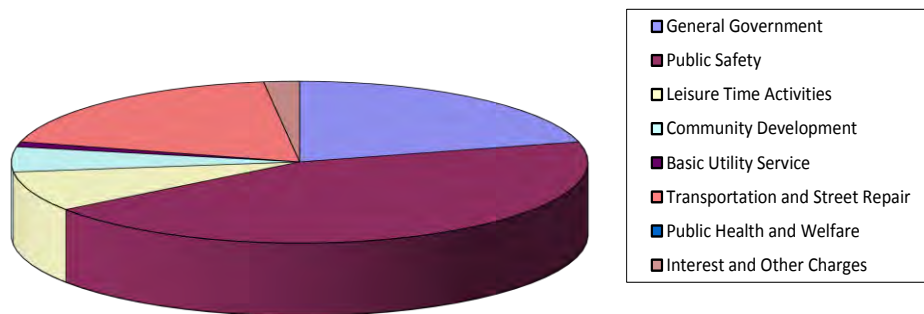
Governmental Activities

The City had an increase in revenues mainly due to an increase in charges for services revenues and income tax revenues that the City received in 2017. Total expenses increased mainly due to the City’s public safety and leisure time (recreation) services, that they provide, increased from 2016.

Revenues generated by the earnings tax represent approximately 74% of the City’s governmental activities general revenues. The City’s 2017 earnings tax revenues decreased approximately 2.7% when compared to 2016 earnings tax revenues.

Governmental Activities
Program Expenses for 2017

	Percentage
General Government	21%
Public Safety	44%
Leisure Time Activities	8%
Community Development	5%
Basic Utility Service	1%
Transportation and Street Repair	19%
Public Health and Welfare	Less than 1%
Interest and Other Charges	2%
Total	100%



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

Income Tax

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

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

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

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

Business-Type Activities

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating loss of (\$533,696) for 2017. The operating revenues for business-type activities were \$16,321,854, while operating expenses were \$16,855,550 for 2017. The decrease in operating loss for 2017 was mainly due to an increase in the City's operating expenses, in 2017 as compared to 2016.

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

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the existing process involving ion exchange treatment. This initial addition of the lime/soda ash plant consisted of a 4.5 MGD expansion. A second addition to the lime/soda ash plant was completed in 1990. Today, the plant has a combined capacity of 10.5 MGD day. This includes 1.5 MGD for the original ion exchange plant, and 4.5 MGD for each of the two phases of the lime/soda ash plant expansion.

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

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

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

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

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

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

Waste Collection – The City contracts with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2012, Council authorized a contract renewal for five additional years with Rumpke for Fairfield residents' waste and recycling collection services. Per the City's contract the 2014 rate was \$11.45 per month for curbside service and \$6.50 per month for dumpster service. The rates increased in September, 2014 to \$11.65 per month for

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curbside service and \$6.65 per month for dumpster service. The full costs of the services are passed-through to the residents. Annual increases are scheduled throughout the contract which will result in the curbside rate to be \$12.25 and the dumpster rate to be \$7.10 at the end of the five year contract.

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

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

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

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

The City's Funds

The City has three major governmental funds: the General Fund, Fire Levy Fund, and Street Improvement Fund. Assets of these funds comprised \$36,853,546 (71%) of the total governmental fund assets.

General Fund: Fund balance at December 31, 2017 was \$15,969,942, an increase in fund balance of \$155,713 from 2016. The general fund had an increase in fund balance mainly due to an increase in income tax collections.

Fire Levy Fund: Fund balance at December 31, 2017 was \$1,087,982, an increase of \$1,157,522 from 2016. The increase in fund balance was mostly due to an increase in property tax revenue.

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Street Improvement Fund: Fund balance at December 31, 2017 was \$7,299,533, an increase in fund balance of \$1,704,275 from 2016.

General Fund Budgeting Highlights

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

For the General Fund, the final budgeted expenditures were \$28,097,829 and the final actual expenditures were \$25,807,242. The difference was \$2,290,587. 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 2017. As the City completed the year, its General Fund balance reported an actual fund balance of \$14,299,677, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$130,782,119 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2017 balances compared to 2016:

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$19,112,540	\$18,952,540	\$1,641,949	\$1,641,949	\$20,754,489	\$20,594,489
Construction in Progress	4,919,704	3,051,555	4,094,287	602,611	9,013,991	3,654,166
Buildings and Improvements	48,333,666	48,154,221	49,919,372	49,919,372	98,253,038	98,073,593
Equipment	18,679,804	17,813,432	5,036,981	5,080,704	23,716,785	22,894,136
Infrastructure	101,550,722	101,281,861	34,655,206	34,655,206	136,205,928	135,937,067
Accumulated Depreciation	(105,237,564)	(101,501,343)	(51,924,548)	(49,860,166)	(157,162,112)	(151,361,509)
Total Net Capital Assets	<u>\$87,358,872</u>	<u>\$87,752,266</u>	<u>\$43,423,247</u>	<u>\$42,039,676</u>	<u>\$130,782,119</u>	<u>\$129,791,942</u>

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

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

Debt

The City had \$14,103,851 in Governmental Activities long-term debt and \$793,522 in Business-Type Activities long-term debt

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Table 4
Outstanding Debt at Year End

		2017	2016
Governmental Activities:			
<u>Bonds and Notes:</u>			
Various Purpose Golf and Justice Center - 2009	3.56%	\$555,000	\$4,415,000
Various Purpose Refunding - 2009	3.23%	320,000	630,000
Roadway Improvement Bonds - 2010A	4.64-6.09%	6,000,000	6,000,000
Roadway Improvement Bonds - 2010B	3.74-4.44%	420,000	830,000
2017 Refunding of 2009 Various Purpose Golf & Just. Center	4.05%	3,585,000	0
Community Arts Center Refunding 2012	4.50%	2,720,000	3,130,000
Premium/(Discount)	n/a	503,851	243,896
Total Bonds and Notes:		<u>\$14,103,851</u>	<u>\$15,248,896</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$219,082	\$831,812
Water Refunding Mortgage Revenue Bond - 2009	3.15%	0	300,000
Premium on Various Purpose Water Refunding - 2009	n/a	0	4,812
Various Purpose Refunding - 2012	3.66%	545,000	670,000
Premium on Various Purpose Water Refunding - 2012	n/a	29,440	36,801
Total Business Type Activities		<u>\$793,522</u>	<u>\$1,843,425</u>

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

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

Economic Factors

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

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

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be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2016, the City replenished the revenue to the Street Improvement and Capital Improvement funds to fund the substantial five-year Capital Improvement Program. The City will continue to do so as long as income tax revenues are sufficient to maintain the General fund operations and reserves.

Contacting the City's Finance Department

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

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City of Fairfield, Ohio
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$39,810,717	\$10,830,177	\$50,640,894
Restricted Cash	0	1,027,000	1,027,000
Receivables (Net):			
Taxes	12,644,395	0	12,644,395
Accounts	267,773	1,894,889	2,162,662
Interest	51,386	9,159	60,545
Intergovernmental	2,298,490	0	2,298,490
Inventory	0	266,784	266,784
Nondepreciable Capital Assets	24,032,244	5,736,236	29,768,480
Depreciable Capital Assets, Net	63,326,628	37,687,011	101,013,639
Total Assets	142,431,633	57,451,256	199,882,889
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	409,345	19,836	429,181
	9,811,774	2,372,315	12,184,089
Total Deferred Outflows of Resources	10,221,119	2,392,151	12,613,270
Liabilities:			
Accounts Payable	633,591	733,921	1,367,512
Accrued Wages and Benefits	1,534,783	161,125	1,695,908
Retainage Payable	0	101,000	101,000
Accrued Interest Payable	49,602	56,481	106,083
Due to Other Governments	30,337	64,525	94,862
Claims Payable	297,875	0	297,875
Other Liabilities	0	265,312	265,312
General Obligation Notes Payable	0	5,000,000	5,000,000
Long-Term Liabilities:			
Due Within One Year	2,683,248	515,749	3,198,997
Due In More Than One Year			
Net Pension Liability	36,802,584	6,118,514	42,921,098
Other Amounts	15,421,667	1,036,665	16,458,332
Total Liabilities	57,453,687	14,053,292	71,506,979
Deferred Inflows of Resources:			
Property Taxes	6,768,000	0	6,768,000
Grants and Other Taxes	230,654	0	230,654
Pension	731,734	94,325	826,059
Total Deferred Inflows of Resources	7,730,388	94,325	7,824,713
Net Position:			
Net Investment in Capital Assets	73,664,366	39,221,993	112,886,359
Restricted for:			
Debt Service	1,763,686	0	1,763,686
Capital Projects	10,538,656	1,027,000	11,565,656
Street Construction and Maintenance	2,410,113	0	2,410,113
Court Services	4,908,899	0	4,908,899
Public Safety	208,048	0	208,048
Other Purposes	913,845	0	913,845
Unrestricted	(6,938,936)	5,446,797	(1,492,139)
Total Net Position	\$87,468,677	\$45,695,790	\$133,164,467

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2017

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$9,420,931	\$1,930,245	\$210,115	\$0
Public Safety	19,659,072	1,101,654	640,828	0
Community Development	2,088,857	1,137,106	0	356,274
Leisure Time Activities	3,523,300	244,100	0	126,452
Transportation and Street Repair	8,471,472	39,889	2,450,436	775,226
Basic Utility Service	464,115	0	0	0
Public Health and Welfare	20,962	0	0	0
Interest and Other Charges	696,672	0	0	0
Total Governmental Activities	44,345,381	4,452,994	3,301,379	1,257,952
Business-Type Activities:				
Water Utility	6,733,916	5,686,777	0	0
Sewer Utility	5,950,929	6,306,111	0	0
Solid Waste	2,295,473	2,273,206	0	0
Recreation	1,962,035	1,791,263	0	0
Total Business-Type Activities	16,942,353	16,057,357	0	0
Totals	\$61,287,734	\$20,510,351	\$3,301,379	\$1,257,952

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

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$7,280,571)	\$0	(\$7,280,571)
(17,916,590)	0	(17,916,590)
(595,477)	0	(595,477)
(3,152,748)	0	(3,152,748)
(5,205,921)	0	(5,205,921)
(464,115)	0	(464,115)
(20,962)	0	(20,962)
(696,672)	0	(696,672)
<u>(35,333,056)</u>	<u>0</u>	<u>(35,333,056)</u>
0	(1,047,139)	(1,047,139)
0	355,182	355,182
0	(22,267)	(22,267)
0	(170,772)	(170,772)
<u>0</u>	<u>(884,996)</u>	<u>(884,996)</u>
<u>(35,333,056)</u>	<u>(884,996)</u>	<u>(36,218,052)</u>
28,041,922	0	28,041,922
1,677,991	0	1,677,991
6,017,623	0	6,017,623
1,092,049	0	1,092,049
5,336	0	5,336
423,476	81,541	505,017
768,887	264,497	1,033,384
(175,000)	175,000	0
<u>37,852,284</u>	<u>521,038</u>	<u>38,373,322</u>
2,519,228	(363,958)	2,155,270
<u>84,949,449</u>	<u>46,059,748</u>	<u>131,009,197</u>
<u>\$87,468,677</u>	<u>\$45,695,790</u>	<u>\$133,164,467</u>

City of Fairfield, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$14,886,909	\$1,455,958	\$7,111,574	\$12,461,040	\$35,915,481
Receivables (Net):					
Taxes	5,617,982	5,908,085	559,164	559,164	12,644,395
Accounts	267,773	0	0	0	267,773
Interest	33,064	0	8,032	0	41,096
Intergovernmental	59,736	282,961	6,977	1,948,816	2,298,490
Interfund	655,331	0	0	0	655,331
Total Assets	21,520,795	7,647,004	7,685,747	14,969,020	51,822,566
Liabilities:					
Accounts Payable	244,198	41,609	35,888	300,757	622,452
Accrued Wages and Benefits	1,056,027	326,367	0	152,389	1,534,783
Compensated Absences	96,641	0	0	0	96,641
Due to Other Governments	30,337	0	0	0	30,337
Interfund Payable	0	0	0	655,331	655,331
Total Liabilities	1,427,203	367,976	35,888	1,108,477	2,939,544
Deferred Inflows of Resources:					
Property Taxes	1,144,671	5,908,085	0	0	7,052,756
Income Taxes	2,682,534	0	335,317	335,317	3,353,168
Grants and Other Taxes	59,736	282,961	6,977	1,768,264	2,117,938
Special Assessments	127,733	0	0	0	127,733
Accounts	88,573	0	0	0	88,573
Investment Earnings	20,403	0	8,032	0	28,435
Total Deferred Inflows of Resources	4,123,650	6,191,046	350,326	2,103,581	12,768,603
Fund Balances:					
Restricted	0	1,087,982	7,299,533	12,296,681	20,684,196
Assigned	370,256	0	0	118,002	488,258
Unassigned	15,599,686	0	0	(657,721)	14,941,965
Total Fund Balances	15,969,942	1,087,982	7,299,533	11,756,962	36,114,419
Total Liabilities, Deferred Inflows and Fund Balances	\$21,520,795	\$7,647,004	\$7,685,747	\$14,969,020	\$51,822,566

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, 2017

Total Governmental Fund Balance		\$36,114,419
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		87,358,872
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	3,353,168	
Delinquent Property Taxes	284,756	
Interest	28,435	
Intergovernmental	1,887,284	
Other Receivables	<u>216,306</u>	
		5,769,949
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		3,082,509
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.		
		(49,602)
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		(3,810,915)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		409,345
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	9,552,032	
Deferred inflows of resources related to pensions	<u>(721,406)</u>	
		8,830,626
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(36,132,675)	
Other Amounts	<u>(14,103,851)</u>	
		<u>(50,236,526)</u>
Net Position of Governmental Activities		<u>\$87,468,677</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, 2017

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$1,656,242	\$5,911,141	\$0	\$0	\$7,567,383
Income Taxes	22,712,824	0	2,875,800	2,875,800	28,464,424
Charges for Services	1,681,204	1,017,331	0	0	2,698,535
Investment Earnings	241,328	0	75,547	114,909	431,784
Intergovernmental	1,060,656	584,438	618,665	2,927,737	5,191,496
Special Assessments	14,879	0	0	2,488	17,367
Fines, Licenses & Permits	1,451,988	5,775	0	682,609	2,140,372
Revenue in Lieu of Taxes	0	0	0	39,282	39,282
Other Revenues	340,187	43,601	11,876	79,092	474,756
Total Revenues	29,159,308	7,562,286	3,581,888	6,721,917	47,025,399
Expenditures:					
Current:					
General Government	7,815,658	0	0	525,755	8,341,413
Public Safety	11,369,703	6,392,949	0	21,817	17,784,469
Community Development	1,465,974	0	0	0	1,465,974
Leisure Time Activities	2,598,885	0	0	0	2,598,885
Transportation and Street Repair	0	0	0	3,239,569	3,239,569
Basic Utility Service	464,115	0	0	0	464,115
Public Health and Welfare	20,962	0	0	0	20,962
Capital Outlay	71,298	11,815	2,550,009	4,559,094	7,192,216
Debt Service:					
Principal	0	0	0	1,425,000	1,425,000
Interest and Other Charges	0	0	0	630,909	630,909
Bond Issuance Cost	0	0	0	85,090	85,090
Total Expenditures	23,806,595	6,404,764	2,550,009	10,487,234	43,248,602
Excess of Revenues Over (Under) Expenditures	5,352,713	1,157,522	1,031,879	(3,765,317)	3,776,797
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	3,000	0	0	74,776	77,776
Sale of Refunding Bonds	0	0	0	3,615,000	3,615,000
Payments to Refunded Bond Escrow Agent	0	0	0	(3,855,969)	(3,855,969)
Premium on Refunding Bonds	0	0	0	326,059	326,059
Transfers In	0	0	672,396	4,277,604	4,950,000
Transfers (Out)	(5,200,000)	0	0	(125,000)	(5,325,000)
Total Other Financing Sources (Uses)	(5,197,000)	0	672,396	4,312,470	(212,134)
Net Change in Fund Balance	155,713	1,157,522	1,704,275	547,153	3,564,663
Fund Balance - Beginning of Year	15,814,229	(69,540)	5,595,258	11,209,809	32,549,756
Fund Balance - End of Year	\$15,969,942	\$1,087,982	\$7,299,533	\$11,756,962	\$36,114,419

See accompanying notes to the basic financial statements.

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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, 2017

Net Change in Fund Balance - Total Governmental Funds \$3,564,663

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	5,133,287	
Depreciation Expense	<u>(4,960,666)</u>	172,621

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. (566,015)

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

City pension contributions	2,750,132	
Cost of benefits earned net of employee contributions	<u>(5,798,195)</u>	(3,048,063)

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

Income Taxes	(422,502)	
Delinquent Property Taxes	128,232	
Interest	(8,307)	
Intergovernmental	465,124	
Other	<u>(148,337)</u>	14,210

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Premium on Bonds Issued	(326,059)	
Deferred Amount on Refunding	260,969	
Refunding Bonds	(3,615,000)	
Bonds Refunded	<u>3,595,000</u>	(85,090)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,425,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 4,101

(Continued)

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	654,060	
Amortization of Bond Premium	66,104	
Amortization of Deferred Charge on Refunding	<u>(50,878)</u>	
		669,286

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>368,515</u>
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Change in Net Position of Governmental Activities	<u><u>\$2,519,228</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, 2017

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	
Current Assets:					
Equity in Pooled Cash and Investments	\$5,231,128	\$4,875,972	\$723,077	\$10,830,177	\$3,895,236
Restricted Cash	1,027,000	0	0	1,027,000	0
Receivables (Net):					
Accounts	671,932	929,447	293,510	1,894,889	0
Interest	8,372	787	0	9,159	10,290
Inventory	245,366	0	21,418	266,784	0
Total Current Assets	7,183,798	5,806,206	1,038,005	14,028,009	3,905,526
Noncurrent Assets:					
Capital Assets:					
Nondepreciable Capital Assets	3,703,031	1,526,205	507,000	5,736,236	0
Depreciable Capital Assets, Net	14,074,368	21,088,735	2,523,908	37,687,011	0
Total Noncurrent Assets	17,777,399	22,614,940	3,030,908	43,423,247	0
Total Assets	24,961,197	28,421,146	4,068,913	57,451,256	3,905,526
Deferred Outflows of Resources:					
Deferred Charge on Refunding	0	0	19,836	19,836	0
Pension	1,078,488	1,029,126	264,701	2,372,315	259,742
Total Deferred Outflows of Resources	1,078,488	1,029,126	284,537	2,392,151	259,742
Liabilities:					
Current Liabilities:					
Accounts Payable	237,024	260,618	236,279	733,921	11,139
Accrued Wages and Benefits	129,288	0	31,837	161,125	0
Compensated Absences	90,169	69,997	49,792	209,958	12,415
Retainage Payable	100,000	1,000	0	101,000	0
Accrued Interest Payable	36,438	18,771	1,272	56,481	0
Due to Other Governments	0	64,525	0	64,525	0
Claims Payable	0	0	0	0	297,875
Other Liabilities	265,312	0	0	265,312	0
General Obligation Notes Payable	3,300,000	1,700,000	0	5,000,000	0
Long-Term Liabilities Due Within One Year	0	175,791	130,000	305,791	0
Total Current Liabilities	4,158,231	2,290,702	449,180	6,898,113	321,429
Long-Term Liabilities:					
Compensated Absences	250,675	231,088	67,171	548,934	81,093
Bonds, Notes & Loans Payable	0	43,291	444,440	487,731	0
Net Pension Liability	2,781,563	2,654,252	682,699	6,118,514	669,909
Total Noncurrent Liabilities	3,032,238	2,928,631	1,194,310	7,155,179	751,002
Total Liabilities	7,190,469	5,219,333	1,643,490	14,053,292	1,072,431
Deferred Inflows of Resources:					
Pension	42,881	40,919	10,525	94,325	10,328
Total Deferred Inflows of Resources	42,881	40,919	10,525	94,325	10,328
Net Position:					
Net Investment in Capital Assets	15,260,474	21,485,215	2,476,304	39,221,993	0
Restricted for:					
Capital Projects	1,027,000	0	0	1,027,000	0
Unrestricted	2,518,861	2,704,805	223,131	5,446,797	3,082,509
Total Net Position	\$18,806,335	\$24,190,020	\$2,699,435	\$45,695,790	\$3,082,509

City of Fairfield, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2017

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	
Operating Revenues:					
Charges for Services	\$5,686,777	\$6,306,111	\$4,064,469	\$16,057,357	\$6,130,862
Other Revenues	175,228	54,270	34,999	264,497	1,108
Total Operating Revenues	5,862,005	6,360,381	4,099,468	16,321,854	6,131,970
Operating Expenses:					
Personal Services	3,065,743	2,779,723	712,299	6,557,765	692,989
Contactual Services	1,616,436	1,273,436	2,908,860	5,798,732	4,954,436
Materials and Supplies	1,099,299	700,695	452,140	2,252,134	347,184
Depreciation	910,282	1,165,610	171,027	2,246,919	0
Total Operating Expenses	6,691,760	5,919,464	4,244,326	16,855,550	5,994,609
Operating Income (Loss)	(829,755)	440,917	(144,858)	(533,696)	137,361
Non-Operating Revenues (Expenses):					
Investment Earnings	63,402	16,233	1,906	81,541	31,154
Interest (Expense)	(42,156)	(35,375)	(17,317)	(94,848)	0
Gain on Disposal of Capital Assets	0	3,910	4,135	8,045	0
Total Non-Operating Revenues (Expenses)	21,246	(15,232)	(11,276)	(5,262)	31,154
Income (Loss) Before Contributions and Transfers	(808,509)	425,685	(156,134)	(538,958)	168,515
Transfers In	0	0	175,000	175,000	200,000
Change in Net Position	(808,509)	425,685	18,866	(363,958)	368,515
Net Position - Beginning of Year	19,614,844	23,764,335	2,680,569	46,059,748	2,713,994
Net Position - End of Year	\$18,806,335	\$24,190,020	\$2,699,435	\$45,695,790	\$3,082,509

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, 2017

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$5,851,711	\$6,303,723	\$4,110,545	\$16,265,979	\$6,131,970
Cash Payments to Employees	(2,352,217)	(2,525,131)	(1,051,326)	(5,928,674)	(593,231)
Cash Payments to Suppliers	(2,681,996)	(1,907,050)	(3,317,457)	(7,906,503)	(5,255,924)
Net Cash Provided (Used) by Operating Activities	817,498	1,871,542	(258,238)	2,430,802	282,815
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	0	0	175,000	175,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	175,000	175,000	200,000
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(2,669,533)	(1,153,221)	(28,560)	(3,851,314)	0
Debt Proceeds	3,300,000	1,700,000	0	5,000,000	0
Debt Principal Payments	(300,000)	(612,730)	(125,000)	(1,037,730)	0
Debt Interest Payments	(11,316)	(16,604)	(20,010)	(47,930)	0
Gain on the Disposal of Capital Assets	0	3,910	224,959	228,869	0
Net Cash Provided (Used) by Capital and Related Financing Activities	319,151	(78,645)	51,389	291,895	0
Cash Flows from Investing Activities:					
Earnings on Investments	62,560	16,197	1,906	80,663	23,517
Net Cash Provided (Used) by Cash Flows from Investing Activities	62,560	16,197	1,906	80,663	23,517
Net Increase (Decrease) in Cash and Cash Equivalents	1,199,209	1,809,094	(29,943)	2,978,360	506,332
Cash and Cash Equivalents - Beginning of Year	5,058,919	3,066,878	753,020	8,878,817	3,388,904
Cash and Cash Equivalents - End of Year	6,258,128	4,875,972	723,077	11,857,177	3,895,236
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(829,755)	440,917	(144,858)	(533,696)	137,361
Adjustments:					
Depreciation	910,282	1,165,610	171,027	2,246,919	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(66,914)	(56,658)	19,122	(104,450)	0
(Increase) Decrease in Inventory	(51,424)	0	0	(51,424)	0
(Increase) Decrease in Deferred Outflows of Resources:	(372,973)	(238,657)	191,735	(419,895)	(72,288)
Increase (Decrease) in Claims Payable	(7,963)	(9,019)	(4,248)	(21,230)	61,707
Increase (Decrease) in Retainage Payable	100,000	1,000	0	101,000	0
Increase (Decrease) in Other Liabilities	1,746	0	0	1,746	0
Increase (Decrease) in Payables	40,037	66,081	35,498	141,616	(18,000)
Increase (Decrease) in Accrued Liabilities	144,178	(93,067)	(7,243)	43,868	(8,240)
Increase (Decrease) in Deferred Inflows of Resources	7,355	1,115	(12,459)	(3,989)	889
Increase (Decrease) in Net Pension Liability	942,929	594,220	(506,812)	1,030,337	181,386
Net Cash Provided (Used) by Operating Activities	\$817,498	\$1,871,542	(\$258,238)	\$2,430,802	\$282,815

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$310,711
Receivables (Net):	
Accounts	<u>166,754</u>
Total Assets	<u><u>477,465</u></u>
Liabilities:	
Accounts Payable	122,842
Undistributed Monies	<u>354,623</u>
Total Liabilities	<u><u>\$477,465</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, 2017

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, 2017

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

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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, 2017

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

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements 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, 2017

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding and pension reported in the government-wide statement of net position and the proprietary statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, income taxes, grants and other taxes, special assessments, investment revenue, pension, and accounts revenues. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements, while income taxes, special assessments, interest and accounts are only included on the governmental fund financial statements. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12.)

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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

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

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

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2017 amounted to \$241,328 in the general fund, \$75,547 in the street improvement fund and \$114,909 in other governmental funds.

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City will capitalize capital assets with a cost of \$1,000 or more, depending on the Asset Class.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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

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

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Pensions

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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 resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 \$21,770,247 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, 2017

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, 2017

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.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2017, \$14,258,669 of the City's bank balance of \$15,175,475 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Financial institutions participating in the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the Ohio Treasurer of State, must pledge eligible securities equal to at least 102% of the carrying value of all public deposits held by each institution. Financial institutions choosing not to participate in the OPCS must pledge securities equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Investments

As of December 31, 2017, the City had the following investments:

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$690,935	Level 2	2.02
Federal Home Loan Mortgage Corporation	1,493,890	Level 2	1.66
Federal Farm Credit Bank	3,948,080	Level 2	1.75
Federal National Mortgage Association	10,970,207	Level 2	1.71
Negotiable CDs	2,740,315	Level 2	1.70
STAROhio	18,057,346	N/A	0.14
Total Fair Value	\$37,900,773		
Portfolio Weighted Average Maturity			0.97

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2017. STAR Ohio is

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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 STAR Ohio were rated AAAM by Standard & Poors. Negotiable CDs are not rated.

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 2% in Federal Home Loan Bank, 29% in Federal National Mortgage Association, 4% in Federal Home Loan Mortgage Corporation, 10% in Federal Farm Credit Bank, 7% in Negotiable CDs and 48% 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 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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

Real Property	\$956,212,820
Public Utility	<u>43,078,190</u>
Total Valuation	<u><u>\$999,291,010</u></u>

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

The City receives property taxes from Butler County. The County Treasurer collects property taxes on behalf of all taxing districts in the counties. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2017, 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 2017 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Income Taxes

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

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

Note 5 – Risk Management

Description

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Claim Liabilities

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

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

Unpaid Claim Liabilities

The following figures represent the changes in dental and health claims liabilities for the City from January 1, 2015 to December 31, 2017:

<u>Dental</u>	
Claims Liability, 1/1/2015	\$11,054
Claims net of changes in estimates	269,019
Payments	<u>(268,546)</u>
Claims Liability, 12/31/2016	11,527
Claims net of changes in estimates	261,960
Payments	<u>(268,837)</u>
Claims Liability, 12/31/2017	<u>\$4,650</u>
<u>Health</u>	
Claims Liability, 12/31/2015	\$348,380
Claims net of changes in estimates	2,553,468
Payments	<u>(2,679,196)</u>
Claims Liability, 12/31/2016	222,652
Claims net of changes in estimates	3,103,252
Payments	<u>(3,032,679)</u>
Claims Liability, 12/31/2017	<u>\$293,225</u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$18,952,540	\$160,000	\$0	\$19,112,540
Construction in Progress	3,051,555	2,521,825	653,676	4,919,704
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	48,154,221	179,445	0	48,333,666
Equipment	17,813,432	2,272,017	1,405,645	18,679,804
Infrastructure	101,281,861	653,676	384,815	101,550,722
Totals at Historical Cost	<u>189,253,609</u>	<u>5,786,963</u>	<u>2,444,136</u>	<u>192,596,436</u>
Less Accumulated Depreciation:				
Buildings and Improvements	25,291,611	1,431,046	0	26,722,657
Equipment	13,912,937	1,184,288	1,224,445	13,872,780
Infrastructure	62,296,795	2,345,332	0	64,642,127
Total Accumulated Depreciation	<u>101,501,343</u>	<u>4,960,666</u>	<u>1,224,445</u>	<u>105,237,564</u>
Governmental Activities Capital Assets, Net	<u>\$87,752,266</u>	<u>\$826,297</u>	<u>\$1,219,691</u>	<u>\$87,358,872</u>

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,641,949	\$0	\$0	\$1,641,949
Construction in Progress	602,611	3,717,675	225,999	4,094,287
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	49,919,372	0	0	49,919,372
Equipment	5,080,704	138,814	182,537	5,036,981
Infrastructure	34,655,206	0	0	34,655,206
Totals at Historical Cost	<u>91,899,842</u>	<u>3,856,489</u>	<u>408,536</u>	<u>95,347,795</u>
Less Accumulated Depreciation:				
Buildings and Improvements	26,982,103	1,020,650	0	28,002,753
Equipment	3,760,681	378,696	182,537	3,956,840
Infrastructure	19,117,382	847,573	0	19,964,955
Total Accumulated Depreciation	<u>49,860,166</u>	<u>2,246,919</u>	<u>182,537</u>	<u>51,924,548</u>
Business-Type Activities Capital Assets, Net	<u>\$42,039,676</u>	<u>\$1,609,570</u>	<u>\$225,999</u>	<u>\$43,423,247</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$346,100
Public Safety	987,999
Leisure Time Activities	742,648
Community Development	5,275
Transportation	2,878,644
Total Depreciation Expense	<u>\$4,960,666</u>

Note 7 – Compensated Absences

Accumulated Unpaid Vacation

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

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2017

Accumulated Unpaid Sick Leave

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

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

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

Note 8 – Notes Payable

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

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

The City issued a combined \$5,000,000 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, 2017

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%	\$3,130,000	\$0	(\$410,000)	\$2,720,000	\$420,000
2009 Various Purpose Refunding	3.23%	630,000	0	(310,000)	320,000	320,000
Premium/Discount		243,896	326,059	(66,104)	503,851	0
2009 Various Purpose Golf and Justice Center	3.56%	4,415,000	0	(3,860,000)	555,000	275,000
2010 A Roadway Improvement	4.64%	6,000,000	0	0	6,000,000	0
2010 B Roadway Improvement	3.74%	830,000	0	(410,000)	420,000	420,000
2017 Refunding of 2009 Various Purpose Golf and Justice Center	2.00%	0	3,615,000	(30,000)	3,585,000	5,000
Total General Obligation Bonds		<u>15,248,896</u>	<u>3,941,059</u>	<u>(5,086,104)</u>	<u>14,103,851</u>	<u>1,440,000</u>
Net Pension Liability:						
OPERS		11,213,208	3,511,998	0	14,725,206	0
OP&F		23,069,311	0	(991,933)	22,077,378	0
Total Net Pension Liability		<u>34,282,519</u>	<u>3,511,998</u>	<u>(991,933)</u>	<u>36,802,584</u>	<u>0</u>
Compensated Absences		<u>4,540,400</u>	<u>657,272</u>	<u>(1,196,608)</u>	<u>4,001,064</u>	<u>1,243,248</u>
Total Governmental Activities		<u>\$54,071,815</u>	<u>\$8,110,329</u>	<u>(\$7,274,645)</u>	<u>\$54,907,499</u>	<u>\$2,683,248</u>

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business Type Activities						
<u>Loans</u>						
OWDA Wastewater Improvement Bond	3.79-4.12%	\$831,812	\$0	(\$612,730)	\$219,082	\$175,791
<u>General Obligation Bonds</u>						
2012 Various Purpose Recreation - Refunding	3.66%	670,000	0	(125,000)	545,000	130,000
Premium on 2012 Refunding Bonds		36,801	0	(7,361)	29,440	0
2009 Various Purpose Water - Refunding	3.15%	300,000	0	(300,000)	0	0
Premium on Refunding Bonds		4,812	0	(4,812)	0	0
Total General Obligation Bonds		<u>1,011,613</u>	<u>0</u>	<u>(437,173)</u>	<u>574,440</u>	<u>130,000</u>
Net Pension Liability:						
OPERS		<u>5,088,177</u>	<u>1,030,337</u>	<u>0</u>	<u>6,118,514</u>	<u>0</u>
Total Net Pension Liability		<u>5,088,177</u>	<u>1,030,337</u>	<u>0</u>	<u>6,118,514</u>	<u>0</u>
Compensated Absences		<u>618,290</u>	<u>339,414</u>	<u>(198,812)</u>	<u>758,892</u>	<u>209,958</u>
Total Business-Type Activities		<u>\$7,549,892</u>	<u>\$1,369,751</u>	<u>(\$1,248,715)</u>	<u>\$7,670,928</u>	<u>\$515,749</u>

City of Fairfield, Ohio
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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. Net pension liability represents the long-term portion of the accrued liability associated with STRS and SERS pension liability. These items will be repaid from the funds from which the employees work to whom the liability is associated with or the General Fund if no such funds are available.

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

Year Ending December 31	General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest
2018	\$1,570,000	\$595,198	\$175,971	\$5,923
2019	1,280,000	538,464	43,111	817
2020	1,345,000	487,567	0	0
2021	1,375,000	444,959	0	0
2022	1,270,000	390,604	0	0
2023-2027	4,790,000	1,324,647	0	0
2028-2030	2,515,000	259,826	0	0
Total	<u>\$14,145,000</u>	<u>\$4,041,265</u>	<u>\$219,082</u>	<u>\$6,740</u>

Note 10 – Advance Refunding

On August 16, 2017 the City issued \$3,615,000 in Current Interest Bonds with an interest rate between 1.50% and 4.00% 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 2.00% and 5.00%. 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 City refunded the bonds to reduce its total debt service payments by \$287,577 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$258,174.

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, 2017 was \$150,836. Bonds are issued for the purpose of providing funds to pay the property owners share of the cost of sidewalk repairs in the City. The transaction has been eliminated for the financial statement purposes by removing any proceeds from the issuance of debt from the operating statement and the investment.

Note 12 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

Ohio Public Employees Retirement System (OPERS)

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

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

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

Group A	Group B	Group C
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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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

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>
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Employer	<u><u>14.0 %</u></u>	<u><u>18.1 %</u></u>	<u><u>18.1 %</u></u>
Employee	<u><u>10.0 %</u></u>	<u><u>12.0 %</u></u>	<u><u>13.0 %</u></u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City is contractually required contribution was \$1,621,473 for 2017. Of this amount \$211,858 is reported as accrued wages and benefits.

Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time safety officers participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about

City of Fairfield, Ohio
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OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.opf.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 OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

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

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

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

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

	Safety Officers	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

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The City's contractually required contribution to OPF was \$1,656,743 for 2017. Of this amount \$203,166 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City proportion of the net pension liability was based on the City share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$20,843,721	\$22,077,377	\$42,921,098
Proportion of the Net Pension Liability Current Measurement Date	0.09178900%	0.34855900%	
Proportion of the Net Pension Liability Prior Measurement Date	<u>0.09141120%</u>	<u>0.35860500%</u>	
Change in Proportionate Share	0.0003778%	-0.0100460%	
Pension Expense	\$4,343,609	\$2,699,111	\$7,042,720

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$28,252	\$6,246	\$34,498
Changes in assumptions	3,306,069	0	3,306,069
Net difference between projected and actual earnings on pension plan investments	3,104,111	2,146,928	5,251,039
Changes in employer proportionate share of net pension liability	21,773	292,494	314,267
Contributions subsequent to the measurement date	1,621,473	1,656,743	3,278,216
Total Deferred Outflows of Resources	<u>\$8,081,678</u>	<u>\$4,102,411</u>	<u>\$12,184,089</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$124,051	\$50,831	\$174,882
Changes in employer proportionate share of net pension liability	197,282	453,895	651,177
Total Deferred Inflows of Resources	<u>\$321,333</u>	<u>\$504,726</u>	<u>\$826,059</u>

\$3,278,216 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
December 31:			
2018	\$2,528,625	\$795,534	\$3,324,159
2019	2,605,889	795,534	3,401,423
2020	1,095,347	600,976	1,696,323
2021	(90,989)	(165,509)	(256,498)
2022	0	(76,816)	(76,816)
Thereafter	0	(8,777)	(8,777)
Total	<u>\$6,138,872</u>	<u>\$1,940,942</u>	<u>\$8,079,814</u>

Actuarial Assumptions – OPERS

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

City of Fairfield, Ohio
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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2016
Experience Study	5 year period ending December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Cost-of-Living Adjustments:	
Pre 1/7/2013 Retirees	3.00% Simple,
Post 1/7/2013 Retirees	3.00% Simple,
Through 2018, then	2.15% Simple.

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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.

City of Fairfield, Ohio
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During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 is 8.3% for 2016.

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 2016 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 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00 %	5.66 %

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

City of Fairfield, Ohio
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Sensitivity of the City Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability or asset calculated using the discount rate of 7.5%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of the net pension liability:			
OPERS	\$31,843,440	\$20,843,721	\$11,677,397

Changes in Benefit Terms and Assumptions - There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities the plan will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

Actuarial Assumptions – OPF

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	OPF Pension Plan
Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Experience Study	5 year period ending December 31, 2011
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Wage Inflation	3.25%, plus productivity increase rate of 0.50%
Projected Salary Increases	4.25% - 11.00%
Cost-of-Living Adjustments	3.00% Simple; 2.60% simple for increases based on the lesser of the increase in CPI and 3.00%

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

The most recent experience study of five years was completed in 2017 covering the period 2012-2016.

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

Best estimates of the long-term expected real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalent	0.00 %	0.00 %	0.00 %
Domestic Equity	16.00	4.46	5.21
Non-US Equity	16.00	4.66	5.40
Core Fixed Income*	20.00	1.67	2.37
Global Inflation Protected Securities*	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	120.00 %		

Note: Assumptions are geometric

* levered 2x

** Numbers are net of expected inflation

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the preceding table presents the net pension liability calculated using the discount rate of 8.25% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 7.25% or one percentage point higher, 9.25% than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability :			
OPF	\$29,404,450	\$22,077,377	\$15,867,583

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Changes Between Measurement Date and Report Date – In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City's net pension liability.

Note 13 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

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

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

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

Funding Policy

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% 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 2017 was 4.0%.

Information from City's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$124,679 for 2017, \$206,425 for 2016, and \$240,030 for 2015. The full amount has been contributed for 2017, 2016 and 2015.

Ohio Police and Fire Pension Fund

Plan Description

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

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

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2017 was \$40,914, December 31, 2016 was \$38,147, and December 31, 2015 was \$37,946. The actual contributions for 2017, 2016 and 2015 were 100%.

Note 14 – Construction Commitments

The City had the following outstanding commitments at year end:

<u>Project</u>	<u>Spent-to-date</u>	<u>Commitment Remaining</u>
John Gray Paving Improvements	\$0	\$260,000
River Road Improvements	0	100,000
Route 4 Water Main Improvement	2,706,771	307,648
Kay Drive Pressure Reducing Valve	13,001	100,750
Grange Park Facilities Construction	0	190,000
Wastewater Treatment Plant Electrical Improvements	934,362	532,472
Total	<u><u>\$3,654,134</u></u>	<u><u>\$1,490,870</u></u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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, 2017, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 16 – Interfund Activity

Transfers in and out for the year ended December 31, 2017, consisted of the following:

	Transfers	
	In	Out
Major Funds:		
General	\$0	\$5,200,000
Street Improvement	672,396	0
Internal Service	200,000	0
Other Governmental Funds	4,277,604	125,000
Other Enterprise Funds	175,000	0
Totals	<u>\$5,325,000</u>	<u>\$5,325,000</u>

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

The City made a GAAP transfer from an Other Governmental Fund (Debt Service Fund) to an Other Enterprise Fund (Recreation Facilities) to pay for debt service transactions.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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	\$45,001
State Issue I	612,720
Municipal Garage	360,284

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

Note 19 – Fund Balances

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

Fund Balances	General	Fire Levy	Street Improvement	Other Governmental Funds	Total
Restricted for:					
Street Improvements	\$0	\$0	\$7,299,533	\$2,095,377	\$9,394,910
Probation Services	0	0	0	2,756,170	2,756,170
Court Computer	0	0	0	944,609	944,609
Special Projects	0	0	0	470,872	470,872
Mediation Services	0	0	0	613,358	613,358
Tax Recreation	0	0	0	102,144	102,144
Law Enforcement	0	0	0	208,048	208,048
Drug and Alcohol Treatment	0	0	0	143,248	143,248
Capital Improvements	0	0	0	1,932,690	1,932,690
TIF Monies	0	0	0	123,890	123,890
Debt Service	0	0	0	1,763,686	1,763,686
Flood Protection	0	0	0	4,918	4,918
Park Development	0	0	0	615,872	615,872
Motor Vehicle Registration	0	0	0	243,465	243,465
Fire Levy	0	1,087,982	0	0	1,087,982
Indigent Driver Interlock	0	0	0	278,334	278,334
Total Restricted	0	1,087,982	7,299,533	12,296,681	20,684,196
Assigned to:					
Debt Service	0	0	0	11,798	11,798
Downtown Development	0	0	0	106,204	106,204
Purchases on Order	370,256	0	0	0	370,256
Total Assigned	370,256	0	0	118,002	488,258
Unassigned (Deficit)	15,599,686	0	0	(657,721)	14,941,965
Total Fund Balance	\$15,969,942	\$1,087,982	\$7,299,533	\$11,756,962	\$36,114,419

Purchases on order (assigned encumbrances) 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, 2017, the City provides tax abatements through the Community Reinvestment Area (CRA) and the Ohio Enterprise Zone Areas:

The Ohio Community Reinvestment Area program with is an economic development tool administered by the City that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Under Ohio Revised Code section 3765 to 3735.70, city, village or county can petition the Ohio Department of Development to confirm that investment in a particular geographical area. Once the Department has confirmed the investment in the area, the community may offer real estate tax exemptions to taxpayers who are willing to invest in the area. Up to 12 years may be exempt

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

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	\$1,820,299

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

For the year ended December 31, 2017, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 80, “Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14”, GASB Statement No. 81 “Irrevocable Split Interest Agreements”, and GASB Statement No. 82, “Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of the Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2017

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by the employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$23,469,550	\$25,269,550	\$26,234,579	\$965,029
Licenses & Permits	281,750	281,750	467,645	185,895
Intergovernmental	1,076,300	1,076,300	1,064,141	(12,159)
Charges for Services	1,200,400	1,200,400	1,125,372	(75,028)
Court Costs & Fines	1,027,300	1,027,300	984,343	(42,957)
Special Assessments	27,000	27,000	23,097	(3,903)
Investment Earnings	95,000	95,000	194,391	99,391
Other Revenues	906,000	906,000	912,187	6,187
Total Revenues	28,083,300	29,883,300	31,005,755	1,122,455
Expenditures:				
Current:				
<u>General Government</u>				
City Council				
Personnel Related	194,830	208,830	189,517	19,313
Other	23,627	23,627	12,168	11,459
Total City Council	218,457	232,457	201,685	30,772
Mayor				
Personnel Related	11,324	11,324	11,194	130
Other	4,300	4,300	2,363	1,937
Total Mayor	15,624	15,624	13,557	2,067
Administration				
Personnel Related	515,013	559,013	544,618	14,395
Other	43,887	43,887	30,267	13,620
Total Administration	558,900	602,900	574,885	28,015
General Services				
Personnel Related	62,477	64,477	62,663	1,814
Other	3,125,610	4,116,043	3,630,531	485,512
Total General Services	3,188,087	4,180,520	3,693,194	487,326
Law				
Personnel Related	500	500	231	269
Other	515,650	515,650	515,624	26
Total Law	516,150	516,150	515,855	295
Human Resources				
Personnel Related	234,511	242,511	240,708	1,803
Other	73,846	72,733	64,426	8,307
Total Human Resources	308,357	315,244	305,134	10,110
Finance Administration & Accounting				
Personnel Related	688,774	698,774	678,046	20,728
Other	35,355	35,082	31,255	3,827
Total Finance Administration & Accounting	724,129	733,856	709,300	24,556
Income Tax				
Personnel Related	631,116	631,116	569,042	62,074
Other	104,422	100,185	80,048	20,137
Total Income Tax	735,538	731,301	649,090	82,211

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, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	519,870	531,870	521,797	10,073
Other	68,479	67,789	48,938	18,851
Total Information Technology	588,349	599,659	570,735	28,924
Municipal Court				
Personnel Related	1,532,678	1,532,678	1,418,163	114,515
Other	313,803	313,223	220,811	92,412
Total Municipal Court	1,846,481	1,845,901	1,638,974	206,927
Public Works Administration				
Personnel Related	182,556	189,556	182,367	7,189
Other	29,875	29,875	14,469	15,406
Total Public Works Administration	212,431	219,431	196,836	22,595
Construction Services				
Personnel Related	592,353	592,353	587,143	5,210
Other	138,609	134,140	102,451	31,689
Total Construction Services	730,962	726,493	689,594	36,899
Municipal Building				
Personnel Related	105,656	105,656	81,371	24,285
Other	188,017	188,017	149,593	38,424
Total Municipal Building	293,673	293,673	230,964	62,709
Total General Government	9,937,138	11,013,209	9,989,803	1,023,406
<u>Public Safety</u>				
Police				
Personnel Related	10,369,147	10,369,147	9,765,279	603,868
Other	764,020	762,773	694,502	68,271
Total Police	11,133,167	11,131,920	10,459,781	672,139
Justice Center				
Other	1,042,810	993,732	874,935	118,797
Total Justice Center	1,042,810	993,732	874,935	118,797
Total Public Safety	12,175,977	12,125,652	11,334,716	790,936
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	617,917	617,917	556,445	61,472
Other	61,178	61,060	35,144	25,916
Total Planning & Economic Development	679,095	678,977	591,589	87,388
Building & Zoning Inspection				
Personnel Related	789,431	854,431	788,406	66,025
Other	96,419	116,419	81,671	34,748
Total Building & Zoning Inspection	885,850	970,850	870,077	100,773
Total Community Development	1,564,946	1,649,827	1,461,667	188,160

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, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	819,800	819,800	734,168	85,632
Other	<u>138,360</u>	<u>138,360</u>	<u>112,036</u>	<u>26,324</u>
Total Parks & Recreation Administration	958,160	958,160	846,204	111,956
Parks Maintenance Operations				
Personnel Related	711,309	726,309	718,223	8,086
Other	<u>389,370</u>	<u>389,370</u>	<u>339,216</u>	<u>50,154</u>
Total Parks Maintenance Operations	1,100,679	1,115,679	1,057,439	58,240
Marsh Park Fishing Lake				
Personnel Related	54,671	56,171	55,682	489
Other	<u>51,750</u>	<u>51,750</u>	<u>35,686</u>	<u>16,065</u>
Total Marsh Park Fishing Lake	106,421	107,921	91,367	16,554
Community Arts Center				
Personnel Related	251,907	251,907	234,025	17,882
Other	<u>539,715</u>	<u>539,715</u>	<u>463,591</u>	<u>76,124</u>
Total Community Arts Center	791,622	791,622	697,617	94,005
Total Leisure Time Activities	<u>2,956,881</u>	<u>2,973,382</u>	<u>2,692,627</u>	<u>280,755</u>
Capital Outlay	<u>8,150</u>	<u>335,759</u>	<u>328,430</u>	<u>7,329</u>
Total Expenditures	<u>26,643,093</u>	<u>28,097,829</u>	<u>25,807,242</u>	<u>2,290,587</u>
Excess of Revenues Over (Under) Expenditures	<u>1,440,207</u>	<u>1,785,471</u>	<u>5,198,513</u>	<u>3,413,042</u>
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	30,000	30,000	3,000	(27,000)
Transfers (Out)	<u>(3,500,000)</u>	<u>(5,300,000)</u>	<u>(5,200,000)</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>(3,470,000)</u>	<u>(5,270,000)</u>	<u>(5,197,000)</u>	<u>73,000</u>
Net Change in Fund Balance	(2,029,793)	(3,484,529)	1,513	3,486,042
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>14,298,164</u>	<u>14,298,164</u>	<u>14,298,164</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$12,268,372</u></u>	<u><u>\$10,813,635</u></u>	<u><u>\$14,299,677</u></u>	<u><u>\$3,486,042</u></u>

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2017

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$4,670,100	\$4,670,100	\$5,911,141	\$1,241,041
Licenses & Permits	6,000	6,000	5,775	(225)
Intergovernmental	385,000	385,000	584,438	199,438
Charges for Services	1,200,000	1,200,000	1,017,351	(182,649)
Other Revenues	4,000	4,000	43,600	39,600
Total Revenues	6,265,100	6,265,100	7,562,306	1,297,206
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	5,309,144	5,684,144	5,573,887	110,257
Other	1,030,703	1,018,353	879,772	138,581
Total Fire Suppression	6,339,847	6,702,497	6,453,659	248,838
Total Expenditures	6,339,847	6,702,497	6,453,659	248,838
Excess of Revenues Over (Under) Expenditures	(74,747)	(437,397)	1,108,647	1,546,044
Net Change in Fund Balance	(74,747)	(437,397)	1,108,647	1,546,044
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	263,448	263,448	263,448	0
Fund Balance End of Year	\$188,701	(\$173,949)	\$1,372,095	\$1,546,044

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 Four Fiscal Years (1) (2)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.09178900%	0.09411200%	0.09360400%	0.09360400%
City's Proportionate Share of the Net Pension Liability	\$20,843,721	\$16,301,385	\$11,289,688	\$11,034,692
City's Covered-Employee Payroll	\$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-Employee Payroll	175.76%	116.38%	98.05%	83.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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

(2) - 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 Four Fiscal Years (1) (2)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.3485590%	0.3586050%	0.3501086%	0.3501086%
City's Proportionate Share of the Net Pension Liability	\$22,077,377	\$23,069,311	\$18,137,085	\$17,051,388
City's Covered-Employee Payroll	\$8,314,016	\$7,832,215	\$7,196,373	\$8,559,063
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	265.54%	294.54%	252.03%	199.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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

(2) - 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 Contributions
 Ohio Public Employees Retirement System - Traditional Plan
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
Contractually Required Contribution - Total	\$1,621,473	\$1,423,105	\$1,680,884	\$1,381,665
Contributions in Relation to the Contractually Required Contribution	<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>
City's Covered-Employee Payroll	\$12,472,869	\$11,859,208	\$14,007,367	\$11,513,875
Contributions as a Percentage of Covered-Employee Payroll	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

See accompanying notes to the required supplementary information.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution - Total	\$1,656,743	\$1,579,663	\$1,573,492	\$1,465,182
Contributions in Relation to the Contractually Required Contribution	<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>
City's Covered-Employee Payroll	\$8,719,700	\$8,314,016	\$7,832,215	\$7,196,375
Contributions as a Percentage of Covered-Employee Payroll	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

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Note 1 – Budgetary Process

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

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

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

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

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

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

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

Net Change in Fund Balance

	General	Fire Levy
GAAP Basis	\$155,713	\$1,157,522
Revenue Accruals	1,846,447	20
Expenditure Accruals	(1,355,857)	34,967
Encumbrances	(644,790)	(83,862)
Budget Basis	<u>\$1,513</u>	<u>\$1,108,647</u>

Note 2 – Pension Plans

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

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City's net pension liability.

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities we will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

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, 2017

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,705,000	\$1,705,000	\$3,072,292	\$1,367,292
Intergovernmental	204,000	1,075,000	1,145,949	70,949
Investment Earnings	20,000	20,000	66,882	46,882
Total Revenues	1,929,000	2,800,000	4,285,124	1,485,124
Expenditures:				
Capital Outlay	950,056	4,835,636	4,290,693	544,943
Total Expenditures	950,056	4,835,636	4,290,693	544,943
Excess of Revenues Over (Under) Expenditures	978,944	(2,035,636)	(5,569)	2,030,067
Other Financing Sources (uses):				
Transfers In	950,000	1,450,000	1,450,000	0
Transfers (Out)	(785,985)	(785,985)	(777,605)	8,381
Total Other Financing Sources (Uses)	164,015	664,015	672,396	8,381
Net Change in Fund Balance	1,142,959	(1,371,621)	666,826	2,038,447
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,175,256	5,175,256	5,175,256	0
Fund Balance End of Year	\$6,318,216	\$3,803,635	\$5,842,083	\$2,038,447

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$8,022,775	\$1,775,484	\$2,662,781	\$12,461,040
Receivables (Net):				
Taxes	0	0	559,164	559,164
Intergovernmental	1,105,443	230,653	612,720	1,948,816
Total Assets	9,128,218	2,006,137	3,834,665	14,969,020
Liabilities:				
Accounts Payable	73,813	0	226,944	300,757
Accrued Wages and Benefits	152,389	0	0	152,389
Interfund Payable	42,611	0	612,720	655,331
Total Liabilities	268,813	0	839,664	1,108,477
Deferred Inflows of Resources:				
Income Taxes	0	0	335,317	335,317
Grants and Other Taxes	924,891	230,653	612,720	1,768,264
Total Deferred Inflows of Resources	924,891	230,653	948,037	2,103,581
Fund Balances:				
Restricted	7,979,515	1,763,686	2,553,480	12,296,681
Assigned	0	11,798	106,204	118,002
Unassigned	(45,001)	0	(612,720)	(657,721)
Total Fund Balances	7,934,514	1,775,484	2,046,964	11,756,962
Total Liabilities, Deferred Inflows and Fund Balances	\$9,128,218	\$2,006,137	\$3,834,665	\$14,969,020

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$0	\$2,875,800	\$2,875,800
Investment Earnings	33,709	56,322	24,878	114,909
Intergovernmental	2,599,708	0	328,029	2,927,737
Special Assessments	0	2,488	0	2,488
Fines, Licenses & Permits	682,609	0	0	682,609
Revenue in Lieu of Taxes	39,282	0	0	39,282
Other Revenues	25,619	0	53,473	79,092
Total Revenues	3,380,927	58,810	3,282,180	6,721,917
Expenditures:				
Current:				
General Government	516,597	9,158	0	525,755
Public Safety	21,817	0	0	21,817
Transportation and Street Repair	3,239,569	0	0	3,239,569
Capital Outlay	200,615	0	4,358,479	4,559,094
Debt Service:				
Principal	0	1,425,000	0	1,425,000
Interest and Other Charges	0	630,909	0	630,909
Bond Issuance Cost	0	85,090	0	85,090
Total Expenditures	3,978,598	2,150,157	4,358,479	10,487,234
Excess of Revenues Over (Under) Expenditures	(597,671)	(2,091,347)	(1,076,299)	(3,765,317)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	74,776	74,776
Sale of Refunding Bonds	0	3,615,000	0	3,615,000
Payments to Refunded Bond Escrow Agent	0	(3,855,969)	0	(3,855,969)
Premium on Refunding Bonds	0	326,059	0	326,059
Transfers In	1,250,000	2,178,242	849,362	4,277,604
Transfers (Out)	0	(125,000)	0	(125,000)
Total Other Financing Sources (Uses)	1,250,000	2,138,332	924,138	4,312,470
Net Change in Fund Balance	652,329	46,985	(152,161)	547,153
Fund Balance - Beginning of Year	7,282,185	1,728,499	2,199,125	11,209,809
Fund Balance - End of Year	\$7,934,514	\$1,775,484	\$2,046,964	\$11,756,962

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$2,046,211	\$73,448	\$0	\$102,144	\$110,499
Receivables (Net):					
Intergovernmental	859,621	69,699	0	0	0
Total Assets	2,905,832	143,147	0	102,144	110,499
Liabilities:					
Accounts Payable	69,434	0	2,390	0	0
Accrued Wages and Benefits	92,571	13,360	0	0	0
Interfund Payable	0	0	42,611	0	0
Total Liabilities	162,005	13,360	45,001	0	0
Deferred Inflows of Resources:					
Grants and Other Taxes	719,869	58,368	0	0	0
Total Deferred Inflows of Resources	719,869	58,368	0	0	0
Fund Balances:					
Restricted	2,023,958	71,419	0	102,144	110,499
Unassigned	0	0	(45,001)	0	0
Total Fund Balances	2,023,958	71,419	(45,001)	102,144	110,499
Total Liabilities, Deferred Inflows and Fund Balances	\$2,905,832	\$143,147	\$0	\$102,144	\$110,499

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$235,945	\$50,214	\$143,248	\$47,335	\$2,780,114	\$944,609	\$473,426
176,123	0	0	0	0	0	0
412,068	50,214	143,248	47,335	2,780,114	944,609	473,426
0	0	0	0	1,987	0	2
21,949	0	0	0	21,957	0	2,552
0	0	0	0	0	0	0
21,949	0	0	0	23,944	0	2,554
146,654	0	0	0	0	0	0
146,654	0	0	0	0	0	0
243,465	50,214	143,248	47,335	2,756,170	944,609	470,872
0	0	0	0	0	0	0
243,465	50,214	143,248	47,335	2,756,170	944,609	470,872
\$412,068	\$50,214	\$143,248	\$47,335	\$2,780,114	\$944,609	\$473,426

Contributed

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$613,358	\$123,890	\$278,334	\$8,022,775
Receivables (Net):				
Intergovernmental	0	0	0	1,105,443
Total Assets	613,358	123,890	278,334	9,128,218
Liabilities:				
Accounts Payable	0	0	0	73,813
Accrued Wages and Benefits	0	0	0	152,389
Interfund Payable	0	0	0	42,611
Total Liabilities	0	0	0	268,813
Deferred Inflows of Resources:				
Grants and Other Taxes	0	0	0	924,891
Total Deferred Inflows of Resources	0	0	0	924,891
Fund Balances:				
Restricted	613,358	123,890	278,334	7,979,515
Unassigned	0	0	0	(45,001)
Total Fund Balances	613,358	123,890	278,334	7,934,514
Total Liabilities, Deferred Inflows and Fund Balances	\$613,358	\$123,890	\$278,334	\$9,128,218

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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, 2017

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Investment Earnings	\$0	\$0	\$851	\$532	\$0
Intergovernmental	1,982,146	160,714	82,500	0	0
Fines, Licenses & Permits	0	0	0	3,300	71,333
Revenue in Lieu of Taxes	0	0	0	0	0
Other Revenues	25,319	0	0	0	0
Total Revenues	2,007,465	160,714	83,351	3,832	71,333
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	4,102
Transportation and Street Repair	2,597,610	150,298	163,825	0	0
Capital Outlay	9,139	0	9,500	55,578	3,170
Total Expenditures	2,606,749	150,298	173,325	55,578	7,272
Excess of Revenues Over (Under) Expenditures	(599,284)	10,416	(89,974)	(51,746)	64,061
Other Financing Sources (Uses):					
Transfers In	1,250,000	0	0	0	0
Total Other Financing Sources (Uses)	1,250,000	0	0	0	0
Net Change in Fund Balance	650,716	10,416	(89,974)	(51,746)	64,061
Fund Balance - Beginning of Year	1,373,242	61,003	44,973	153,890	46,438
Fund Balance - End of Year	\$2,023,958	\$71,419	(\$45,001)	\$102,144	\$110,499

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$1,064	\$1,064	\$0	\$23,281	\$3,725	\$2,128
354,269	0	0	20,079	0	0	0
0	7,215	10,718	0	373,632	84,684	50,923
0	0	0	0	0	0	0
0	300	0	0	0	0	0
354,269	8,579	11,782	20,079	396,913	88,409	53,051
0	0	6,673	0	372,018	70,187	67,320
0	5,097	0	12,618	0	0	0
327,836	0	0	0	0	0	0
0	99,575	0	0	9,600	14,053	0
327,836	104,672	6,673	12,618	381,618	84,240	67,320
26,433	(96,093)	5,109	7,461	15,295	4,169	(14,269)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
26,433	(96,093)	5,109	7,461	15,295	4,169	(14,269)
217,032	146,307	138,139	39,874	2,740,875	940,440	485,141
<u>\$243,465</u>	<u>\$50,214</u>	<u>\$143,248</u>	<u>\$47,335</u>	<u>\$2,756,170</u>	<u>\$944,609</u>	<u>\$470,872</u>

Continued

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2017

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Revenues:				
Investment Earnings	\$1,064	\$0	\$0	\$33,709
Intergovernmental	0	0	0	2,599,708
Fines, Licenses & Permits	40,915	0	39,889	682,609
Revenue in Lieu of Taxes	0	39,282	0	39,282
Other Revenues	0	0	0	25,619
Total Revenues	41,979	39,282	39,889	3,380,927
Expenditures:				
Current:				
General Government	399	0	0	516,597
Public Safety	0	0	0	21,817
Transportation and Street Repair	0	0	0	3,239,569
Capital Outlay	0	0	0	200,615
Total Expenditures	399	0	0	3,978,598
Excess of Revenues Over (Under) Expenditures	41,580	39,282	39,889	(597,671)
Other Financing Sources (Uses):				
Transfers In	0	0	0	1,250,000
Total Other Financing Sources (Uses)	0	0	0	1,250,000
Net Change in Fund Balance	41,580	39,282	39,889	652,329
Fund Balance - Beginning of Year	571,778	84,608	238,445	7,282,185
Fund Balance - End of Year	\$613,358	\$123,890	\$278,334	\$7,934,514

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, 2017

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,735,000	\$1,735,000	\$1,956,044	\$221,044
Other Revenues	35,000	35,000	25,319	(9,681)
Total Revenues	1,770,000	1,770,000	1,981,363	211,363
Expenditures:				
Transportation and Street Repair				
Personnel Related	1,853,746	1,853,746	1,664,380	189,366
Other	1,502,573	1,455,413	1,152,300	303,113
Total Expenditures	3,356,319	3,309,159	2,816,681	492,478
Excess of Revenues Over (Under) Expenditures	(1,586,319)	(1,539,159)	(835,318)	703,841
Other Financing Sources (uses):				
Transfers In	1,350,000	1,350,000	1,250,000	(100,000)
Total Other Financing Sources (Uses)	1,350,000	1,350,000	1,250,000	(100,000)
Net Change in Fund Balance	(236,319)	(189,159)	414,682	603,841
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,371,598	1,371,598	1,371,598	0
Fund Balance End of Year	\$1,135,279	\$1,182,439	\$1,786,281	\$603,841

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, 2017

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$157,000	\$157,000	\$158,598	\$1,598
Total Revenues	157,000	157,000	158,598	1,598
Expenditures:				
Transportation and Street Repair Personnel Related	152,175	152,175	147,395	4,780
Total Expenditures	152,175	152,175	147,395	4,780
Net Change in Fund Balance	4,825	4,825	11,203	6,378
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	62,245	62,245	62,245	0
Fund Balance End of Year	\$67,070	\$67,070	\$73,448	\$6,378

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, 2017

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$100,350	\$100,050	\$82,500	(\$17,550)
Investment Earnings	0	0	851	851
Total Revenues	100,350	100,050	83,351	(16,699)
Expenditures:				
Capital Outlay	125,826	236,408	213,836	22,572
Total Expenditures	125,826	236,408	213,836	22,572
Net Change in Fund Balance	(25,476)	(136,358)	(130,485)	5,873
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	83,586	83,586	83,586	0
Fund Balance End of Year	\$58,110	(\$52,772)	(\$46,899)	\$5,873

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, 2017

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$970	\$970	\$3,300	\$2,330
Investment Earnings	50	50	532	482
Total Revenues	1,020	1,020	3,832	2,812
Expenditures:				
Capital Outlay	1,000	57,500	55,578	1,922
Total Expenditures	1,000	57,500	55,578	1,922
Net Change in Fund Balance	20	(56,480)	(51,746)	4,734
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	153,890	153,890	153,890	0
Fund Balance End of Year	\$153,910	\$97,410	\$102,144	\$4,734

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, 2017

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$750	\$73,000	\$71,333	(\$1,667)
Total Revenues	750	73,000	71,333	(1,667)
Expenditures:				
Public Safety				
Other	28,000	33,000	7,637	25,363
Capital Outlay	0	7,163	0	7,163
Total Expenditures	28,000	40,163	7,637	32,526
Net Change in Fund Balance	(27,250)	32,837	63,696	30,859
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,803	46,803	46,803	0
Fund Balance End of Year	\$19,553	\$79,640	\$110,499	\$30,859

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, 2017

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$340,000	\$340,000	\$353,424	\$13,424
Total Revenues	340,000	340,000	353,424	13,424
Expenditures:				
Transportation and Street Repair Personnel Related	329,713	329,713	323,067	6,646
Total Expenditures	329,713	329,713	323,067	6,646
Net Change in Fund Balance	10,287	10,287	30,358	20,071
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	205,587	205,587	205,587	0
Fund Balance End of Year	\$215,874	\$215,874	\$235,945	\$20,071

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, 2017

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$7,030	\$7,030	\$7,515	\$485
Investment Earnings	0	0	1,064	1,064
Total Revenues	7,030	7,030	8,579	1,549
Expenditures:				
Public Safety				
Other	40,800	40,532	5,887	34,645
Capital Outlay	0	109,000	106,226	2,774
Total Expenditures	40,800	149,532	112,113	37,419
Net Change in Fund Balance	(33,770)	(142,502)	(103,534)	38,968
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	147,097	147,097	147,097	0
Fund Balance End of Year	\$113,327	\$4,595	\$43,563	\$38,968

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2017

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$16,000	\$16,000	\$10,717	(\$5,283)
Investment Earnings	30	30	1,064	1,034
Total Revenues	16,030	16,030	11,781	(4,249)
Expenditures:				
General Government				
Other	20,000	20,000	6,673	13,327
Total Expenditures	20,000	20,000	6,673	13,327
Net Change in Fund Balance	(3,970)	(3,970)	5,109	9,079
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	138,139	138,139	138,139	0
Fund Balance End of Year	\$134,169	\$134,169	\$143,248	\$9,079

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, 2017

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$20,079	\$20,079
Total Revenues	0	0	20,079	20,079
Expenditures:				
Public Safety				
Other	17,488	17,488	12,618	4,870
Total Expenditures	17,488	17,488	12,618	4,870
Net Change in Fund Balance	(17,488)	(17,488)	7,461	24,949
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	39,874	39,874	39,874	0
Fund Balance End of Year	\$22,386	\$22,386	\$47,335	\$24,949

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, 2017

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$399,500	\$399,500	\$373,632	(\$25,868)
Investment Earnings	6,500	6,500	24,517	18,017
Total Revenues	406,000	406,000	398,148	(7,852)
Expenditures:				
General Government				
Personnel Related	351,703	358,703	344,247	14,456
Other	43,000	43,000	36,740	6,260
Total Expenditures	394,703	401,703	380,987	20,716
Net Change in Fund Balance	11,297	4,297	17,162	12,865
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,775,407	2,775,407	2,775,407	0
Fund Balance End of Year	\$2,786,704	\$2,779,704	\$2,792,568	\$12,865

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, 2017

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$85,100	\$85,100	\$84,684	(\$416)
Investment Earnings	0	0	3,724	3,724
Total Revenues	85,100	85,100	88,408	3,308
Expenditures:				
General Government				
Other	105,000	105,000	84,240	20,760
Total Expenditures	105,000	105,000	84,240	20,760
Net Change in Fund Balance	(19,900)	(19,900)	4,168	24,068
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	940,441	940,441	940,441	0
Fund Balance End of Year	\$920,541	\$920,541	\$944,610	\$24,068

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, 2017

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$50,000	\$50,000	\$50,923	\$923
Investment Earnings	75	75	2,128	2,053
Total Revenues	50,075	50,075	53,051	2,976
Expenditures:				
General Government				
Personnel Related	67,371	67,371	61,179	6,192
Other	32,000	32,000	6,193	25,807
Total Expenditures	99,371	99,371	67,372	31,999
Net Change in Fund Balance	(49,296)	(49,296)	(14,321)	34,975
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	487,748	487,748	487,748	0
Fund Balance End of Year	\$438,452	\$438,452	\$473,427	\$34,975

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, 2017

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$40,000	\$40,000	\$40,915	\$915
Investment Earnings	35	35	1,064	1,029
Total Revenues	40,035	40,035	41,979	1,944
Expenditures:				
General Government				
Other	3,000	3,000	399	2,601
Total Expenditures	3,000	3,000	399	2,601
Net Change in Fund Balance	37,035	37,035	41,580	4,545
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	571,777	571,777	571,777	0
Fund Balance End of Year	\$608,812	\$608,812	\$613,357	\$4,545

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, 2017

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$98,000	\$98,000	\$39,282	(\$58,718)
Total Revenues	98,000	98,000	39,282	(58,718)
Expenditures:				
General Government				
Other	99,000	99,000	0	99,000
Total Expenditures	99,000	99,000	0	99,000
Net Change in Fund Balance	(1,000)	(1,000)	39,282	40,282
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	84,608	84,608	84,608	0
Fund Balance End of Year	\$83,608	\$83,608	\$123,890	\$40,282

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, 2017

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$37,000	\$37,000	\$39,889	\$2,889
Total Revenues	37,000	37,000	39,889	2,889
Expenditures:				
General Government				
Other	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	37,000	37,000	39,889	2,889
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	238,445	238,445	238,445	0
Fund Balance End of Year	\$275,445	\$275,445	\$278,334	\$2,889

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, 2017

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$11,798	\$1,763,686	\$1,775,484
Receivables (Net):			
Intergovernmental	0	230,653	230,653
Total Assets	11,798	1,994,339	2,006,137
Deferred Inflows of Resources:			
Grants and Other Taxes	0	230,653	230,653
Total Deferred Inflows of Resources	0	230,653	230,653
Fund Balances:			
Restricted	0	1,763,686	1,763,686
Assigned	11,798	0	11,798
Total Fund Balances	11,798	1,763,686	1,775,484
Total Liabilities, Deferred Inflows and Fund Balances	\$11,798	\$1,994,339	\$2,006,137

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, 2017

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$56,322	\$56,322
Special Assessments	0	2,488	2,488
Total Revenues	<u>0</u>	<u>58,810</u>	<u>58,810</u>
Expenditures:			
Current:			
General Government	6,629	2,529	9,158
Debt Service:			
Principal	1,425,000	0	1,425,000
Interest and Other Charges	628,792	2,117	630,909
Bond Issuance Cost	85,090	0	85,090
Total Expenditures	<u>2,145,511</u>	<u>4,646</u>	<u>2,150,157</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,145,511)</u>	<u>54,164</u>	<u>(2,091,347)</u>
Other Financing Sources (Uses):			
Sale of Refunding Bonds	3,615,000	0	3,615,000
Payments to Refunded Bond Escrow Agent	(3,855,969)	0	(3,855,969)
Premium on Refunding Bonds	326,059	0	326,059
Transfers In	2,178,242	0	2,178,242
Transfers (Out)	(125,000)	0	(125,000)
Total Other Financing Sources (Uses)	<u>2,138,332</u>	<u>0</u>	<u>2,138,332</u>
Net Change in Fund Balance	(7,179)	54,164	46,985
Fund Balance - Beginning of Year	<u>18,977</u>	<u>1,709,522</u>	<u>1,728,499</u>
Fund Balance - End of Year	<u>\$11,798</u>	<u>\$1,763,686</u>	<u>\$1,775,484</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, 2017

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
General Government				
Other	10,500	10,500	6,629	3,871
Debt Service:				
Principal Retirement	1,241,000	1,551,000	1,550,000	1,000
Interest and Fiscal Charges	676,200	676,200	628,792	47,408
Bond Issuance Cost	0	0	85,090	(85,090)
Total Expenditures	1,927,700	2,237,700	2,270,512	(32,812)
Excess of Revenues Over (Under) Expenditures	(1,927,700)	(2,237,700)	(2,270,512)	(32,812)
Other Financing Sources (uses):				
Sale of Refunding Bonds	0	0	3,615,000	3,615,000
Payments to Refunded Bond Escrow Agent	0	0	(3,855,969)	(3,855,969)
Premium on Refunding Bonds	0	0	326,059	326,059
Transfers In	2,975,000	2,975,000	2,178,242	(796,758)
Total Other Financing Sources (Uses)	2,975,000	2,975,000	2,263,332	(711,668)
Net Change in Fund Balance	1,047,300	737,300	(7,179)	(744,479)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,976	18,976	18,976	0
Fund Balance End of Year	\$1,066,276	\$756,276	\$11,797	(\$744,479)

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, 2017

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$650,010	\$650,010	\$356,274	(\$293,736)
Investment Earnings	200	200	55,094	54,894
Total Revenues	650,210	650,210	411,369	(238,841)
Expenditures:				
Current:				
General Government				
Other	2,100	2,550	2,529	21
Debt Service:				
Principal Retirement	650,000	647,430	353,787	293,643
Interest and Fiscal Charges	0	2,120	2,117	3
Total Expenditures	652,100	652,100	358,433	293,667
Net Change in Fund Balance	(1,890)	(1,890)	52,936	54,826
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,715,632	1,715,632	1,715,632	0
Fund Balance End of Year	\$1,713,742	\$1,713,742	\$1,768,569	\$54,826

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, 2017

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Assets:					
Equity in Pooled Cash and Investments	\$1,935,787	\$4,918	\$0	\$106,204	\$615,872
Receivables (Net):					
Taxes	559,164	0	0	0	0
Intergovernmental	0	0	612,720	0	0
Total Assets	2,494,951	4,918	612,720	106,204	615,872
Liabilities:					
Accounts Payable	226,944	0	0	0	0
Interfund Payable	0	0	612,720	0	0
Total Liabilities	226,944	0	612,720	0	0
Deferred Inflows of Resources:					
Income Taxes	335,317	0	0	0	0
Grants and Other Taxes	0	0	612,720	0	0
Total Deferred Inflows of Resources	335,317	0	612,720	0	0
Fund Balances:					
Restricted	1,932,690	4,918	0	0	615,872
Assigned	0	0	0	106,204	0
Unassigned	0	0	(612,720)	0	0
Total Fund Balances	1,932,690	4,918	(612,720)	106,204	615,872
Total Liabilities, Deferred Inflows and Fund Balances	\$2,494,951	\$4,918	\$612,720	\$106,204	\$615,872

<hr/> <hr/>	
Total Nonmajor Capital Projects Funds	
	\$2,662,781
	559,164
	<hr/> 612,720
	<hr/> <hr/> 3,834,665
	226,944
	<hr/> 612,720
	<hr/> 839,664
	335,317
	<hr/> 612,720
	<hr/> 948,037
	2,553,480
	106,204
	<hr/> (612,720)
	<hr/> 2,046,964
	<hr/> <hr/> \$3,834,665

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, 2017

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Revenues:					
Income Taxes	\$2,875,800	\$0	\$0	\$0	\$0
Investment Earnings	24,878	0	0	0	0
Intergovernmental	201,577	0	0	0	126,452
Other Revenues	51,864	1,609	0	0	0
Total Revenues	3,154,119	1,609	0	0	126,452
Expenditures:					
Current:					
Capital Outlay	3,392,181	0	612,720	23,654	329,924
Total Expenditures	3,392,181	0	612,720	23,654	329,924
Excess of Revenues Over (Under) Expenditures	(238,062)	1,609	(612,720)	(23,654)	(203,472)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	74,776	0	0	0	0
Transfers In	49,362	0	0	0	800,000
Total Other Financing Sources (Uses)	124,138	0	0	0	800,000
Net Change in Fund Balance	(113,924)	1,609	(612,720)	(23,654)	596,528
Fund Balance - Beginning of Year	2,046,614	3,309	0	129,858	19,344
Fund Balance - End of Year	\$1,932,690	\$4,918	(\$612,720)	\$106,204	\$615,872

Total
Nonmajor
Capital Projects
Funds

\$2,875,800
24,878
328,029
53,473

3,282,180

4,358,479

4,358,479

(1,076,299)

74,776
849,362

924,138

(152,161)

2,199,125

\$2,046,964

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, 2017

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,690,500	\$1,690,500	\$3,072,292	\$1,381,792
Intergovernmental	0	0	201,577	201,577
Investment Earnings	7,000	7,000	17,933	10,933
Other Revenues	1,000	1,000	51,865	50,865
Total Revenues	1,698,500	1,698,500	3,343,666	1,645,166
Expenditures:				
Capital Outlay	1,541,366	4,470,099	4,053,944	416,155
Total Expenditures	1,541,366	4,470,099	4,053,944	416,155
Excess of Revenues Over (Under) Expenditures	157,134	(2,771,599)	(710,278)	2,061,321
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	25,000	25,000	74,776	49,776
Transfers In	950,000	1,450,000	1,450,000	0
Transfers (Out)	(1,142,715)	(1,452,715)	(1,400,638)	52,077
Total Other Financing Sources (Uses)	(167,715)	22,285	124,138	101,853
Net Change in Fund Balance	(10,581)	(2,749,314)	(586,140)	2,163,174
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,846,731	1,846,731	1,846,731	0
Fund Balance End of Year	\$1,836,150	(\$902,583)	\$1,260,591	\$2,163,174

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, 2017

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$1,610	\$1,610
Total Revenues	0	0	1,610	1,610
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	1,610	1,610
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,309	3,309	3,309	0
Fund Balance End of Year	<u>\$3,309</u>	<u>\$3,309</u>	<u>\$4,918</u>	<u>\$1,610</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, 2017

	State Issue I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$50,000	\$0	(\$50,000)
Total Revenues	50,000	50,000	0	(50,000)
Expenditures:				
Capital Outlay	50,000	700,000	612,720	87,280
Total Expenditures	50,000	700,000	612,720	87,280
Net Change in Fund Balance	0	(650,000)	(612,720)	37,280
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	(\$650,000)	(\$612,720)	\$37,280

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, 2017

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	0	37,000	36,655	345
Total Expenditures	0	37,000	36,655	345
Net Change in Fund Balance	0	(37,000)	(36,655)	345
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	129,860	129,860	129,860	0
Fund Balance End of Year	<u>\$129,860</u>	<u>\$92,860</u>	<u>\$93,206</u>	<u>\$345</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, 2017

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$127,000	\$126,452	(\$548)
Total Revenues	0	127,000	126,452	(548)
Expenditures:				
Capital Outlay	0	1,067,470	629,435	438,035
Total Expenditures	0	1,067,470	629,435	438,035
Excess of Revenues Over (Under) Expenditures	0	(940,470)	(502,983)	437,487
Other Financing Sources (uses):				
Transfers In	0	800,000	800,000	0
Total Other Financing Sources (Uses)	0	800,000	800,000	0
Net Change in Fund Balance	0	(140,470)	297,017	437,487
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,344	19,344	19,344	0
Fund Balance End of Year	<u>\$19,344</u>	<u>(\$121,126)</u>	<u>\$316,360</u>	<u>\$437,487</u>

OTHER GENERAL FUND

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

Fund Description

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

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2017

	Compensated Leave Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$4,256	\$4,256
Total Revenues	0	0	4,256	4,256
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	4,256	4,256
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	671,171	671,171	671,171	0
Fund Balance End of Year	<u>\$671,171</u>	<u>\$671,171</u>	<u>\$675,427</u>	<u>\$4,256</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

City of Fairfield, Ohio
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2017

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$249,235	\$473,842	\$723,077
Receivables (Net):			
Accounts	293,510	0	293,510
Interest	0	0	0
Inventory	0	21,418	21,418
Total Current Assets	542,745	495,260	1,038,005
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Capital Assets	0	507,000	507,000
Depreciable Capital Assets, Net	0	2,523,908	2,523,908
Total Assets	542,745	3,526,168	4,068,913
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	0	19,836	19,836
	0	264,701	264,701
Total Deferred Outflows of Resources	0	284,537	284,537
Liabilities:			
Current Liabilities:			
Accounts Payable	192,744	43,535	236,279
Accrued Wages and Benefits	0	31,837	31,837
Compensated Absences	0	49,792	49,792
Accrued Interest Payable	0	1,272	1,272
Long-Term Liabilities Due Within One Year	0	130,000	130,000
Total Current Liabilities	192,744	256,436	449,180
Long-Term Liabilities:			
Compensated Absences	0	67,171	67,171
Bonds, Notes & Loans Payable	0	444,440	444,440
Net Pension Liability	0	682,699	682,699
Total Liabilities	192,744	1,450,746	1,643,490
Deferred Inflows of Resources:			
Pension	0	10,525	10,525
Total Deferred Inflows of Resources	0	10,525	10,525
Net Position:			
Net Investment in Capital Assets	0	2,476,304	2,476,304
Restricted for:			
Unrestricted	350,001	(126,870)	223,131
Total Net Position	\$350,001	\$2,349,434	\$2,699,435

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, 2017

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$2,273,206	\$1,791,263	\$4,064,469
Other Revenues	0	34,999	34,999
Total Operating Revenues	<u>2,273,206</u>	<u>1,826,262</u>	<u>4,099,468</u>
Operating Expenses:			
Personal Services	0	712,299	712,299
Contactual Services	2,295,473	613,387	2,908,860
Materials and Supplies	0	452,140	452,140
Depreciation	0	171,027	171,027
Total Operating Expenses	<u>2,295,473</u>	<u>1,948,853</u>	<u>4,244,326</u>
Operating Income (Loss)	<u>(22,267)</u>	<u>(122,591)</u>	<u>(144,858)</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	0	1,906	1,906
Interest (Expense)	0	(17,317)	(17,317)
Gain on Disposal of Capital Assets	0	4,135	4,135
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>(11,276)</u>	<u>(11,276)</u>
Income (Loss) Before Contributions and Transfers	<u>(22,267)</u>	<u>(133,867)</u>	<u>(156,134)</u>
Transfers In	<u>0</u>	<u>175,000</u>	<u>175,000</u>
Change in Net Position	<u>(22,267)</u>	<u>41,133</u>	<u>18,866</u>
Net Position - Beginning of Year	<u>372,268</u>	<u>2,308,301</u>	<u>2,680,569</u>
Net Position - End of Year	<u>\$350,001</u>	<u>\$2,349,434</u>	<u>\$2,699,435</u>

City of Fairfield, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2017

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,284,283	\$1,826,262	\$4,110,545
Cash Payments to Employees	0	(1,051,326)	(1,051,326)
Cash Payments to Suppliers	(2,292,520)	(1,024,937)	(3,317,457)
Net Cash Provided (Used) by Operating Activities	(8,237)	(250,001)	(258,238)
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	175,000	175,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	175,000	175,000
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	0	(28,560)	(28,560)
Debt Principal Payments	0	(125,000)	(125,000)
Debt Interest Payments	0	(20,010)	(20,010)
Gain on the Disposal of Capital Assets	0	224,959	224,959
Net Cash Provided (Used) by Capital and Related Financing Activities	0	51,389	51,389
Cash Flows from Investing Activities:			
Earnings on Investments	0	1,906	1,906
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	1,906	1,906
Net Increase (Decrease) in Cash and Cash Equivalents	(8,237)	(21,706)	(29,943)
Cash and Cash Equivalents - Beginning of Year	257,472	495,548	753,020
Cash and Cash Equivalents - End of Year	249,235	473,842	723,077
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(22,267)	(122,591)	(144,858)
Adjustments:			
Depreciation	0	171,027	171,027
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	11,077	8,045	19,122
(Increase) Decrease in Deferred Outflows of Resources	0	191,735	191,735
Increase (Decrease) in Claims Payable	0	(4,248)	(4,248)
Increase (Decrease) in Payables	2,953	32,545	35,498
Increase (Decrease) in Accrued Liabilities	0	(7,243)	(7,243)
Increase (Decrease) in Deferred Inflows of Resources	0	(12,459)	(12,459)
Increase (Decrease) in Net Pension Liability	0	(506,812)	(506,812)
Net Cash Provided (Used) by Operating Activities	(\$8,237)	(\$250,001)	(\$258,238)

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NONMAJOR FUNDS

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

Fund Descriptions

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

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

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

Fund Descriptions

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

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

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

City of Fairfield, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2017

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$3,730,466	\$164,770	\$3,895,236
Receivables (Net):			
Interest	10,290	0	10,290
Total Assets	3,740,756	164,770	3,905,526
Deferred Outflows of Resources:			
Pension	0	259,742	259,742
Total Deferred Outflows of Resources	0	259,742	259,742
Liabilities:			
Current Liabilities:			
Accounts Payable	88	11,051	11,139
Compensated Absences	0	12,415	12,415
Claims Payable	297,875	0	297,875
Total Current Liabilities	297,963	23,466	321,429
Long-Term Liabilities:			
Compensated Absences	0	81,093	81,093
Net Pension Liability	0	669,909	669,909
Total Liabilities	297,963	774,468	1,072,431
Deferred Inflows of Resources:			
Pension	0	10,328	10,328
Total Deferred Inflows of Resources	0	10,328	10,328
Net Position:			
Unrestricted	3,442,793	(360,284)	3,082,509
Total Net Position	\$3,442,793	(\$360,284)	\$3,082,509

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, 2017

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$5,406,356	\$724,506	\$6,130,862
Other Revenues	0	1,108	1,108
Total Operating Revenues	<u>5,406,356</u>	<u>725,614</u>	<u>6,131,970</u>
Operating Expenses:			
Personal Services	0	692,989	692,989
Contactual Services	4,937,576	16,860	4,954,436
Materials and Supplies	0	347,184	347,184
Total Operating Expenses	<u>4,937,576</u>	<u>1,057,033</u>	<u>5,994,609</u>
Operating Income (Loss)	<u>468,780</u>	<u>(331,419)</u>	<u>137,361</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	<u>31,154</u>	<u>0</u>	<u>31,154</u>
Total Non-Operating Revenues (Expenses)	<u>31,154</u>	<u>0</u>	<u>31,154</u>
Income (Loss) Before Contributions and Transfers	499,934	(331,419)	168,515
Transfers In	<u>0</u>	<u>200,000</u>	<u>200,000</u>
Change in Net Position	499,934	(131,419)	368,515
Net Position - Beginning of Year	<u>2,942,859</u>	<u>(228,865)</u>	<u>2,713,994</u>
Net Position - End of Year	<u>\$3,442,793</u>	<u>(\$360,284)</u>	<u>\$3,082,509</u>

City of Fairfield, Ohio
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2017

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,406,356	\$725,614	\$6,131,970
Cash Payments to Employees	0	(593,231)	(593,231)
Cash Payments to Suppliers	(4,873,964)	(381,960)	(5,255,924)
Net Cash Provided (Used) by Operating Activities	532,392	(249,577)	282,815
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	23,517	0	23,517
Net Cash Provided (Used) by Cash Flows from Investing Activities	23,517	0	23,517
Net Increase (Decrease) in Cash and Cash Equivalents	555,909	(49,577)	506,332
Cash and Cash Equivalents - Beginning of Year	3,174,557	214,347	3,388,904
Cash and Cash Equivalents - End of Year	3,730,466	164,770	3,895,236
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	468,780	(331,419)	137,361
Adjustments:			
Changes in Assets & Liabilities:			
(Increase) Decrease in Deferred Outflows of Resources	0	(72,288)	(72,288)
Increase (Decrease) in Claims Payable	63,696	(1,989)	61,707
Increase (Decrease) in Payables	(84)	(17,916)	(18,000)
Increase (Decrease) in Accrued Liabilities	0	(8,240)	(8,240)
Increase (Decrease) in Deferred Inflows of Resources	0	889	889
Increase (Decrease) in Net Pension Liability	0	181,386	181,386
Net Cash Provided (Used) by Operating Activities	\$532,392	(\$249,577)	\$282,815

City of Fairfield, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2017

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$150,835	\$709,314	\$693,343	\$166,806
Total Assets	150,835	709,314	693,343	166,806
Liabilities:				
Undistributed Monies	150,835	709,314	693,343	166,806
Total Liabilities	\$150,835	\$709,314	\$693,343	\$166,806

	Warranty Bonds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$5,415	\$1	\$5,416	\$0
Total Assets	5,415	1	5,416	0
Liabilities:				
Undistributed Monies	5,415	1	5,416	0
Total Liabilities	\$5,415	\$1	\$5,416	\$0

	Economic Development District			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$141,462	\$1,976,125	\$1,973,682	\$143,905
Receivables (Net):				
Accounts	178,399	166,754	178,399	166,754
Total Assets	319,861	2,142,879	2,152,081	310,659
Liabilities:				
Accounts Payable	120,986	122,842	120,986	122,842
Undistributed Monies	198,875	2,020,037	2,031,095	187,817
Total Liabilities	\$319,861	\$2,142,879	\$2,152,081	\$310,659

Continued

	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$297,712	\$2,685,440	\$2,672,441	\$310,711
Receivables (Net):				
Accounts	178,399	166,754	178,399	166,754
Total Assets	<u>476,111</u>	<u>2,852,194</u>	<u>2,850,840</u>	<u>477,465</u>
Liabilities:				
Accounts Payable	120,986	122,842	120,986	122,842
Undistributed Monies	355,125	2,729,352	2,729,854	354,623
Total Liabilities	<u>\$476,111</u>	<u>\$2,852,194</u>	<u>\$2,850,840</u>	<u>\$477,465</u>

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STATISTICAL SECTION

City of Fairfield, Ohio

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STATISTICAL SECTION

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

Contents

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

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

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

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

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

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

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

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$61,855,826	\$65,966,427	\$66,371,105	\$64,296,950	\$67,275,297	\$69,235,249	\$70,400,669	\$70,871,957	\$72,702,624	\$73,664,366
Restricted	16,285,100	14,757,991	13,308,997	15,986,150	16,117,641	17,137,210	16,288,586	15,892,445	18,160,599	20,743,247
Unrestricted	15,315,197	9,942,780	9,016,660	12,370,308	13,959,061	17,136,178	16,492,976	(5,843,139)	(5,913,774)	(6,938,936)
Total Governmental Activities Net Position	\$93,456,123	\$90,667,198	\$88,696,762	\$92,653,408	\$97,351,999	\$103,508,637	\$103,182,231	\$80,921,263	\$84,949,449	\$87,468,677
Business-type activities										
Net Investment in Capital Assets	\$35,778,211	\$37,114,611	\$37,096,724	\$37,488,020	\$37,444,547	\$37,900,975	\$38,873,969	\$39,709,765	\$40,221,046	\$39,221,993
Restricted	1,270,771	1,018,871	1,018,149	1,018,291	1,018,832	1,021,404	1,022,736	1,023,003	1,024,340	1,027,000
Unrestricted	12,489,925	10,201,536	9,683,097	8,968,926	9,140,411	9,583,331	9,242,621	5,784,274	4,814,362	5,446,797
Total Business-Type Activities Net Position	\$49,538,907	\$48,335,018	\$47,797,970	\$47,475,237	\$47,603,790	\$48,505,710	\$49,139,326	\$46,517,042	\$46,059,748	\$45,695,790
Total Primary Government										
Net Investment in Capital Assets	\$97,634,037	\$103,081,038	\$103,467,829	\$101,784,970	\$104,719,844	\$107,136,224	\$109,274,638	\$110,581,722	\$112,923,670	\$112,886,359
Restricted	17,555,871	15,776,862	14,327,146	17,004,441	17,136,473	18,158,614	17,314,322	16,915,448	19,184,939	21,770,247
Unrestricted	27,805,122	20,144,316	18,699,757	21,339,234	23,099,472	26,719,509	25,735,597	(58,865)	(1,099,412)	(1,492,139)
Total Primary Government Net Position	\$142,995,030	\$139,002,216	\$136,494,732	\$140,128,645	\$144,955,789	\$152,014,347	\$152,321,557	\$127,438,305	\$131,009,197	\$133,164,467

Source: City Records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government	\$7,801,044	\$8,302,202	\$8,219,146	\$8,375,019	\$8,451,042	\$7,631,141	\$8,179,792	\$8,240,596	\$7,968,208	\$9,420,931
Public Safety	15,725,351	16,505,748	17,357,175	16,309,564	16,249,928	16,268,499	17,231,019	18,459,890	18,841,094	19,659,072
Leisure Time Activities	3,085,978	3,275,415	3,449,071	3,394,755	3,412,316	3,466,481	3,294,693	3,020,368	3,746,235	3,523,300
Community Development	1,702,850	1,489,030	1,438,118	1,366,224	1,359,819	1,341,884	1,483,394	1,094,499	1,950,158	2,088,857
Basic Utility Service	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368	464,115
Transportation and Street Repair	10,437,041	9,604,526	8,622,712	7,610,384	7,447,779	6,045,380	8,004,851	8,667,858	8,097,174	8,471,472
Public Health and Welfare	23,457	23,074	22,441	21,998	21,784	21,476	21,584	21,248	21,125	20,962
Interest and Fiscal Charges	862,252	687,450	794,384	1,034,139	808,963	851,250	815,863	780,363	732,471	696,672
Total Governmental Activities Expenses	40,091,723	40,411,936	40,413,218	38,591,960	38,163,869	36,077,934	39,473,993	40,726,667	41,814,833	44,345,381
Business-Type Activities:										
Water Utility	4,263,391	4,780,644	4,450,415	4,622,668	4,510,147	4,626,165	5,044,656	5,225,446	6,407,038	6,733,916
Sewer Utility	4,966,224	4,987,541	5,030,761	4,951,150	5,100,875	5,139,515	5,272,460	5,591,952	5,735,840	5,950,929
Solid Waste Management	2,266,099	2,373,306	2,513,726	2,581,355	2,444,874	2,140,007	2,173,408	2,216,074	2,259,529	2,295,473
Recreation Facilities	2,095,997	2,222,772	2,358,398	2,066,756	2,142,869	2,177,176	2,280,222	2,174,232	1,873,055	1,962,035
Total Business-Type Activities Expenses	13,591,711	14,364,263	14,353,300	14,221,929	14,198,765	14,082,863	14,770,746	15,207,704	16,275,462	16,942,353
Total Primary Government Expenses	\$53,683,434	\$54,776,199	\$54,766,518	\$52,813,889	\$52,362,634	\$50,160,797	\$54,244,739	\$55,934,371	\$58,090,295	\$61,287,734
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$2,146,381	\$2,135,946	\$2,002,295	\$2,333,954	\$1,881,872	\$1,734,805	\$1,802,079	\$1,795,353	\$1,422,096	\$1,930,245
Public Safety	1,108,266	1,264,931	1,144,876	1,224,775	1,183,079	1,189,223	1,162,252	1,144,227	1,130,784	1,101,654
Leisure Time Activities	238,651	248,862	278,973	252,125	272,605	281,499	248,952	497,097	958,658	244,100
Community Development	446,641	365,788	335,889	79,800	281,964	354,464	529,106	223,544	1,194,603	1,137,106
Basic Utility Service	491,304	512,159	640,082	384,635	670,950	565,538	566,935	77,917	0	0
Transportation and Street Repair	6,665	15,307	28,587	26,561	38,233	38,389	37,452	593,242	1,705,115	39,889
Operating Grants and Contributions	3,193,430	3,352,963	3,010,499	3,614,620	3,338,989	2,933,524	2,944,428	3,077,018	3,243,396	3,301,379
Capital Grants and Contributions	647,472	1,331,917	790,846	3,115,434	3,880,495	1,707,738	14,506	897,858	185,742	1,257,952
Total Governmental Activities Program Revenues	8,278,810	9,227,873	8,232,047	11,031,904	11,548,187	8,805,180	7,305,710	8,306,256	9,840,394	9,012,325

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	\$3,873,447	\$3,759,023	\$3,777,374	\$3,749,292	\$4,025,197	\$4,666,222	\$4,825,443	\$4,944,528	\$5,121,220	\$5,686,777
Sewer Utility	4,612,647	4,720,792	4,795,347	5,229,115	5,492,327	5,733,338	5,968,424	5,992,562	6,145,668	6,306,111
Solid Waste Management	1,620,155	1,774,420	1,937,507	2,294,545	2,373,948	2,119,641	2,165,612	2,218,507	2,261,648	2,273,206
Recreation Facilities	2,015,057	2,057,814	2,084,567	1,953,697	2,097,727	1,871,477	1,831,891	1,859,761	1,769,065	1,791,263
Operating Grants and Contributions	0	33,290	65,667	25,919	3,999	31,597	88,048	0	0	0
Capital Grants and Contributions	0	0	0	0	0	145,770	900	12,090	0	0
Total Business-Type Activities Program Revenues	12,121,306	12,345,339	12,660,462	13,252,568	13,993,198	14,568,045	14,880,318	15,027,448	15,297,601	16,057,357
Total Primary Government Program Revenues	\$20,400,116	\$21,573,212	\$20,892,509	\$24,284,472	\$25,541,385	\$23,373,225	\$22,186,028	\$23,333,704	\$25,137,995	\$25,069,682
Net (Expense)/Revenue	(\$31,812,913)	(\$31,184,063)	(\$32,181,171)	(\$27,560,056)	(\$26,615,682)	(\$27,272,754)	(\$32,168,283)	(\$32,420,411)	(\$31,974,439)	(\$35,333,056)
Governmental Activities	(1,470,405)	(2,018,924)	(1,692,838)	(969,361)	(205,567)	485,182	109,572	(180,256)	(977,861)	(884,996)
Business-type activities	(\$33,283,318)	(\$33,202,987)	(\$33,874,009)	(\$28,529,417)	(\$26,821,249)	(\$26,787,572)	(\$32,058,711)	(\$32,600,667)	(\$32,952,300)	(\$36,218,052)
Total Primary Government Net Expenses										
General Revenues and Other Changes in Net Position	\$23,770,850	\$20,975,945	\$23,206,157	\$23,652,942	\$23,709,192	\$25,606,839	\$23,586,464	\$25,318,834	\$28,822,572	\$28,041,922
Governmental Activities:										
Income Taxes	1,106,422	1,547,487	1,551,760	1,474,934	1,385,870	1,476,744	1,987,282	1,636,590	1,439,432	1,677,991
Property Taxes Levied for:	3,306,657	3,921,193	3,799,059	3,595,787	3,551,089	3,538,952	3,587,886	3,642,740	3,722,358	6,017,623
General Purposes	3,008,438	1,571,533	2,143,796	2,412,622	1,725,889	1,404,103	1,580,380	1,194,667	1,413,792	1,092,049
Special Revenue Purposes	1,416,837	403,898	216,726	177,580	241,232	126,654	140,964	185,456	147,846	423,476
Grants and Entitlements not Restricted	172,337	168,142	211,309	642,837	851,001	1,693,821	1,253,901	722,374	671,625	774,223
Investment Earnings	(1,280,000)	(568,060)	(918,072)	(440,000)	(150,000)	(145,000)	(295,000)	(315,000)	(215,000)	(175,000)
Other Revenues	31,501,541	28,020,138	30,210,735	31,516,702	31,314,273	33,702,113	31,841,877	32,385,661	36,002,625	37,852,284
Transfers-Internal Activities										
Total Governmental Activities	359,838	120,747	95,397	61,252	(17,798)	9,546	24,544	11,405	28,592	81,541
Business-Type Activities:	108,814	126,228	142,321	145,376	201,918	295,954	204,500	244,583	276,975	264,497
Investment Earnings	1,280,000	568,060	918,072	440,000	150,000	145,000	295,000	315,000	215,000	175,000
Other Revenues	1,748,652	815,035	1,155,790	646,628	334,120	450,500	524,044	570,988	520,567	521,038
Transfers-Internal Activities										
Total Business-Type Activities	\$33,250,193	\$28,835,173	\$31,366,525	\$32,163,330	\$31,648,393	\$34,152,613	\$32,365,921	\$32,956,649	\$36,523,192	\$38,373,322
Total Primary Government										

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Change in Net Position										
Governmental Activities	(\$311,372)	(\$3,163,925)	(\$1,970,436)	\$3,956,646	\$4,698,591	\$6,429,359	(\$326,406)	(\$34,750)	\$4,028,186	\$2,519,228
Business-Type Activities	278,247	(1,203,889)	(537,048)	(322,733)	128,553	935,682	633,616	390,732	(457,294)	(363,958)
Total Primary Government	(\$33,125)	(\$4,367,814)	(\$2,507,484)	\$3,633,913	\$4,827,144	\$7,365,041	\$307,210	\$355,982	\$3,570,892	\$2,155,270

Source: City Records

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

	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$432,065	\$323,790	\$481,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	12,692,924	10,262,820	8,748,151	0	0	0	0	0	0	0
Assigned		251,377	92,799	358,413	1,276,408	673,678	1,779,678	370,256		
Unassigned		10,161,500	12,352,032	15,236,166	13,107,411	14,274,603	14,034,551	15,599,686		
Total General Fund	13,124,989	10,586,610	9,229,922	10,412,877	12,444,831	15,594,579	14,383,819	14,948,281	15,814,229	15,969,942
All Other Governmental Funds										
Reserved	3,801,329	1,753,678	8,672,323	0	0	0	0	0	0	0
Unreserved, Reported in:										
Special Revenue Funds	3,911,307	4,433,536	4,546,166	0	0	0	0	0	0	0
Debt Service Funds	1,528,211	1,453,973	1,485,833	0	0	0	0	0	0	0
Capital Projects Funds	363,059	5,493,406	4,540,749	0	0	0	0	0	0	0
Restricted		17,004,137	14,821,559	15,154,484	14,631,812	14,507,341	16,656,232	20,684,196		
Assigned		212,497	209,911	193,969	186,814	164,254	148,835	118,002		
Unassigned		(907,538)	(1,043,316)	(437,769)	(346,988)	(431,443)	(69,540)	(657,721)		
Total all Other Governmental Funds	\$9,603,906	\$13,134,593	\$19,245,071	\$16,309,096	\$13,988,154	\$14,910,684	\$14,471,638	\$14,240,152	\$16,735,527	\$20,144,477

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$28,500,970	\$26,861,747	\$28,266,333	\$28,583,571	\$28,664,812	\$30,423,136	\$28,234,609	\$31,186,625	\$33,784,963	\$36,031,807
Fines, Licenses & Permits	2,363,478	2,136,001	2,261,968	2,182,221	2,005,002	1,886,788	1,859,215	1,784,422	1,975,184	2,140,372
Charges for Services	1,809,440	2,211,605	1,790,882	2,370,058	2,561,018	2,619,848	2,675,730	2,747,915	2,598,343	2,698,535
Investment Earnings	1,456,745	406,997	367,848	211,364	245,561	135,821	142,171	175,768	135,229	431,784
Intergovernmental	7,270,321	6,560,501	6,189,211	7,382,476	8,716,682	6,548,135	5,461,873	5,446,943	5,934,448	5,191,496
Special Assessments	279,582	69,656	28,213	19,026	28,940	276,143	40,587	250,298	223,868	17,367
Other Revenues	319,880	662,331	385,809	1,193,989	420,692	671,902	441,998	462,221	1,032,869	514,038
Total Revenues	\$42,000,416	\$38,908,838	\$39,290,264	\$41,942,705	\$42,642,707	\$42,561,773	\$38,856,183	\$42,054,192	\$45,684,904	\$47,025,399
Expenditures:										
Current:										
General Government	\$7,302,449	\$7,932,771	\$7,591,020	\$7,868,338	\$7,492,947	\$7,297,563	\$8,062,959	\$8,338,732	\$7,926,097	\$8,341,413
Public Safety	14,932,090	15,262,238	15,724,127	15,276,912	14,999,429	15,441,781	16,157,770	16,829,972	17,148,478	17,784,469
Leisure Time Activities	2,449,825	2,600,220	2,683,583	2,527,523	2,279,421	2,416,016	2,526,615	2,588,912	2,565,624	2,598,885
Community Development	1,588,348	1,439,439	1,451,970	1,326,096	1,304,371	1,326,648	1,434,544	1,457,640	1,555,296	1,465,974
Basic Utility Service	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368	464,115
Transportation and Street Repair	8,260,640	7,318,320	6,208,262	5,315,056	4,388,564	3,063,645	5,314,576	3,351,636	3,211,071	3,239,569
Public Health and Welfare	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248	21,125	20,962
Capital Outlay	2,368,797	6,902,977	6,092,909	7,697,920	9,258,968	5,277,220	3,633,918	5,739,648	6,690,901	7,192,216
Debt Service:										
Principal Retirement	870,000	954,515	1,233,549	1,577,547	1,716,763	1,686,207	1,654,765	1,680,000	1,740,000	1,425,000
Interest and Fiscal Charges	855,696	565,524	776,107	1,024,387	839,474	876,493	835,371	800,002	747,541	630,909
Bond Issuance Cost	0	0	0	0	0	0	0	0	0	85,090
Total Expenditures	\$39,105,052	\$43,523,569	\$42,294,139	\$43,115,654	\$42,713,959	\$37,858,872	\$40,084,899	\$41,249,635	\$42,064,501	\$43,248,602

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (Deficiency) of Revenues Over Expenditures	\$2,895,364	(\$4,614,731)	(\$3,003,875)	(\$1,172,949)	(\$71,252)	\$4,702,901	(\$1,228,716)	\$804,557	\$3,620,403	\$3,776,797
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$16,134	\$346	\$18,115	\$25,929	\$122,264	\$54,377	\$73,910	\$68,419	\$155,920	\$77,776
Issuance of Capital Leases	0	378,346	0	0	0	0	0	0	0	0
Issuance of Long-Term Capital-Related Debt	0	6,065,000	9,125,000	0	0	0	0	0	0	0
Sale of Refunding Bonds	0	2,750,000	0	0	6,540,000	0	0	0	0	3,615,000
Payments to Refunded Bond Escrow Agent Premium/(Discount) on Sale of Refunded Bonds	0	(2,829,535)	0	0	(6,852,466)	0	0	0	0	(3,855,969)
Transfers In	5,922,490	9,330,293	3,374,427	3,591,239	4,721,472	5,515,626	6,531,244	3,900,000	8,074,458	4,950,000
Transfers (Out)	(7,402,490)	(10,048,353)	(4,644,233)	(4,197,239)	(5,061,472)	(6,200,626)	(7,026,244)	(4,440,000)	(8,489,458)	(5,325,000)
Total Other Financing Sources (Uses)	(1,463,866)	5,681,180	7,910,346	(580,071)	(107,925)	(630,623)	(421,090)	(471,581)	(259,080)	(212,134)
Net Change in Fund Balances	\$1,431,498	\$1,066,449	\$4,906,471	(\$1,753,020)	(\$179,177)	\$4,072,278	(\$1,649,806)	\$332,976	\$3,361,323	\$3,564,663
Debt service as a percentage of noncapital expenditures (1)	5.3%	4.7%	4.2%	5.5%	7.3%	7.7%	6.9%	6.5%	6.7%	5.3%

Source: City Records

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

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

Calendar Year (1)	Real Property		Tangible Personal Property		Public Utilities Personal		Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
	Assessed Value	Value	Assessed Value	Value	Assessed Value	Value			
2008	\$953,317,810	\$63,486,119	\$24,221,990	\$1,041,025,919	\$3,040,020,341	5.94			
2009	1,021,253,020	0	24,308,010	1,045,561,030	3,036,815,632	5.94			
2010	976,992,690	0	25,642,990	1,002,635,680	2,786,117,887	5.94			
2011	977,696,820	0	28,055,930	1,005,752,750	2,794,779,582	5.94			
2012	923,744,720	0	30,787,720	954,532,440	2,652,448,898	5.94			
2013	916,662,950	0	32,024,670	948,687,620	2,636,207,348	5.94			
2014	914,754,880	0	34,544,460	949,299,340	2,637,907,192	5.94			
2015	903,236,750	0	38,373,230	941,609,980	2,616,540,045	5.94			
2016	903,187,030	0	41,633,890	944,820,920	2,625,462,586	8.44			
2017	956,212,820	0	43,078,190	999,291,010	2,776,823,738	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				Total	Overlapping Rates		
	General Fund	Police Levy	Fire/EMS Levy	County Levy		School Levy	School Levy	Voactional School Levy
2008	0.99	0.30	4.65	10.45	5.94	58.60	1.93	
2009	0.99	0.30	4.65	9.75	5.94	56.59	1.93	
2010	0.99	0.30	4.65	9.75	5.94	56.52	1.93	
2011	0.99	0.30	4.65	9.72	5.94	56.60	1.93	
2012	0.99	0.30	4.65	9.72	5.94	63.10	1.93	
2013	0.99	0.30	4.65	9.72	5.94	62.80	1.93	
2014	0.99	0.30	4.65	9.72	5.94	65.80	1.93	
2015	0.99	0.30	4.65	9.72	5.94	65.80	1.93	
2016	0.99	0.30	7.15	9.72	8.44	64.30	1.93	
2017	0.99	0.30	7.15	9.72	8.44	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

2017 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$41,711,810	4.41%
Boymel	8,055,750	0.85%
Cincinnati Financial	7,944,520	0.84%
Duke Realty	7,202,000	0.76%
Faith Village Apartments	6,588,590	0.70%
Ohio Casualty Insurance	6,083,640	0.64%
Sisters of Mercy	5,983,750	0.63%
Camelot East	5,964,820	0.63%
BWIP Woodstock	5,623,210	0.60%
RS Timber Hollow	5,084,950	0.54%
	<u>\$100,243,040</u>	<u>10.60%</u>

2008 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$23,129,960	2.22%
Cincinnati Financial Corp.	16,913,280	1.62%
Sam Boymel Trustee	9,720,740	0.93%
Ohio Casualty Insurance Co.	7,533,520	0.72%
Faith-Village Park Apartments	5,709,930	0.55%
Alliance TP Portfolio LTD	5,540,810	0.53%
TGM Camelot, Inc.	5,260,550	0.51%
Timber Hollow Apartments	5,105,830	0.49%
Rajole LLC	4,691,700	0.45%
Meijer Stores LTD PRT	4,691,700	0.45%
	<u>\$88,298,020</u>	<u>8.47%</u>

Source: County Auditor

(1) - Calendar Year 2017

(2) - Collection Year 2008

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

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Delinquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$5,435,599	\$4,973,339	91.50%	\$242,262	\$5,215,601	95.95%
2009	5,174,402	4,860,458	93.93%	173,884	5,034,342	97.29%
2010	5,184,904	4,963,811	95.74%	63,638	5,027,449	96.96%
2011	5,225,619	4,993,958	95.57%	175,800	5,169,758	98.93%
2012	5,153,091	4,977,999	96.60%	172,024	5,150,023	99.94%
2013	5,120,551	5,048,532	98.59%	153,557	5,120,551	100.00%
2014	5,245,233	5,081,457	96.88%	168,336	5,245,233	100.00%
2015	5,163,152	5,099,800	98.77%	63,352	5,163,152	100.00%
2016	5,200,000	5,162,354	99.28%	37,646	5,200,000	100.00%
2017	N/A	N/A	N/A	N/A	N/A	N/A

Source: County Auditor

N/A - Information not available

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

Calendar Year	Income Tax Rate	Withholding			Business			Individuals			Total			Percentage of Total			
		Withholding	Business	Individuals	Withholding	Business	Individuals	Withholding	Business	Individuals	Withholding	Business	Individuals	Total	Withholding	Business	Individuals
2008	1.50%	\$17,973,429	\$3,554,484	\$2,646,073	\$24,173,986	74.4%	14.7%	10.9%	100.0%	74.4%	14.7%	10.9%	100.0%	74.4%	14.7%	10.9%	100.0%
2009	1.50%	17,079,959	2,409,419	2,772,187	22,261,565	76.7%	10.8%	12.5%	100.0%	76.7%	10.8%	12.5%	100.0%	76.7%	10.8%	12.5%	100.0%
2010	1.50%	16,998,101	3,732,095	2,865,283	23,595,479	72.0%	15.8%	12.1%	100.0%	72.0%	15.8%	12.1%	100.0%	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%	73.9%	13.8%	12.3%	100.0%	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%	75.5%	12.1%	12.4%	100.0%	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%	74.0%	14.1%	11.9%	100.0%	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%	76.7%	11.8%	11.5%	100.0%	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%	78.0%	10.8%	11.2%	100.0%	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%	76.6%	11.6%	11.8%	100.0%	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%	77.7%	11.3%	11.0%	100.0%	77.7%	11.3%	11.0%	100.0%

Source: City Finance Department

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

<u>2017</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance Corporation	\$4,370,670
Mercy Health Cincinnati LLC	1,352,997
Liberty Mutual Group Inc	1,122,280
Fairfield Board of Education	678,087
Koch Meat Co Inc	532,212
Express Scripts Services Company	418,586
Pacific Manufacturing Ohio Inc	397,894
City of Fairfield	394,208
Takumi Stamping Inc	314,240
Martin Brower Co LLC	269,986
Total Collections - Principal Taxpayers	<u>\$9,851,160</u>
Total Collections	\$23,873,512
Combined percentage of total income taxes	41.3%

<u>2008</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance	\$2,802,660
Ohio Casualty Group	904,441
Mercy Regional Health System	862,051
Fairfield Board of Education	721,562
Medco Health Solutions	702,459
City of Fairfield	302,805
Pacific Mfg Ohio Inc	297,496
FedEx Freight East Inc	281,846
PNG Telecommunications Inc	177,682
Koch Meat Co Inc	166,188
Total Collections - Principal Taxpayers	<u>\$7,219,191</u>
Total Collections	\$22,173,132
Combined percentage of total income taxes	29.9%

Source: City Finance Department

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

Calendar Year	Governmental Activities				Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Loans	General Obligation Bonds		Mortgage Revenue Bonds		Total Primary Government				
					Obligation	Bonds	Obligation	Bonds		Revenue			
2008	\$11,660,000	\$0	\$0	\$7,362,653	\$1,700,000	\$2,800,000	\$32,022,653	0.25%	\$761				
2009	16,840,566	0	348,831	6,655,829	3,843,489	0	29,588,715	0.23%	703				
2010	24,832,967	0	275,282	5,920,185	3,483,678	0	36,212,112	0.28%	852				
2011	23,323,331	0	197,735	5,154,545	3,113,867	0	35,539,478	0.26%	836				
2012	22,074,185	0	115,972	4,357,688	2,755,301	0	31,986,052	0.22%	752				
2013	20,427,762	0	29,765	3,528,338	2,328,129	0	26,313,994	0.18%	619				
2014	18,756,339	0	0	2,665,171	1,890,957	0	23,312,467	0.15%	548				
2015	17,029,916	0	0	1,766,809	1,453,785	0	20,250,510	N/A	476				
2016	15,248,896	0	0	831,812	1,011,613	0	17,092,321	N/A	402				
2017	14,103,851	0	0	219,082	574,440	0	14,897,373	N/A	350				

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

<u>Calendar Year</u>	<u>General Bonded Debt Outstanding Total General Obligation Bonds</u>	<u>Debt Service Fund Balance</u>	<u>General Bonded Debt Outstanding Net General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2008	\$16,160,000	\$1,410,471	\$14,749,529	0.49%	\$415
2009	20,684,055	1,420,961	19,263,094	0.63%	558
2010	28,316,645	1,430,938	26,885,707	0.96%	765
2011	26,437,198	1,464,498	24,972,700	0.89%	683
2012	24,462,392	1,558,685	22,948,959	0.87%	591
2013	22,755,891	1,774,344	20,981,547	0.79%	534
2014	20,647,296	1,615,879	19,031,417	0.72%	466
2015	18,483,701	1,666,201	16,817,500	0.64%	405
2016	16,260,509	1,709,522	14,550,987	0.56%	N/A
2017	14,678,291	1,763,686	12,914,605	0.49%	N/A

Source: City Finance Department

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

N/A - Information not available

City of Fairfield, Ohio
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2017
 Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$33,923,580	12.70%	\$4,308,295
Hamilton County	133,845,000	0.00%	0
Fairfield City School District	73,238,000	69.04%	50,563,515
Lakota Local School District	107,975,000	0.37%	399,508
Northwest L School District	87,275,000	0.00%	0
Butler Technology & Career Center Jt. Voc. School District	8,430,000	11.61%	978,723
Subtotal Overlapping Debt	444,686,580		56,250,041
City of Fairfield - Direct Debt	14,103,851	100.00%	14,103,851
Total Direct and Overlapping Debt	\$458,790,431		\$70,353,892

Source: Ohio Municipal Advisory Council

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

Legal Debt Margin Calculation for Calendar Year 2017

Assessed Value	\$999,291,010	\$999,291,010
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	104,925,556	54,961,006
Debt Applicable to Limit:		
Gross Indebtedness	14,678,291	14,678,291
Less: Bond Retirement Fund Balance	0	0
Total Net Debt Applicable to Limit	14,678,291	14,678,291
Legal Debt Margin	\$82,945,688	\$35,704,642

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Debt Limit (1)										
Debt Limit (10.5%)	\$109,307,721	\$109,783,908	\$105,276,746	\$100,225,906	\$100,225,906	\$99,612,200	\$99,676,431	\$98,869,048	\$99,206,197	\$104,925,556
Total Net Debt Applicable to Limit	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291
Legal Debt Margin	\$84,647,721	\$87,199,853	\$75,260,101	\$73,788,708	\$75,763,514	\$76,856,309	\$79,029,135	\$80,385,347	\$82,945,688	\$90,247,265
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.6%	20.6%	28.5%	26.4%	24.4%	22.8%	20.7%	18.7%	16.4%	14.0%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$57,256,426	\$57,505,857	\$55,144,962	\$52,499,284	\$52,499,284	\$52,177,819	\$52,211,464	\$51,788,549	\$51,965,151	\$54,961,006
Total Net Debt Applicable to Limit	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291
Legal Debt Margin	\$32,596,426	\$34,921,802	\$25,128,317	\$26,062,086	\$28,036,892	\$29,421,928	\$31,564,168	\$33,304,848	\$35,704,642	\$40,282,715
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.1%	39.3%	54.4%	50.4%	46.6%	43.6%	39.5%	35.7%	31.3%	26.7%

Source: City Records

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

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

Calendar Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2008	\$142,506	\$0	\$0	N/A
2009	37,251	0	0	N/A
2010	25,576	0	0	N/A
2011	274,721	0	0	N/A
2012	506,161	0	0	N/A
2013	369,777	0	0	N/A
2014	676,237	0	0	N/A
2015	500,594	0	0	N/A
2016	236,705	0	0	N/A
2017	224,581	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)
2008	42,097	\$12,811,630	\$35,511	6.20%
2009	42,097	12,653,202	34,512	9.30%
2010	42,510	12,959,978	35,138	8.80%
2011	42,510	13,538,158	36,590	7.90%
2012	42,510	14,398,043	38,852	6.00%
2013	42,510	14,592,549	39,304	7.10%
2014	42,510	15,294,977	40,878	4.50%
2015	42,510	15,631,343	41,534	4.50%
2016	42,510	N/A	N/A	4.10%
2017	42,510	N/A	N/A	4.70%

- 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

2017

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)

2008

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Administration	5	5	5	5	5	5	5	10	10	12
City Council	2	2	2	2	2	2	1	1	1	1
Engineering	7	7	6	6	6	6	6	6	6	6
Facility/Janitors	2	2	2	2	2	2	1	1	1	1
Municipal Court	21	21	21	21	20	19	20	20	20	20
Finance	21	23	22	21	21	21	21	16	18	17
Public Safety										
Police										
Officers	60	61	60	59	58	58	57	57	58	58
Non-Sworn	21	20	20	20	20	20	20	20	20	18
Fire	30	31	31	30	29	29	28	27	28	31
Leisure Time Activities										
Parks and recreation										
Community Development	22	22	21	20	20	20	20	20	19	18
Planning and Zoning	4	4	4	4	4	4	4	4	3	4
Building Inspection	10	10	8	8	8	8	8	8	8	8
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	21	21	21	21	21	19	18	20	21	21
Wastewater	22	22	21	22	21	21	22	22	21	21
Transportation and Street Repair	30	30	29	28	27	27	27	28	27	28
Total	279	282	274	270	265	262	259	261	262	265

Source: City Finance Department

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

Function/Program	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Community Environment										
Planning and Development										
Building permits issued	1,902	1,890	1,806	1,787	2,068	1,771	1,720	1,712	1,834	1,838
Building inspections conducted	4,196	2,841	3,250	2,665	2,904	2,820	2,542	2,554	3,229	3,477
Economic Development										
Value of Residential Construction	\$5,987,184	\$7,878,345	\$7,131,659	\$6,581,580	\$8,020,432	\$6,689,302	\$5,589,157	\$7,516,667	\$9,058,653	\$9,667,134
Value of Commercial Construction	\$40,943,871	\$10,637,756	\$18,436,106	\$16,158,312	\$22,505,453	\$27,617,808	\$25,374,335	\$35,644,173	\$122,371,102	\$56,811,744
General Government										
Finance Department - Income Tax										
Income Tax Refunds	932	1,060	1,108	948	1,063	928	959	1,022	847	819
Dollar Amount of Refunds	\$886,280	\$838,260	\$733,150	\$488,939	\$493,998	\$475,670	\$3,322,818	\$1,538,826	\$564,945	\$1,477,354
Average Refund Amount	\$951	\$791	\$662	\$516	\$465	\$513	\$3,465	\$1,506	\$667	\$1,804
Court										
Number of Criminal Cases	4,123	4,702	4,478	4,334	3,359	3,215	3,590	2,869	3,303	3,464
Number of Civil Cases	2,136	1,837	1,660	1,667	1,459	1,223	1,185	1,152	1,188	1,306
Construction Services										
Square Footage of Sidewalk Repairs	26,999	32,598	19,432	31,350	13,951	24,976	17,460	19,036	25,700	13,800
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	3,798	3,612	3,458	3,476	2,802	2,732	2,485	2,430	2,851	3,509
Juvenile	497	387	355	26	222	258	295	255	265	286
Citations	3,847	3,432	3,208	2,555	2,310	3,043	2,842	2,980	3,048	3,450
Accidents	1,628	1,283	1,207	1,232	1,237	1,144	1,322	1,440	1,358	1,386
Fire										
Emergency responses	3,929	4,355	4,676	5,378	5,465	5,437	5,870	4,972	5,593	6,089
Fire Calls	2,366	1,022	879	869	906	866	944	915	806	873
Inspections	2,032	2,100	2,124	2,136	1,526	1,855	1,934	1,846	1,460	1,441
Transportation										
Public Works										
Number of Street Miles Resurfaced	7	6	7	5	4	13	15	12	11	14
Tons of Street Salt Used	6,663	5,277	8,146	3,671	1,177	4,686	4,315	4,368	2,213	1,197
Cubic Yards of Leaves Picked-up	4,056	6,074	4,396	2,929	3,952	3,959	4,152	5,346	5,676	4,150

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

Function/Program	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Leisure										
Parks and Recreation										
Number of Theater Patrons	12,645	13,775	15,516	14,395	14,345	12,195	14,120	14,158	15,336	13,562
Number of Pool Admissions	42,204	41,747	34,741	46,505	34,838	24,090	24,641	26,511	26,062	24,893
Program Attendance:										
Youth/Preschool	33,535	26,464	19,710	18,861	21,796	20,073	20,805	19,418	20,570	20,946
Fitness	11,225	12,695	12,298	12,254	12,479	9,636	8,976	5,659	5,838	6,600
Senior Activities	11,152	12,957	14,521	13,559	16,323	18,047	17,898	19,160	19,896	20,500
Water										
Water main breaks	66	65	64	60	57	64	81	56	71	59
Average daily consumption (millions of gallons)	5.760	5.360	5.250	5.200	5.149	5.068	4.998	4.597	5.219	5.430
Peak daily consumption (millions of gallons)	7.883	8.208	7.749	7.407	8.282	7.746	6.978	6.884	7.256	7.319
Wastewater										
Average daily sewage treatment (millions of gallons)	5.900	5.679	5.084	4.934	4.955	5.323	5.182	5.216	4.779	5.133

Source: Various City Departments

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

Function/Program	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,284	19,281	19,284	19,284	19,284
Municipal Building Annex (square footage)	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	26	26	26	27	24	24	21	25	28	24
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	5	5	5	5	4	4	4	4	4	4
Number of EMS Vehicles	4	4	4	4	4	4	4	4	4	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18
Streets (miles)	160.5	160.5	160.5	160.6	160.7	166.3	166.3	180.0	180.0	180.0
Highways (miles)	7.14	7.14	7.14	7.27	7.27	7.27	7.27	7.27	7.27	7.27
Streetlights	1,525	1,525	1,525	2,962	2,962	2,962	2,983	2,983	2,986	2,986
Traffic signals	58	58	58	60	61	61	63	61	61	61
Parks and Recreation										
Number of Parks	25	25	25	25	26	29	29	37	35	35
Area of Parks (acreage)	469	469	469	469	577	676	538	665	659	827
Playgrounds	12	12	12	12	15	14	21	14	14	14
Baseball/softball diamonds	16	16	16	16	16	18	21	20	20	20
Soccer/football fields	11	11	11	11	11	12	17	15	15	15
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	172.00	172.00	172.00	169.00	169.00	169.00	170.00
Fire hydrants	2,384	2,384	2,384	1,965	1,965	1,966	2,000	2,000	2,000	2,000
Sewers										
Treatment Capacity (millions of gallons)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sanitary Sewers (miles)	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00

Source: Various City Departments

CITY OF FAIRFIELD, OHIO



Yellow Book Report

December 31, 2017

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2018.

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

June 27, 2018



Dave Yost • Auditor of State

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
AUGUST 30, 2018