

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**2018**

**CITY OF FAIRBORN, OHIO**

For the year ended December 31, 2018



OHIO AUDITOR OF STATE  
KEITH FABER

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Members of Council  
City of Fairborn  
44 W. Hebble Avenue  
Fairborn, Ohio 45324

We have reviewed the *Independent Auditor's Report* of the City of Fairborn, Greene County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. 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 Fairborn is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 27, 2019

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# CITY OF FAIRBORN, OHIO

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GREENE COUNTY

*Comprehensive Annual Financial Report*

For the Year Ended December 31, 2018

Prepared by:  
**Department of Finance**

Randall J. Groves, CPFO, CGFM  
**Finance Director**



**FAIRBORN**  
A CITY IN MOTION

# **I N T R O D U C T O R Y S E C T I O N**



**FAIRBORN**

A CITY IN MOTION



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*Comprehensive Annual Financial Report*  
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**CITY OF FAIRBORN  
FINANCE DEPARTMENT**

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June 19, 2019

Honorable Mayor and  
Members of Council  
City of Fairborn  
44 West Hebble Avenue  
Fairborn, Ohio 45324

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Fairborn (the “City”) for the year ended December 31, 2018. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This report enables the City to comply with Ohio Administrative Code Section 117-2-03(B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires that cities reporting on a GAAP basis file an unaudited annual report with the Auditor of State within 150 days of year-end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

**Introduction**

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Fairborn to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City finance department. We believe the data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operation of the City, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

## **The Reporting Entity**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14/39, *"The Financial Reporting Entity"* in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards, commissions and jointly governed organizations that are part of the primary government, which includes the following services: public safety (police, fire, emergency medical services and public prosecutor), sanitation, social services, culture and recreation, water and sewer, planning and zoning, construction and maintenance of highways, streets and infrastructure, income tax collection, municipal court and general administrative services. City council and the City manager have direct responsibility for these activities.

## **The City of Fairborn**

The City of Fairborn is located in the west central part of the state of Ohio, approximately 60 miles north of Cincinnati, 70 miles west of Columbus and 10 miles northeast of Dayton, on Interstate 675. Easy access to both Interstates 70 and 75 place Fairborn within approximately a one-hour drive of Cincinnati and Columbus. The home of aviation, Fairborn is the site of Wright State University, Wright-Patterson Air Force Base, the Wright Brothers Memorial, Air Force Institute of Technology and Wright Field.

The City of Fairborn is a home rule municipal corporation operating under its own charter. In November 1946, the electors of the Village of Osborn adopted a charter to take effect January 1, 1948. In the November 1948 election, the Village of Osborn voted to annex the Village of Fairfield and to change the name of the Village to Fairborn, effective January 1, 1950. The Village of Fairborn became a City on August 20, 1951, with the electorate adopting the City's first charter on November 2, 1971.

The City operates under a council-manager form of government. City council consists of seven members, six of which are elected to four-year terms in the general municipal election. The mayor, as seventh council member, is elected to a two-year term by a separate ballot from the municipality at large. City council appoints the City manager who oversees the daily operations of the City. The City manager appoints all department managers of the City.

Council is required to adopt, by ordinance, an annual budget for each fiscal year. Upon presentation by the City manager of a proposed budget, council calls and publicizes a public hearing on the budget. Following the public hearing council adopts the budget as it may have been amended, as the City's annual budget effective for the next fiscal year. If the annual budget is not adopted prior to the beginning of the fiscal year, council may adopt a temporary budget to cover the first three months of the year, with the annual budget required to be adopted by April 1<sup>st</sup>.



## **Economic Condition and Outlook**

With economic diversity, key governmental institutions, and prime land for additional development, the City has what it takes to fuel business growth. Wise and prudent City planning as well as collaboration with other organizations helps the City maintain its current business base and expand horizons with new and exciting ventures in commercial, industrial, government, and office development.

Located with four interchanges on I-675 near the intersection of I-70, Fairborn is ideally situated for connectivity to the Dayton regional market and larger metro markets. This connectivity provides easy access for not only transportation and distribution operations but also for the local workforce whose average commute times are five minutes lower than the national average. Another benefit to the local workforce is the very competitive cost of living which currently is approximately 20% less than the national average.

As home to Wright State University (WSU) and the gateway to Wright-Patterson Air Force Base, the City gains economic strength from two of the largest employers in the Miami Valley region. WSU is the region's largest university with nearly 18,000 students and is a fully accredited State university. Its eight colleges and three schools offer more than 90 undergraduate degrees and 88 graduate, masters, doctoral, and professional degree programs. The WSU Nutter Center provides a 12,000-seat sport and entertainment venue that continually draws national performers and events to the Dayton region. Additionally, WSU provides a significant draw for complimentary businesses who either work in partnership or do research with the institution.

Because of its close proximity to Wright-Patterson Air Force Base, the City attracts defense industry and related businesses that serve the Air Force and other branches of the military. One of the most exciting initiatives for the City is the recent development of the National Center for Medical Readiness Tactical Laboratory at Calamityville.

Calamityville, the moniker for a project of Wright State University's National Center for Medical Readiness, has been developed as a state of the art collaborative training and research facility that provides unique training opportunities for the world's medical, public health, public safety, civilian and military disaster responders and decision makers. Calamityville is located in the City on 54 acres at the site of the former CEMEX plant, an international supplier of cement.

While government and defense-related businesses are a vital part of the City's economy, there are many others that provide economic support and add to the diversity of the business community including manufacturing, distribution, healthcare, education, information technology and various retail and hospitality venues.

Recognizing that Fairborn has a unique opportunity to capitalize on its location, economic makeup, transportation network, buildable land, and various other factors the City leadership recently took steps to enhance economic development activity within the community. First, the City officially established and funded a new economic development department with the sole purpose to assist the local business community and encourage new investment within the City. Second, the City revived its community improvement corporation, now doing business as the Fairborn Development Corporation (FDC). The FDC is a 501(c)(3) non-profit organization created to advance, encourage, promote and pursue civic, economic, commercial and industrial development

within the greater Fairborn area. The FDC serves as an important advisory board that allows community stakeholders and business leaders the opportunity to participate and contribute in a meaningful way to local economic development efforts.

Like Wright State University's National Center for Medical Readiness, many other organizations are attracted to the City due to the available real estate poised for development. The City has the next great development frontier along I-675, which connects I-75 to I-70. The Dayton-Yellow Springs Road, State Route 235, and State Route 444 interchanges on I-675 provide prime industrial, office and commercial development sites. Fairborn is located within 600 miles of 64% of the US population, 50% of the Canadian population, 63% of all US manufacturing, 70% of all the North American manufacturing and 80% of all U.S. headquarters.

If air travel is a concern, Fairborn is fortunate to be located within 60 minutes of three international airports with daily operations that rival most metropolitan areas. The Dayton International Airport is conveniently located along a major highway network allowing the local businesses to easily reach 55% of the total US population in only 90 minutes by air.

Wright State University's Vishal Soin Innovation Park along Colonel Glenn Highway, adjacent to the technology based business office space in Wright Executive Park, continues to encourage growth in technology-based fields and will be home to the recently announced Caci Inc., a company that provides information solutions and services in support of national security missions and government transformation for intelligence, defense, and federal civilian customers. The Valle Greene North development continues to see interest with its acres of shovel ready sites available adjacent to the new Kroger Marketplace and the newly announced Menard's Home Improvement Center coming in 2019. The City is ready to assist businesses looking for prime locations along I-675. The City is also one of a very limited number of cities that has rail service adjacent to industrial zoned land that is also ready for development.

The City's progress in economic growth would not be possible without the assistance of the Fairborn Chamber of Commerce and the Downtown Fairborn Betterment Association. These groups of caring residents and business professionals help facilitate business growth by organizing networking opportunities through various programs and events held during the year. Looking to the future, the City will continue to pursue successful collaborations among businesses, community organizations, and government as a catalyst for economic growth in the City.

## **Major Initiatives**

### ***For 2018***

**Economic Development** - In 2018, the City continued its downtown revitalization initiative with the opening of Spark Fairborn, a shared commercial kitchen and co-working space. The City saw Spark bring individuals together to network, collaborate, learn from each other, and gain new insights to grow their business. The staff did a tremendous job of getting the space open and running. One way to keep the positive momentum going is to bring in strong partners, which is why, in partnership with the FDC, Spark Fairborn transitioned over to COhatch, a nationally recognized organization that operates co-working spaces in several locations in Columbus and Springfield.

In addition to the opening of Spark Fairborn, the City became one of the first communities in the area to begin a smart cities initiative through Cincinnati Bell with the installation of free public Wi-Fi throughout the downtown corridor. The free public Wi-Fi network supports the City's economic development efforts and provides consumers and small businesses with fast and reliable internet access.

The City also continued to provide incentive programs that help with growing/transforming the current business and helping move the business to Fairborn. The year 2018 saw many businesses open or break ground including the Pepsi Warehouse Facility, Dunkin Donuts, Tudor's Biscuit World, the new Fairborn Primary Building, Lefty's Eats & Espresso, Jubie's Creamery, Burger King, Coyne's Crystals, Angela's Premier Event Design, Old Mason Jar, Quirky Bird Salon, Groups Recover Together, Wood Insurance Agency, and the completion and dedication of two Habitat for Humanity Homes.

**Public Safety Police and Fire** - Voters approved at the November 2014 ballot a one-quarter of one percent (0.25%) income tax rate for ten years for police and fire equipment and operations. This replaced the 0.25% income tax that for the previous ten years had been used for the acquisition of fire and EMS equipment and facility capital improvements that expired as of December 31, 2014. This levy generated approximately \$2.2 million dollars in 2018, and is used for police and fire equipment and vehicles, as well as a portion of the police and fire personnel costs.

**Streets** - Residents also approved in 2014 a renewal of the one-quarter of one percent income tax levy for resurfacing, reconstructing and repairing the City's thoroughfares and residential streets. The renewal of this levy was important as it provides predictable funding that allows the City to continue its efforts to upgrade and maintain City streets for a ten-year period. This levy generated approximately \$2 million in 2018.

Annually, a street program is undertaken that addresses streets that need repair or treatments to extend their useful life. The 2018 Street Program included a variety of treatments that covered 18 street segments. The treatment types included asphalt milling and resurfacing, base repairs and resurfacing, and placement of asphalt rejuvenation liquid. The work covered approximately 7.7 centerline miles of streets, of which 4.39 miles were paved the year before and received a rejuvenation treatment to help extend the asphalt's useful life. This diversification of street treatments stretches paving funds while extending pavement life.

Ahead of the street program, a curb-sidewalk-approach (CSA) program is performed. This program replaces deteriorated concrete infrastructure between the street and right-of-way line and is performed the year before planned street work is conducted. The 2019 CSA program was awarded and construction was completed in 2018. It is built with the Americans with Disabilities Act (ADA) curb ramp program, which constructs or reconstructs ramps to ADA standards.

Several major street renovation projects were also undertaken in 2018, including the interchange of Dayton Yellow Springs Road (DYS) and I-675 received improvements related to safety and efficiency in 2018. A safety grant of \$600,000 was received through the Ohio Department of Transportation (ODOT) Safety Program to help cover the costs. This project added an additional lane to the southbound exit ramp, increased turn lane storage on DYS, provided a pedestrian sidewalk, and improved signal operations.

The Dayton Drive widening project was completed in the spring of 2018. The project included full depth reconstruction, widening from 2 lanes to 3 lanes, realignment of the intersection with Maple Avenue, signals upgrades, storm sewer improvements, and new curb, sidewalk, ADA ramps, and drive approaches. The project was partially funded by a \$504,572 ODOT Surface Transportation Program (STP) grant and a \$400,000 grant from the Ohio Public Works Commission.

Central Avenue from Slip Lane to Broad Street was resurfaced and received concrete base repairs. This project received a grant from the State of Ohio to provide funding for 80% of the total project costs up to a maximum of \$518,536.

**Water and Sewer** - As with most cities of similar vintage, the City of Fairborn is beginning to see condition concerns as the water and sewer infrastructure ages. Assets are continually being evaluated to determine needs for renovation or replacement, their ability to meet current and future needs, and methods that can be utilized to extend the life of this important and expensive infrastructure.

In 2018, the two Five Points water towers were painted to protect the metal surfaces which will extend their life while improving the aesthetic appeal of these large landmarks. Safety features were also added to ensure the towers meet Occupational Safety and Health Administration (OSHA) standards. The 75 million gallon tower now features the City's logo and the 25 million gallon tower sports the Fairborn City School District's Skyhawk logo.

Two other major projects were undertaken at the Water Reclamation Center (WRC). The first was an upgrade to the solids handling system which included a new belt press, sludge pump replacements, a new conveyance system and storage area as well as a jet truck discharge area. The new system runs so well that the new press only has to be operated once a week to process the same amount of sludge that the older unit took at least five days to handle. The second project repaired concrete and upgraded railing and steps on the WRC's four oxidation tanks to extend their life and provide a safer work environment for operators.

**Parks** – The year 2018 saw the lighting of the last unlit softball diamond in the Fairfield Park Sports Complex, allowing for the potential doubling of the softball leagues and increasing tournament participation. The \$130,000 project was jointly funded with a State of Ohio legislative grant and a City match. Other major projects included an update to the Fairfield Park concession stand and to Community Park's lower restroom building.

**Plant Maintenance** – The new public works facility was a focal point as the architect was selected and final drawings realized. The court received new paint throughout and carpet will follow. The streetlight head replacement project on Main Street was started by removing the yellowing panels so the LED heads could produce the actual light expected. The last of the major projects was installing a new surge protection unit that protects the entire Government Center building. The unit will stop a surge when entering the building, instead of when it reaches a piece of equipment or the phone system.

## ***For the Future***

The City's comprehensive plan helps facilitate managed and orderly growth. Growth however, continues to challenge the capacity of City infrastructure and the City's ability to maintain it, especially its water distribution, sewer collection, wastewater treatment, and street and thoroughfare systems. The City remains steadfast in its commitment to ensure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands. A perpetual five-year capital improvement plan is maintained and updated annually to assist the City in targeting the most important near-term capital improvements and the resources required to fund them.

**Streets** - The Engineering Division continues to oversee the paving program for the 465 public streets in Fairborn. The vision for the future is to diversify the road treatments to most efficiently treat City streets to result in the lowest life cycle cost for the roadway system.

Major improvements will take place for the Kauffman Avenue/Colonel Glenn corridor in 2019. A modern roundabout will be installed at the intersection of the two roads to improve safety and efficiency for all users. This project is being funded by a combination of local funds, a \$336,694 STP Grant, and a \$300,000 ODOT Safety Grant. Kauffman Avenue will be improved from Lindberg to Colonel Glenn including concrete pavement repairs and resurfacing, a new thru lane for southbound traffic, storm sewer improvements, new curb and gutter from Lindberg to Colonel Glenn and traffic signal improvements at the Garland intersection. Funding for this project includes local funds, a \$1,110,889 STP Grant, and a \$1,000,000 Ohio Public Works Commission (OPWC) grant.

Federal grant funding received through the Miami Valley Regional Planning Commission (MVRPC) has been awarded to Fairborn for seven other major road projects including Central Avenue resurfacing, Broad Street improvements phase I, Broad Street improvements phase 2, Maple Avenue phase 1 improvements, Maple Avenue phase 2 improvements, Colonel Glenn pedestrian improvements, Colonel Glenn enhancement project, and Yellow Springs-Fairfield Road improvements. These grant funds total nearly \$9,200,000 for these projects that are scheduled for construction between 2019 and 2023.

**Water and Sewer** - Long range planning for water and sewer systems is driven not only by anticipated growth but also by Ohio Environmental Protection Agency rules and mandates, advances in treatment and contamination detection technology, aging facilities, and the aesthetic demands of citizens. Many important projects are slated for the near future to improve the City's ability to meet and maintain current and future demands.

In 2019, two clarifiers at the Water Reclamation Center will be renovated with metal repair and application of a protective coating to extend operational life. A new jet truck will be purchased to replace the front line unit which will then be placed in reserve to ensure the ability to respond to sewer emergencies as well as performing routine cleaning and hydro excavation.

A new water well will be designed in 2019 to address both future needs and the declining production of an original well installed in the 1970's. Construction of the well is anticipated for 2020.

The City will continue efforts to renew water and sewer infrastructure. Water mains on Thornton Drive, Regina Drive, and Xenia Drive will be replaced ahead of planned pavement projects. These cast iron mains which have experienced significant failures will be replaced with ductile iron mains which have a typical life expectancy of 75 years or more. The sewer main on Xenia Drive will also be lined using a no-dig method to address the aging pipe and prevent disturbance of the newly repaired street from pipe failure.

**Parks** - The City received a grant for the installation of a National Fitness Court, a state-of-the-art fitness court that currently only exists in Cincinnati and Cleveland, with a projected launch of June 8, 2019. Community Park's largest and most utilized Shelter #2 will be receiving a new standing seam metal roof. Sandhill Park's dog park, the Fairborn Wag Pad, will receive a permanent restroom facility.

**Plant Maintenance** - Buildings currently residing on City property on Kauffman Avenue will be demolished to make way for construction of the new public works facility scheduled for construction in 2020. With the completion of the public works facility, the City garage will see renovations and a roof reseal to become a much needed storage facility. Also in 2019, a new roof will be installed on the public library. In 2020, the City will exchange all the internal lighting to LED, the salt shed will see roof repairs, and the Government Center parking lots will also receive an LED upgrade.

**Economic Development** - In today's climate, economic development is a very challenging endeavor. Many communities focus their efforts on the recruitment of large employers. With so many cities concentrating on this type of development, the likelihood of success is marginal at best. Over the last three years, the City of Fairborn has focused economic development efforts on the revitalization of the downtown area, the retention and expansion of current businesses, the cultivation of small startup businesses within the City, as well as preparing the areas adjacent to Wright State University and Wright-Patterson Air Force Base for redevelopment.

Business outreach activity will build upon last year's efforts. Specifically, the economic development team will continue to focus on meeting with current businesses to gain a greater understanding of their current positions and needs. Staff does not come empty handed to these meetings as we offer incentive programs that help with growing/transforming the current business and helping move the business to Fairborn.

Revitalization is a key long-term project moving forward and the City continues to see growth and new developments with the opening of Goodwill, the expansion of Speedway, the groundbreaking of Menards, the continued construction of the new Fairborn Primary School, the forward movement of the new Fairborn Intermediate School, the installation of a fitness court at Central Park, and improvements to our streets with significant road projects planned.

Other specific areas of focus include all property adjacent to Wright-Patterson Air Force Base including the Broad Street central business district, Kauffman Avenue, and National Road, as well as the Colonel Glenn/Kauffman Avenue area near Wright State University. Multiple buildings have been acquired and demolished to allow for redevelopment, which will allow the community to capitalize on the needs and draw of Wright State University and Wright-Patterson Air Force Base.

To encourage military and civilian personnel to choose Fairborn as a place to reside, the City works to encourage new housing developments and to preserve existing housing stock. The strong residential growth that has occurred over the last several years likely will increase in the future with the addition of a variety of residential choices being offered within several planned developments. The largest housing development currently underway is the Bluffs on Trebein Road, an Inverness Homes development consisting of 185 single-family homes with an average selling price of \$295,000. Other notable developments under construction include Ryan Homes' Waterford Landing and Redwood's Fairfield Oakes (high-end "empty nester" rentals). Sales and rentals in each of these three communities has been so strong that Inverness and Redwood have already secured additional sites to continue construction in the City over the next few years. In addition to the new housing developments taking place, the City recently began a housing strategy initiative that seeks to establish housing solutions, not only for new housing units, but also areas of improvements in existing neighborhoods and business areas around the City.

All of the City's major initiatives, whether improving the quality and capacity of infrastructure, enhancing the park system, revitalizing neighborhoods and business districts, enhancing business outreach, or preparing land for future development, are tied to the City's newest focus – making the City of Fairborn "A City in Motion" for the residential and business community.

## **Financial Information**

### ***Basis of Accounting***

The City uses fund accounting to maintain its financial records and operates on a cash basis of accounting during the year. For the purposes of this report and to present the most accurate picture of the City's finances for the fiscal year ended December 31, the cash basis records are converted to the modified accrual and the accrual basis of accounting consistent with generally accepted accounting principles (GAAP) as applied to governmental units.

### ***Internal Control Structure***

Development of the City's accounting system included consideration of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements. The concept of reasonable assurance states that internal control should be evaluated to ensure that the expense associated with providing internal controls does not exceed the benefit expected to be derived from its implementation. This evaluation involves estimates and judgment by City administration and members of the finance office. The administrative and financial management personnel believe that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

### ***Budgetary Control***

The City adopts an annual budget that includes estimated revenues and appropriations (authorized spending levels) for the year for all funds except for certain agency funds. The budget is amended during the year as appropriate according to Ohio budgetary law. Budgetary control is maintained by encumbering appropriations prior to ordering goods or services or the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the

encumbrance of the purchase amount. Transaction detail for budgeted and actual revenues, appropriations, expenditures, and fund balances are available at any time via queries of the financial system or are contained in monthly reports. The legal level of budgetary control is by fund, department, and line item.

A more detailed description of the basis of accounting, budgetary process, and various funds and accounts utilized by the City are included in Note 2 to the basic financial statements.

### ***Management's Discussion and Analysis (MD&A)***

GASB Statement No. 34 requires management to provide an introductory overview and narrative, known as Management's Discussion and Analysis (MD&A), to accompany the basic financial statements. This transmittal letter is intended to be read in conjunction with this analysis. The MD&A can be found immediately following the independent Auditor's report.

### ***Independent Audit***

Ohio law and the City charter require an annual audit of the City's financial statements by an independent auditor. Plattenburg and Associates performed the audit for the year ended December 31, 2018, and included in this report is their unmodified opinion rendered on the City's basic financial statements. The annual audit also provides an opportunity for an independent review of the City's financial policies and procedures and the comments and recommendations generated continually strengthen the City's accounting and budgeting controls. The results of the audit are presented in the independent Auditor's report.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairborn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. This was the twenty-ninth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for one year. We believe our current report for the fiscal year ended December 31, 2018, continues to conform to program requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate of achievement.

### ***Acknowledgements***

The preparation of this CAFR was made possible by the efficient and dedicated services of the entire staff of the finance department and fiscal personnel in other City departments. Special appreciation is expressed to Annetta Williams, assistant finance director, and supporting finance staff for their efforts and commitment to the preparation of this report and to ensuring it conforms to the highest standards in governmental financial reporting. We also thank the members of City council for their interest and support in planning and conducting the financial operations of the City of Fairborn in a responsible and progressive manner.



It is the mission of the finance department to serve the City and its citizens with the highest degree of fiscal responsibility and professionalism. By issuing this CAFR, we endeavor to remain fiscally accountable in order to preserve the public's confidence in our ability to govern the City's finances.

Respectfully submitted,



Randall J. Groves, CPFO, CGFM  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Fairborn  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

**City of Fairborn, Ohio**

*Principal Officials*

*December 31, 2018*

**COUNCIL - MANAGER FORM OF GOVERNMENT**

**CITY COUNCIL**

Paul Keller, Mayor

Marilyn McCauley, Deputy Mayor

Rob Hoffman, Council Member

Terry Burkert, Council Member

Colin Morrow, Council Member

Tim Steininger, Council Member

Donna Wilson, Council Member

**CITY MANAGER**

Rob Anderson

**CITY SOLICITOR**

Michael Mayer

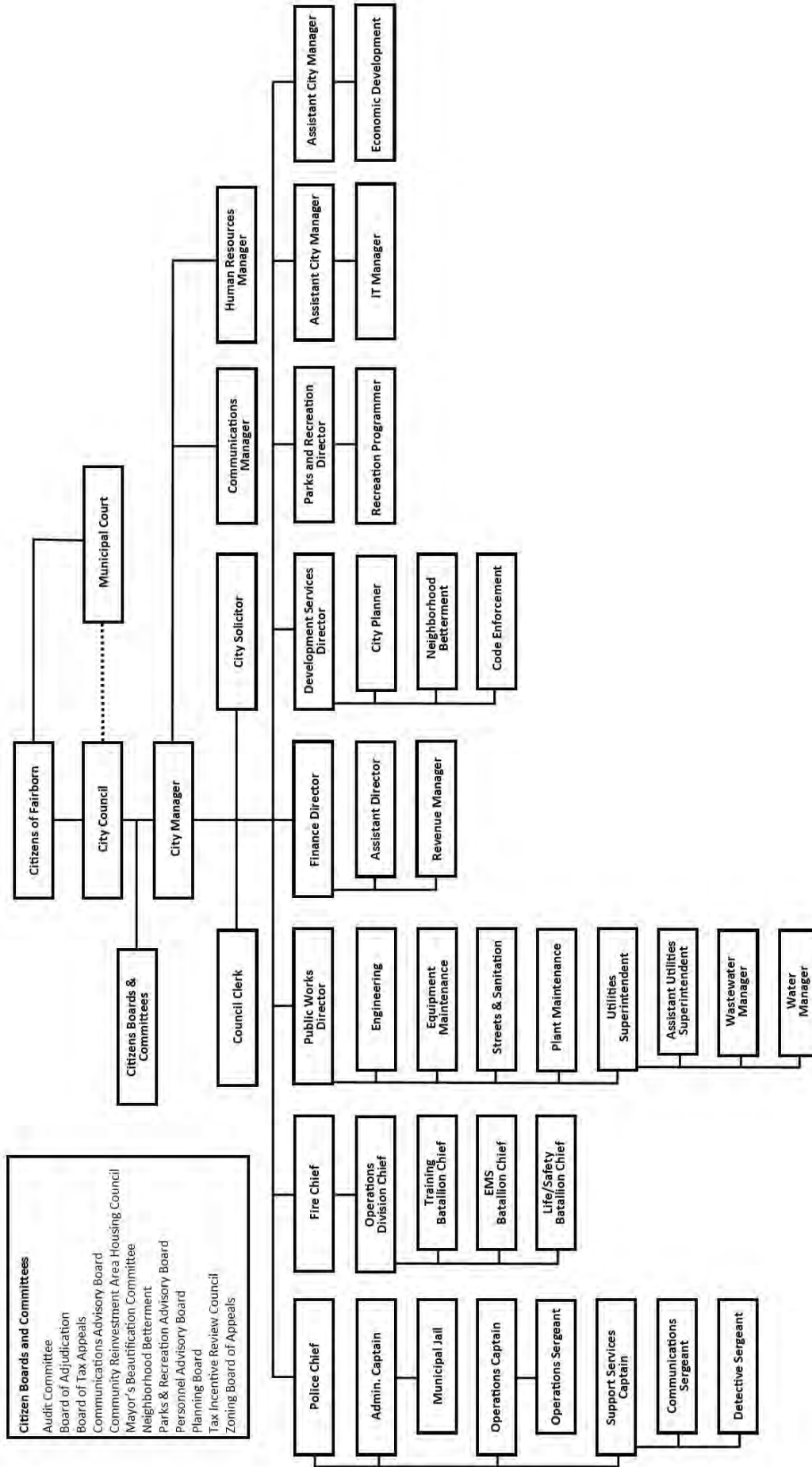
**FINANCE DIRECTOR**

Randall J. Groves

**ASSISTANT FINANCE DIRECTOR**

Annetta L. Williams

# City of Fairborn Organizational Chart



# **F I N A N C I A L   S E C T I O N**



**FAIRBORN**

A CITY IN MOTION

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor, City Council and City Manager  
City of Fairborn

**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 Fairborn (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire & EMS Fund, Police Fund, County Motor Vehicle Tax Fund, Public Safety Police/Fire Fund, and Community Redevelopment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. We did not modify our opinion regarding this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of pension information and other postemployment information 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 19, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Dayton, Ohio  
June 19, 2019



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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis is an introspective look at the finances of the City of Fairborn for the year ending December 31, 2018, providing an overview of the City's financial performance as a whole while assisting readers in interpreting the basic financial statements. In addition to the information presented here, readers are also encouraged to review the transmittal letter, notes to the basic financial statements, combining financial statements and individual fund schedules to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

- In accordance with the requirements of GASB 68 and GASB 75, the City was required to report a net pension liability (asset) and a net post-employment benefit other than pension liability (OPEB). For reasons discussed below in The City as a Whole and detailed in Notes 12 and 13, reporting the net pension liability (asset) and net OPEB liability distorts the financial statements causing a significant reduction to net position of governmental activities and business-type activities. The net pension liability for governmental activities decreased eight percent to \$31 million and the net OPEB liability increased 22 percent to \$26.8 million. The net pension liability for business-type activities decreased 29 percent to \$2.3 million and the net OPEB liability increased 11 percent to \$1.6 million.
- The effects of GASB 68 and GASB 75 thus also significantly affected the total net position of governmental activities, as it decreased 17 percent to \$34.8 million and now only makes up 57 percent of the City's total net position. Business-type activities, which do not have the level of staffing as the services provided by governmental activities, was less affected and total net position decreased only one percent to \$26.6 million.
- The net pension and net OPEB liabilities also negatively influenced unrestricted net position, which is now reported as a negative number. Unrestricted net position of governmental activities decreased 13 percent in 2018 to negative \$38.5 million. Unrestricted business-type activities net position decreased 22 percent to \$10.2 million.
- Net Investment in Capital Assets for business-type activities increased 18 percent to \$16.4 million.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. These statements are presented so the reader can understand the City's financial situation as a whole and to give a detailed view of the City's fiscal condition.

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-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 non-major funds presented in total in one column.

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

## **REPORTING THE CITY AS A WHOLE**

### **Statement of Net Position and the Statement of Activities**

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. These government-wide financial statements provide information that will help the reader to determine if the City of Fairborn is financially better or worse as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting which is 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. These changes inform 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 should take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Position and the Statement of Activities, the City's operations are divided into two kinds of activities, governmental activities and business-type activities.

*Governmental Activities* – Most of the City's services are reported here including police, fire and emergency medical services, court operations, community development, recreation, street maintenance and repair, and general government administration. Municipal income taxes, property taxes, intergovernmental revenues, court fines and costs, and charges for services finance most of these activities.

*Business-type Activities* – These activities consist of water, sewer, and sanitation services. Service charges for these operations are assessed based upon the amount of usage and a usage fee. The intent is that the fees charged to users provide sufficient funding to cover operating costs, capital outlay and associated debt service, while maintaining an appropriate reserve balance.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

Information about the City's major funds is presented in the fund financial statements that begin on page 20. 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 some by bond covenants. Other funds may be established by the City, 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 the use of grants. The City's major funds are the General, Fire and EMS, Police, County Motor Vehicle Tax, Public Safety Police/Fire, Community Redevelopment, Water, Sewer, and Sanitation funds.

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

**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 future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily 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 City 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.

**Enterprise Funds**

Services for which the City charges its citizens fees to generate sufficient funding to cover operating costs, capital outlay and associated debt service are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the City's programs. All of the City's fiduciary assets and liabilities are reported in a separate Statement of Fiduciary Net Position.

**THE CITY AS A WHOLE**

As stated previously, the Statement of Net Position looks at the City as a whole. Over time, net position can serve as a useful indicator of a government's financial position. Table 1 provides a summary of the City's net position for 2018 compared to 2017.

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

Table 1 Net Position							
	Governmental Activities		Business-type Activities		Total		Change
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017	
<b>Assets:</b>							
Current Assets	\$36,248,318	\$38,669,173	\$15,397,251	\$17,535,717	\$51,645,569	\$56,204,890	(\$4,559,321)
Capital Assets, Net	71,934,724	71,618,289	36,058,277	33,759,212	107,993,001	105,377,501	2,615,500
<b>Total Assets</b>	<b>108,183,042</b>	<b>110,287,462</b>	<b>51,455,528</b>	<b>51,294,929</b>	<b>159,638,570</b>	<b>161,582,391</b>	<b>(1,943,821)</b>
<b>Deferred Outflow of Resources:</b>							
Deferred Charges on Refunding	0	0	97,475	115,610	97,475	115,610	(18,135)
Pension	6,070,478	8,556,762	640,977	1,280,235	6,711,455	9,836,997	(3,125,542)
OPEB	3,267,653	119,283	150,291	22,220	3,417,944	141,503	3,276,441
<b>Total Deferred Outflow of Resources</b>	<b>9,338,131</b>	<b>8,676,045</b>	<b>888,743</b>	<b>1,418,065</b>	<b>10,226,874</b>	<b>10,094,110</b>	<b>132,764</b>
<b>Liabilities:</b>							
Current and other liabilities	7,761,638	7,804,913	1,717,080	1,225,299	9,478,718	9,030,212	448,506
<b>Long-Term Liabilities:</b>							
Net Pension Liability	30,993,420	33,854,051	2,306,106	3,236,375	33,299,526	37,090,426	(3,790,900)
Net OPEB Liability	26,790,170	22,030,285	1,584,746	1,427,531	28,374,916	23,457,816	4,917,100
Other Amounts	7,748,582	7,372,124	19,496,340	19,873,768	27,244,922	27,245,892	(970)
<b>Total Liabilities</b>	<b>73,293,810</b>	<b>71,061,373</b>	<b>25,104,272</b>	<b>25,762,973</b>	<b>98,398,082</b>	<b>96,824,346</b>	<b>1,573,736</b>
<b>Deferred Inflow of Resources:</b>							
Property Tax	5,094,379	4,896,607	0	0	5,094,379	4,896,607	197,772
Revenue In Lieu Of Taxes	511,622	608,462	0	0	511,622	608,462	(96,840)
Pension	3,178,550	720,829	555,442	46,123	3,733,992	766,952	2,967,040
OPEB	645,003	0	118,053	0	763,056	0	763,056
<b>Total Deferred Inflows of Resources</b>	<b>9,429,554</b>	<b>6,225,898</b>	<b>673,495</b>	<b>46,123</b>	<b>10,103,049</b>	<b>6,272,021</b>	<b>3,831,028</b>
<b>Net Position:</b>							
Net Investment in							
Capital Assets	61,482,208	61,539,877	16,390,665	13,837,167	77,872,873	75,377,044	2,495,829
Restricted	11,824,721	14,147,204	0	0	11,824,721	14,147,204	(2,322,483)
Unrestricted (Deficit)	(38,509,120)	(34,010,845)	10,175,839	13,066,731	(28,333,281)	(20,944,114)	(7,389,167)
<b>Total Net Position</b>	<b>\$34,797,809</b>	<b>\$41,676,236</b>	<b>\$26,566,504</b>	<b>\$26,903,898</b>	<b>\$61,364,313</b>	<b>\$68,580,134</b>	<b>(\$7,215,821)</b>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018, and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For 2018, the City adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

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

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

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective: Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service, minus plan assets available to pay these benefits.

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, for governmental activities from \$63.6 million to \$41.7 million, and from \$28.3 million to \$26.9 million for business-type activities.

Governmental activities net position makes up 57 percent of the City's total net position. The unrestricted net position of governmental activities decreased in 2018 by \$4.5 million. Current assets decreased due to a decrease in cash and cash equivalents and intergovernmental receivables. These decreases were driven mainly by transportation and street repair projects, whose funding was received in the previous year while the project expenses occurred during 2018. Unrestricted net position of business-type activities decreased by \$2.9 million, and the total net position of the City as a whole decreased by 11 percent to \$61.4 million.

Table 2 shows the changes in net position for the year ended December 31, 2018, compared to 2017.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$7,746,751	\$7,661,796	\$13,578,444	\$13,427,989	\$21,325,195	\$21,089,785
Operating Grants and Contributions	4,554,107	4,436,696	0	0	4,554,107	4,436,696
Capital Grants and Contributions	997,091	615,550	120,650	104,800	1,117,741	720,350
Total Program Revenues	<u>13,297,949</u>	<u>12,714,042</u>	<u>13,699,094</u>	<u>13,532,789</u>	<u>26,997,043</u>	<u>26,246,831</u>
General Revenues:						
Property Taxes	5,196,515	5,153,567	0	0	5,196,515	5,153,567
Other Local Taxes	896,209	765,467	0	0	896,209	765,467
Revenue in Lieu of Taxes	592,090	506,595	0	0	592,090	506,595
Income Taxes	13,479,882	13,092,693	0	0	13,479,882	13,092,693
Grants and Entitlements not Restricted to Specific Programs	986,697	808,185	0	0	986,697	808,185
Investment Earnings	448,000	279,331	71,411	65,800	519,411	345,131
Gain on Sale of Capital Assets	0	0	0	22,247	0	22,247
Other	697,406	645,871	204,141	199,256	901,547	845,127
Total General Revenues	<u>22,296,799</u>	<u>21,251,709</u>	<u>275,552</u>	<u>287,303</u>	<u>22,572,351</u>	<u>21,539,012</u>
Total Revenues	<u>35,594,748</u>	<u>33,965,751</u>	<u>13,974,646</u>	<u>13,820,092</u>	<u>49,569,394</u>	<u>47,785,843</u>
Program Expenses:						
General Government	12,114,843	11,633,948	0	0	12,114,843	11,633,948
Public Safety	21,071,688	17,344,091	0	0	21,071,688	17,344,091
Leisure Time Activities	624,857	604,199	0	0	624,857	604,199
Community Development	3,138,321	2,524,337	0	0	3,138,321	2,524,337
Transportation and Street Repair	4,993,499	2,084,305	0	0	4,993,499	2,084,305
Public Health and Welfare	118,836	119,619	0	0	118,836	119,619
Interest and Fiscal Charges	411,131	358,433	0	0	411,131	358,433
Water	0	0	4,686,146	4,122,433	4,686,146	4,122,433
Sewer	0	0	6,575,149	5,759,142	6,575,149	5,759,142
Sanitation	0	0	3,050,745	2,990,997	3,050,745	2,990,997
Total Expenses	<u>42,473,175</u>	<u>34,668,932</u>	<u>14,312,040</u>	<u>12,872,572</u>	<u>56,785,215</u>	<u>47,541,504</u>
Change in Net Position before Transfers	(6,878,427)	(703,181)	(337,394)	947,520	(7,215,821)	244,339
Transfers	0	(283,347)	0	283,347	0	0
Change in Net Position	(6,878,427)	(986,528)	(337,394)	1,230,867	(7,215,821)	\$244,339
Net Position January 1 - Restated (See Note 3)	<u>41,676,236</u>	N/A	<u>26,903,898</u>	N/A		
Net Position December 31	<u>\$34,797,809</u>	<u>\$41,676,236</u>	<u>\$26,566,504</u>	<u>\$26,903,898</u>		

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$0.1 million computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$2.5 million. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

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*(Unaudited)*

	Governmental Activities	Business-Type Activities	Total
Total 2018 program expenses under GASB 75	\$42,473,175	\$14,312,040	\$56,785,215
OPEB expense under GASB 75	(2,305,931)	(149,434)	(2,455,365)
2018 contractually required contribution	49,413	2,237	51,650
Adjusted 2018 program expenses	40,216,657	14,164,843	54,381,500
Total 2017 program expenses under GASB 45	34,668,932	12,872,572	47,541,504
Decrease in program expenses not related to OPEB	\$5,547,725	\$1,292,271	\$6,839,996

**Governmental Activities**

The City's governmental activity expenses are funded partially through program revenues consisting of charges for services and operating and capital grants and contributions. Program revenues increased five percent in 2018 from slight increases in charges for services and operating grants and contributions, while a capital grant received from Greene County and an increase in assets donated to the City by developers brought a \$0.4 million increase to capital grants and contributions. Program revenues still make up only 37 percent of total governmental activity revenues in 2018, and thus the City relied heavily on general revenues to fund program expenses.

General revenues fund the vast majority of governmental activities and consist mainly of property and income taxes. With income taxes increasing three percent, total general revenues increased \$1 million in 2018 and exceeded 2017 general revenues by five percent. The City's reliance upon tax revenues from property owners, residents, and non-residents working in the City is demonstrated in Table 3, which shows that tax revenues account for 57 percent of total governmental activity revenues. The City's income tax is 1.5 percent of all salaries, wages, commissions and other compensation, and net profits earned from residents living within the City, as well as salaries and wages earned by non-residents that work within the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

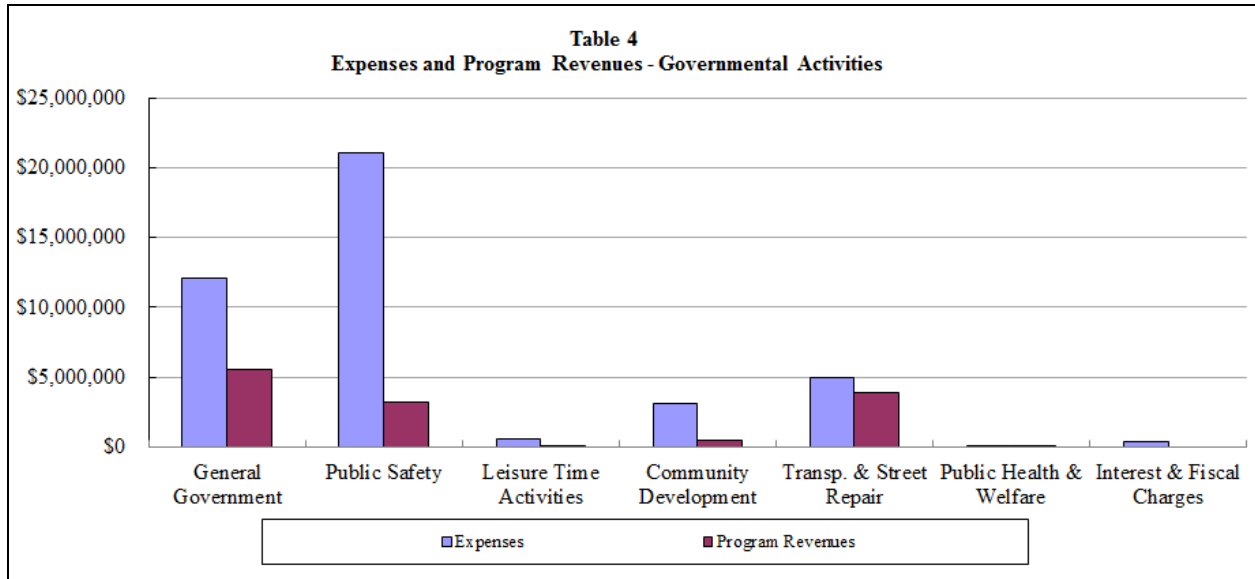
Governmental Activity Revenues	2018	% of Total
<b>General Revenues - Taxes</b>	<b>\$ 20,164,696</b>	<b>57%</b>
<b>General Revenues - Grants/Entitlements</b>	<b>986,697</b>	<b>3%</b>
<b>General Revenues - Other</b>	<b>1,145,406</b>	<b>3%</b>
<b>Program Revenues</b>	<b>13,297,949</b>	<b>37%</b>
<b>Total</b>	<b>\$ 35,594,748</b>	<b>100%</b>

Governmental activity expenses increased 23 percent in 2018 and exceeded program revenues by \$29.2 million. Even with an infusion of a total of \$22.3 million of general revenues, the City



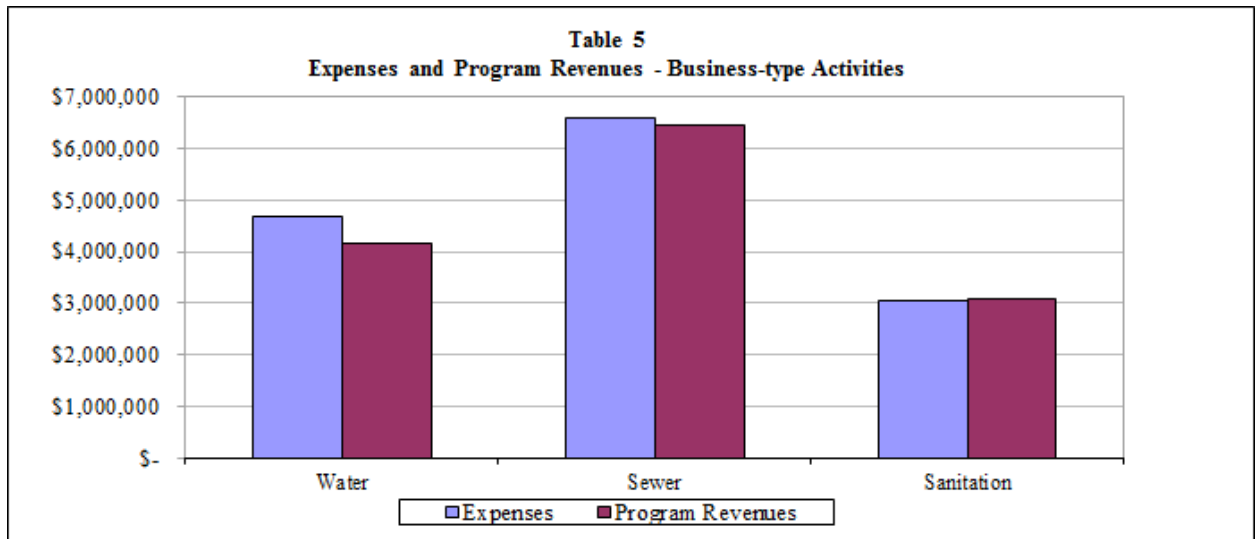
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*(Unaudited)*

realized a \$6.9 million decrease in the net position of governmental activities to \$34.8 million at December 31, 2018. As stated above, this is in large part due to the implementation of GASB Statement 75. Table 4 demonstrates graphically the disparity between governmental activities expenses and the program revenues that are generated to support these services.



***Business-type Activities***

Expenses in the business-type activities exceeded revenues by just over \$0.3 million and net position fell 1.25 percent to \$26.6 million. Net position of the City's Water and Sewer Funds constitute 96 percent of the business-type activities net position, with the Sanitation Fund making up the remainder. Business-type activities receive no support from tax revenues. Table 5 summarizes 2018 expenses and program revenues for business-type activities.



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**THE CITY'S FUNDS**

The financial activity for governmental funds is reported with a focus on the near-term flow of expendable resources which assists in demonstrating fiscal accountability. Thus, fund balances provide us with a snapshot of what resources are available at year-end for near-term spending, and an analysis of changes to fund balances over time assists in evaluating the degree to which a specific program, or a group of activities, is "living within its means."

The City has six major governmental funds including the General, Fire and EMS, Police, County Motor Vehicle Tax, Public Safety Police/Fire, and Community Redevelopment funds, which combine for 84 percent of all governmental fund balances and 78 percent of the governmental funds' total assets of \$35.5 million.

**General Fund:** Despite a slight reduction in fines, licenses, and permits, General Fund revenues were \$0.7 million higher than the previous year, mostly due to an increase in municipal income tax revenue. However, General Fund expenditures and transfers were about 3.5 percent greater than the previous year as personnel expenditures continued to rise from the City's 2.25 percent cost of living increase across the board and a 2.5 percent increase in health insurance premiums. As a result, expenditures and other uses exceeded revenues and other sources by \$0.6 and the General Fund balance decreased nearly 6 percent to \$9.2 million.

**Fire and EMS Fund:** Fire and emergency medical service (EMS) operations are accounted for in the Fire and EMS Fund. Property taxes and EMS billings are the most significant sources of revenue for this fund, which also relies on transfers from the General Fund that are made monthly in amounts as needed with the intent that this fund maintain a minimum cash balance. Total property tax collections in the Fire and EMS Fund were \$2.2 million in 2018, the second year of tax collections from the 4.4 mill fire and EMS renewal levy approved by voters in March 2016. The renewal of this levy contributes greatly to lessening the burden on the General Fund to subsidize fire and EMS operations with transfers and thus is critical to maintain the current level of services to city residents and businesses. Charges for services of \$1.8 million in this fund are generated for the most part by the City's policy to bill non-resident patients that have received EMS treatment and/or transport services from the fire department.

Expenditures in 2018 were two percent greater than the previous year due to the increases to wages and health insurance expenditures as mentioned above. Accrued expenditures exceeded accrued revenues at year-end reducing the December 31, 2018 fund balance to \$0.7 million.

**Police Fund:** Police operations are accounted for in the Police Fund, which also benefits from a five-year 4.4 mill renewal property tax levy approved in March 2016, which raised \$2.2 million in 2018, the second year of its collections. In addition to the property tax revenues, the General Fund subsidizes a large portion of police operation with monthly transfers in amounts as needed with the intent that a minimum cash balance is maintained. Transfers from the General fund in 2018 totaled \$4.5 million.

Expenditures in 2018 were about seven percent greater than the previous year due to the increases to wages and health insurance expenditures as mentioned above and the department was at full staff for most of the year after being short-staffed for most of the previous year. Accrued revenues exceeded accrued expenditures at year-end increasing the December 31, 2018 fund balance to nearly \$0.7 million.

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**County Motor Vehicle Tax Fund:** City residents approved in November of 2014 a renewal of the ten-year 0.25 percent income tax levy for funding street maintenance, repair, and resurfacing for the years 2015 through 2024. The County Motor Vehicle Tax Fund accounts for the income tax levy revenues, which were \$2 million in 2018, as well as the intergovernmental permissive motor vehicle license tax distributions, which were \$1.9 million. Accrued expenditures exceeded accrued revenues and the fund balance fell seven percent to \$2.7 million. Major projects funded in 2018 included improvements to the Dayton-Yellow Springs Road/I-675 interchange, Dayton Drive widening, design services for Kauffman Avenue widening, Central Avenue, and Yellow Springs-Fairfield Road, and Central Avenue resurfacing.

**Public Safety Police/Fire Fund:** The Public Safety Police/Fire Fund accounts for the 0.25 percent income tax levy voters approved in November of 2014 for police and fire vehicles, equipment, and personnel. The ten-year levy generated \$2.2 million in revenues in 2018. Accrued expenditures exceeded accrued revenues and transfers slightly and the fund balance decreased to \$0.8 million.

**Community Redevelopment Fund:** The Community Redevelopment Fund accounts for monies restricted for the acquisition, demolition and renovation of blighted properties. Accrued expenditures exceeded accrued revenues and other financing sources by \$1.7 million, reducing the fund balance to negative \$1.1 million. Expenditures exceeded revenues due to the completion of the 3<sup>rd</sup> Avenue and Main Street project, and an increase in principal retirements over the prior year.

***General Fund Budgetary Highlights***

The City's budget is required by Ohio law and is prepared on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The General Fund expenditures and other uses were originally budgeted in 2018 to exceed revenues and other sources by \$2.7 million. The final budget for revenues was slightly higher than the original budget as an increase in expected court fines exceeded a reduction in expected property taxes. The final budget for expenditures was less than the original budget by about 1.4 percent, mostly due to actual expenditures on salaries and health insurance premiums coming in less than budgeted. As a result, the final budget's projected net change to the fund balance increased to negative \$2.2 million.

General Fund actual revenues were 99 percent of the final budget with actual revenue equal to or exceeding budget estimates for all revenues except municipal income taxes and charges for services. Municipal income taxes actual revenue fell about 3 percent short of the final budget as fourth quarter revenues were less than expected. General Fund actual expenditures and other financing uses were \$0.8 million less than the final budgeted amounts due to actual expenditures on salaries and health insurance coming in less than budgeted. As a result, the General Fund balance actually decreased by only \$1.4 million to \$7.8 million.

Transfers-out of \$8 million were used to subsidize various city operations including police, fire, community redevelopment, and victim assistance and also to provide funding for general capital outlay, maintenance, or debt associated with City building and land capital improvements including the City's portion of curb and sidewalk program and handicap ramps; storm sewer and catch basin repair; the downtown Wi-Fi project, replacing downtown streetlight lenses, and debt

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associated with the dispatch center improvements. Transfers to the Fire and EMS Fund in the amount of \$2.7 million and to the Police Fund in the amount of \$4.5 million, make up the vast majority of these transfers.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's capital assets represent all assets over the capitalization threshold used in operations that have an initial useful life of greater than one year. Table 6 summarizes the capital assets of governmental and business-type activities, net of accumulated depreciation.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$18,608,114	\$17,707,895	\$159,633	\$159,633	\$18,767,747	\$17,867,528
Construction in Progress	1,974,726	3,280,064	2,594,654	5,490,725	4,569,380	8,770,789
Buildings	12,288,292	12,498,886	14,970,230	15,834,534	27,258,522	28,333,420
Improvements Other Than Buildings	917,945	866,011	3,809,373	53,723	4,727,318	919,734
Machinery and Equipment	2,092,526	1,747,952	3,080,292	844,525	5,172,818	2,592,477
Vehicles	3,549,985	3,522,609	772,720	644,711	4,322,705	4,167,320
Infrastructure	32,503,136	31,994,872	10,671,375	10,731,361	43,174,511	42,726,233
Total	\$71,934,724	\$71,618,289	\$36,058,277	\$33,759,212	\$107,993,001	\$105,377,501

Total capital assets used in governmental activities are \$0.3 million greater than the previous year. The \$1.3 million decrease in construction in progress is due to the completion of the Dayton Drive widening and the Dayton-Yellow Springs Road/I-675 interchange projects. The \$0.9 million increase in land is due to the City's street additions and developer donated assets. The \$0.5 million increase in infrastructure is due to the completion of the Dayton Drive widening and Dayton-Yellow Springs Road/I-675 interchange projects, offset by current year depreciation.

The net effect of all additions, deletions, and depreciation to capital assets used in business-type activities was a seven percent increase. Construction in progress in business-type activities decreased \$2.9 million from 2017. Improvements other than buildings, and machinery and equipment increased \$3.8 million, and \$2.2 million, respectively. These changes are due to the completion of the southeast lift station, water reclamation center, digester blowers, and meter projects in 2018. See Note 10 in the notes to the basic financial statements for further details on the City's capital assets.

**Debt Administration**

Table 7 summarizes the 2018 and 2017 long-term debt activity of governmental and business-type activities.

**City of Fairborn, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
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**Table 7**  
**Outstanding Long-term Obligations at Year End**

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
	Long-term Notes	\$4,010,555	\$3,554,840	\$6,828,909	\$6,591,852	\$10,839,464
General Obligation Bonds	0	0	6,824,831	6,957,322	6,824,831	6,957,322
Tax Increment Financing Bonds	1,131,498	1,224,052	0	0	1,131,498	1,224,052
Refunding Bonds	0	0	5,541,045	5,995,768	5,541,045	5,995,768
Special Assessment Bonds	230,000	306,607	50,000	60,000	280,000	366,607
Loans	319,467	330,676	0	0	319,467	330,676
Landfill Closure and Postclosure	0	0	24,462	61,820	24,462	61,820
Capital Leases	0	13,640	0	324	0	13,964
Claims Payable	587,099	528,936	0	0	587,099	528,936
Compensated Absences Payable	1,469,963	1,413,373	227,093	206,682	1,697,056	1,620,055
Net Pension Liability						
OP&F	23,272,972	23,019,228	0	0	23,272,972	23,019,228
OPERS	7,720,448	10,834,823	2,306,106	3,236,375	10,026,554	14,071,198
Total Net Pension Liability	<u>30,993,420</u>	<u>33,854,051</u>	<u>2,306,106</u>	<u>3,236,375</u>	<u>33,299,526</u>	<u>37,090,426</u>
Net OPEB Liability						
OP&F	21,484,713	17,251,157	0	0	21,484,713	17,251,157
OPERS	5,305,457	4,779,128	1,584,746	1,427,531	6,890,203	6,206,659
Total Net OPEB Liability	<u>26,790,170</u>	<u>22,030,285</u>	<u>1,584,746</u>	<u>1,427,531</u>	<u>28,374,916</u>	<u>23,457,816</u>
Totals	<u>\$65,532,172</u>	<u>\$63,256,460</u>	<u>\$23,387,192</u>	<u>\$24,537,674</u>	<u>\$88,919,364</u>	<u>\$87,794,134</u>

For the fourth year now, long-term obligations include the net pension liability per GASB 68, and are compounded by the addition of the net OPEB liability per GASB 75 for 2018. Governmental activity total debt increased by four percent in 2018, mainly due to changes in the net pension and net OPEB liabilities. Business-type activity total debt decreased by nearly five percent. This decrease is driven by current year payments on the refunding bonds, and a decrease in the net pension liability. As indicated above in The City as a Whole section, changes in pension and other postemployment benefits, contribution rates, and return on investments affect the balance of the net pension and net OPEB liabilities. Total long-term obligations other than net pension liability and net OPEB liability, decreased \$970.

See Note 18 in the notes to the basic financial statements for further details on the City's long-term obligations.

### CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report or requests for additional financial information can be directed to Randy Groves, Finance Director, at the Fairborn Government Center, located at 44 West Hebble Avenue, Fairborn, Ohio 45324; by phone at 937-754-3005 or through the City's website at [www.ci.fairborn.oh.us/dept/finance](http://www.ci.fairborn.oh.us/dept/finance).



**City of Fairborn, Ohio**  
**Statement of Net Position**  
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$19,855,655	\$13,235,084	\$33,090,739
Property Taxes Receivable	5,307,062	0	5,307,062
Other Local Taxes Receivable	105,443	0	105,443
Municipal Income Taxes Receivable	5,222,215	0	5,222,215
Revenue in Lieu of Taxes Receivable	511,622	0	511,622
Accounts Receivable	858,362	1,474,845	2,333,207
Intergovernmental Receivable	1,619,945	0	1,619,945
Accrued Interest Receivable	97,635	0	97,635
Internal Balances	(340,369)	340,369	0
Special Assessments Receivable	269,284	50,000	319,284
Loans Receivable	500,000	0	500,000
Assets Held for Resale	1,848,462	0	1,848,462
Materials and Supplies Inventory	311,815	272,700	584,515
Net Pension Asset	81,187	24,253	105,440
Nondepreciable Capital Assets	20,582,840	2,754,287	23,337,127
Depreciable Capital Assets, net	51,351,884	33,303,990	84,655,874
<i>Total Assets</i>	<u>108,183,042</u>	<u>51,455,528</u>	<u>159,638,570</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding	0	97,475	97,475
Pension	6,070,478	640,977	6,711,455
OPEB	3,267,653	150,291	3,417,944
<i>Total Deferred Outflows of Resources</i>	<u>9,338,131</u>	<u>888,743</u>	<u>10,226,874</u>
<b>Liabilities:</b>			
Accounts Payable	524,771	601,912	1,126,683
Contracts Payable	416,830	457,147	873,977
Retainage Payable	0	154,260	154,260
Accrued Wages Payable	371,203	46,899	418,102
Matured Compensated Absences Payable	25,243	0	25,243
Intergovernmental Payable	350,216	31,325	381,541
Refundable Deposits	0	259,749	259,749
Accrued Interest Payable	148,680	156,888	305,568
Notes Payable	5,924,695	8,900	5,933,595
Long-Term Liabilities:			
Due Within One Year	1,338,778	775,580	2,114,358
Due in More Than One Year:			
Net Pension Liability (See Note 12)	30,993,420	2,306,106	33,299,526
Net OPEB Liability (See Note 13)	26,790,170	1,584,746	28,374,916
Other Amounts	6,409,804	18,720,760	25,130,564
<i>Total Liabilities</i>	<u>73,293,810</u>	<u>25,104,272</u>	<u>98,398,082</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	5,094,379	0	5,094,379
Revenue in Lieu of Taxes	511,622	0	511,622
Pension	3,178,550	555,442	3,733,992
OPEB	645,003	118,053	763,056
<i>Total Deferred Inflows of Resources</i>	<u>9,429,554</u>	<u>673,495</u>	<u>10,103,049</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	61,482,208	16,390,665	77,872,873
Restricted for Debt Service	822,037	0	822,037
Restricted for Capital Outlay	837,025	0	837,025
Restricted for Public Safety	3,394,720	0	3,394,720
Restricted for Transportation and Street Repair	5,317,953	0	5,317,953
Restricted for Community Development	1,452,986	0	1,452,986
Unrestricted (Deficit)	(38,509,120)	10,175,839	(28,333,281)
<i>Total Net Position</i>	<u>\$34,797,809</u>	<u>\$26,566,504</u>	<u>\$61,364,313</u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
<b>Governmental Activities:</b>				
General Government	\$12,114,843	\$5,568,073	\$0	\$6,114
Public Safety	21,071,688	2,060,653	1,158,777	0
Leisure Time Activities	624,857	18,251	0	53,092
Community Development	3,138,321	23,278	429,680	51,372
Transportation and Street Repair	4,993,499	39,405	2,965,650	886,513
Public Health and Welfare	118,836	37,091	0	0
Interest and Fiscal Charges	411,131	0	0	0
<i>Total Governmental Activities</i>	<u>42,473,175</u>	<u>7,746,751</u>	<u>4,554,107</u>	<u>997,091</u>
<b>Business-Type Activities:</b>				
Water	4,686,146	4,105,891	0	61,680
Sewer	6,575,149	6,388,028	0	58,970
Sanitation	3,050,745	3,084,525	0	0
<i>Total Business-Type Activities</i>	<u>14,312,040</u>	<u>13,578,444</u>	<u>0</u>	<u>120,650</u>
<i>Totals</i>	<u>\$56,785,215</u>	<u>\$21,325,195</u>	<u>\$4,554,107</u>	<u>\$1,117,741</u>

General Revenues:  
Property Taxes Levied For:  
    General Purposes  
    Fire and EMS  
    Police  
Other Local Taxes  
Revenue in Lieu of Taxes  
Municipal Income Taxes Levied For:  
    General Purposes  
    Street Programs  
    Public Safety  
Grants and Entitlements not  
    Restricted to Specific Programs  
Investment Earnings  
Other

*Total General Revenues*

*Change in Net Position*

*Net Position at Beginning of Year - Restated (See Note 3)*

*Net Position at End of Year*

See accompanying notes to the basic financial statements



<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
(\$6,540,656)	\$0	(\$6,540,656)
(17,852,258)	0	(17,852,258)
(553,514)	0	(553,514)
(2,633,991)	0	(2,633,991)
(1,101,931)	0	(1,101,931)
(81,745)	0	(81,745)
(411,131)	0	(411,131)
<u>(29,175,226)</u>	<u>0</u>	<u>(29,175,226)</u>
0	(518,575)	(518,575)
0	(128,151)	(128,151)
0	33,780	33,780
<u>0</u>	<u>(612,946)</u>	<u>(612,946)</u>
<u>(29,175,226)</u>	<u>(612,946)</u>	<u>(29,788,172)</u>
787,269	0	787,269
2,204,623	0	2,204,623
2,204,623	0	2,204,623
896,209	0	896,209
592,090	0	592,090
9,008,285	0	9,008,285
2,235,800	0	2,235,800
2,235,797	0	2,235,797
986,697	0	986,697
448,000	71,411	519,411
697,406	204,141	901,547
<u>22,296,799</u>	<u>275,552</u>	<u>22,572,351</u>
(6,878,427)	(337,394)	(7,215,821)
<u>41,676,236</u>	<u>26,903,898</u>	<u>68,580,134</u>
<u>\$34,797,809</u>	<u>\$26,566,504</u>	<u>\$61,364,313</u>

**City of Fairborn, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2018*

	General Fund	Fire and EMS Fund	Police Fund
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$8,169,123	\$780,154	\$858,467
Receivables:			
Property Taxes	861,760	2,222,651	2,222,651
Other Local Taxes	83,699	0	0
Municipal Income Taxes	3,481,199	0	0
Revenue in Lieu of Taxes	0	0	0
Interfund	371,000	0	0
Accounts	0	154,270	0
Special Assessments	37,370	0	0
Loans	0	0	0
Accrued Interest	97,635	0	0
Intergovernmental	454,794	135,026	175,370
Assets Held for Resale	5,100	0	0
Materials and Supplies Inventory	16,549	0	11,800
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	63,954	0	0
<i>Total Assets</i>	<u>\$13,642,183</u>	<u>\$3,292,101</u>	<u>\$3,268,288</u>
<b>Liabilities:</b>			
Accounts Payable	\$237,946	\$19,076	\$12,927
Contracts Payable	5,936	1,348	770
Interfund Payable	0	0	0
Accrued Wages Payable	119,925	98,201	102,763
Matured Compensated Absences Payable	25,127	0	0
Intergovernmental Payable	81,649	121,038	110,049
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>470,583</u>	<u>239,663</u>	<u>226,509</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	825,749	2,134,315	2,134,315
Revenue in Lieu of Taxes	0	0	0
Unavailable Revenue	3,170,962	223,362	246,509
<i>Total Deferred Inflows of Resources</i>	<u>3,996,711</u>	<u>2,357,677</u>	<u>2,380,824</u>
<b>Fund Balances:</b>			
Nonspendable	80,503	0	11,800
Restricted	0	694,761	649,155
Committed	0	0	0
Assigned	1,752,154	0	0
Unassigned (Deficit)	7,342,232	0	0
<i>Total Fund Balances (Deficits)</i>	<u>9,174,889</u>	<u>694,761</u>	<u>660,955</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$13,642,183</u>	<u>\$3,292,101</u>	<u>\$3,268,288</u>

See accompanying notes to the basic financial statements

County Motor Vehicle Tax Fund	Public Safety Police/Fire Fund	Community Redevelopment Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$2,588,282	\$748,005	\$357,643	\$4,991,744	\$18,493,418
0	0	0	0	5,307,062
0	0	0	21,744	105,443
660,508	870,508	0	210,000	5,222,215
0	0	0	511,622	511,622
0	0	0	0	371,000
0	0	0	704,092	858,362
0	0	0	231,914	269,284
0	0	500,000	0	500,000
0	0	0	0	97,635
25,238	0	0	829,517	1,619,945
0	0	1,781,704	61,658	1,848,462
0	0	0	162,223	190,572
10,247	0	0	10,665	84,866
<u>\$3,284,275</u>	<u>\$1,618,513</u>	<u>\$2,639,347</u>	<u>\$7,735,179</u>	<u>\$35,479,886</u>
\$33,650	\$45,288	\$95,560	\$56,398	\$500,845
82,088	10,481	0	316,014	416,637
0	0	0	371,000	371,000
0	10,849	0	23,969	355,707
0	0	0	116	25,243
0	10,210	0	16,076	339,022
0	175	49,956	20,296	70,427
0	10,000	3,622,257	2,292,438	5,924,695
115,738	87,003	3,767,773	3,096,307	8,003,576
0	0	0	0	5,094,379
0	0	0	511,622	511,622
491,366	693,360	0	1,635,774	6,461,333
491,366	693,360	0	2,147,396	12,067,334
0	0	0	162,223	254,526
2,677,171	838,150	0	3,343,096	8,202,333
0	0	0	792,265	792,265
0	0	0	400,326	2,152,480
0	0	(1,128,426)	(2,206,434)	4,007,372
2,677,171	838,150	(1,128,426)	2,491,476	15,408,976
<u>\$3,284,275</u>	<u>\$1,618,513</u>	<u>\$2,639,347</u>	<u>\$7,735,179</u>	<u>\$35,479,886</u>

**City of Fairborn, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2018*

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**Total Governmental Fund Balances** \$15,408,976

***Amounts reported for governmental activities in the Statement of Net Position is different because:***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital Assets:

Land	18,608,114
Construction in Progress	1,974,726
Buildings	21,359,592
Improvements Other Than Buildings	2,951,100
Machinery and Equipment	6,388,578
Vehicles	8,448,242
Infrastructure	81,591,816
Accumulated Depreciation	<u>(69,387,444)</u>

Total 71,934,724

Internal service funds are used by management to charge the costs of equipment repairs and maintenance, information technology services and payments of employee assistance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Net Position	(183,049)
Net Pension Asset	(7,378)
Capital Assets	(253,333)
Deferred Outflows - Pension	(195,082)
Deferred Outflows - OPEB	(45,740)
Deferred Inflows - Pension	167,911
Deferred Inflows - OPEB	35,929
Net Pension Liability	701,855
Net OPEB Liability	482,314
Compensated Absences Payable	<u>57,279</u>

Total 760,706

Adjustment to reflect the consolidation of internal service fund activities related to enterprise activity. (340,369)

Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred inflows of resources in the funds:

Property Taxes	212,683
Municipal Income Taxes	4,159,326
Intergovernmental	1,081,840
Special Assessments	269,284
Accounts	704,092
Accrued Interest	<u>34,108</u>

Total \$6,461,333

(continued)

**City of Fairborn, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2018  
 (Continued)*

The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in the governmental funds:

Net Pension Asset	\$81,187
Deferred Outflows - Pension	6,070,478
Deferred Outflows - OPEB	3,267,653
Net Pension Liability	(30,993,420)
Net OPEB Liability	(26,790,170)
Deferred Inflows - Pension	(3,178,550)
Deferred Inflows - OPEB	<u>(645,003)</u>

Total	(52,187,825)
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In the Statement of Activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	(78,253)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes Payable	(4,001,225)
Tax Increment Financing Revenue Bonds	(1,105,000)
Special Assessment Bonds	(230,000)
OPWC Loan	(319,467)
Compensated Absences Payable	(1,469,963)
Premium on Debt Issued	<u>(35,828)</u>

Total	<u>(7,161,483)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$34,797,809</u></u>
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See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2018*

	General Fund	Fire and EMS Fund	Police Fund
<b>Revenues:</b>			
Property Taxes	\$844,092	\$2,188,880	\$2,188,880
Other Local Taxes	709,274	0	0
Municipal Income Taxes	9,016,247	0	0
Revenue in Lieu of Taxes	0	0	0
Fines, Licenses, and Permits	1,428,406	1,790	2,260
Charges for Services	3,388,230	1,803,839	75,787
Investment Earnings	416,993	0	0
Intergovernmental	1,060,069	273,819	552,754
Special Assessments	37,881	0	0
Contributions and Donations	0	0	0
Other	361,342	52,216	68,905
<i>Total Revenues</i>	<u>17,262,534</u>	<u>4,320,544</u>	<u>2,888,586</u>
<b>Expenditures:</b>			
Current:			
General Government	7,888,050	0	0
Public Safety	0	7,071,041	7,329,356
Leisure Time Activities	344,451	0	0
Community Development	1,370,452	0	0
Transportation and Street Repair	0	0	0
Public Health and Welfare	0	0	0
Capital Outlay	205,101	12,273	6,933
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	6,764	3,332	0
Interest and Fiscal Charges	7,123	59	0
<i>Total Expenditures</i>	<u>9,821,941</u>	<u>7,086,705</u>	<u>7,336,289</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,440,593</u>	<u>(2,766,161)</u>	<u>(4,447,703)</u>
<b>Other Financing Sources (Uses):</b>			
Special Assessment Bonds Issued	1,492	0	0
Notes Issued	0	0	0
Premium on Debt Issued	0	0	0
Proceeds from the Sale of Capital Assets	3,151	0	0
Transfers-In	0	2,720,000	4,540,000
Transfers-Out	(8,001,918)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(7,997,275)</u>	<u>2,720,000</u>	<u>4,540,000</u>
<i>Net Change in Fund Balances</i>	(556,682)	(46,161)	92,297
<i>Fund Balances at Beginning of Year</i>	<u>9,731,571</u>	<u>740,922</u>	<u>568,658</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$9,174,889</u>	<u>\$694,761</u>	<u>\$660,955</u>

See accompanying notes to the basic financial statements

County Motor Vehicle Tax Fund	Public Safety Police/Fire Fund	Community Redevelopment Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$0	\$0	\$0	\$5,221,852
0	0	0	188,161	897,435
2,027,790	2,237,787	0	210,000	13,491,824
0	0	0	592,090	592,090
31,142	0	0	507,581	1,971,179
0	0	23,278	210,063	5,501,197
42,582	0	30,000	43,955	533,530
1,932,006	15,449	0	1,877,063	5,711,160
0	0	0	146,600	184,481
0	10,000	0	7,728	17,728
27,148	42,755	728	144,312	697,406
<u>4,060,668</u>	<u>2,305,991</u>	<u>54,006</u>	<u>3,927,553</u>	<u>34,819,882</u>
0	0	0	543,352	8,431,402
0	2,354,396	0	555,046	17,309,839
0	0	0	1,570	346,021
0	0	1,227,730	361,981	2,960,163
3,420,119	0	0	1,362,373	4,782,492
0	0	0	115,585	115,585
830,331	276,793	554,034	1,129,197	3,014,662
0	0	0	358,145	358,145
11,209	2,040,000	1,000,000	745,000	3,806,305
0	45,836	112,339	261,073	426,430
<u>4,261,659</u>	<u>4,717,025</u>	<u>2,894,103</u>	<u>5,433,322</u>	<u>41,551,044</u>
<u>(200,991)</u>	<u>(2,411,034)</u>	<u>(2,840,097)</u>	<u>(1,505,769)</u>	<u>(6,731,162)</u>
0	0	0	73,508	75,000
0	2,138,075	1,000,000	863,150	4,001,225
0	12,630	11,660	5,281	29,571
0	0	0	0	3,151
0	0	100,000	691,918	8,051,918
0	0	0	(50,000)	(8,051,918)
<u>0</u>	<u>2,150,705</u>	<u>1,111,660</u>	<u>1,583,857</u>	<u>4,108,947</u>
<u>(200,991)</u>	<u>(260,329)</u>	<u>(1,728,437)</u>	<u>78,088</u>	<u>(2,622,215)</u>
<u>2,878,162</u>	<u>1,098,479</u>	<u>600,011</u>	<u>2,413,388</u>	<u>18,031,191</u>
<u>\$2,677,171</u>	<u>\$838,150</u>	<u>(\$1,128,426)</u>	<u>\$2,491,476</u>	<u>\$15,408,976</u>

**City of Fairborn, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2018*

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**Net Change in Fund Balances - Total Governmental Funds** (\$2,622,215)

**Amounts reported for governmental activities in the Statement of Activities are different because:**

Governmental funds report capital outlays as expenditures. However, in the Statement of

Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	3,085,560
Capital assets donated by developers	886,513
Depreciation	<u>(3,613,213)</u>

Excess of Capital Outlay and Capital Contributions over Depreciation Expense 358,860

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Proceeds from the Sale of Capital Assets	(3,151)
Loss on Disposal of Capital Assets	<u>(39,274)</u>

Total (42,425)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Notes Payable	3,545,000
Tax Increment Financing Revenue Bonds	90,000
Special Assessment Bonds	150,000
Loans Payable	11,209
Capital Leases Payable	<u>13,640</u>

Total 3,809,849

The Internal Service Funds used by management to charge the costs of equipment repairs and maintenance to individual funds, is reported in the Statement of Activities. The changes in net position of the internal service funds are reported with governmental activities, net of the adjustment to reflect the consolidation of internal service fund activities related to business-type activities.

Change in Net Position	82,448
Capital Assets	(9,394)
Compensated Absences	(1,387)
Capital Lease Payable	(3,544)
Contractually Required Contributions for Pension	(93,966)
Contractually Required Contributions for OPEB	(681)
Pension Expense	159,797
OPEB Expense	45,480
Interest and Fiscal Charges	63
Adjustment to business type activities	<u>(35,925)</u>

Total 142,891

Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the funds. Deferred inflows of resources related to the following items changed by the amounts shown below:

Property Taxes	(25,337)
Other Local Taxes	(1,226)
Municipal Income Taxes	(11,942)
Investment Earnings	4,495
Charges for Services	194,512
Intergovernmental	(175,479)
Special Assessments	<u>(104,618)</u>

Total (\$119,595)

(continued)



**City of Fairborn, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2018  
(Continued)*

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.		
Special Assessment Bonds	(\$75,000)	
Notes	(4,001,225)	
Premium on Debt	<u>(29,571)</u>	
Total		(4,105,796)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	2,828,804	
OPEB	<u>49,413</u>	
Total		2,878,217
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability (asset) are reported as pension expense in the Statement of Activities.		
Pension	(4,830,991)	
OPEB	<u>(2,305,931)</u>	
Total		(7,136,922)
Amortization of bond premiums as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as expenses over the life of the debt in the Statement of Activities.		
Accrued Interest	(18,880)	
Amortization of Premium	34,242	
Interest and Fiscal Charges of Internal Service Funds	<u>(63)</u>	
Total		15,299
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 the governmental funds. These activities consist of:		
Increase in Compensated Absences		<u>(56,590)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>(\$6,878,427)</u></u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$928,852	\$844,092	\$844,092	\$0
Other Local Taxes	631,500	640,837	640,837	0
Municipal Income Taxes	9,270,661	9,270,661	8,961,114	(309,547)
Fines, Licenses and Permits	1,284,450	1,354,450	1,435,557	81,107
Charges for Services	3,465,823	3,397,229	3,388,230	(8,999)
Investment Earnings	231,686	291,686	357,819	66,133
Intergovernmental	949,643	979,681	1,025,007	45,326
Special Assessments	37,866	37,866	37,881	15
Other	161,023	258,223	285,832	27,609
<i>Total Revenues</i>	<u>16,961,504</u>	<u>17,074,725</u>	<u>16,976,369</u>	<u>(98,356)</u>
<b>Expenditures:</b>				
Current:				
General Government	8,823,853	8,641,929	8,117,170	524,759
Leisure Time Activities	419,326	412,382	367,633	44,749
Community Development	1,646,692	1,620,721	1,519,846	100,875
Capital Outlay	243,576	293,981	293,853	128
Debt Service:				
Interest and Fiscal Charges	0	10,000	7,003	2,997
<i>Total Expenditures</i>	<u>11,133,447</u>	<u>10,979,013</u>	<u>10,305,505</u>	<u>673,508</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,828,057</u>	<u>6,095,712</u>	<u>6,670,864</u>	<u>575,152</u>
<b>Other Financing Sources (Uses):</b>				
Special Assessment Bonds Issued	0	0	1,492	1,492
Proceeds from Sale of Capital Assets	634	634	3,151	2,517
Advances-In	190,000	239,000	239,000	0
Advances-Out	(200,000)	(345,343)	(345,000)	343
Transfers-Out	(8,548,620)	(8,148,620)	(8,001,918)	146,702
<i>Total Other Financing Sources (Uses)</i>	<u>(8,557,986)</u>	<u>(8,254,329)</u>	<u>(8,103,275)</u>	<u>151,054</u>
<i>Net Change in Fund Balance</i>	<u>(2,729,929)</u>	<u>(2,158,617)</u>	<u>(1,432,411)</u>	<u>726,206</u>
<i>Fund Balance at Beginning of Year</i>	8,635,617	8,635,617	8,635,617	0
<i>Prior Year Encumbrances Appropriated</i>	<u>625,499</u>	<u>625,499</u>	<u>625,499</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$6,531,187</u></u>	<u><u>\$7,102,499</u></u>	<u><u>\$7,828,705</u></u>	<u><u>\$726,206</u></u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Fire and EMS Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$2,259,475	\$2,181,386	\$2,188,880	\$7,494
Fines, Licenses and Permits	1,200	1,200	1,790	590
Charges for Services	1,965,099	1,849,099	1,828,283	(20,816)
Intergovernmental	287,340	280,129	273,819	(6,310)
Other	0	51,000	52,216	1,216
<i>Total Revenues</i>	4,513,114	4,362,814	4,344,988	(17,826)
<b>Expenditures:</b>				
Current:				
Public Safety	7,449,324	7,314,136	7,156,001	158,135
Capital Outlay	16,868	16,332	16,332	0
<i>Total Expenditures</i>	7,466,192	7,330,468	7,172,333	158,135
<i>Excess of Revenues Under Expenditures</i>	(2,953,078)	(2,967,654)	(2,827,345)	140,309
<b>Other Financing Sources:</b>				
Transfers-In	2,720,000	2,720,000	2,720,000	0
<i>Net Change in Fund Balance</i>	(233,078)	(247,654)	(107,345)	140,309
<i>Fund Balance at Beginning of Year</i>	606,981	606,981	606,981	0
<i>Prior Year Encumbrances Appropriated</i>	152,472	152,472	152,472	0
<i>Fund Balance at End of Year</i>	\$526,375	\$511,799	\$652,108	\$140,309

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Police Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$2,259,475	\$2,188,861	\$2,188,880	\$19
Fines, Licenses and Permits	1,063	1,063	2,260	1,197
Charges for Services	35,685	61,985	75,787	13,802
Intergovernmental	563,919	525,491	550,364	24,873
Other	33,252	69,152	68,905	(247)
<i>Total Revenues</i>	<u>2,893,394</u>	<u>2,846,552</u>	<u>2,886,196</u>	<u>39,644</u>
<b>Expenditures:</b>				
Current:				
Public Safety	7,582,443	7,583,184	7,328,140	255,044
Capital Outlay	9,639	9,333	9,333	0
<i>Total Expenditures</i>	<u>7,592,082</u>	<u>7,592,517</u>	<u>7,337,473</u>	<u>255,044</u>
<i>Excess of Revenues Under Expenditures</i>	(4,698,688)	(4,745,965)	(4,451,277)	294,688
<b>Other Financing Sources:</b>				
Transfers-In	4,540,000	4,540,000	4,540,000	0
<i>Net Change in Fund Balance</i>	(158,688)	(205,965)	88,723	294,688
<i>Fund Balance at Beginning of Year</i>	636,422	636,422	636,422	0
<i>Prior Year Encumbrances Appropriated</i>	82,236	82,236	82,236	0
<i>Fund Balance at End of Year</i>	<u>\$559,970</u>	<u>\$512,693</u>	<u>\$807,381</u>	<u>\$294,688</u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*County Motor Vehicle Tax Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal Income Taxes	\$2,107,665	\$2,107,665	\$2,013,995	(\$93,670)
Fines, Licenses and Permits	50,000	50,000	31,142	(18,858)
Investment Earnings	7,000	34,500	42,582	8,082
Intergovernmental	3,519,189	2,434,870	2,408,001	(26,869)
Other	0	27,148	27,148	0
<i>Total Revenues</i>	<u>5,683,854</u>	<u>4,654,183</u>	<u>4,522,868</u>	<u>(131,315)</u>
<b>Expenditures:</b>				
Current:				
Transportation and Street Repair	5,671,721	1,925,672	1,924,596	1,076
Capital Outlay	2,997,090	4,441,676	4,440,986	690
Debt Service:				
Principal Retirements	11,209	11,209	11,209	0
<i>Total Expenditures</i>	<u>8,680,020</u>	<u>6,378,557</u>	<u>6,376,791</u>	<u>1,766</u>
<i>Net Change in Fund Balance</i>	<u>(2,996,166)</u>	<u>(1,724,374)</u>	<u>(1,853,923)</u>	<u>(129,549)</u>
<i>Fund Balance at Beginning of Year</i>	1,408,272	1,408,272	1,408,272	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,019,409</u>	<u>2,019,409</u>	<u>2,019,409</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$431,515</u>	<u>\$1,703,307</u>	<u>\$1,573,758</u>	<u>(\$129,549)</u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Public Safety Police/Fire Fund*  
*For the Year Ended December 31, 2018*

	Original	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$2,317,665	\$2,223,665	\$2,223,992	\$327
Intergovernmental	90,000	14,470	15,449	979
Contributions and Donations	0	10,000	10,000	0
Other	22,908	42,098	42,755	657
<i>Total Revenues</i>	<u>2,430,573</u>	<u>2,290,233</u>	<u>2,292,196</u>	<u>1,963</u>
<b>Expenditures:</b>				
Current:				
Public Safety	1,108,223	1,238,490	1,196,972	41,518
Capital Outlay	2,435,318	2,125,395	2,123,122	2,273
Debt Service:				
Principal Retirement	230,000	2,080,000	2,080,000	0
Interest and Fiscal Charges	11,950	45,856	45,841	15
<i>Total Debt Service</i>	<u>241,950</u>	<u>2,125,856</u>	<u>2,125,841</u>	<u>15</u>
<i>Total Expenditures</i>	<u>3,785,491</u>	<u>5,489,741</u>	<u>5,445,935</u>	<u>43,806</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,354,918)</u>	<u>(3,199,508)</u>	<u>(3,153,739)</u>	<u>45,769</u>
<b>Other Financing Sources:</b>				
Notes Issued	2,040,000	2,148,075	2,148,075	0
Premium on Debt Issued	19,000	12,630	12,630	0
<i>Total Other Financing Sources</i>	<u>2,059,000</u>	<u>2,160,705</u>	<u>2,160,705</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	704,082	(1,038,803)	(993,034)	45,769
<i>Fund Balance at Beginning of Year</i>	343,456	343,456	343,456	0
<i>Prior Year Encumbrances Appropriated</i>	703,453	703,453	703,453	0
<i>Fund Balance at End of Year</i>	<u>\$1,750,991</u>	<u>\$8,106</u>	<u>\$53,875</u>	<u>\$45,769</u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Community Redevelopment Fund*  
*For the Year Ended December 31, 2018*

	Original	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$30,000	\$23,300	\$23,278	(\$22)
Investment Earnings	0	0	30,000	30,000
Other	0	0	728	728
<i>Total Revenues</i>	<u>30,000</u>	<u>23,300</u>	<u>54,006</u>	<u>30,706</u>
<b>Expenditures:</b>				
Current:				
Community Development	1,291,748	1,327,230	1,320,333	6,897
Capital Outlay	362,831	906,819	906,353	466
Debt Service:				
Principal Retirement	4,025,000	4,025,000	4,025,000	0
Interest and Fiscal Charges	100,414	125,371	120,440	4,931
<i>Total Debt Service</i>	<u>4,125,414</u>	<u>4,150,371</u>	<u>4,145,440</u>	<u>4,931</u>
<i>Total Expenditures</i>	<u>5,779,993</u>	<u>6,384,420</u>	<u>6,372,126</u>	<u>12,294</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,749,993)</u>	<u>(6,361,120)</u>	<u>(6,318,120)</u>	<u>43,000</u>
<b>Other Financing Sources:</b>				
Notes Issued	4,053,680	4,595,080	4,595,000	(80)
Premium on Debt Issued	45,300	55,300	52,547	(2,753)
Transfers-In	250,000	100,000	100,000	0
<i>Total Other Financing Sources</i>	<u>4,348,980</u>	<u>4,750,380</u>	<u>4,747,547</u>	<u>(2,833)</u>
<i>Net Change in Fund Balance</i>	(1,401,013)	(1,610,740)	(1,570,573)	40,167
<i>Fund Balance at Beginning of Year</i>	320,119	320,119	320,119	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,504,216</u>	<u>1,504,216</u>	<u>1,504,216</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$423,322</u>	<u>\$213,595</u>	<u>\$253,762</u>	<u>\$40,167</u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2018*

	Enterprise Funds				Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Total	
<b>Assets:</b>					
<b>Current Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$3,940,546	\$8,144,552	\$890,237	\$12,975,335	\$1,277,371
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	86,583	86,583	86,583	259,749	0
Accounts Receivable	394,167	730,775	349,903	1,474,845	0
Special Assessments Receivable	0	50,000	0	50,000	0
Materials and Supplies Inventory	200,000	72,700	0	272,700	121,243
<i>Total Current Assets</i>	<u>4,621,296</u>	<u>9,084,610</u>	<u>1,326,723</u>	<u>15,032,629</u>	<u>1,398,614</u>
<b>Non-current Assets</b>					
Net Pension Asset	11,600	11,600	1,053	24,253	7,378
Nondepreciable Capital Assets	281,259	2,466,814	6,214	2,754,287	3,760
Depreciable Capital Assets, Net	11,705,145	21,363,205	235,640	33,303,990	249,573
<i>Total Non-current Assets</i>	<u>11,998,004</u>	<u>23,841,619</u>	<u>242,907</u>	<u>36,082,530</u>	<u>260,711</u>
<i>Total Assets</i>	<u>16,619,300</u>	<u>32,926,229</u>	<u>1,569,630</u>	<u>51,115,159</u>	<u>1,659,325</u>
<b>Deferred Outflows of Resources:</b>					
Deferred Charge on Refunding	38,014	59,461	0	97,475	0
Pension	306,553	306,553	27,871	640,977	195,082
OPEB	71,878	71,878	6,535	150,291	45,740
<i>Total Deferred Outflows of Resources</i>	<u>416,445</u>	<u>437,892</u>	<u>34,406</u>	<u>888,743</u>	<u>240,822</u>
<b>Liabilities:</b>					
<b>Current Liabilities</b>					
Accounts Payable	73,306	205,206	323,400	601,912	23,926
Contracts Payable	31,617	422,840	2,690	457,147	193
Retainage Payable	0	154,260	0	154,260	0
Claims Payable	0	0	0	0	203,278
Accrued Wages Payable	22,898	21,174	2,827	46,899	15,496
Intergovernmental Payable	14,771	14,807	1,747	31,325	11,194
Accrued Interest Payable	59,568	97,180	140	156,888	0
Notes Payable	0	8,900	0	8,900	0
General Obligation Bonds Payable	246,050	348,950	0	595,000	0
Landfill Postclosure Costs Payable	0	0	24,462	24,462	0
Special Assessment Bonds Payable	0	10,000	0	10,000	0
Compensated Absences Payable	55,733	84,748	5,637	146,118	45,338
<i>Total Current Liabilities</i>	<u>\$503,943</u>	<u>\$1,368,065</u>	<u>\$360,903</u>	<u>\$2,232,911</u>	<u>\$299,425</u>

(continued)



**City of Fairborn, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2018*  
*(Continued)*

	Enterprise Funds				
	Water Fund	Sewer Fund	Sanitation Fund	Total	Internal Service Funds
Long-Term Liabilities					
Refundable Deposits	\$86,583	\$86,583	\$86,583	\$259,749	\$0
Notes Payable	2,980,201	3,840,671	8,037	6,828,909	0
General Obligation Bonds Payable	3,053,682	8,717,194	0	11,770,876	0
Special Assessment Bonds Payable	0	40,000	0	40,000	0
Claims Payable	0	0	0	0	383,821
Compensated Absences Payable	29,709	50,266	1,000	80,975	11,941
Net Pension Liability	1,102,920	1,102,918	100,268	2,306,106	701,855
Net OPEB Liability	757,922	757,922	68,902	1,584,746	482,314
<i>Total Long-Term Liabilities</i>	<u>8,011,017</u>	<u>14,595,554</u>	<u>264,790</u>	<u>22,871,361</u>	<u>1,579,931</u>
<i>Total Liabilities</i>	<u>8,514,960</u>	<u>15,963,619</u>	<u>625,693</u>	<u>25,104,272</u>	<u>1,879,356</u>
<b>Deferred Inflows of Resources:</b>					
Pension	263,865	267,591	23,986	555,442	167,911
OPEB	56,460	56,460	5,133	118,053	35,929
<i>Total Deferred Inflows of Resources</i>	<u>320,325</u>	<u>324,051</u>	<u>29,119</u>	<u>673,495</u>	<u>203,840</u>
<b>Net Position:</b>					
Net Investment in Capital Assets	5,786,659	10,368,346	235,660	16,390,665	253,140
Unrestricted (Deficit)	2,413,801	6,708,105	713,564	9,835,470	(436,189)
<i>Total Net Position (Deficit)</i>	<u>\$8,200,460</u>	<u>\$17,076,451</u>	<u>\$949,224</u>	26,226,135	<u>(\$183,049)</u>
Net Position reported for business-type activities in the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.				<u>340,369</u>	
Net Position of Business-Type Activities				<u>\$26,566,504</u>	

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2018*

	Enterprise Funds				Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Total	
<b>Operating Revenues:</b>					
Charges for Services	\$4,105,891	\$6,388,028	\$3,084,525	\$13,578,444	\$5,414,633
Other	172,102	28,271	3,768	204,141	393,366
<i>Total Operating Revenues</i>	<u>4,277,993</u>	<u>6,416,299</u>	<u>3,088,293</u>	<u>13,782,585</u>	<u>5,807,999</u>
<b>Operating Expenses:</b>					
Personal Services	1,520,745	1,586,253	188,624	3,295,622	1,087,872
Contractual Services	2,228,296	3,091,913	2,855,094	8,175,303	1,103,783
Materials and Supplies	231,982	251,477	6,344	489,803	685,892
Claims	0	0	0	0	2,794,385
Depreciation	585,352	1,037,817	8,530	1,631,699	61,504
<i>Total Operating Expenses</i>	<u>4,566,375</u>	<u>5,967,460</u>	<u>3,058,592</u>	<u>13,592,427</u>	<u>5,733,436</u>
<i>Operating Income (Loss)</i>	<u>(288,382)</u>	<u>448,839</u>	<u>29,701</u>	<u>190,158</u>	<u>74,563</u>
<b>Non-Operating Revenues (Expenses):</b>					
Investment Earnings	20,965	50,446	0	71,411	7,948
Interest and Fiscal Charges	(135,275)	(434,501)	(120)	(569,896)	(63)
Loss on Disposal of Capital Assets	0	(185,642)	0	(185,642)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(114,310)</u>	<u>(569,697)</u>	<u>(120)</u>	<u>(684,127)</u>	<u>7,885</u>
<i>Income (Loss) Before Capital Contributions</i>	<u>(402,692)</u>	<u>(120,858)</u>	<u>29,581</u>	<u>(493,969)</u>	<u>82,448</u>
Capital Contributions	61,680	58,970	0	120,650	0
<i>Change in Net Position</i>	<u>(341,012)</u>	<u>(61,888)</u>	<u>29,581</u>	<u>(373,319)</u>	<u>82,448</u>
<i>Net Position (Deficit) at Beginning of Year - Restated (See Note 3)</i>	<u>8,541,472</u>	<u>17,138,339</u>	<u>919,643</u>		<u>(265,497)</u>
<i>Net Position (Deficit) at End of Year</i>	<u>\$8,200,460</u>	<u>\$17,076,451</u>	<u>\$949,224</u>		<u>(\$183,049)</u>
<i>Adjustments to reflect the consolidation of Internal Service Funds' activity related to Enterprise Funds</i>				<u>35,925</u>	
<i>Change in net position of business-type activities</i>				<u>(\$337,394)</u>	

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2018

	Enterprise Funds				Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities:</b>					
Cash Received From Customers	\$4,076,416	\$6,334,262	\$3,128,329	\$13,539,007	\$0
Cash Received From Interfund Services Provided	0	0	0	0	5,414,633
Cash Received From Other Operating Revenues	172,102	23,894	234,904	430,900	6,416
Cash Payments for Claims	0	0	0	0	(2,736,222)
Cash Payments for Employee Services and Benefits	(1,326,312)	(1,427,322)	(171,831)	(2,925,465)	(975,318)
Cash Payments to Suppliers	(2,490,286)	(3,042,556)	(2,783,848)	(8,316,690)	(1,483,609)
<i>Net Cash Provided by Operating Activities</i>	<u>431,920</u>	<u>1,888,278</u>	<u>407,554</u>	<u>2,727,752</u>	<u>225,900</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition of Capital Assets	(661,065)	(3,210,000)	(245,341)	(4,116,406)	(70,898)
Note Proceeds	2,975,825	3,843,925	8,025	6,827,775	0
Note Premiums	17,498	22,602	48	40,148	0
Notes Principal Payments	(2,852,603)	(3,726,400)	0	(6,579,003)	0
Interest and Fiscal Charges on Notes	(57,144)	(82,118)	(16)	(139,278)	0
General Obligation Bond Principal Payments	0	(135,000)	0	(135,000)	0
General Obligation Bond Interest Payments	0	(297,964)	0	(297,964)	0
Refunding Bonds Principal Payments	(239,100)	(205,900)	0	(445,000)	0
Refunding Bonds Interest Payments	(87,459)	(57,853)	0	(145,312)	0
Capital Lease Principal Payments	(324)	0	0	(324)	(3,544)
Capital Lease Interest Payments	(6)	0	0	(6)	(63)
Capital Contributions by Customers	61,680	58,970	0	120,650	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(842,698)</u>	<u>(3,789,738)</u>	<u>(237,284)</u>	<u>(4,869,720)</u>	<u>(74,505)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest	20,965	47,626	0	68,591	7,948
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(389,813)	(1,853,834)	170,270	(2,073,377)	159,343
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>4,416,942</u>	<u>10,084,969</u>	<u>806,550</u>	<u>15,308,461</u>	<u>1,118,028</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$4,027,129</u>	<u>\$8,231,135</u>	<u>\$976,820</u>	<u>\$13,235,084</u>	<u>\$1,277,371</u>

(continued)

**City of Fairborn, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2018  
(Continued)

	Enterprise Funds				Internal Service Fund
	Water Fund	Sewer Fund	Sanitation Fund	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating Income (Loss)	(\$288,382)	\$448,839	\$29,701	\$190,158	\$74,563
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Depreciation	585,352	1,037,817	8,530	1,631,699	61,504
Landfill Closure and Postclosure Costs	0	0	(37,358)	(37,358)	0
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(59,200)	(87,868)	245,215	98,147	0
Decrease in Materials and Supplies Inventory	276	16,844	0	17,120	(30,523)
Decrease in Deferred Outflows of Resources - Pension	210,930	210,930	19,175	441,035	134,222
Decrease in Deferred Outflows of Resources - OPEB	43,411	43,411	3,946	90,768	27,625
Increase (Decrease) in Accounts Payable	(3,972)	103,095	142,375	241,498	(50,554)
Increase in Claims Payable	0	0	0	0	58,163
Increase in Contracts Payable	3,805	150,956	2,690	157,451	193
Increase in Retainage Payable	0	61,396	0	61,396	0
Increase in Accrued Wages Payable	3,415	2,367	577	6,359	2,433
Increase (Decrease) in Intergovernmental Payable	931	(282)	146	795	878
Decrease in Refundable Deposits Payable	(392)	(392)	(392)	(1,176)	0
Increase (Decrease) in Compensated Absences Payable	16,233	3,912	266	20,411	(1,387)
Increase in Net Pension Liability	17,146	17,144	1,560	35,850	10,915
Increase in Net OPEB Liability	41,103	41,103	3,736	85,942	26,157
Decrease in Deferred Inflows of Resources - Pension	(124,621)	(146,879)	(11,330)	(282,830)	(79,306)
Decrease in Deferred Inflows of Resources - OPEB	(14,115)	(14,115)	(1,283)	(29,513)	(8,983)
Net Cash Provided by Operating Activities	<u>\$431,920</u>	<u>\$1,888,278</u>	<u>\$407,554</u>	<u>\$2,727,752</u>	<u>\$225,900</u>

See accompanying notes to the basic financial statements

**City of Fairborn, Ohio**  
*Statement of Fiduciary Net Position*  
*Agency Fund*  
*December 31, 2018*

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<b>Assets:</b>	
Cash and Cash Equivalents in Segregated Accounts	<u><u>\$225,531</u></u>
<b>Liabilities:</b>	
Undistributed Monies	<u><u>\$225,531</u></u>

See accompanying notes to the basic financial statements

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

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**Note 1 – Description Of The City And Reporting Entity**

The City of Fairborn (the "City") is a home rule municipal corporation created under the laws of the State of Ohio which operates under its own charter. A charter was first adopted by the electors of the Village of Osborn at the general election held in November 1946, effective January 1, 1948. In the November 1948 election, the Village of Osborn voted to annex the Village of Fairfield and to name the newly created entity the Village of Fairborn, effective January 1, 1950. The Village of Fairborn became a city on August 20, 1951. The current charter was first adopted by the electorate on November 2, 1971.

The municipal government provided by the charter is known as a council-manager form of government. Elected officials include six City Council members and a mayor. The Council appoints a city manager who executes the laws and administers the government of the City. The city manager appoints all the department managers of the City.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City's legal entity which provides various services including police, fire, emergency medical, planning and zoning, street construction, maintenance and repair, administrative services, water services, sewer services and postclosure care of a landfill. Council and the city manager have direct responsibility for these activities.

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 organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has no component units.

The City participates in five jointly governed organizations. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. The City also participates in two public entity shared risk pools. These organizations are presented in Notes 21 and 22.

**Jointly Governed Organizations:**

Miami Valley Regional Planning Commission  
Regional Emergency Response Team

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

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Greene County Agencies for Combined Enforcement  
Fairborn Development Corporation  
Greene County Regional Planning and Coordination Commission

Public Entity Shared Risk Pool:  
Public Entities Pool of Ohio  
Jefferson Health Plan

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

The financial statements of the City of Fairborn have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more 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 the agency funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

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 governmental program or business segment is self-financing or draws from the general revenues of the City.

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

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**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. Nonmajor funds are aggregated and presented in a single column. Internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**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 utilized by the City: governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the City 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 purpose 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 liabilities and deferred inflows of resources are reported as fund balance. The following are the City's major governmental funds:

**General Fund** – The General Fund accounts for and reports all financial resources not 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 general laws of Ohio and the Charter of the City.

**Fire and EMS Fund** – The Fire and EMS Fund accounts for and reports the .30 mills of inside millage that is expended for fire pension payments and a property tax levy that is expended for the cost of operating the fire and EMS departments as well as charges for services, related intergovernmental revenue, and transfers from the General Fund.

**Police Fund** – The Police Fund accounts for and reports the .30 mills of inside millage that is expended for police pension payments and a property tax levy that is expended for the cost of operating the police department, as well as charges for services, related intergovernmental revenue, and transfers from the General Fund.



**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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County Motor Vehicle Tax Fund – The County Motor Vehicle Tax Fund accounts for and reports municipal income taxes restricted for street projects and permissive license taxes received from Greene County for street projects approved by the County Engineer.

Public Safety Police/Fire Fund – The Public Safety Police/Fire Fund accounts for and reports restricted income tax money to provide police, fire and emergency medical services.

Community Redevelopment Fund – The Community Redevelopment Fund accounts for and reports restricted monies for the community development department to demolish, renovate, and reconstruct blighted properties in the City.

The nonmajor governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector that focus on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary funds are enterprise and internal service funds.

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 Fund – The Water Fund is used to account for and report the operation of the City's water service.

Sewer Fund – The Sewer Fund is used to account for and report the operation of the City's sanitary sewer system.

Sanitation Fund – The Sanitation Fund is used to account for and report the operation of the City's refuse collection system, street sweeping services, and landfill monitoring.

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 vehicle and equipment maintenance services, information technology services, employee assistance programs associated with employee health benefits, and Jefferson Health Plan associated with employee health and prescription drug benefits.

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

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Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two fiduciary funds which are agency funds that are used to account for monies that flow through the clerk of court's office as well as fire insurance proceeds.

**Measurement Focus**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total 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 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 therefore 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, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred inflows of resources and all liabilities and deferred outflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., 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 Fairborn, Ohio**  
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*For the Year Ended December 31, 2018*

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**Basis of Accounting**

The 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; the proprietary funds and agency funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, 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 the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, municipal income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes and revenue in lieu of taxes is recognized in the year for which the taxes are levied (See Notes 7 and 9). Revenue from municipal income taxes is recognized in the year in which the exchange on which the tax is imposed takes place (See Note 8). 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 the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance) fines and forfeitures, and grants.

**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, represent 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 are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB.

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statement of financial position reports 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, revenue in lieu of taxes, pension, OPEB, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental grants, special assessments, accounts receivable, and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 22. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13)

**Expenses/Expenditures**

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

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

**Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The City holds money for unclaimed monies and utility deposits; in 2018, the City was required, by court order, to withhold a payment from a contractor. These balances are recorded as "Restricted Assets: Equity in Pooled Cash and Cash Equivalents."

The City's Municipal Court has its own checking accounts for the collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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During 2018, the City invested in Commercial Paper, Federal Home Loan Bank Serial/Consolidation Bonds, Federal Home Loan Bank Mortgage Bonds, Federal Home Loan Bank Mortgage Notes, and Federal National Mortgage Association Bonds. Investments are reported at fair value which is based on quoted market prices.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue, including increases in the fair value of investments, credited to the General Fund during fiscal year 2018 amounted to \$416,993, which includes \$105,817 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

**Assets Held for Resale**

Assets held for resale represent properties purchased by the City which will be sold after beautification has been completed.

**Interfund Receivables/Payables**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivable/Payable.” Interfund balances are eliminated on the government-wide Statement of Net Position except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances.”

**Materials and Supplies Inventory**

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventory consists of expendable supplies held for consumption.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures/expenses when used.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents held as unclaimed monies. Restricted assets in the County Motor Vehicle Tax, General Capital Improvement, and Special Assessment Construction Funds represent the payment required to be

**City of Fairborn, Ohio**  
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withheld from the contractor by court order. Restricted assets in the enterprise funds represent cash and cash equivalents which have been set aside for the repayment of deposits to water, sewer and sanitation customers.

**Capital Assets**

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in 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 governmental fund financial statements. Internal service funds that are considered governmental activities report their capital assets in their fund financial statements as well as in the governmental activities column of the government-wide Statement of Net Position. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized and 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 expensed.

All capital assets, except land and construction in progress, are depreciated. 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 replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-45 years
Improvements Other Than Buildings	10-20 years
Machinery and Equipment	5-15 years
Vehicles	6-20 years
Infrastructure	8-100 years

The City's infrastructure system consists of streets, curbs, gutters, sidewalks, street lights, bridges, a storm water system, and water and sewer lines.

**Compensated Absences**

Vacation and compensatory time 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 City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

**City of Fairborn, Ohio**  
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Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after 20 years of service with the City.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the 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, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, bonds, and capital leases are recognized as liabilities on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

### **Pensions/Other Postemployment Benefits (OPEB)**

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

### **Deferred Charge on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the

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

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remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. The nonspendable fund balances for the City includes material and supplies inventory and the long-term portion of loans receivable.

Restricted – The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance



**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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represents the remaining amount that is not restricted or committed. In the General Fund and General Capital Improvements Fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by ordinance or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The assigned fund balance in the General Fund includes future appropriations to cover a gap between estimated revenue and appropriations in the 2019 appropriation budget.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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.

**Interfund Transactions/Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

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

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reported as other financing sources/uses in governmental funds and after non-operating 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.

**Budgetary Process**

All funds, other than the 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 ordinance, 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 ordinance 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 budgetary control has been established by Council at the object level (personal services, contractual services, materials and supplies, etc.) within each department and fund. Modifications to appropriations may only be made by ordinance of Council.

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 amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriations ordinance 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 appropriations ordinance 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, including all supplemental appropriations.

**Bond Discounts, Premiums**

On the government-wide financial statements (and in the enterprise funds), bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums and discounts are recognized in the period when the debt is issued. Note premiums are presented as an addition to the face of the notes payable.

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, sanitation, information technology services, employee assistance programs, and for repair and maintenance of City vehicles and equipment. Operating expenses are the necessary costs incurred to provide the services that are the primary activities of these funds. Revenues and expenses that do not meet these definitions are reported as non-operating.

**Contributions of Capital**

Contributions of capital arise from outside contributions of capital assets and grants, or outside contributions of resources restricted to capital acquisition and construction or transfers of governmental capital assets financed by governmental funds to enterprise funds.

**Estimates**

The preparation of 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 – Change In Accounting Principle And Restatement Of Net Position**

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

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GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business-Type Activities
Net Position December 31, 2017	\$63,587,238	\$28,309,209
Adjustments:		
Net OPEB Liability	(22,030,285)	(1,427,531)
Deferred Outflow - Payments Subsequent to Measurement Date	119,283	22,220
Restated Net Position December 31, 2017	\$41,676,236	\$26,903,898

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Net Position				
December 31, 2017	\$9,213,577	\$17,810,444	\$980,744	\$28,004,765
Adjustments:				
Net OPEB Liability	(682,732)	(682,732)	(62,067)	(1,427,531)
Deferred Outflow - Payments Subsequent to Measurement Date	10,627	10,627	966	22,220
Restated Net Position				
December 31, 2017	\$8,541,472	\$17,138,339	\$919,643	26,599,454
			Internal Activity	304,444
			Restated Net Position December 31, 2017	\$26,903,898

**City of Fairborn, Ohio**  
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	Equipment Fund	Information Technology Fund	Employee Assistance Program Fund	Jefferson Health Plan Fund	Total Internal Service Funds
Net Position December 31, 2017	(\$151,214)	\$58,716	\$135,885	\$118,820	\$162,207
Net OPEB Liability	(248,266)	(186,200)	0	0	(434,466)
Deferred Outflow - Payments Subsequent to Measurement Date	3,864	2,898	0	0	6,762
Restated Net Position (Deficit) December 31, 2017	<u>(\$395,616)</u>	<u>(\$124,586)</u>	<u>\$135,885</u>	<u>\$118,820</u>	<u>(\$265,497)</u>

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

**Note 4 – Accountability**

At December 31, 2018, the following funds had deficit fund balances:

Funds	Amounts
Special Revenue Funds:	
Community Redevelopment Fund	\$1,128,426
Community Development Block Grant Fund	76,782
Capital Projects Fund:	
Special Assessment Construction Fund	55,982
I-675 Corridor TIF Fund	2,073,670
Internal Service Funds:	
Equipment Fund	326,169
Information Technology Fund	62,976

The General Fund is liable for the deficit in these funds and will provide transfers when cash is required, not when accruals occur.

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

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**Note 5 – Budgetary Basis Of Accounting**

While 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) for the General, Fire and EMS, Police, County Motor Vehicle Tax, Public Safety Police/Fire, and Community Redevelopment Funds 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 the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.
5. Cash is held by the agency fund on behalf of the City on a budget basis and allocated and reported on the balance sheet (GAAP basis) in the appropriate City funds.
6. Budgetary revenues and expenditures of the Uninsured Loss special revenue fund is classified to the General Fund for GAAP Reporting.
7. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

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Net Change in Fund Balance

	General Fund	Fire and EMS Fund	Police Fund
GAAP Basis	(\$556,682)	(\$46,161)	\$92,297
Revenue Accruals	(195,808)	24,444	(2,390)
Expenditure Accruals	29,435	42,418	49,902
Encumbrances	(581,136)	(128,046)	(51,086)
Change in Fair Value of Investments - 2018	312,720	0	0
Change in Fair Value of Investments - 2017	(343,600)	0	0
Agency Fund Allocation - 2018	(85,604)	0	0
Agency Fund Allocation - 2017	101,637	0	0
Excess of revenues over expenditures for Uninsured Loss Fund	(7,373)	0	0
Advances	(106,000)	0	0
Budget Basis	<u>(\$1,432,411)</u>	<u>(\$107,345)</u>	<u>\$88,723</u>

	County Motor Vehicle Tax Fund	Public Safety Police/Fire Fund	Community Redevelopment Fund
GAAP Basis	(\$200,991)	(\$260,329)	(\$1,728,437)
Revenue Accruals	462,200	(3,795)	3,635,887
Expenditure Accruals	(1,090,361)	(34,780)	(3,374,142)
Encumbrances	(1,024,771)	(694,130)	(103,881)
Budget Basis	<u>(\$1,853,923)</u>	<u>(\$993,034)</u>	<u>(\$1,570,573)</u>

**Note 6 – Deposits And Investments**

The City is a charter City and has adopted an investment policy through City ordinance. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories, active deposits, inactive deposits, and interim deposits.

Active deposits are public deposits determined to be necessary to meet current demands upon the City's treasury. Active monies must be maintained either as cash in the City's treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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Inactive deposits are public deposits that the Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are 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. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;



**City of Fairborn, Ohio**  
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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

At December 31, 2018, the City's Self Insurance – Jefferson Health Plan Internal Service Fund had a \$661,362 balance with Jefferson Health Plan, a risk sharing, claims servicing, and insurance purchasing pool (See Note 22). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the City. Disclosures for the Jefferson Health Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, Treasurer, Jefferson County Educational Service Center, Steubenville, Ohio 43952.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

**Investments**

Investments are reported at fair value. As of December 31, 2018, the City had the following investments:

**City of Fairborn, Ohio**  
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Measurement/Investment	Measurement Amount	Maturity	S&P Rating	Percent of Total Investments
Fair Value - Level Two Inputs:				
Commercial Paper	\$1,690,428	Less than one year	A1 to A1+	5.24 %
Federal Home Loan Bank Serial/Consolidation Bonds	4,054,812	Less than three years	AA+	12.58
Federal Home Loan Bank Mortgage Bonds	3,974,340	Less than four years	AA+	12.33
Federal Home Loan Bank Mortgage Notes	20,548,683	Less than five years	AA+	63.74
Federal National Mortgage Association Bonds	1,971,140	Less than three years	AA+	6.11
Total Investments	<u>\$32,239,403</u>			

The City categorizes its fair value measurements within 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 chart identifies the City's recurring fair value measurements as of December 31, 2018. All of the City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires the portfolio to remain sufficiently liquid to enable the City to meet all operating requirements reasonably anticipated. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than five years from the date of purchase. In the alternative, given the prevalence of newly issued investment securities, including callable and structured federal agency securities, in which the repayment of principal is anticipated prior to the stated final maturity date, the City will not directly invest in securities with a projected average life of more than five years from the date of purchase.

Credit Risk

The City's investment policy states that credit risk will be minimized by diversifying assets and ensuring that the minimum credit quality ratings required by Ohio Law exist.

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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Concentration of Credit Risk

The City's investment policy states that no more than 20 percent of the City's investment portfolio will be placed with any particular issuer of commercial paper or other corporate debt excepting funds which are able to be converted into cash within 24 hours of notification to the issuer or the issuer's fiscal agent.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, 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.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$11.17 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$514,907,250
Public Utility Personal	17,744,430
Totals	<u><u>\$532,651,680</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

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**Note 8 – Municipal Income Tax**

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

One percent of the income tax was enacted effective October 1, 1976, to provide funds for the purposes of general City operations, maintenance, new equipment, extension and enlargement of City services and facilities and capital improvements of the City and is deposited into the General Fund. Three percent of the proceeds of this income tax is designated by ordinance for the purchase, lease, maintenance, repair, renovation or construction of City buildings and lands, excluding park lands, and therefore is transferred annually to the Building and Lands Fund.

One-quarter of one percent of the income tax was approved by the voters effective beginning January 1, 2015, and expiring December 31, 2024, for the purpose of thoroughfare and residential street improvements and is deposited into the County Motor Vehicle Tax Fund and the Street Maintenance and Repair Fund.

One-quarter of one percent of the income tax was approved by the voters effective beginning January 1, 2015, and expiring December 31, 2024, for the purpose of providing fire, police and emergency medical services and is deposited into the Public Safety Police/Fire Fund.

**Note 9 – Receivables**

Receivables at December 31, 2018, consisted of property taxes, other local taxes, municipal income taxes, revenue in lieu of taxes, interfund, accounts, special assessments, loans, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, revenue in lieu of taxes, special assessments, and loans.

Property, income, and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected in more than one year amount to \$7,752 in the General Fund, \$181,914 in the General Bond Retirement Fund, and \$40,000 in the Sewer Fund. The City has \$13,690 of delinquent special assessments at December 31, 2018.

**City of Fairborn, Ohio**  
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Loans receivable represent loans to stimulate new economic development by creating and/or expanding investment and employment in the City. The loan bears interest at a rate of 7.5 percent and is to be paid over a period of five years. The entire loan is expected to be collected in more than one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	Amount
Local Government	\$376,099
Homestead Exemption and Rollbacks	323,457
Gasoline Tax	479,693
Motor Vehicle Tax	86,550
Community Development Block Grant	188,733
Ohio Department of Transportation Grant	8,006
Bulletproof Vest Partnership Grant	1,269
Victims of Crime Act Grant	8,924
Victim Assistance Grant	1,717
Parks, Recreation, and Conservation Grant	50,000
Domestic Violence/Stalking Investigation Grant	13,575
Drug Abuse Resistance Education Grant	23,147
Federal Emergency Management Agency Grant	12,631
City of Beavercreek	25,290
Permissive Motor Vehicle License Tax	17,232
Greene County	3,622
Total Governmental Funds	\$1,619,945

**Revenue in Lieu of Taxes Receivable**

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. Additional payments are made to Fairborn City School District and Greene County Vocational School District since they are impacted by the tax exemption for a period of up to 30 years. The City accrues a receivable for the amount measurable at December 31, 2018, with a corresponding credit to deferred inflows of resources-revenue in lieu of taxes.

**City of Fairborn, Ohio**  
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**Note 10 – Capital Assets**

Changes in general capital assets for the year ended December 31, 2018, were as follows:

	Balance at 12/31/2017	Additions	Deletions	Transfers	Balance at 12/31/2018
<u>Governmental Activities:</u>					
Capital Assets, Not Being Depreciated:					
Land	\$17,707,895	\$900,219	\$0	\$0	\$18,608,114
Construction in Progress	3,280,064	632,813	(1,938,151)	0	1,974,726
<b>Total Capital Assets</b>					
Not Being Depreciated	20,987,959	1,533,032	(1,938,151)	0	20,582,840
Depreciable Capital Assets:					
Buildings	21,069,592	290,000	0	0	21,359,592
Improvements Other Than Buildings	2,785,444	165,656	0	0	2,951,100
Machinery and Equipment	5,693,919	734,785	(40,126)	0	6,388,578
Vehicles	8,021,602	591,778	(185,790)	20,652	8,448,242
Infrastructure	79,270,666	2,594,973	(273,823)	0	81,591,816
<b>Total Depreciable Capital Assets</b>	116,841,223	4,377,192	(499,739)	20,652	120,739,328
Less Accumulated Depreciation:					
Buildings	(8,570,706)	(500,594)	0	0	(9,071,300)
Improvements Other Than Buildings	(1,919,433)	(113,722)	0	0	(2,033,155)
Machinery and Equipment	(3,945,967)	(390,211)	40,126	0	(4,296,052)
Vehicles	(4,498,993)	(561,251)	182,639	(20,652)	(4,898,257)
Infrastructure	(47,275,794)	(2,047,435)	234,549	0	(49,088,680)
<b>Total Accumulated Depreciation</b>	(66,210,893)	(3,613,213)	457,314	(20,652)	(69,387,444)
<b>Depreciable Capital Assets, Net</b>	50,630,330	763,979	(42,425)	0	51,351,884
<u>Governmental Activities</u>					
<b>Capital Assets, Net</b>	<b>\$71,618,289</b>	<b>\$2,297,011</b>	<b>(\$1,980,576)</b>	<b>\$0</b>	<b>\$71,934,724</b>

Additions to capital assets being depreciated include \$886,513 in assets donated by developers for the year ended December 31, 2018.

**City of Fairborn, Ohio**  
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Depreciation expense was charged to governmental programs as follows:

General Government	\$2,721,661
Public Safety	563,156
Leisure Time Activity	207,869
Community and Economic Development	20,490
Public Health	1,894
Transportation and Street Repair	98,143
	<u>\$3,613,213</u>

Capital assets activities of the business-type activities for the year ended December 31, 2018, were as follows:

	Balance at 12/31/2017	Additions	Deletions	Transfers	Balance at 12/31/2018
<u>Business-type Activities:</u>					
Capital Assets, Not Being Depreciated:					
Land	\$159,633	\$0	\$0	\$0	\$159,633
Construction in Progress	5,490,725	3,311,733	(6,207,804)	0	2,594,654
Total Capital Assets, Not Being Depreciated	5,650,358	3,311,733	(6,207,804)	0	2,754,287
Depreciable Capital Assets:					
Buildings	27,747,156	0	(471,450)	0	27,275,706
Improvements Other Than Buildings	2,009,844	3,841,509	(33,546)	0	5,817,807
Machinery and Equipment	6,187,656	2,442,302	(2,140,037)	0	6,489,921
Vehicles	1,964,250	269,116	(7,068)	(20,652)	2,205,646
Infrastructure	30,152,172	459,550	0	0	30,611,722
Total Depreciable Capital Assets	\$68,061,078	\$7,012,477	(\$2,652,101)	(\$20,652)	\$72,400,802
					(continued)

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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	Balance at 12/31/2017	Additions	Deletions	Transfers	Balance at 12/31/2018
<u>Business-type Activities:</u>					
Less Accumulated					
Depreciation:					
<i>Buildings</i>	(\$11,912,622)	(\$695,152)	\$302,298	\$0	(\$12,305,476)
Improvements Other					
Than Buildings	(1,956,121)	(85,859)	33,546	0	(2,008,434)
Machinery and Equipment	(5,343,131)	(191,066)	2,124,568	0	(3,409,629)
Vehicles	(1,319,539)	(140,086)	6,047	20,652	(1,432,926)
Infrastructure	(19,420,811)	(519,536)	0	0	(19,940,347)
Total Accumulated					
Depreciation	(39,952,224)	(1,631,699)	2,466,459	20,652	(39,096,812)
Depreciable Capital					
Assets, Net	28,108,854	5,380,778	(185,642)	0	33,303,990
Business-type Activities					
Capital Assets, Net	<u>\$33,759,212</u>	<u>\$8,692,511</u>	<u>(\$6,393,446)</u>	<u>\$0</u>	<u>\$36,058,277</u>

**Note 11 – Risk Management**

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City belongs to the Public Entities Pool of Ohio (PEP), a public entity shared risk pool (see Note 22) available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (York), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which, like PEP, is administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.



**City of Fairborn, Ohio**  
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Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018, and 2017:

	2018	2017
Assets	\$49,921,998	\$44,452,326
Liabilities	14,676,199	13,004,011
Net Position - Unrestricted	\$35,245,799	\$31,448,315
Unpaid Claims to be Billed in the Future	\$11.8 million	\$11.3 million
Number of Members	538	527

The unpaid claims to be billed in the future will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$250,000. This payable includes the subsequent year's contribution due if the City terminates participation, as described below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The City's contributions for the last three years are:

Contributions to PEP	Amount
2016	\$245,310
2017	294,668
2018	265,249

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The City insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

**City of Fairborn, Ohio**  
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The City provides health insurance to its employees through a self-insurance plan. The City pays \$586 per month for eligible employees electing single coverage and \$1,700 for eligible employees electing family coverage, with the employees paying \$123 per month for single coverage, and \$357 per month for family coverage. The City participated in the Jefferson Health Plan during 2018. Jefferson Health Plan administers the health insurance plan.

	Balance at January 1,	Current Year Claims	Claim Payments	Balance at December 31,
2017	\$484,132	\$2,583,562	\$2,538,758	\$528,936
2018	528,936	2,794,385	2,736,222	587,099

**Note 12 – Defined Benefit Pension Plans**

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

**Net Pension Liability (Asset)/Net OPEB Liability**

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

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

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

GASB 68/75 assume 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 pension contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State

**City of Fairborn, Ohio**  
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statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension asset or a long-term net pension/OPEB 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 intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum

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payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
2018 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee *	10.0%
2018 Actual Contribution Rates:	
Employer:	
Pension **	14.0%
Post-employment Health Care Benefits **	0.0
Total Employer	14.0%
 Employee	 10.0%

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

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2018, the City's contractually required contribution was \$1,262,354 for the traditional plan, \$38,777 for the combined plan, and \$34,030 for the member-directed plan. Of these amounts, \$124,683 is reported as an intergovernmental payable for the traditional plan, \$3,825 for the combined plan, and \$3,362 for the member-directed plan.

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

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

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The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

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	Police	Firefighters
2018 Statutory Maximum Contribution Rates:		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2018 Actual Contribution Rates:		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50%	24.00%
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,795,179 for 2018. Of this amount, \$179,143 is reported as an intergovernmental payable.

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

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

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.06391200%	0.07745400%	0.37919600%	
Prior Measurement Date	0.06196500%	0.07903000%	0.36342900%	
Change in Proportionate Share	0.00194700%	(0.00157600%)	0.01576700%	
Proportionate Share of the:				
Net Pension Asset	\$0	\$105,440	\$0	\$105,440
Net Pension Liability	10,026,554	0	23,272,972	33,299,526
Pension Expense	2,385,843	(67,373)	2,974,082	5,292,552

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2018 pension expense for the member-directed defined contribution plan was \$34,030.

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

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources:</b>				
Differences between expected and actual experience	\$10,240	\$0	\$353,184	\$363,424
Changes of assumptions	1,198,241	9,214	1,014,126	2,221,581
Changes in proportion and differences between City contributions and proportionate share of contributions	270,611	766	758,763	1,030,140
City contributions subsequent to the measurement date	<u>1,262,354</u>	<u>38,777</u>	<u>1,795,179</u>	<u>3,096,310</u>
<b>Total Deferred Outflows of Resources</b>	<u><u>\$2,741,446</u></u>	<u><u>\$48,757</u></u>	<u><u>\$3,921,252</u></u>	<u><u>\$6,711,455</u></u>
<b>Deferred Inflows of Resources:</b>				
Differences between expected and actual experience	\$197,592	\$31,411	\$42,101	\$271,104
Net difference between projected and actual earnings on pension plan investments	2,152,569	16,636	805,066	2,974,271
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>3,887</u>	<u>0</u>	<u>484,730</u>	<u>488,617</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>\$2,354,048</u></u>	<u><u>\$48,047</u></u>	<u><u>\$1,331,897</u></u>	<u><u>\$3,733,992</u></u>

\$3,096,310 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 or increase in the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



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<u>Year Ending December 31:</u>	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
2019	\$1,060,260	(\$5,196)	\$612,058	\$1,667,122
2020	(102,817)	(5,651)	400,399	291,931
2021	(947,876)	(9,378)	(433,456)	(1,390,710)
2022	(884,523)	(8,985)	(275,001)	(1,168,509)
2023	0	(3,142)	393,048	389,906
Thereafter	0	(5,715)	97,128	91,413
Total	<u>(\$874,956)</u>	<u>(\$38,067)</u>	<u>\$794,176</u>	<u>(\$118,847)</u>

**Actuarial Assumptions – OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

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

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

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

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

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$17,804,605	\$10,026,554	\$3,542,003
OPERS Combined Plan	(57,316)	(105,440)	(138,643)

**Changes between Measurement Date and Report Date**

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

**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases, and payroll growth.

**City of Fairborn, Ohio**  
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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below:

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

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

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

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

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

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>100.00%</u>	

Note: Assumptions are geometric.

\* levered 2x

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

**Discount Rate** For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$32,262,440	\$23,272,972	\$15,941,236

**Note 13 – Post Employment Benefits**

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

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018, decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$9,723 for 2018. Of this amount, \$961 is reported as an intergovernmental payable.

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

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$41,927 for 2018. Of this amount, \$4,042 is reported as an intergovernmental payable.

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

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



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31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06345000%	0.37919600%	
Prior Measurement Date	<u>0.06145000%</u>	<u>0.36342900%</u>	
Change in Proportionate Share	<u>0.00200000%</u>	<u>0.01576700%</u>	
Proportionate Share of the Net OPEB Liability	\$6,890,203	\$21,484,713	\$28,374,916
OPEB Expense	\$649,709	\$1,805,656	\$2,455,365

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$5,367	\$0	\$5,367
Changes of assumptions	501,680	2,096,451	2,598,131
Changes in proportion and differences between City contributions and proportionate share of contributions	136,666	626,130	762,796
City contributions subsequent to the measurement date	<u>9,723</u>	<u>41,927</u>	<u>51,650</u>
Total Deferred Outflows of Resources	<u>\$653,436</u>	<u>\$2,764,508</u>	<u>\$3,417,944</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$108,360	\$108,360
Net difference between projected and actual earnings on pension plan investments	<u>513,274</u>	<u>141,422</u>	<u>654,696</u>
Total Deferred Inflows of Resources	<u>\$513,274</u>	<u>\$249,782</u>	<u>\$763,056</u>

\$51,650 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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<u>Year Ending December 31:</u>	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2019	\$179,443	\$346,841	\$526,284
2020	179,443	346,841	526,284
2021	(100,130)	346,841	246,711
2022	(128,317)	346,841	218,524
2023	0	382,197	382,197
Thereafter	0	703,238	703,238
Total	<u>\$130,439</u>	<u>\$2,472,799</u>	<u>\$2,603,238</u>

**Actuarial Assumptions – OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

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**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$9,153,932	\$6,890,203	\$5,058,869

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

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	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$6,592,455	\$6,890,203	\$7,197,768

**Changes Between Measurement Date and Report Date**

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

**Actuarial Assumptions – OP&F**

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

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

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

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

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

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

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

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term

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assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$26,856,152	\$21,484,713	\$17,351,591

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

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

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

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	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$16,689,712	\$21,484,713	\$27,946,754

**Changes between Measurement Date and Report Date**

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

**Note 14 – Other Employee Benefits**

**Compensated Absences**

All full-time City employees earn vacation at varying rates based upon the employee's years of service. Employees are allowed to carry over up to two years of accumulated vacation. Upon separation from the City, the employee (or his estate) with six months or more of service, receives accumulated, unused vacation up to an allowable maximum ranging from one year to two years of accrual. Most City employees earn sick leave at a rate of 1.25 days per month of work completed. Firefighters earn sick leave at a rate of 1.76 days per month of work completed. Upon retirement, eligible employees will be compensated for their accumulated sick leave at a maximum rate of one-third of the balance provided they meet minimum accumulated sick leave hours ranging from 480 to 720 hours and do not exceed varying maximums ranging from 1,200 to 1,800 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

**Medical, Dental and Life Insurance Benefits**

The City provides medical, dental and life insurance benefits for all employees regularly scheduled to work 30 hours or more per week. On an annual basis, the City reviews health insurance options and determines the level of coverage offered, insurance carrier and plan. Currently, all employees can select either a single or family United Healthcare (UHC) health savings account (HSA). The City provides a portion of the HSA annual deductible amount on behalf of the employee; currently \$1,500 for single plans and \$3,000 for family plans.

Effective March 1, 2015, the City joined the Jefferson Health Plan consortium for the administration of the health insurance plan. The Jefferson Health Plan enables eligible employers to provide individually designed benefit programs to their employees while being able to enjoy the cost-saving advantages of group purchasing through the consortium. The fiscal agent for the consortium is the Jefferson County Educational Service Center. In its capacity as fiscal agent, the Jefferson County Educational Service Center has engaged the services of outside auditors to maintain the accuracy and integrity of the financial records of the consortium, including monthly financial reports provided to individual member organization. Individual member organizations have the capability to monitor their financial activities daily.



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The City also provides life insurance through Anthem Life in the amount of \$50,000 for nonunion, FOP and IAFF personnel. The City provides, through the Ohio AFSCME Care Plan, life insurance, accidental death and dismemberment, vision and hearing aid insurance for AFSCME personnel. Life insurance through the AFSCME Care Plan is based on their hourly wage with a minimum and maximum of \$14,000 and \$26,000, respectively.

The City also provides, through the Ohio AFSCME Care Plan, dental insurance for AFSCME, FOP and IAFF personnel. Dental Insurance for non-union personnel is provided by Delta Dental.

**Note 15 – Capital Leases - Lessee Disclosure**

In prior years, the City entered into lease agreements for energy conservation improvements. The original amount of the energy conservation lease was for \$1,045,901 with \$237,487 being considered a capital lease and \$808,414 being considered an operating lease. As part of the agreement for 2008 energy conservation improvements, Citicapital Municipal Finance, as lessor, deposited \$1,045,900 into a separate bank account in the City's name.

The lease meets the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. For the business-type activities and internal service funds, principal payments are reflected as a decrease to the liability on the Statement of Fund Net Position. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the amount of \$232,018 for governmental activities and \$5,469 in the business-type activities, which equaled the present value of the future minimum lease payments at the time of acquisition. Principal payments in 2018 totaled \$13,640 in governmental activities and \$324 in business-type activities. The leases were paid off as of December 31, 2018. The assets acquired by capital leases are fully depreciated.

**Note 16 – Operating Lease – Lessee Disclosure**

In prior years, the City entered into a lease purchase agreement with Citicapital Municipal Finance to finance energy conservation improvements made to various buildings and infrastructure throughout the City. The original amount of the lease was for \$1,045,900 with \$237,487 being considered a capital lease and \$808,413 being considered an operating lease. The lease commenced on May 27, 2008, and ended May 27, 2018. Operating lease payments made during 2018 were \$48,371.

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**Note 17 – Short-Term Obligations**

Changes in short-term obligations during 2018 were as follows:

<u>Types/Issues</u>	<u>Balance at 12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 12/31/2018</u>
<b><u>Governmental Activities:</u></b>				
2017 Various Purpose Bond Anticipation Note Series A	\$62,515	\$0	\$62,515	\$0
2017 Special Obligation Nontax Revenue Note Series B	1,525,000	0	1,525,000	0
Premium	8,469	0	8,469	0
2017 Special Obligation Nontax Revenue Note Series C	500,000	0	500,000	0
Premium	5,230	0	5,230	0
2017 Various Purpose Note Series B	2,155,500	0	2,155,500	0
Premium	8,923	0	8,923	0
2017 Special Obligation Nontax Revenue Note Series D	1,000,000	0	1,000,000	0
Premium	9,420	0	9,420	0
2018 Various Purpose Bond Anticipation Note Series A	0	45,000	0	45,000
2018 Special Obligation Nontax Revenue Note Series B	0	1,525,000	0	1,525,000
Premium	0	14,442	4,814	9,628
2018 Special Obligation Nontax Revenue Note Series C	0	520,000	0	520,000
Premium	0	9,974	3,325	6,649
2018 Special Obligation Nontax Revenue Note Series D	0	1,000,000	0	1,000,000
Premium	0	11,900	3,967	7,933
2018 Various Purpose Bond Anticipation Note Series B	0	2,795,000	0	2,795,000
Premium	0	23,227	7,742	15,485
<b>Total Governmental Activities</b>	<b><u>\$5,275,057</u></b>	<b><u>\$5,944,543</u></b>	<b><u>\$5,294,905</u></b>	<b><u>\$5,924,695</u></b>
<b><u>Business-type Activities:</u></b>				
2018 Various Purpose Bond Anticipation Note Series A (Sewer)	<u>\$0</u>	<u>\$8,900</u>	<u>\$0</u>	<u>\$8,900</u>

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the City and mature within one year. The liability for the notes is presented in the fund that received the note proceeds.

On March 22, 2018, the City issued \$53,900 in various purpose bond anticipation notes series A. The notes were issued to retire a portion of the 2017 various purpose bond anticipation notes. The notes were issued at 2.25 percent and matured on March 21, 2019. The notes were paid from the Street Maintenance and Repair, Building and Land, Public Safety Police/Fire Special Revenue Funds, and Sewer Enterprise Fund.

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On August 15, 2018, the City issued \$1,525,000 in special obligation nontax revenue notes series B. The notes were issued to retire the 2017 special obligation nontax revenue note. The notes were issued at 3.625 percent and will mature on August 14, 2019. The notes will be paid from the Community Redevelopment Fund.

On August 15, 2018, the City issued \$520,000 in special obligation nontax revenue notes series C. The notes were issued to retire the 2017 special obligation nontax revenue notes. The notes were issued at 4.625 percent and will mature on August 14, 2019. The notes will be paid from the Community Redevelopment Fund.

On August 15, 2018, the City issued \$1,000,000 in special obligation nontax revenue notes series D. The notes were issued to retire the 2017 special obligation nontax revenue notes. The notes were issued at 3.875 percent and will mature on August 14, 2019. The notes will be paid from the Community Redevelopment Fund.

On September 6, 2018, the City issued \$2,795,000 in various purpose notes series B. The notes were issued to retire the 2017 various purpose notes and to improve the City's roads. The notes were issued at 2.75 percent and will mature on September 6, 2019. The notes will be paid from the I-675 Corridor TIF, Community Redevelopment, and Special Assessment Construction Funds. The City had \$35,550 in unspent proceeds at December 31, 2018.

**Note 18 – Long-Term Obligations**

The summary of changes in long-term obligations of the governmental activities of the City during 2018 follows:

Types/Issues	Restated Balance at 12/31/2017	Increases	Decreases	Balance at 12/31/2018	Due Within One Year
<b><u>Long Term Notes:</u></b>					
2017 2.00% - Various Purpose Bond Anticipation					
Notes Series A	\$2,545,000	\$0	\$2,545,000	\$0	\$0
Premium	5,248	0	5,248	0	0
2017 2.625% - Special Obligation Nontax Revenue					
Notes Series A	1,000,000	0	1,000,000	0	0
Premium	4,592	0	4,592	0	0
2018 2.25% - Various Purpose Bond Anticipation					
Notes Series A	0	3,001,225	0	3,001,225	0
Premium	0	17,911	13,437	4,474	0
2018 3.75% - Special Obligation Nontax Revenue					
Notes Series A	0	1,000,000	0	1,000,000	0
Premium	0	11,660	6,804	4,856	0
Total Notes Payable	<u>3,554,840</u>	<u>4,030,796</u>	<u>3,575,081</u>	<u>4,010,555</u>	<u>0</u>
<b><u>Tax Increment Financing Revenue Bonds:</u></b>					
2013 1.5-3% Various Purpose					
Revenue Bonds (TIF)	1,195,000	0	90,000	1,105,000	90,000
Premium	29,052	0	2,554	26,498	0
Total Tax Increment Financing Revenue Bonds	<u>\$1,224,052</u>	<u>\$0</u>	<u>\$92,554</u>	<u>\$1,131,498</u>	<u>\$90,000</u>

(continued)

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

Types/Issues	Restated Balance at 12/31/2017	Increases	Decreases	Balance at 12/31/2018	Due Within One Year
<u>Special Assessment Bonds with</u>					
<u>Governmental Commitment:</u>					
1998 5.15% Commerce Center/ Channingway \$1,160,000					
	\$100,000	\$0	\$100,000	\$0	\$0
2003 4.00 to 8.30% Dayton - Yellow Spring Improvement \$305,000					
	120,000	0	20,000	100,000	20,000
2013 1.5-2% Various Purpose Special Assessment Bonds					
	15,000	0	15,000	0	0
Premium					
	1,607	0	1,607	0	0
2016 1.9% Curb and Sidewalk \$85,000					
	70,000	0	15,000	55,000	15,000
2018 3.22% Curb and Sidewalk \$75,000					
	0	75,000	0	75,000	15,000
Total Special Assessment Bonds	<u>306,607</u>	<u>75,000</u>	<u>151,607</u>	<u>230,000</u>	<u>50,000</u>
<u>Loans Payable:</u>					
OPWC 0% \$334,832					
	330,676	0	11,209	319,467	11,209
<u>Other Long-Term Obligations:</u>					
Capital Leases Payable					
	13,640	0	13,640	0	0
Claims Payable					
	528,936	2,794,385	2,736,222	587,099	203,278
Compensated Absences Payable					
	1,413,373	1,106,516	1,049,926	1,469,963	984,291
Total Other Long-Term Obligations	<u>1,955,949</u>	<u>3,900,901</u>	<u>3,799,788</u>	<u>2,057,062</u>	<u>1,187,569</u>
<u>Net Pension Liability:</u>					
OP&F					
	23,019,228	253,744	0	23,272,972	0
OPERS					
	10,834,823	0	3,114,375	7,720,448	0
Total Net Pension Liability	<u>33,854,051</u>	<u>253,744</u>	<u>3,114,375</u>	<u>30,993,420</u>	<u>0</u>
<u>Net OPEB Liability:</u>					
OP&F					
	17,251,157	4,233,556	0	21,484,713	0
OPERS					
	4,779,128	526,329	0	5,305,457	0
Total Net OPEB Liability	<u>22,030,285</u>	<u>4,759,885</u>	<u>0</u>	<u>26,790,170</u>	<u>0</u>
Total Governmental Activities	<u>\$63,256,460</u>	<u>\$13,020,326</u>	<u>\$10,744,614</u>	<u>\$65,532,172</u>	<u>\$1,338,778</u>

On March 22, 2018, the City issued \$3,001,225 in various purpose bond anticipation notes series A. The notes were issued to retire a portion of the 2017 various purpose bond anticipation notes, and for public works improvements. The notes were issued at 2.25 percent and matured on March 21, 2019. The notes were paid from the Street Maintenance and Repair, Building and Land, and Public Safety Police/Fire Funds. The City had \$282,348 in unspent proceeds at December 31, 2018.

On June 6, 2018, the City issued \$1,000,000 in special obligation nontax revenue notes series A. The notes were issued to retire the 2017 special obligation nontax revenue notes. The notes were issued at 3.75 percent and matured on June 5, 2019. The notes were paid from the Community Redevelopment Fund. The City had \$187,108 in unspent proceeds at December 31, 2018.

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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On April 16, 2013, the City issued \$1,700,000 in various purpose tax increment financing bonds to retire \$1,460,000 of the 2012 tax increment financing bond anticipation note and \$70,000 of the 2012 various purpose curb & sidewalk bond anticipation note. The bonds were issued with interest rates varying from 1.5 to 3.0 percent for a 16 year period. The bonds will be paid from the Tax Increment Financing and General Capital Improvements Capital Projects Funds, respectively.

The Commerce Center/Channingway special assessment bonds were issued to finance the construction and improvements of Commerce Center and Channingway Drive. These bonds were paid from the General Bond Retirement Debt Service Fund with special assessments revenue.

The Dayton – Yellow Springs Improvement special assessment bonds were issued to finance the expansion and improvements of Dayton – Yellow Springs Road. These bonds are being paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The 2013, 2016, and 2018 Curb and Sidewalk special assessment bonds were issued for the purpose of constructing and repairing curbs, sidewalks and driveway approaches throughout the City. Each bond issue is being paid through the General Bond Retirement Debt Service Fund with special assessments revenue. The 2013 special assessment bond was paid off in 2018.

The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The OPWC loan consists of money owed to the Ohio Public Works Commission for various construction projects within the City. The loan is a 30 year general obligation loan payable. The loan will be repaid from the County Motor Vehicle Tax Fund.

Capital lease obligations were paid from the General Fund, the Fire and EMS Special Revenue Fund, the Water Enterprise Fund, and the Equipment and Information Technology Internal Service Funds. Compensated absences will be paid from the General, the Fire and EMS, Police, Street Maintenance and Repair, State Highway, Cemetery, Community Development and Victim Witness Special Revenue Funds, the Water, Sewer and Sanitation Enterprise Funds and the Equipment and Information Technology Internal Service Funds. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General, the Fire and EMS, Police, Street Maintenance and Repair, State Highway, Cemetery, Community Development and Victim Witness Special Revenue Funds, the Water, Sewer and Sanitation Enterprise Funds and the Equipment and Information Technology Internal Service Funds. For additional information related to the net pension and net OPEB liabilities see notes 12 and 13.

**City of Fairborn, Ohio**  
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A summary of the long-term obligations reported for business-type activities during 2018 is as follows:

Types/Issues	Restated Balance at 12/31/2017	Increases	Decreases	Balance at 12/31/2018	Due Within One Year
<b><u>Notes Payable:</u></b>					
2017 2.00% - Water Various Purpose					
Bond Anticipation Series A	\$2,852,603	\$0	\$2,852,603	\$0	\$0
Premium	5,610	0	5,610	0	0
2017 2.00% - Sewer Various Purpose					
Bond Anticipation Series A	3,726,400	0	3,726,400	0	0
Premium	7,239	0	7,239	0	0
2018 2.25% - Water Various Purpose					
Bond Anticipation Series A	0	2,975,825	0	2,975,825	0
Premium	0	17,498	13,122	4,376	0
2018 2.25% - Sewer Various Purpose					
Bond Anticipation Series A	0	3,835,025	0	3,835,025	0
Premium	0	22,602	16,956	5,646	0
2018 2.25% - Sanitation Various Purpose					
Bond Anticipation Series A	0	8,025	0	8,025	0
Premium	0	48	36	12	0
Total Notes Payable	<u>6,591,852</u>	<u>6,859,023</u>	<u>6,621,966</u>	<u>6,828,909</u>	<u>0</u>
<b><u>General Obligation Bonds:</u></b>					
2010 2.00 to 4.50% - Sewer Various Purpose \$7,460,000					
	7,010,000	0	135,000	6,875,000	140,000
Discount	(52,678)	0	(2,509)	(50,169)	0
Total General Obligation Bonds	<u>6,957,322</u>	<u>0</u>	<u>132,491</u>	<u>6,824,831</u>	<u>140,000</u>
<b><u>General Obligation Refunding Bonds:</u></b>					
2013 1.5% to 3.0% Water Various Purpose Bonds					
	2,940,000	0	165,000	2,775,000	170,000
Premium	51,394	0	3,575	47,819	0
2013 1.5% to 3.0% Water Various Purpose Bonds					
	542,100	0	74,100	468,000	76,050
Premium	10,571	0	1,658	8,913	0
2013 1.5% to 3.0% Sewer Various Purpose Bonds					
	847,900	0	115,900	732,000	118,950
Premium	16,535	0	2,593	13,942	0
2013 1.5% to 3.0% Sewer Various Purpose Bonds					
	1,560,000	0	90,000	1,470,000	90,000
Premium	27,268	0	1,897	25,371	0
Total General Obligation Refunding Bonds	<u>5,995,768</u>	<u>0</u>	<u>454,723</u>	<u>5,541,045</u>	<u>455,000</u>
<b><u>Special Assessment Bonds with Governmental Commitment</u></b>					
2003 5.00% Sewer Various Purpose \$170,000					
	60,000	0	10,000	50,000	10,000
<b><u>Other Long-Term Obligations</u></b>					
Landfill Closure and Postclosure					
	61,820	0	37,358	24,462	24,462
Capital Leases Payable					
	324	0	324	0	0
Compensated Absences Payable					
	206,682	178,464	158,053	227,093	146,118
Net Pension Liability - OPERS					
	3,236,375	0	930,269	2,306,106	0
Net OPEB Liability - OPERS					
	1,427,531	157,215	0	1,584,746	0
Total Other Long-Term Obligations	<u>4,932,732</u>	<u>335,679</u>	<u>1,126,004</u>	<u>4,142,407</u>	<u>170,580</u>
Total Business-type Activities	<u>\$24,537,674</u>	<u>\$7,194,702</u>	<u>\$8,345,184</u>	<u>\$23,387,192</u>	<u>\$775,580</u>

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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On March 22, 2018, the City issued \$6,818,875 in various purpose bond anticipation notes series A. The notes were issued to retire the 2017 various purpose bond anticipation notes. The notes were issued at 2.25 percent and matured on March 21, 2019. The notes were paid from the Water, Sewer, and Sanitation Funds with charges. The City had \$140,140 in unspent proceeds at December 31, 2018.

On May 20, 2010, the City issued \$7,460,000 in Sewer Various Purpose general obligation bonds for the purpose of paying the costs of designing, constructing, and improving a water reclamation center office building and laboratory with related site improvements and necessary appurtenances. Of these bonds, \$3,130,000 were serial bonds and \$4,330,000 were term bonds. The bonds were issued for a 29 year period with final maturity in May of 2038. The bonds will be retired from the Sewer Fund with charges.

On April 16, 2013, the City issued \$5,770,000 in various purpose general obligation bonds to retire \$3,770,000 of the 2012 water various purpose bond anticipation note and \$2,000,000 of the 2012 sewer various purpose bond anticipation note. The bonds were issued with interest rates varying from 1.5 to 3.0 percent for a 19 year period. The bonds will be paid from the Water and Sewer Funds with charges.

On April 16, 2013, the City issued \$1,995,000 in general obligation bonds to refund a portion of the 2004 water various purpose bonds and 2004 sewer various purpose bonds in order to take advantage of lower interest rates. The bonds were issued with interest rates varying from 1.5 to 3.0 percent. The bonds were issued for 11 year period with a final maturity during 2024. The bonds will be retired through the Water and Sewer Funds with charges. The amount unmatured, unpaid as of December 31, 2018, is \$1,380,000.

The term bonds issued at \$4,330,000 and maturing May 2038 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on May 6, in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2019	\$275,000
2022	315,000
2024	335,000
2034	1,335,000
2038	<u>2,070,000</u>
Total	<u><u>\$4,330,000</u></u>

The Sewer Various Purpose special assessment bonds were issued to finance the construction of sewer lines around Dayton – Yellow Springs Road. These bonds are being paid through the Sewer Fund with special assessments revenue. These bonds are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

**City of Fairborn, Ohio**  
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Capital lease obligations were paid from the Water Enterprise Fund. Compensated absences will be paid from the Water, Sewer, and Sanitation Enterprise Funds. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the Water, Sewer and Sanitation Enterprise Funds. For additional information related to the net pension and net OPEB liabilities see notes 12 and 13.

The City's overall legal debt margin was \$54,823,538 at December 31, 2018, and the unvoted debt margin was \$28,190,954.

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2018, follows:

Governmental Activities					
December 31,	TIF Revenue Bonds		Special Assessment Bonds		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2019	\$90,000	\$27,788	\$50,000	\$8,524	\$11,209
2020	90,000	26,438	55,000	6,292	11,209
2021	95,000	24,636	55,000	4,529	11,209
2022	95,000	22,738	35,000	2,766	11,209
2023	95,000	20,838	35,000	1,383	11,209
2024-2028	525,000	64,900	0	0	56,045
2029-2033	115,000	3,450	0	0	56,045
2034-2038	0	0	0	0	56,047
2039-2043	0	0	0	0	56,050
2044-2047	0	0	0	0	39,235
Total	<u>\$1,105,000</u>	<u>\$190,788</u>	<u>\$230,000</u>	<u>\$23,494</u>	<u>\$319,467</u>

Business type Activities				
December 31,	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2019	\$595,000	\$429,988	\$10,000	\$2,350
2020	605,000	418,613	10,000	1,880
2021	620,000	403,976	10,000	1,410
2022	635,000	388,476	10,000	940
2023	650,000	372,577	10,000	470
2024-2028	3,255,000	1,565,423	0	0
2029-2033	3,425,000	947,800	0	0
2034-2038	2,535,000	351,319	0	0
Total	<u>\$12,320,000</u>	<u>\$4,878,172</u>	<u>\$50,000</u>	<u>\$7,050</u>



**City of Fairborn, Ohio**  
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**Note 19 – Landfill Closure And Postclosure Care Cost**

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The City's landfill placed its final cover in 1989. The \$24,462 reported as a landfill post-closure care liability in the Sanitation Enterprise Fund at December 31, 2018, represents the cumulative amount reported to date based on the estimated cost of maintenance and monitoring through 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is not required by State and federal laws and regulations to provide assurances that financial resources will be available to provide for post-closure care and remediation or containment of environmental hazards at the landfill. On March 1, 1990, the financial assurance rules went into effect. Prior to that, post-closure care was required (as long as the facility closed between March 1, 1987, and February 28, 1990), but there were no requirements for financial assurance since no financial assurance rules existed.

**Note 20 – Interfund Assets/Liabilities**

Interfund balances at December 31, 2018, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

	<u>Interfund Receivable</u>
	General
<u>Interfund Payable</u>	<u>Fund</u>
Nonmajor Governmental Funds	\$371,000

Interfund transfers for the year ended December 31, 2018, consisted of the following:

Transfers From	Transfers To				Total
	Fire and EMS Fund	Police Fund	Community Redevelopment Fund	Nonmajor Governmental Funds	
General Fund	\$2,720,000	\$4,540,000	\$100,000	\$641,918	\$8,001,918
Nonmajor Governmental Funds	0	0	0	50,000	50,000
Total	\$2,720,000	\$4,540,000	\$100,000	\$691,918	\$8,051,918

Transfers from the General Fund are used to move General Fund revenues into other funds to subsidize various programs and for debt service requirements. The transfer between nonmajor governmental funds and nonmajor governmental funds of \$50,000 was to assist in equipment acquisitions.

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

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**Note 21 – Jointly Governed Organizations**

**Miami Valley Regional Planning Commission**

The Miami Valley Regional Planning Commission (the “Commission”) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, along with the cities of Clayton, Huber Heights, Riverside, New Carlisle, and Dayton. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region.

The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Payments to the Commission are made from the General Fund. The City contributed \$14,882 for the operation of the Commission during 2018. Financial information may be obtained by writing to Brian Martin, Executive Director, Ten North Ludlow Street, Suite 700, Dayton, Ohio 45402.

**Regional Emergency Response Team (RERT)**

The Regional Emergency Response Team (RERT) is a jointly governed organization between the following cities: Huber Heights, Vandalia, Fairborn, and Beavercreek. The organization was created through an agreement by the cities to establish a regional council of governments for the RERT. The regional council of governments collects and expends resources to assist the RERT in fighting crime and for other related activities. The purpose of the RERT is to foster cooperation among municipalities through sharing of equipment/facilities/collective team expenses, team consultant expenses and grant sharing costs, for their common benefit. This includes the mutual interchange and sharing of police equipment, as well as police equipment to be jointly acquired and owned, to be utilized by all participating members. The Board of the RERT is made up of one representative from each municipality. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member’s degree of control is limited to representation on the Board. Payments to the RERT are made from the General Fund. The City contributed \$6,083 for the operation of the RERT for 2018. Financial information can be obtained from the fiscal agent by writing to the RERT, c/o the City of Beavercreek, Bill Kucera, Finance Director, at 1368 Research Park Drive, Beavercreek, Ohio 45432.

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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**Greene County Agencies for Combined Enforcement (ACE Task Force)**

The Greene County Agencies for Combined Enforcement (ACE Task Force) is a jointly governed organization comprised of the Greene County Sheriff's Office; the Beavercreek, Fairborn, Xenia, Yellow Springs and Sugarcreek Township Police Departments; and Greene County Prosecutor's Office. The ACE Task Force is a multi-jurisdictional, multi-disciplinary partnership to share information and resources in order to target the flow of illegal drugs and organized criminal activity into Ohio communities, ensuring the safety and security of Ohio's citizens. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Board. Payments to the Task Force are made from the General Fund. The City contributed \$15,000 during 2018. Financial information can be obtained from Greene County Agencies for Combined Enforcement (ACE Task Force), Commander Scott Anger, 120 East Main Street, Xenia, OH 45385.

**Fairborn Development Corporation**

The Fairborn Development Corporation is a jointly governed organization created as a not-for-profit corporation under Chapter 1724 of the Ohio Revised Code. The Fairborn Development Corporation was formed to advance, encourage, and promote the industrial, economic, commercial, and civic development of the Greene County, Ohio and the municipal corporations located therein. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Board. The City contributed \$100,000 from General Fund to the Fairborn Development Corporation during 2018. Financial information can be obtained by writing to Fairborn Development Corporation, c/o The City of Fairborn, Mike Gebhart, Executive Director, at 44 West Hebble Avenue, Fairborn, OH 45324.

**Greene County Regional Planning and Coordination Commission (GCRPCC)**

The Greene County Regional Planning and Coordination Commission (GCRPCC) is a jointly governed organization between Green County area municipalities, townships and villages. There are two governing bodies; the Planning Commission which consists of one elected official from each member jurisdiction (two Cities, five Villages and twelve Townships) and the three County Commissioners; and the Executive Committee which consists of five member of the Planning Commission.

GCRPCC guides the physical development of land in the unincorporated areas of Greene County. Specifically, the GCRPCC oversees the administration of many county development regulations, including subdivisions. The GCRPCC provides professional planning services and technical assistance to the member jurisdictions and county departments so as to enhance the quality of life for those who live, work and recreate in Greene County.

**City of Fairborn, Ohio**  
*Notes to the Basic Financial Statements*  
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The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Board. The City contributed \$3,378 during 2018. Financial information can be obtained from Ken LeBlanc, Executive Director, at 651 Dayton-Xenia Road, Suite #1, Xenia, Ohio 45385.

**Note 22 – Public Entity Shared Risk Pool**

**Public Entities Pool of Ohio (PEP)**

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract ("Participation Agreements"). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability. PEP has no employees, rather it is administered through contracts with various professionals.

Pursuant to a contract, the firm of USI Insurance Services administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a "Pool Operator," currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 10100 Innovation Drive, Dayton, Ohio, 45342.

**Jefferson Health Plan**

The City participates in the Jefferson Health Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including three insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$200,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$1,500,000, and all claims between the deductible and the \$1,500,000 are paid from the Large Claim Reimbursement Program (LCRP). The LCRP is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the LCRP up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the LCRP that is based on the claims of the LCRP in aggregate and is not based on individual claims experience.

**City of Fairborn, Ohio**  
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In the event of a deficiency in the LCRP, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$1,500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants.

**Note 23 - Significant Commitments**

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<u>Governmental Funds:</u>	
General	\$581,136
Fire and EMS	128,046
Police	51,086
County Motor Vehicle Tax	1,024,771
Public Safety Police/Fire	694,130
Community Redevelopment	103,881
Other Governmental Funds	1,071,987
Total Governmental Funds	3,655,037
<u>Enterprise Funds:</u>	
Water	943,591
Sewer	2,513,756
Sanitation	366,368
Total Enterprise Funds	3,823,715
<u>Internal Service Funds:</u>	
Equipment	51,356
Information Technology	80,550
Employee Assistance Program	730
Total Internal Service Funds	132,636
Total	\$7,611,388

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

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Contractual Commitments

As of December 31, 2018, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Construction Commitments</u>
Tyler Technology Software	\$166,755
Kauffman Avenue Widening Design	30,599
Maple Avenue Phase I Design	51,215
Broad Street Improvements	141,402
Digesters 1 and 2 Blower Upgrade	50,039
SCADA Upgrades	94,160
Water Treatment Plant Options Analysis	66,380
Maple Avenue Bridge Construction	20,828
Colonel Glenn Highway Phase 1 Enhancemen	110,000
Kauffman/Colonel Glenn Roundabout	63,406
Ali Area (Channingway) Roadway	21,668
Yellow Springs-Fairfield Road Improvement	148,443
Xenia Drive	71,752
Central Avenue	239,212
Trebein Road Improvement	10,988
Public Works Facility	420,700
Loop Dead End Water Mains	183,310
Five Points Tower Painting	48,554
Five Points Tower Maintenance	60,389
Solids Dewatering	1,225,399
Oxidation Ditch Upgrade	460,508
Fire Vehicle	562,369
Spark Kitchen Renovation	65,921
Municipal Court Painting and Carpeting	100,000
Finance Painting and Carpeting	15,000
Well Redevelopment	23,435
Service/Clean Two Non-Potable Tanks	11,716
Northwest Lift Station Force Main Analysis	29,113
Oxidation Tanks	28,232

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

**Note 24 – Fund Balance**

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

Fund Balances	General Fund	Fire and EMS Fund	Police Fund	County Motor Vehicle Tax Fund
<b><u>Nonspendable:</u></b>				
Material and Supplies	\$16,549	\$0	\$11,800	\$0
Unclaimed Monies	63,954	0	0	0
Total Nonspendable	<u>80,503</u>	<u>0</u>	<u>11,800</u>	<u>0</u>
<b><u>Restricted for:</u></b>				
Public Safety	0	694,761	649,155	0
Transportation and Street Repair	0	0	0	2,677,171
Total Restricted	<u>0</u>	<u>694,761</u>	<u>649,155</u>	<u>2,677,171</u>
<b><u>Assigned to:</u></b>				
Purchases on Order for:				
General Government	267,956	0	0	0
Leisure Time Services	22,089	0	0	0
Community and Economic Development	123,285	0	0	0
Capital Projects	96,853	0	0	0
General Capital Improvements	0	0	0	0
Future Appropriations	1,241,971	0	0	0
Total Assigned	<u>1,752,154</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Unassigned (Deficits):</u></b>	<u>7,342,232</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Fund Balances (Deficits)</b>	<b><u>\$9,174,889</u></b>	<b><u>\$694,761</u></b>	<b><u>\$660,955</u></b>	<b><u>\$2,677,171</u></b>

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

Fund Balances	Public Safety Police/Fire Fund	Community Redevelopment Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Material and Supplies	\$0	\$0	\$162,223	\$190,572
Unclaimed Monies	0	0	0	63,954
Total Nonspendable	<u>0</u>	<u>0</u>	<u>162,223</u>	<u>254,526</u>
<u>Restricted for:</u>				
Debt Service	0	0	112	112
Capital Improvements	0	0	738,557	738,557
Public Safety	838,150	0	1,100,789	3,282,855
Transportation and Street Repair	0	0	1,312,817	3,989,988
Community and Economic Development	0	0	190,821	190,821
Total Restricted	<u>838,150</u>	<u>0</u>	<u>3,343,096</u>	<u>8,202,333</u>
<u>Committed to:</u>				
Cemetery Operations	0	0	70,644	70,644
Land and Building Improvements	0	0	465,556	465,556
Recreation Improvements	0	0	256,065	256,065
Total Committed	<u>0</u>	<u>0</u>	<u>792,265</u>	<u>792,265</u>
<u>Assigned to:</u>				
Purchases on Order for:				
General Government	0	0	0	267,956
Leisure Time Services	0	0	0	22,089
Community and Economic Development	0	0	0	123,285
Capital Projects	0	0	0	96,853
General Capital Improvements	0	0	400,326	400,326
Future Appropriations	0	0	0	1,241,971
Total Assigned	<u>0</u>	<u>0</u>	<u>400,326</u>	<u>2,152,480</u>
<u>Unassigned (Deficits):</u>	<u>0</u>	<u>(1,128,426)</u>	<u>(2,206,434)</u>	<u>4,007,372</u>
Total Fund Balances (Deficits)	<u>\$838,150</u>	<u>(\$1,128,426)</u>	<u>\$2,491,476</u>	<u>\$15,408,976</u>



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

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**Note 25 – Contingent Liabilities**

**Litigation**

The City of Fairborn is currently a party to legal proceeding seeking damages or injunctive relief generally incidental to its operations and pending projects as of December 31, 2018. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**Federal and State Grants**

For the period January 1, 2018, to December 31, 2018, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. 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 26 – Subsequent Events**

On March 20, 2019, the City issued various Bond Anticipation Notes in the amount of \$9,820,100.

On April 1, 2019, City Council authorized the reissuance of taxable non-tax Revenue Bond Anticipation Notes in an amount not to exceed \$1,000,000 for the purpose of acquiring various properties for demolition and site preparation to support economic development within the City.

REQUIRED SUPPLEMENTARY INFORMATION



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

	2018	2017	2016
City's Proportion of the Net Pension Liability	0.06391200%	0.06196500%	0.06053100%
City's Proportionate Share of the Net Pension Liability	\$10,026,554	\$14,071,198	\$10,484,734
City's Covered Payroll	\$9,037,292	\$8,025,850	\$7,517,724
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	110.95%	175.32%	139.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

2015	2014
0.06062000%	0.06062000%
\$7,311,449	\$7,146,308
\$7,432,075	\$7,261,831
98.38%	98.41%
86.45%	86.36%

**City of Fairborn, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Combined Plan*  
2018 (1)

	2018
City's Proportion of the Net Pension Liability	0.07745400%
City's Proportionate Share of the Net Pension Asset	\$105,440
City's Covered Payroll	\$317,215
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(33.24%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

**City of Fairborn, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability*  
*Ohio Public Employees Retirement System - OPEB Plan*  
*Last Two Years (1)*

	2018	2017
City's Proportion of the Net OPEB Liability	0.06345000%	0.06145000%
City's Proportionate Share of the Net OPEB Liability	\$6,890,203	\$6,206,659
City's Covered Payroll	\$9,578,782	\$8,492,908
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	71.93%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

**City of Fairborn, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Five Years (1)*

	2018	2017
City's Proportion of the Net Pension Liability	0.37919600%	0.36342900%
City's Proportionate Share of the Net Pension Liability	\$23,272,972	\$23,019,228
City's Covered Payroll	\$8,979,786	\$6,865,876
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	259.17%	335.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.



2016	2015	2014
0.37672500%	0.37679490%	0.37679490%
\$24,234,984	\$19,519,547	\$18,351,094
\$7,521,151	\$7,331,137	\$6,483,988
322.22%	266.26%	283.02%
66.77%	72.20%	73.00%



**City of Fairborn, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Two Years (1)*

	2018	2017
City's Proportion of the Net OPEB Liability	0.37919600%	0.36342900%
City's Proportionate Share of the Net OPEB Liability	\$21,484,713	\$17,251,157
City's Covered Payroll	\$8,979,786	\$6,865,876
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	239.26%	251.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

**City of Fairborn, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Six Years (1) (2)*

	2018	2017	2016
<b>Net Pension Liability - Traditional Plan:</b>			
Contractually Required Contribution	\$1,262,354	\$1,174,848	\$963,102
Contributions in Relation to the Contractually Required Contribution	<u>(1,262,354)</u>	<u>(1,174,848)</u>	<u>(963,102)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$9,016,814	\$9,037,292	\$8,025,850
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%
<b>Net Pension Liability - Combined Plan:</b>			
Contractually Required Contribution	\$38,777	\$41,238	\$35,104
Contributions in Relation to the Contractually Required Contribution	<u>(38,777)</u>	<u>(41,238)</u>	<u>(35,104)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$276,979	\$317,215	\$292,533
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%
<b>Net OPEB Liability - OPEB Plan:</b>			
Contractually Required Contribution	\$9,723	\$102,516	\$173,349
Contributions in Relation to the Contractually Required Contribution	<u>(9,723)</u>	<u>(102,516)</u>	<u>(173,349)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$9,536,868	\$9,578,782	\$8,492,908
OPEB Contributions as a Percentage of Covered Payroll	0.10%	1.07%	2.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available for the traditional plan, and information prior to 2015 is not available for the combined plan. An additional column will be added each year.

(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$902,127	\$891,849	\$944,038
<u>(902,127)</u>	<u>(891,849)</u>	<u>(944,038)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,517,724	\$7,432,075	\$7,261,831
12.00%	12.00%	13.00%
\$30,795		
<u>(30,795)</u>		
<u>\$0</u>		
\$256,625		
12.00%		

**City of Fairborn, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability:</b>				
Contractually Required Contribution	\$1,795,179	\$1,925,564	\$1,472,036	\$1,614,648
Contributions in Relation to the Contractually Required Contribution	<u>(1,795,179)</u>	<u>(1,925,564)</u>	<u>(1,472,036)</u>	<u>(1,614,648)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$8,385,409	\$8,979,786	\$6,865,876	\$7,521,151
Pension Contributions as a Percentage of Covered Payroll	21.41%	21.44%	21.44%	21.47%
<b>Net OPEB Liability:</b>				
Contractually Required Contribution	\$41,927	\$44,899	\$34,329	\$37,605
Contributions in Relation to the Contractually Required Contribution	<u>(41,927)</u>	<u>(44,899)</u>	<u>(34,329)</u>	<u>(37,605)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%
Total Contributions as a Percentage of Covered Payroll	<u>21.91%</u>	<u>21.94%</u>	<u>21.94%</u>	<u>21.97%</u>

(1) The City's covered payroll is the same for pension and OPEB.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
\$1,576,862	\$1,196,038	\$999,985	\$987,882	\$1,112,011	\$1,067,845
<u>(1,576,862)</u>	<u>(1,196,038)</u>	<u>(999,985)</u>	<u>(987,882)</u>	<u>(1,112,011)</u>	<u>(1,067,845)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,331,137	\$6,483,988	\$6,594,406	\$6,505,473	\$7,322,201	\$7,001,195
21.51%	18.45%	15.16%	15.19%	15.19%	15.25%
\$36,655	\$234,505	\$445,122	\$439,119	\$494,249	\$472,581
<u>(36,655)</u>	<u>(234,505)</u>	<u>(445,122)</u>	<u>(439,119)</u>	<u>(494,249)</u>	<u>(472,581)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
<u>22.01%</u>	<u>22.07%</u>	<u>21.91%</u>	<u>21.94%</u>	<u>21.94%</u>	<u>22.00%</u>

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

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**Changes in Assumptions – OPERS Pension**

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	<u>December 31, 2017</u>	<u>December 31, 2016 and Prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates 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.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**Changes in Assumptions – OP&F Pension**

Amounts reported for 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are as follows:



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

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

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

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**Changes in Assumptions – OPERS OPEB**

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

**Changes in Assumptions – OP&F OPEB**

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

COMBINING FINANCIAL STATEMENTS  
AND  
INDIVIDUAL FUND SCHEDULES

**City of Fairborn, Ohio**  
*Nonmajor Fund Descriptions*

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**Special Revenue Funds**

Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed by law and administrative action to expenditures for specified purposes. The following are descriptions of the City's nonmajor special revenue funds:

**Nonmajor Special Revenue Funds**

**Street Maintenance and Repair Fund**

Street Maintenance and Repair Fund accounts for and reports municipal income taxes restricted for street projects, and restricted gasoline tax and motor vehicle license fees remitted to the City for routine maintenance and repairs of City streets.

**State Highway Fund**

State Highway Fund accounts for and reports gasoline taxes and motor vehicle license fees restricted for routine maintenance of State highways within the City.

**Community Development Fund**

Community Development Fund accounts for and reports restricted federal government grant money under the Community Development Block Grant program. This fund had no cash activity during 2018, therefore no budgetary statement is presented.

**Cemetery Fund**

Cemetery Fund accounts for and report revenues received from the sale of lots, charges for burial service and foundations committed to operation and maintenance of the City cemetery.

**Neighborhood Stabilization Fund**

Neighborhood Stabilization Program Fund accounts for and reports restricted federal grant money received through the Neighborhood Stabilization Program for improvements to housing stock and living environments in eligible communities.

**Neighborhood Stabilization II Fund**

Neighborhood Stabilization Program Fund II accounts for and reports restricted federal grant money received through the State of Ohio through the American Recovery and Reinvestment Act to improve the housing stock and living environment in eligible communities to primarily benefit low, moderate, and middle income households. The grant money was provided to the community for renovations, and is now being returned to the city. This fund had no cash activity during 2018, therefore no budgetary statement is presented.

**Community Development Block Grant Fund**

Community Development Block Grant Fund accounts for and reports restricted federal government grant money under the Community Development Block Grant program.

(continued)

**City of Fairborn, Ohio**  
*Nonmajor Fund Descriptions*  
(Continued)

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**Victim Witness Fund**

Victim Witness Fund accounts for and reports restricted State grant money used for local crime victim assistance programs.

**Home Fund**

Home Fund accounts for and reports restricted federal grant money received through U.S. Housing and Urban Development's HOME Investment Partnerships Program to create affordable housing for low income households.

**Justice Reinvestment and Incentive Grant Fund**

Justice Reinvestment and Incentive Grant Fund accounts for and reports restricted State grant money received for corrections and public safety programs.

**Law Enforcement Trust Fund**

Law Enforcement Trust Fund accounts for and reports restricted fines and forfeitures revenue generated from the prosecution of those in possession of contraband and the proceeds gained from the sale of the confiscated contraband.

**Drug Law Enforcement Fund**

Drug Law Enforcement Fund accounts for and reports restricted fines generated from the prosecution of illegal drug usage and sales and donations from interested civic groups.

**Indigent Drivers Alcohol Treatment Fund**

Indigent Drivers Alcohol Treatment fund accounts for and reports restricted fines imposed by the Municipal Court for the purpose of paying the costs of attendance of indigent OMVI offenders at alcohol and drug addiction treatment programs.

**Alcohol Enforcement and Education Fund**

Alcohol Enforcement and Education Fund accounts for and reports restricted fines imposed by the Municipal Court for the purpose of educating the public and enforcing the laws governing the operation of a motor vehicle while under the influence of alcohol.

**Federal Forfeitures Fund**

Federal Forfeitures Fund accounts for and reports restricted federal forfeitures received by the Fairborn Police Department. The revenue is used for law enforcement purposes only, excluding salaries.

(continued)

**City of Fairborn, Ohio**  
*Nonmajor Fund Descriptions*  
(Continued)

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**Municipal Probation Services Fund**

Municipal Probation Services Fund accounts for and reports restricted fees from the Municipal Court and used by the Probation Department for staff, equipment, and probation treatment programs.

**Traffic Intervention Fund**

Traffic Intervention Fund accounts for and reports restricted fines from the Municipal Court to create a traffic intervention program to increase the number of licensed and insured drivers in the community.

**Court Legal Research/Computerization Fund**

Court Legal Research/Computerization Fund accounts for and reports a three dollar fee charged by the Municipal Court restricted for court computerization and to procure and maintain computerized legal research services.

**Court Clerk Computerization Fund**

Court Clerk Computerization Fund accounts for and reports a three dollar fee charged by the Municipal Court restricted to procure and maintain computer systems for the court clerk.

**Indigent Driver's Interlock and Alcohol Monitoring Fund**

Indigent Driver's Interlock and Alcohol Monitoring Fund accounts for and reports the monies received from fines imposed by the Municipal Court restricted for the purpose of paying costs to procure alcohol monitoring or driver interlock devices for indigent defendants.

**Byrne Justice Assistance Grant Fund**

Byrne Justice Assistance Grant Fund accounts for and reports restricted federal grant money received for police department equipment and training programs.

**Moving Ohio Forward Fund**

Moving Ohio Forward Fund accounts for and reports restricted money received to reimburse the City for the demolition of vacant, abandoned, and blighted properties that detract from existing home values and may lead to increased crime.

**Federal Emergency Management Agency Fund**

Federal Emergency Management Agency Fund accounts for and reports restricted federal grant money used to aid in cost reimbursements.

**Uninsured Loss Fund**

Uninsured Loss Fund accounts for and reports expenditures to repair damage to City property. This fund is included with the General Fund for GAAP reporting as it does not have a restricted or committed revenue source.

(continued)

**City of Fairborn, Ohio**  
*Nonmajor Fund Descriptions*  
(Continued)

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**Debt Service Fund**

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Nonmajor Debt Service Fund**

**General Bond Retirement Fund**

To account for and report the accumulation of resources restricted to the payment of principal and interest.

**Capital Projects Funds**

Capital projects funds are used to account for restricted, committed, or assigned financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

**Nonmajor Capital Projects Funds**

**Court Special Projects Fund**

Court Special Projects Fund accounts for and reports restricted fines levied by the Municipal Court to be used by the court for special projects.

**General Capital Improvement Fund**

General Capital Improvement Fund accounts for and reports revenues assigned to purchase or construct equipment or buildings.

**Parks and Recreation Improvements Fund**

Parks and Recreation Improvement Fund accounts for and reports committed hotel/motel taxes received for improvements in the City's park system.

**Building and Land Fund**

Building and Land Fund accounts for and reports three percent of income tax revenue that is transferred from the General Fund and is committed to fund major repairs, replacements and improvements of City owned buildings and land.

**Tax Increment Financing Fund**

The Tax Increment Financing Fund accounts for and reports restricted revenue received from payments in lieu of taxes from area businesses that are within tax increment financing districts, which are used for capital infrastructure improvements or pay for associated debt on past capital improvements within the designated area as well as reimbursing local school districts for a portion of the taxes lost as a result of the exemptions.

(continued)

**City of Fairborn, Ohio**  
*Nonmajor Fund Descriptions*  
(Continued)

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**Special Assessment Construction Fund**

Special Assessment Construction Fund accounts for and reports the sale of notes and the collection of special assessments restricted for the construction of specific projects which will be paid from special assessments.

**I-675 Corridor Tax Increment Financing Fund**

The I-675 Corridor Tax Increment Financing Fund accounts for and reports restricted revenue received from payments in lieu of taxes from area businesses that are within tax increment financing district of the I-675 Corridor, which are used for capital infrastructure improvements or pay for associated debt on past capital improvements within the designated area as well as reimbursing local school districts for a portion of the taxes lost as a result of the exemptions.





**City of Fairborn, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,693,111	\$112	\$2,298,521	\$4,991,744
Receivables:				
Other Local Taxes	0	0	21,744	21,744
Municipal Income Taxes	210,000	0	0	210,000
Revenue in Lieu of Taxes	0	0	511,622	511,622
Accounts	0	704,092	0	704,092
Special Assessments	0	231,914	0	231,914
Intergovernmental	779,517	0	50,000	829,517
Assets Held for Resale	61,658	0	0	61,658
Materials and Supplies Inventory	162,223	0	0	162,223
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	10,665	10,665
<i>Total Assets</i>	<u>\$3,906,509</u>	<u>\$936,118</u>	<u>\$2,892,552</u>	<u>\$7,735,179</u>
<b>Liabilities:</b>				
Accounts Payable	\$15,549	\$0	\$40,849	\$56,398
Contracts Payable	51,086	0	264,928	316,014
Interfund Payable	371,000	0	0	371,000
Accrued Wages Payable	22,776	0	1,193	23,969
Matured Compensated Absences Payable	116	0	0	116
Intergovernmental Payable	15,335	0	741	16,076
Accrued Interest Payable	367	0	19,929	20,296
Notes Payable	20,000	0	2,272,438	2,292,438
<i>Total Liabilities</i>	<u>496,229</u>	<u>0</u>	<u>2,600,078</u>	<u>3,096,307</u>
<b>Deferred Inflows of Resources:</b>				
Revenue in Lieu of Taxes	0	0	511,622	511,622
Unavailable Revenue	649,768	936,006	50,000	1,635,774
<i>Total Deferred Inflows of Resources</i>	<u>649,768</u>	<u>936,006</u>	<u>561,622</u>	<u>2,147,396</u>
<b>Fund Balances:</b>				
Nonspendable	162,223	0	0	162,223
Restricted	2,604,427	112	738,557	3,343,096
Committed	70,644	0	721,621	792,265
Assigned	0	0	400,326	400,326
Unassigned (Deficit)	(76,782)	0	(2,129,652)	(2,206,434)
<i>Total Fund Balances (Deficits)</i>	<u>2,760,512</u>	<u>112</u>	<u>(269,148)</u>	<u>2,491,476</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,906,509</u>	<u>\$936,118</u>	<u>\$2,892,552</u>	<u>\$7,735,179</u>

**City of Fairborn, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Other Local Taxes	\$0	\$0	\$188,161	\$188,161
Municipal Income Taxes	210,000	0	0	210,000
Revenue in Lieu of Taxes	0	0	592,090	592,090
Fines, Licenses and Permits	300,744	0	206,837	507,581
Charges for Services	37,091	80,490	92,482	210,063
Investment Earnings	16,185	18,564	9,206	43,955
Intergovernmental	1,877,063	0	0	1,877,063
Special Assessments	0	146,600	0	146,600
Contributions and Donations	7,728	0	0	7,728
Other	130,461	0	13,851	144,312
<i>Total Revenues</i>	<u>2,579,272</u>	<u>245,654</u>	<u>1,102,627</u>	<u>3,927,553</u>
<b>Expenditures:</b>				
Current:				
General Government	151,854	1,234	390,264	543,352
Public Safety	555,046	0	0	555,046
Leisure Time Activities	0	0	1,570	1,570
Community Development	361,981	0	0	361,981
Transportation and Street Repair	1,362,373	0	0	1,362,373
Public Health and Welfare	115,585	0	0	115,585
Capital Outlay	268,082	0	861,115	1,129,197
Intergovernmental	0	0	358,145	358,145
Debt Service:				
Principal Retirement	250,000	150,000	345,000	745,000
Interest and Fiscal Charges	6,169	181,112	73,792	261,073
<i>Total Expenditures</i>	<u>3,071,090</u>	<u>332,346</u>	<u>2,029,886</u>	<u>5,433,322</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(491,818)</u>	<u>(86,692)</u>	<u>(927,259)</u>	<u>(1,505,769)</u>
<b>Other Financing Sources (Uses):</b>				
Special Assessment Bonds Issued	0	2,421	71,087	73,508
Notes Issued	230,000	0	633,150	863,150
Premium on Debt Issued	1,470	0	3,811	5,281
Transfers-In	183,718	20,000	488,200	691,918
Transfers-Out	(50,000)	0	0	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>365,188</u>	<u>22,421</u>	<u>1,196,248</u>	<u>1,583,857</u>
<i>Net Change in Fund Balances</i>	<u>(126,630)</u>	<u>(64,271)</u>	<u>268,989</u>	<u>78,088</u>
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>2,887,142</u>	<u>64,383</u>	<u>(538,137)</u>	<u>2,413,388</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$2,760,512</u>	<u>\$112</u>	<u>(\$269,148)</u>	<u>\$2,491,476</u>

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

	Street Maintenance and Repair Fund	State Highway Fund	Community Development Fund	Cemetery Fund	Neighborhood Stabilization Fund
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,012,722	\$190,355	\$38,646	\$74,260	\$10,251
Receivables:					
Municipal Income Taxes	210,000	0	0	0	0
Intergovernmental	523,770	42,473	0	0	0
Assets Held for Resale	0	0	0	0	37,605
Materials and Supplies Inventory	162,223	0	0	0	0
<i>Total Assets</i>	<u>\$1,908,715</u>	<u>\$232,828</u>	<u>\$38,646</u>	<u>\$74,260</u>	<u>\$47,856</u>
<b>Liabilities:</b>					
Accounts Payable	\$8,069	\$0	\$0	\$1,560	\$0
Contracts Payable	40,578	0	0	193	0
Interfund Payable	0	0	0	0	0
Accrued Wages Payable	12,379	1,097	0	1,086	0
Matured Compensated Absences Payable	0	0	0	0	0
Intergovernmental Payable	8,114	814	0	777	0
Accrued Interest Payable	367	0	0	0	0
Notes Payable	20,000	0	0	0	0
<i>Total Liabilities</i>	<u>89,507</u>	<u>1,911</u>	<u>0</u>	<u>3,616</u>	<u>0</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	547,699	27,386	0	0	0
<b>Fund Balances:</b>					
Nonspendable	162,223	0	0	0	0
Restricted	1,109,286	203,531	38,646	0	47,856
Committed	0	0	0	70,644	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficits)</i>	<u>1,271,509</u>	<u>203,531</u>	<u>38,646</u>	<u>70,644</u>	<u>47,856</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,908,715</u>	<u>\$232,828</u>	<u>\$38,646</u>	<u>\$74,260</u>	<u>\$47,856</u>

Neighborhood Stabilization II Fund	Community Development Block Grant Fund	Victim Witness Fund	Home Fund	Justice Reinvestment and Incentive Grant Fund	Law Enforcement Trust Fund	Drug Law Enforcement Fund
\$3,000	\$157,268	\$35,384	\$65,291	\$35,350	\$44,920	\$10,267
0	0	0	0	0	0	0
0	188,733	10,641	0	0	0	0
24,053	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$27,053</u>	<u>\$346,001</u>	<u>\$46,025</u>	<u>\$65,291</u>	<u>\$35,350</u>	<u>\$44,920</u>	<u>\$10,267</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	346,000	0	25,000	0	0	0
0	1,952	3,673	0	1,200	0	0
0	0	116	0	0	0	0
0	1,480	2,582	0	737	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	349,432	6,371	25,000	1,937	0	0
0	73,351	1,145	0	0	0	0
0	0	0	0	0	0	0
27,053	0	38,509	40,291	33,413	44,920	10,267
0	0	0	0	0	0	0
0	(76,782)	0	0	0	0	0
<u>27,053</u>	<u>(76,782)</u>	<u>38,509</u>	<u>40,291</u>	<u>33,413</u>	<u>44,920</u>	<u>10,267</u>
<u>\$27,053</u>	<u>\$346,001</u>	<u>\$46,025</u>	<u>\$65,291</u>	<u>\$35,350</u>	<u>\$44,920</u>	<u>\$10,267</u>

(continued)

**City of Fairborn, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2018**  
(Continued)

	Indigent Drivers Alcohol Treatment Fund	Alcohol Enforcement and Education Fund	Federal Forfeitures Fund	Municipal Probation Services Fund	Traffic Intervention Fund
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$239,319	\$5,743	\$44,520	\$170,123	\$1,682
Receivables:					
Municipal Income Taxes	0	0	0	0	0
Intergovernmental	0	0	1,269	0	0
Assets Held for Resale	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0
<b>Total Assets</b>	<b>\$239,319</b>	<b>\$5,743</b>	<b>\$45,789</b>	<b>\$170,123</b>	<b>\$1,682</b>
<b>Liabilities:</b>					
Accounts Payable	\$580	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Accrued Wages Payable	0	0	0	1,304	0
Matured Compensated Absences Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	778	0
Accrued Interest Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
<b>Total Liabilities</b>	<b>580</b>	<b>0</b>	<b>0</b>	<b>2,082</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	0	0	187	0	0
<b>Fund Balances:</b>					
Nonspendable	0	0	0	0	0
Restricted	238,739	5,743	45,602	168,041	1,682
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
<b>Total Fund Balances (Deficits)</b>	<b>238,739</b>	<b>5,743</b>	<b>45,602</b>	<b>168,041</b>	<b>1,682</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$239,319</b>	<b>\$5,743</b>	<b>\$45,789</b>	<b>\$170,123</b>	<b>\$1,682</b>

Court Legal Research/ Computerization Fund	Court Clerk Computerization Fund	Indigent Driver's Interlock and Alcohol Monitoring Fund	Moving Ohio Forward Fund	Federal Emergency Management Agency Fund	Total Nonmajor Special Revenue Funds
\$82,482	\$340,058	\$94,495	\$36,975	\$0	\$2,693,111
0	0	0	0	0	210,000
0	0	0	0	12,631	779,517
0	0	0	0	0	61,658
0	0	0	0	0	162,223
<u>\$82,482</u>	<u>\$340,058</u>	<u>\$94,495</u>	<u>\$36,975</u>	<u>\$12,631</u>	<u>\$3,906,509</u>
\$0	\$0	\$5,340	\$0	\$0	\$15,549
10,315	0	0	0	0	51,086
0	0	0	0	0	371,000
0	85	0	0	0	22,776
0	0	0	0	0	116
0	53	0	0	0	15,335
0	0	0	0	0	367
0	0	0	0	0	20,000
<u>10,315</u>	<u>138</u>	<u>5,340</u>	<u>0</u>	<u>0</u>	<u>496,229</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>649,768</u>
0	0	0	0	0	162,223
72,167	339,920	89,155	36,975	12,631	2,604,427
0	0	0	0	0	70,644
0	0	0	0	0	(76,782)
<u>72,167</u>	<u>339,920</u>	<u>89,155</u>	<u>36,975</u>	<u>12,631</u>	<u>2,760,512</u>
<u>\$82,482</u>	<u>\$340,058</u>	<u>\$94,495</u>	<u>\$36,975</u>	<u>\$12,631</u>	<u>\$3,906,509</u>

**City of Fairborn, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2018*

	Street Maintenance and Repair Fund	State Highway Fund	Community Development Fund	Cemetery Fund	Neighborhood Stabilization Fund
<b>Revenues:</b>					
Municipal Income Taxes	\$210,000	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	0	0	0
Charges for Services	0	0	0	37,091	0
Investment Earnings	12,444	2,579	0	0	0
Intergovernmental	1,184,004	94,663	0	0	0
Contributions and Donations	0	0	0	0	0
Other	91,955	609	0	2,192	0
<i>Total Revenues</i>	<u>1,498,403</u>	<u>97,851</u>	<u>0</u>	<u>39,283</u>	<u>0</u>
<b>Expenditures:</b>					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Community Development	0	0	15,315	0	7,040
Transportation and Street Repair	1,261,612	100,761	0	0	0
Public Health and Welfare	0	0	0	115,585	0
Capital Outlay	131,737	1,429	0	1,593	0
Debt Service:					
Principal Retirement	250,000	0	0	0	0
Interest and Fiscal Charges	6,169	0	0	0	0
<i>Total Expenditures</i>	<u>1,649,518</u>	<u>102,190</u>	<u>15,315</u>	<u>117,178</u>	<u>7,040</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(151,115)</u>	<u>(4,339)</u>	<u>(15,315)</u>	<u>(77,895)</u>	<u>(7,040)</u>
<b>Other Financing Sources (Uses):</b>					
Notes Issued	230,000	0	0	0	0
Premium on Debt Issued	1,470	0	0	0	0
Transfers-In	0	0	0	99,660	0
Transfers-Out	(50,000)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>181,470</u>	<u>0</u>	<u>0</u>	<u>99,660</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	30,355	(4,339)	(15,315)	21,765	(7,040)
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>1,241,154</u>	<u>207,870</u>	<u>53,961</u>	<u>48,879</u>	<u>54,896</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$1,271,509</u>	<u>\$203,531</u>	<u>\$38,646</u>	<u>\$70,644</u>	<u>\$47,856</u>



Neighborhood Stabilization II Fund	Community Development Block Grant Fund	Victim Witness Fund	Home Fund	Justice Reinvestment and Incentive Grant Fund	Law Enforcement Trust Fund	Drug Law Enforcement Fund
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	2,505
0	0	0	0	0	0	0
0	0	0	0	489	0	0
0	166,373	145,231	161,711	62,321	0	0
0	0	0	0	0	7,728	0
0	1,066	1,913	6,982	0	21,644	0
0	167,439	147,144	168,693	62,810	29,372	2,505
0	0	0	0	0	0	0
0	0	222,890	0	65,632	11,341	0
0	241,344	0	98,282	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	487	0	0	32,830	4,994
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	241,344	223,377	98,282	65,632	44,171	4,994
0	(73,905)	(76,233)	70,411	(2,822)	(14,799)	(2,489)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	84,058	0	0	0	0
0	0	0	0	0	0	0
0	0	84,058	0	0	0	0
0	(73,905)	7,825	70,411	(2,822)	(14,799)	(2,489)
27,053	(2,877)	30,684	(30,120)	36,235	59,719	12,756
\$27,053	(\$76,782)	\$38,509	\$40,291	\$33,413	\$44,920	\$10,267

(continued)

**City of Fairborn, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2018*  
(Continued)

	Indigent Drivers Alcohol Treatment Fund	Alcohol Enforcement and Education Fund	Federal Forfeitures Fund	Municipal Probation Services Fund	Traffic Intervention Fund
<b>Revenues:</b>					
Municipal Income Taxes	\$0	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	36,867	1,560	0	104,030	15,107
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	629	0	0
Intergovernmental	0	0	1,967	0	0
Contributions and Donations	0	0	0	0	0
Other	0	0	4,100	0	0
<i>Total Revenues</i>	<u>36,867</u>	<u>1,560</u>	<u>6,696</u>	<u>104,030</u>	<u>15,107</u>
<b>Expenditures:</b>					
Current:					
General Government	0	0	0	0	0
Public Safety	80,563	1,700	8,752	85,696	16,995
Community Development	0	0	0	0	0
Transportation and Street Repair	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>80,563</u>	<u>1,700</u>	<u>8,752</u>	<u>85,696</u>	<u>16,995</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(43,696)</u>	<u>(140)</u>	<u>(2,056)</u>	<u>18,334</u>	<u>(1,888)</u>
<b>Other Financing Sources (Uses):</b>					
Notes Issued	0	0	0	0	0
Premium on Debt Issued	0	0	0	0	0
Transfers-In	0	0	0	0	0
Transfers-Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(43,696)</u>	<u>(140)</u>	<u>(2,056)</u>	<u>18,334</u>	<u>(1,888)</u>
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>282,435</u>	<u>5,883</u>	<u>47,658</u>	<u>149,707</u>	<u>3,570</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$238,739</u>	<u>\$5,743</u>	<u>\$45,602</u>	<u>\$168,041</u>	<u>\$1,682</u>

Court Legal Research/ Computerization Fund	Court Clerk Computerization Fund	Indigent Driver's Interlock and Alcohol Monitoring Fund	Byrne Justice Assistance Grant Fund	Moving Ohio Forward Fund	Federal Emergency Management Agency Fund	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$210,000
17,258	96,449	26,968	0	0	0	300,744
0	0	0	0	0	0	37,091
0	0	0	44	0	0	16,185
0	0	0	35,954	0	24,839	1,877,063
0	0	0	0	0	0	7,728
0	0	0	0	0	0	130,461
<u>17,258</u>	<u>96,449</u>	<u>26,968</u>	<u>35,998</u>	<u>0</u>	<u>24,839</u>	<u>2,579,272</u>
0	151,854	0	0	0	0	151,854
19,459	0	29,810	0	0	12,208	555,046
0	0	0	0	0	0	361,981
0	0	0	0	0	0	1,362,373
0	0	0	0	0	0	115,585
23,329	35,685	0	35,998	0	0	268,082
0	0	0	0	0	0	250,000
0	0	0	0	0	0	6,169
<u>42,788</u>	<u>187,539</u>	<u>29,810</u>	<u>35,998</u>	<u>0</u>	<u>12,208</u>	<u>3,071,090</u>
<u>(25,530)</u>	<u>(91,090)</u>	<u>(2,842)</u>	<u>0</u>	<u>0</u>	<u>12,631</u>	<u>(491,818)</u>
0	0	0	0	0	0	230,000
0	0	0	0	0	0	1,470
0	0	0	0	0	0	183,718
0	0	0	0	0	0	(50,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>365,188</u>
<u>(25,530)</u>	<u>(91,090)</u>	<u>(2,842)</u>	<u>0</u>	<u>0</u>	<u>12,631</u>	<u>(126,630)</u>
<u>97,697</u>	<u>431,010</u>	<u>91,997</u>	<u>0</u>	<u>36,975</u>	<u>0</u>	<u>2,887,142</u>
<u>\$72,167</u>	<u>\$339,920</u>	<u>\$89,155</u>	<u>\$0</u>	<u>\$36,975</u>	<u>\$12,631</u>	<u>\$2,760,512</u>

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

	Court Special Projects Fund	General Capital Improvement Fund	Parks and Recreation Improvements Fund
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$380,132	\$609,902	\$235,891
Receivables:			
Other Local Taxes	0	0	21,744
Revenue in Lieu of Taxes	0	0	0
Intergovernmental	0	0	50,000
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	0	2,509	0
<i>Total Assets</i>	<u>\$380,132</u>	<u>\$612,411</u>	<u>\$307,635</u>
<b>Liabilities:</b>			
Accounts Payable	\$0	\$18,085	\$1,570
Contracts Payable	0	194,000	0
Accrued Wages Payable	1,193	0	0
Intergovernmental Payable	741	0	0
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>1,934</u>	<u>212,085</u>	<u>1,570</u>
<b>Deferred Inflows of Resources:</b>			
Revenue in Lieu of Taxes	0	0	0
Unavailable Revenue	0	0	50,000
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>50,000</u>
<b>Fund Balances:</b>			
Restricted	378,198	0	0
Committed	0	0	256,065
Assigned	0	400,326	0
Unassigned (Deficit)	0	0	0
<i>Total Fund Balances (Deficits)</i>	<u>378,198</u>	<u>400,326</u>	<u>256,065</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$380,132</u>	<u>\$612,411</u>	<u>\$307,635</u>

Building and Land Fund	Tax Increment Financing Fund	Special Assessment Construction Fund	I-675 Corridor TIF Fund	Total Nonmajor Capital Projects Funds
\$559,912	\$360,359	\$141,607	\$10,718	\$2,298,521
0	0	0	0	21,744
0	496,376	0	15,246	511,622
0	0	0	0	50,000
0	0	8,156	0	10,665
<u>\$559,912</u>	<u>\$856,735</u>	<u>\$149,763</u>	<u>\$25,964</u>	<u>\$2,892,552</u>
\$8,166	\$0	\$13,028	\$0	\$40,849
70,928	0	0	0	264,928
0	0	0	0	1,193
0	0	0	0	741
262	0	1,664	18,003	19,929
15,000	0	191,053	2,066,385	2,272,438
<u>94,356</u>	<u>0</u>	<u>205,745</u>	<u>2,084,388</u>	<u>2,600,078</u>
0	496,376	0	15,246	511,622
0	0	0	0	50,000
0	496,376	0	15,246	561,622
0	360,359	0	0	738,557
465,556	0	0	0	721,621
0	0	0	0	400,326
0	0	(55,982)	(2,073,670)	(2,129,652)
<u>465,556</u>	<u>360,359</u>	<u>(55,982)</u>	<u>(2,073,670)</u>	<u>(269,148)</u>
<u>\$559,912</u>	<u>\$856,735</u>	<u>\$149,763</u>	<u>\$25,964</u>	<u>\$2,892,552</u>

**City of Fairborn, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2018*

	Court Special Projects Fund	General Capital Improvement Fund	Parks and Recreation Improvements Fund	Building and Land Fund
<b>Revenues:</b>				
Other Local Taxes	\$0	\$0	\$188,161	\$0
Revenue in Lieu of Taxes	0	0	0	0
Fines, Licenses and Permits	206,837	0	0	0
Charges for Services	0	0	18,251	0
Investment Earnings	0	6,114	3,092	0
Other	0	0	13,705	146
<i>Total Revenues</i>	<u>206,837</u>	<u>6,114</u>	<u>223,209</u>	<u>146</u>
<b>Expenditures:</b>				
Current:				
General Government	94,355	20,107	0	248,481
Leisure Time Activities	0	0	1,570	0
Capital Outlay	0	444,682	167,426	106,006
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	255,000
Interest and Fiscal Charges	0	0	0	6,700
<i>Total Expenditures</i>	<u>94,355</u>	<u>464,789</u>	<u>168,996</u>	<u>616,187</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>112,482</u>	<u>(458,675)</u>	<u>54,213</u>	<u>(616,041)</u>
<b>Other Financing Sources:</b>				
Special Assessment Bonds Issued	0	0	0	0
Notes Issued	0	0	0	633,150
Premium on Debt Issued	0	0	0	3,811
Transfers-In	0	225,300	0	262,900
<i>Total Other Financing Sources</i>	<u>0</u>	<u>225,300</u>	<u>0</u>	<u>899,861</u>
<i>Net Change in Fund Balances</i>	112,482	(233,375)	54,213	283,820
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>265,716</u>	<u>633,701</u>	<u>201,852</u>	<u>181,736</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u><u>\$378,198</u></u>	<u><u>\$400,326</u></u>	<u><u>\$256,065</u></u>	<u><u>\$465,556</u></u>

Tax Increment Financing Fund	Special Assessment Construction Fund	I-675 Corridor TIF Fund	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$188,161
592,090	0	0	592,090
0	0	0	206,837
0	74,231	0	92,482
0	0	0	9,206
0	0	0	13,851
592,090	74,231	0	1,102,627
1,237	19,834	6,250	390,264
0	0	0	1,570
0	143,001	0	861,115
358,145	0	0	358,145
90,000	0	0	345,000
29,587	4,493	33,012	73,792
478,969	167,328	39,262	2,029,886
113,121	(93,097)	(39,262)	(927,259)
0	71,087	0	71,087
0	0	0	633,150
0	0	0	3,811
0	0	0	488,200
0	71,087	0	1,196,248
113,121	(22,010)	(39,262)	268,989
247,238	(33,972)	(2,034,408)	(538,137)
\$360,359	(\$55,982)	(\$2,073,670)	(\$269,148)

**City of Fairborn, Ohio**  
*Nonmajor Fund Descriptions*

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**Internal Service Funds**

Internal service funds are used to account for the financing of goods and services provided by one department to other departments within the City.

**Equipment Fund**

To account for and report charges to other funds for the labor, parts, and overhead to repair and maintain City equipment and vehicles.

**Information Technology Fund**

To account for and report charges to other funds for information technology services.

**Employee Assistance Program Fund**

To account for and report the payment of employee assistance programs and other human resource costs associated with employees' health and benefits.

**Jefferson Health Plan Fund**

To account for and report the operation of the City's self-insurance program for employee health benefits and prescription drugs.



**City of Fairborn, Ohio**  
*Combining Statement of Fund Net Position*  
*Internal Service Funds*  
*December 31, 2018*

	Equipment Fund	Information Technology Fund	Employee Assistance Program Fund	Jefferson Health Plan Fund	Total
<b>Assets:</b>					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	\$207,959	\$276,217	\$131,833	\$661,362	\$1,277,371
Materials and Supplies Inventory	121,243	0	0	0	121,243
<i>Total Current Assets</i>	<u>329,202</u>	<u>276,217</u>	<u>131,833</u>	<u>661,362</u>	<u>1,398,614</u>
Non-current Assets					
Net Pension Asset	4,217	3,161	0	0	7,378
Nondepreciable Capital Assets	0	3,760	0	0	3,760
Depreciable Capital Assets, Net	64,416	185,157	0	0	249,573
<i>Total Non-current Assets</i>	<u>68,633</u>	<u>192,078</u>	<u>0</u>	<u>0</u>	<u>260,711</u>
<i>Total Assets</i>	<u>397,835</u>	<u>468,295</u>	<u>131,833</u>	<u>661,362</u>	<u>1,659,325</u>
<b>Deferred Outflows of Resources:</b>					
Pension	111,476	83,606	0	0	195,082
OPEB	26,137	19,603	0	0	45,740
<i>Total Deferred Outflows of Resources</i>	<u>137,613</u>	<u>103,209</u>	<u>0</u>	<u>0</u>	<u>240,822</u>
<b>Liabilities:</b>					
Current Liabilities					
Accounts Payable	19,000	4,926	0	0	23,926
Contracts Payable	0	193	0	0	193
Claims Payable	0	0	0	203,278	203,278
Accrued Wages Payable	8,639	6,857	0	0	15,496
Intergovernmental Payable	6,152	5,042	0	0	11,194
Compensated Absences Payable	26,577	18,761	0	0	45,338
<i>Total Current Liabilities</i>	<u>60,368</u>	<u>35,779</u>	<u>0</u>	<u>203,278</u>	<u>299,425</u>
Long-Term Liabilities					
Claims Payable	0	0	0	383,821	383,821
Compensated Absences Payable	8,098	3,843	0	0	11,941
Net Pension Liability	401,063	300,792	0	0	701,855
Net OPEB Liability	275,608	206,706	0	0	482,314
<i>Total Long-Term Liabilities</i>	<u>684,769</u>	<u>511,341</u>	<u>0</u>	<u>383,821</u>	<u>1,579,931</u>
<i>Total Liabilities</i>	<u>745,137</u>	<u>547,120</u>	<u>0</u>	<u>587,099</u>	<u>1,879,356</u>
<b>Deferred Inflows of Resources:</b>					
Pension	95,949	71,962	0	0	167,911
OPEB	20,531	15,398	0	0	35,929
<i>Total Deferred Inflows of Resources</i>	<u>116,480</u>	<u>87,360</u>	<u>0</u>	<u>0</u>	<u>203,840</u>
<b>Net Position:</b>					
Net Investment in Capital Assets	64,416	188,724	0	0	253,140
Unrestricted (Deficit)	(390,585)	(251,700)	131,833	74,263	(436,189)
<i>Total Net Position (Deficit)</i>	<u>(\$326,169)</u>	<u>(\$62,976)</u>	<u>\$131,833</u>	<u>\$74,263</u>	<u>(\$183,049)</u>

**City of Fairborn, Ohio**  
*Combining Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Internal Service Funds*  
*For the Year Ended December 31, 2018*

	Equipment Fund	Information Technology Fund	Employee Assistance Program Fund	Jefferson Health Plan Fund	Total
<b>Operating Revenues:</b>					
Charges for Services	\$1,448,304	\$785,468	\$0	\$3,180,861	\$5,414,633
Other	30	0	6,386	386,950	393,366
<i>Total Operating Revenues</i>	<u>1,448,334</u>	<u>785,468</u>	<u>6,386</u>	<u>3,567,811</u>	<u>5,807,999</u>
<b>Operating Expenses:</b>					
Personal Services	632,082	450,520	5,270	0	1,087,872
Contractual Services	53,034	219,650	6,982	824,117	1,103,783
Materials and Supplies	677,938	7,954	0	0	685,892
Claims	0	0	0	2,794,385	2,794,385
Depreciation	15,770	45,734	0	0	61,504
<i>Total Operating Expenses</i>	<u>1,378,824</u>	<u>723,858</u>	<u>12,252</u>	<u>3,618,502</u>	<u>5,733,436</u>
<i>Operating Income (Loss)</i>	<u>69,510</u>	<u>61,610</u>	<u>(5,866)</u>	<u>(50,691)</u>	<u>74,563</u>
<b>Non-Operating Revenues (Expenses):</b>					
Investment Earnings	0	0	1,814	6,134	7,948
Interest and Fiscal Charges	(63)	0	0	0	(63)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(63)</u>	<u>0</u>	<u>1,814</u>	<u>6,134</u>	<u>7,885</u>
<i>Change in Net Position</i>	69,447	61,610	(4,052)	(44,557)	82,448
<i>Net Position (Deficit) at Beginning of Year - Restated (See Note 3)</i>	<u>(395,616)</u>	<u>(124,586)</u>	<u>135,885</u>	<u>118,820</u>	<u>(265,497)</u>
<i>Net Position (Deficit) at End of Year</i>	<u>(\$326,169)</u>	<u>(\$62,976)</u>	<u>\$131,833</u>	<u>\$74,263</u>	<u>(\$183,049)</u>

**City of Fairborn, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
For the Year Ended December 31, 2018

	Equipment Fund	Information Technology Fund	Employee Assistance Program Fund	Jefferson Health Plan Fund	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities:</b>					
Cash Received From Interfund Services Provided	\$1,448,304	\$785,468	\$0	\$3,180,861	\$5,414,633
Cash Received From Other Operating Revenues	30	0	6,386	0	6,416
Cash Payments for Claims	0	0	0	(2,736,222)	(2,736,222)
Cash Payments for Employee Services and Benefits	(577,929)	(392,119)	(5,270)	0	(975,318)
Cash Payments to Suppliers	(795,176)	(244,284)	(6,982)	(437,167)	(1,483,609)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>75,229</u>	<u>149,065</u>	<u>(5,866)</u>	<u>7,472</u>	<u>225,900</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition of Capital Assets	0	(70,898)	0	0	(70,898)
Capital Lease Principal Payments	(3,544)	0	0	0	(3,544)
Capital Lease Interest Payments	(63)	0	0	0	(63)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(3,607)</u>	<u>(70,898)</u>	<u>0</u>	<u>0</u>	<u>(74,505)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest	0	0	1,814	6,134	7,948
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	71,622	78,167	(4,052)	13,606	159,343
<i>Cash and Cash Equivalents at Beginning of Year</i>	136,337	198,050	135,885	647,756	1,118,028
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$207,959</u>	<u>\$276,217</u>	<u>\$131,833</u>	<u>\$661,362</u>	<u>\$1,277,371</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss)	\$69,510	\$61,610	(\$5,866)	(\$50,691)	\$74,563
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Depreciation	15,770	45,734	0	0	61,504
Changes in Assets and Liabilities:					
Increase in Materials and Supplies Inventory	(30,523)	0	0	0	(30,523)
Decrease in Deferred Outflows of Resources - Pension	76,698	57,524	0	0	134,222
Decrease in Deferred Outflows of Resources - OPEB	15,786	11,839	0	0	27,625
Decrease in Accounts Payable	(33,681)	(16,873)	0	0	(50,554)
Increase in Claims Payable	0	0	0	58,163	58,163
Increase in Contracts Payable	0	193	0	0	193
Increase in Accrued Wages Payable	1,058	1,375	0	0	2,433
Increase in Intergovernmental Payable	602	276	0	0	878
Decrease in Compensated Absences Payable	(10,726)	9,339	0	0	(1,387)
Increase in Net Pension Liability	6,239	4,676	0	0	10,915
Increase in Net OPEB Liability	14,947	11,210	0	0	26,157
Decrease in Deferred Inflows of Resources - Pension	(45,318)	(33,988)	0	0	(79,306)
Decrease in Deferred Inflows of Resources - OPEB	(5,133)	(3,850)	0	0	(8,983)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$75,229</u>	<u>\$149,065</u>	<u>(\$5,866)</u>	<u>\$7,472</u>	<u>\$225,900</u>

**City of Fairborn, Ohio**  
*Nonmajor Fund Descriptions*

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**Agency Funds**

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

**Municipal Court Fund**

To account for and report monies that flow through the Clerk of Courts office.

**Fire Loss Escrow Fund**

To account for and report insurance proceeds arising from destruction by fire of an insured building or structure within the municipality for the purpose of providing the municipality with security for the expenses in removing, repairing or securing the building or other structure.

**City of Fairborn, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2018*

	Balance at 12/31/2017	Additions	Reductions	Balance at 12/31/2018
<b><u>Municipal Court Fund</u></b>				
<b>Assets:</b>				
Cash and Cash Equivalents in Segregated Accounts	\$270,267	\$4,432,042	\$4,487,989	\$214,320
<b>Liabilities:</b>				
Undistributed Monies	\$270,267	\$4,432,042	\$4,487,989	\$214,320
<b><u>Fire Loss Escrow Fund</u></b>				
<b>Assets:</b>				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$40,867	\$29,656	\$11,211
<b>Liabilities:</b>				
Undistributed Monies	\$0	\$40,867	\$29,656	\$11,211
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash and Cash Equivalents in Segregated Accounts	\$270,267	\$4,472,909	\$4,517,645	\$225,531
<b>Liabilities:</b>				
Undistributed Monies	\$270,267	\$4,472,909	\$4,517,645	\$225,531

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$844,092	\$844,092	\$0
Other Local Taxes	640,837	640,837	0
Municipal Income Taxes	9,270,661	8,961,114	(309,547)
Fines, Licenses and Permits	1,354,450	1,435,557	81,107
Charges for Services	3,397,229	3,388,230	(8,999)
Investment Earnings	291,686	357,819	66,133
Intergovernmental	979,681	1,025,007	45,326
Special Assessments	37,866	37,881	15
Other	258,223	285,832	27,609
<i>Total Revenues</i>	<u>17,074,725</u>	<u>16,976,369</u>	<u>(98,356)</u>
<b>Expenditures:</b>			
Current:			
General Government			
City Council			
Personal Services	138,062	137,081	981
Contractual Services	75,078	73,032	2,046
Materials and Supplies	5,448	4,492	956
<i>Total City Council</i>	<u>218,588</u>	<u>214,605</u>	<u>3,983</u>
Municipal Court			
Personal Services	1,973,307	1,899,964	73,343
Contractual Services	312,058	285,704	26,354
Materials and Supplies	47,942	46,933	1,009
<i>Total Municipal Court</i>	<u>2,333,307</u>	<u>2,232,601</u>	<u>100,706</u>
City Manager's Office			
Personal Services	742,797	637,333	105,464
Contractual Services	58,570	48,645	9,925
Materials and Supplies	16,116	10,564	5,552
<i>Total City Manager's Office</i>	<u>817,483</u>	<u>696,542</u>	<u>120,941</u>
Administration and General Accounting			
Personal Services	680,059	645,784	34,275
Contractual Services	79,915	66,773	13,142
Materials and Supplies	17,052	17,052	0
<i>Total Administration and General Accounting</i>	<u>777,026</u>	<u>729,609</u>	<u>47,417</u>
Utilities Accounting			
Personal Services	264,998	250,539	14,459
Contractual Services	136,329	136,329	0
Materials and Supplies	4,645	4,645	0
<i>Total Utilities Accounting</i>	<u>\$405,972</u>	<u>\$391,513</u>	<u>\$14,459</u>

(continued)

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Year Ended December 31, 2018*  
*(Continued)*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
City Income Tax Accounting			
Personal Services	\$127,519	\$123,122	\$4,397
Contractual Services	522,636	435,330	87,306
Materials and Supplies	3,463	3,463	0
<i>Total City Income Tax Accounting</i>	<u>653,618</u>	<u>561,915</u>	<u>91,703</u>
Legal Department			
Personal Services	243,360	242,933	427
Contractual Services	52,350	35,175	17,175
Materials and Supplies	7,168	3,310	3,858
<i>Total Legal Department</i>	<u>302,878</u>	<u>281,418</u>	<u>21,460</u>
Personnel Department			
Personal Services	244,657	220,708	23,949
Contractual Services	132,075	122,924	9,151
Materials and Supplies	8,537	8,537	0
<i>Total Personnel Department</i>	<u>385,269</u>	<u>352,169</u>	<u>33,100</u>
Engineering and Drafting			
Personal Services	506,476	482,099	24,377
Contractual Services	31,954	31,875	79
Materials and Supplies	11,363	10,151	1,212
<i>Total Engineering and Drafting</i>	<u>549,793</u>	<u>524,125</u>	<u>25,668</u>
Plant Maintenance			
Personal Services	511,086	500,548	10,538
Contractual Services	215,189	204,407	10,782
Materials and Supplies	94,659	91,331	3,328
<i>Total Plant Maintenance</i>	<u>820,934</u>	<u>796,286</u>	<u>24,648</u>
Contingency			
Personal Services	81,448	73,216	8,232
Contractual Services	1,273,077	1,243,245	29,832
Materials and Supplies	22,536	19,926	2,610
<i>Total Contingency</i>	<u>1,377,061</u>	<u>1,336,387</u>	<u>40,674</u>
<i>Total General Government</i>	<u>8,641,929</u>	<u>8,117,170</u>	<u>524,759</u>
Leisure Time Activities			
Parks and Recreation			
Personal Services	248,635	208,478	40,157
Contractual Services	115,654	114,232	1,422
Materials and Supplies	48,093	44,923	3,170
<i>Total Leisure Time Activities</i>	<u>\$412,382</u>	<u>\$367,633</u>	<u>\$44,749</u>

(continued)

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Year Ended December 31, 2018*  
*(Continued)*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Development			
Community Development Urban Planner			
Personal Services	\$446,989	\$417,569	\$29,420
Contractual Services	170,322	165,354	4,968
Materials and Supplies	10,573	9,165	1,408
<i>Total Community Development Urban Planner</i>	<u>627,884</u>	<u>592,088</u>	<u>35,796</u>
Building Inspection and Zoning Enforcement			
Personal Services	336,398	302,932	33,466
Contractual Services	96,191	96,191	0
Materials and Supplies	15,006	13,310	1,696
<i>Total Building Inspection and Zoning Enforcement</i>	<u>447,595</u>	<u>412,433</u>	<u>35,162</u>
Economic Development			
Personal Services	194,527	194,313	214
Contractual Services	336,667	307,028	29,639
Materials and Supplies	14,048	13,984	64
<i>Total Economic Development</i>	<u>545,242</u>	<u>515,325</u>	<u>29,917</u>
<i>Total Community Development</i>	<u>1,620,721</u>	<u>1,519,846</u>	<u>100,875</u>
Capital Outlay	293,981	293,853	128
Debt Service:			
Interest and Fiscal Charges	10,000	7,003	2,997
<i>Total Expenditures</i>	<u>10,979,013</u>	<u>10,305,505</u>	<u>673,508</u>
<i>Excess of Revenues Over Expenditures</i>	<u>6,095,712</u>	<u>6,670,864</u>	<u>575,152</u>
<b>Other Financing Sources (Uses):</b>			
Special Assessment Bonds Issued	0	1,492	1,492
Proceeds from Sale of Capital Assets	634	3,151	2,517
Advances-In	239,000	239,000	0
Advances-Out	(345,343)	(345,000)	343
Transfers-Out	(8,148,620)	(8,001,918)	146,702
<i>Total Other Financing Sources (Uses)</i>	<u>(8,254,329)</u>	<u>(8,103,275)</u>	<u>151,054</u>
<i>Net Change in Fund Balance</i>	(2,158,617)	(1,432,411)	726,206
<i>Fund Balance at Beginning of Year</i>	8,635,617	8,635,617	0
<i>Prior Year Encumbrances Appropriated</i>	625,499	625,499	0
<i>Fund Balance at End of Year</i>	<u>\$7,102,499</u>	<u>\$7,828,705</u>	<u>\$726,206</u>



**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Fire and EMS Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$2,181,386	\$2,188,880	\$7,494
Fines, Licenses and Permits	1,200	1,790	590
Charges for Services	1,849,099	1,828,283	(20,816)
Intergovernmental	280,129	273,819	(6,310)
Other	51,000	52,216	1,216
<i>Total Revenues</i>	<u>4,362,814</u>	<u>4,344,988</u>	<u>(17,826)</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
Fire Administrative Services			
Personal Services	245,453	239,451	6,002
Contractual Services	540,097	511,099	28,998
Materials and Supplies	38,044	35,592	2,452
<i>Total Fire Administrative Services</i>	<u>823,594</u>	<u>786,142</u>	<u>37,452</u>
Fire Life Safety			
Personal Services	129,187	127,261	1,926
Contractual Services	815	815	0
Materials and Supplies	7,758	7,758	0
<i>Total Fire Life Safety</i>	<u>137,760</u>	<u>135,834</u>	<u>1,926</u>
Fire Operations			
Personal Services	5,851,981	5,766,987	84,994
Contractual Services	143,337	132,231	11,106
Materials and Supplies	205,119	194,560	10,559
<i>Total Fire Operations</i>	<u>6,200,437</u>	<u>6,093,778</u>	<u>106,659</u>
Training			
Personal Services	142,135	130,090	12,045
Contractual Services	4,755	4,702	53
Materials and Supplies	5,455	5,455	0
<i>Total Training</i>	<u>152,345</u>	<u>140,247</u>	<u>12,098</u>
<i>Total Public Safety</i>	<u>7,314,136</u>	<u>7,156,001</u>	<u>158,135</u>
Capital Outlay	16,332	16,332	0
<i>Total Expenditures</i>	<u>7,330,468</u>	<u>7,172,333</u>	<u>158,135</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,967,654)</u>	<u>(2,827,345)</u>	<u>140,309</u>
<b>Other Financing Sources:</b>			
Transfers-In	2,720,000	2,720,000	0
<i>Net Change in Fund Balance</i>	<u>(247,654)</u>	<u>(107,345)</u>	<u>140,309</u>
<i>Fund Balance at Beginning of Year</i>	606,981	606,981	0
<i>Prior Year Encumbrances Appropriated</i>	<u>152,472</u>	<u>152,472</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$511,799</u>	<u>\$652,108</u>	<u>\$140,309</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Police Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$2,188,861	\$2,188,880	\$19
Fines, Licenses and Permits	1,063	2,260	1,197
Charges for Services	61,985	75,787	13,802
Intergovernmental	525,491	550,364	24,873
Other	69,152	68,905	(247)
<i>Total Revenues</i>	<u>2,846,552</u>	<u>2,886,196</u>	<u>39,644</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
Police Administrative Services			
Personal Services	971,720	905,055	66,665
Contractual Services	554,307	540,865	13,442
Materials and Supplies	40,936	40,776	160
<i>Total Police Administrative Services</i>	<u>1,566,963</u>	<u>1,486,696</u>	<u>80,267</u>
Police Dispatch			
Personal Services	817,087	807,726	9,361
Contractual Services	88,996	88,972	24
<i>Total Police Dispatch</i>	<u>906,083</u>	<u>896,698</u>	<u>9,385</u>
Police Detective Section			
Personal Services	850,167	842,442	7,725
Contractual Services	10,833	10,833	0
Materials and Supplies	20,997	20,486	511
<i>Total Police Detective Section</i>	<u>881,997</u>	<u>873,761</u>	<u>8,236</u>
Police Patrol Section			
Personal Services	3,761,943	3,629,867	132,076
Contractual Services	15,050	15,050	0
Materials and Supplies	133,440	121,772	11,668
<i>Total Police Patrol Section</i>	<u>3,910,433</u>	<u>3,766,689</u>	<u>143,744</u>
D.A.R.E.			
Personal Services	236,645	223,958	12,687
Contractual Services	120	120	0
<i>Total D.A.R.E.</i>	<u>236,765</u>	<u>224,078</u>	<u>12,687</u>
Violence Against Women Act			
Personal Services	80,612	79,887	725
Contractual Services	331	331	0
<i>Total Violence Against Women Act</i>	<u>80,943</u>	<u>80,218</u>	<u>725</u>
<i>Total Public Safety</i>	<u>\$7,583,184</u>	<u>\$7,328,140</u>	<u>\$255,044</u>

(continued)

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Police Fund*  
*For the Year Ended December 31, 2018*  
*(Continued)*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay	\$9,333	\$9,333	\$0
<i>Total Expenditures</i>	<u>7,592,517</u>	<u>7,337,473</u>	<u>255,044</u>
<i>Excess of Revenues Under Expenditures</i>	(4,745,965)	(4,451,277)	294,688
<b>Other Financing Sources:</b>			
Transfers-In	<u>4,540,000</u>	<u>4,540,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(205,965)	88,723	294,688
<i>Fund Balance at Beginning of Year</i>	636,422	636,422	0
<i>Prior Year Encumbrances Appropriated</i>	<u>82,236</u>	<u>82,236</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$512,693</u></u>	<u><u>\$807,381</u></u>	<u><u>\$294,688</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*County Motor Vehicle Tax Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Municipal Income Taxes	\$2,107,665	\$2,013,995	(\$93,670)
Fines, Licenses and Permits	50,000	31,142	(18,858)
Investment Earnings	34,500	42,582	8,082
Intergovernmental	2,434,870	2,408,001	(26,869)
Other	27,148	27,148	0
<i>Total Revenues</i>	<u>4,654,183</u>	<u>4,522,868</u>	<u>(131,315)</u>
<b>Expenditures:</b>			
Current:			
Transportation and Street Repair Administration			
Contractual Services	131,811	130,735	1,076
Materials and Supplies	984	984	0
<i>Total Administration</i>	132,795	131,719	1,076
Sterling Court Improvements			
Contractual Services	14,825	14,825	0
Colonel Glenn Highway Phase I Enhancements			
Contractual Services	110,000	110,000	0
Bluffs Inspection Services			
Contractual Services	2,010	2,010	0
Colonel Glenn Highway/Kauffman Avenue			
Contractual Services	117,038	117,038	0
Waterford Landing Inspection Services			
Contractual Services	1,065	1,065	0
Broad Street Improvements/Sandhill-Spangler			
Contractual Services	360,318	360,318	0
Maple Avenue Phase I			
Contractual Services	193,096	193,096	0
Kauffman Avenue Widening Design			
Contractual Services	238,648	238,648	0
Development Inspection Services			
Contractual Services	50,001	50,001	0
Central Avenue Design			
Contractual Services	295,000	295,000	0
Xenia Drive Improvements			
Contractual Services	90,000	90,000	0
Yellow Springs Fairfield Road			
Contractual Services	\$279,875	\$279,875	\$0

(continued)

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*County Motor Vehicle Tax Fund*  
*For the Year Ended December 31, 2018*  
*(Continued)*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Ali Area Roadway Contractual Services	\$41,001	\$41,001	\$0
<i>Total Transportation and Street Repair</i>	1,925,672	1,924,596	1,076
Capital Outlay	4,441,676	4,440,986	690
Debt Service:			
Principal Retirement	11,209	11,209	0
<i>Total Expenditures</i>	6,378,557	6,376,791	1,766
<i>Net Change in Fund Balance</i>	(1,724,374)	(1,853,923)	(129,549)
<i>Fund Balance at Beginning of Year</i>	1,408,272	1,408,272	0
<i>Prior Year Encumbrances Appropriated</i>	2,019,409	2,019,409	0
<i>Fund Balance at End of Year</i>	<u>\$1,703,307</u>	<u>\$1,573,758</u>	<u>(\$129,549)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Public Safety Police/Fire Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Municipal Income Taxes	\$2,223,665	\$2,223,992	\$327
Intergovernmental	14,470	15,449	979
Contributions and Donations	10,000	10,000	0
Other	42,098	42,755	657
<i>Total Revenues</i>	<u>2,290,233</u>	<u>2,292,196</u>	<u>1,963</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
Police Patrol			
Personal Services	349,801	346,601	3,200
Contractual Services	146,208	125,406	20,802
Materials and Supplies	9,433	9,158	275
<i>Total Police Patrol</i>	<u>505,442</u>	<u>481,165</u>	<u>24,277</u>
Fire Operations			
Personal Services	364,777	356,095	8,682
Contractual Services	127,017	118,599	8,418
Materials and Supplies	241,254	241,113	141
<i>Total Fire Operations</i>	<u>733,048</u>	<u>715,807</u>	<u>17,241</u>
<i>Total Public Safety</i>	<u>1,238,490</u>	<u>1,196,972</u>	<u>41,518</u>
Capital Outlay	2,125,395	2,123,122	2,273
Debt Service:			
Principal Retirement	2,080,000	2,080,000	0
Interest and Fiscal Charges	45,856	45,841	15
<i>Total Debt Service</i>	<u>2,125,856</u>	<u>2,125,841</u>	<u>15</u>
<i>Total Expenditures</i>	<u>5,489,741</u>	<u>5,445,935</u>	<u>43,806</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,199,508)</u>	<u>(3,153,739)</u>	<u>45,769</u>
<b>Other Financing Sources:</b>			
Notes Issued	2,148,075	2,148,075	0
Premium on Debt Issued	12,630	12,630	0
<i>Total Other Financing Sources</i>	<u>2,160,705</u>	<u>2,160,705</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,038,803)</u>	<u>(993,034)</u>	<u>45,769</u>
<i>Fund Balance at Beginning of Year</i>	343,456	343,456	0
<i>Prior Year Encumbrances Appropriated</i>	<u>703,453</u>	<u>703,453</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$8,106</u></u>	<u><u>\$53,875</u></u>	<u><u>\$45,769</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Community Redevelopment Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$23,300	\$23,278	(\$22)
Investment Earnings	0	30,000	30,000
Other	0	728	728
<i>Total Revenues</i>	<u>23,300</u>	<u>54,006</u>	<u>30,706</u>
<b>Expenditures:</b>			
Current:			
Community Development			
Neighborhood Betterment			
Contractual Services	134,874	128,393	6,481
Family Video Project			
Contractual Services	1,673	1,673	0
Broad Street Corridor			
Contractual Services	7,250	7,250	0
Tangible Solutions			
Contractual Services	5,750	5,750	0
2017 Redevelopment Phase II			
Contractual Services	63,091	63,091	0
Materials and Supplies	15,750	15,334	416
<i>Total 2017 Redevelopment Phase II</i>	<u>78,841</u>	<u>78,425</u>	<u>416</u>
Third & Main Improvements			
Contractual Services	1,096,842	1,096,842	0
Materials and Supplies	2,000	2,000	0
<i>Total Third &amp; Main Improvements</i>	<u>1,098,842</u>	<u>1,098,842</u>	<u>0</u>
<i>Total Community Development</i>	<u>1,327,230</u>	<u>1,320,333</u>	<u>6,897</u>
Capital Outlay	906,819	906,353	466
Debt Service:			
Principal Retirement	4,025,000	4,025,000	0
Interest and Fiscal Charges	125,371	120,440	4,931
<i>Total Debt Service</i>	<u>4,150,371</u>	<u>4,145,440</u>	<u>4,931</u>
<i>Total Expenditures</i>	<u>6,384,420</u>	<u>6,372,126</u>	<u>12,294</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(\$6,361,120)</u>	<u>(\$6,318,120)</u>	<u>\$43,000</u>

(continued)

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Community Redevelopment Fund*  
*For the Year Ended December 31, 2018*  
*(Continued)*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources:</b>			
Notes Issued	\$4,595,080	\$4,595,000	(\$80)
Premium on Debt Issued	55,300	52,547	(2,753)
Transfers-In	100,000	100,000	0
<i>Total Other Financing Sources</i>	<u>4,750,380</u>	<u>4,747,547</u>	<u>(2,833)</u>
<i>Net Change in Fund Balance</i>	(1,610,740)	(1,570,573)	40,167
<i>Fund Balance at Beginning of Year</i>	320,119	320,119	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,504,216</u>	<u>1,504,216</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$213,595</u>	<u>\$253,762</u>	<u>\$40,167</u>



**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Water Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$4,078,333	\$4,076,416	(\$1,917)
Tap-In Fees	40,000	55,680	15,680
Investment Earnings	12,000	20,965	8,965
Notes Issued	2,975,825	2,975,825	0
Premium on Debt Issued	17,498	17,498	0
Other	219,800	172,102	(47,698)
<i>Total Revenues</i>	<u>7,343,456</u>	<u>7,318,486</u>	<u>(24,970)</u>
<b>Expenses:</b>			
Personal Services	1,405,603	1,326,312	79,291
Contractual Services	2,274,929	2,071,430	203,499
Materials and Supplies	317,064	301,070	15,994
Capital Outlay	1,785,789	1,722,772	63,017
Debt Service:			
Principal Retirement	3,091,703	3,091,703	0
Interest and Fiscal Charges	144,603	144,603	0
<i>Total Expenses</i>	<u>9,019,691</u>	<u>8,657,890</u>	<u>361,801</u>
<i>Net Change in Fund Equity</i>	(1,676,235)	(1,339,404)	336,831
<i>Fund Equity at Beginning of Year</i>	3,061,330	3,061,330	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,355,609</u>	<u>1,355,609</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$2,740,704</u></u>	<u><u>\$3,077,535</u></u>	<u><u>\$336,831</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Sewer Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$7,191,837	\$6,334,262	(\$857,575)
Tap-In Fees	55,880	58,970	3,090
Investment Earnings	38,500	47,626	9,126
Notes Issued	3,843,925	3,843,925	0
Premium on Debt Issued	22,602	22,602	0
Other	61,116	23,894	(37,222)
<i>Total Revenues</i>	<u>11,213,860</u>	<u>10,331,279</u>	<u>(882,581)</u>
<b>Expenses:</b>			
Personal Services	1,470,267	1,427,447	42,820
Contractual Services	2,902,399	2,620,488	281,911
Materials and Supplies	368,727	349,836	18,891
Capital Outlay	5,798,894	5,795,863	3,031
Debt Service:			
Principal Retirement	4,067,300	4,067,300	0
Interest and Fiscal Charges	437,935	437,935	0
<i>Total Expenses</i>	<u>15,045,522</u>	<u>14,698,869</u>	<u>346,653</u>
<i>Net Change in Fund Equity</i>	(3,831,662)	(4,367,590)	(535,928)
<i>Fund Equity at Beginning of Year</i>	6,547,756	6,547,756	0
<i>Prior Year Encumbrances Appropriated</i>	3,537,209	3,537,209	0
<i>Fund Equity at End of Year</i>	<u>\$6,253,303</u>	<u>\$5,717,375</u>	<u>(\$535,928)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Sanitation Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$3,089,519	\$3,128,329	\$38,810
Notes Issued	8,025	8,025	0
Premium on Debt Issued	48	48	0
Other	226,341	234,904	8,563
<i>Total Revenues</i>	<u>3,323,933</u>	<u>3,371,306</u>	<u>47,373</u>
<b>Expenses:</b>			
Personal Services	177,723	171,831	5,892
Contractual Services	3,129,103	3,120,222	8,881
Materials and Supplies	16,530	10,376	6,154
Capital Outlay	270,832	264,959	5,873
Debt Service:			
Interest and Fiscal Charges	16	16	0
<i>Total Expenses</i>	<u>3,594,204</u>	<u>3,567,404</u>	<u>26,800</u>
<i>Net Change in Fund Equity</i>	(270,271)	(196,098)	74,173
<i>Fund Equity at Beginning of Year</i>	573,085	573,085	0
<i>Prior Year Encumbrances Appropriated</i>	233,465	233,465	0
<i>Fund Equity at End of Year</i>	<u>\$536,279</u>	<u>\$610,452</u>	<u>\$74,173</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Street Maintenance and Repair Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Municipal Income Taxes	\$210,000	\$210,000	\$0
Investment Earnings	4,600	12,444	7,844
Intergovernmental	1,120,000	1,183,393	63,393
Other	127,400	91,955	(35,445)
<i>Total Revenues</i>	<u>1,462,000</u>	<u>1,497,792</u>	<u>35,792</u>
<b>Expenditures:</b>			
Current:			
Transportation and Street Repair			
General Street Administration			
Personal Services	88,494	85,961	2,533
Contractual Services	124,231	115,949	8,282
Materials and Supplies	3,990	3,041	949
<i>Total General Street Administration</i>	<u>216,715</u>	<u>204,951</u>	<u>11,764</u>
Maintenance and Repairs			
Personal Services	516,626	510,706	5,920
Contractual Services	17,376	17,356	20
Materials and Supplies	265,577	261,938	3,639
<i>Total Maintenance and Repairs</i>	<u>799,579</u>	<u>790,000</u>	<u>9,579</u>
Traffic Signs and Signals			
Personal Services	245,017	239,726	5,291
Contractual Services	30,931	30,931	0
Materials and Supplies	52,043	49,005	3,038
<i>Total Traffic Signs and Signals</i>	<u>327,991</u>	<u>319,662</u>	<u>8,329</u>
<i>Total Transportation and Street Repair</i>	<u>1,344,285</u>	<u>1,314,613</u>	<u>29,672</u>
Capital Outlay	322,842	322,842	0
Debt Service:			
Principal Retirement			
Principal Retirement	270,000	270,000	0
Interest and Fiscal Charges	6,385	5,892	493
<i>Total Expenditures</i>	<u>1,943,512</u>	<u>1,913,347</u>	<u>30,165</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(481,512)</u>	<u>(415,555)</u>	<u>65,957</u>
<b>Other Financing Sources (Uses):</b>			
Notes Issued	250,000	250,000	0
Premium on Debt Issued	2,000	1,470	(530)
Transfers Out	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>202,000</u>	<u>201,470</u>	<u>(530)</u>
<i>Net Change in Fund Balance</i>	<u>(279,512)</u>	<u>(214,085)</u>	<u>65,427</u>
<i>Fund Balance at Beginning of Year</i>	826,298	826,298	0
<i>Prior Year Encumbrances Appropriated</i>	<u>129,225</u>	<u>129,225</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$676,011</u>	<u>\$741,438</u>	<u>\$65,427</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*State Highway Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$1,000	\$2,579	\$1,579
Intergovernmental	90,800	94,614	3,814
Other	0	609	609
<i>Total Revenues</i>	<u>91,800</u>	<u>97,802</u>	<u>6,002</u>
<b>Expenditures:</b>			
Current:			
Transportation and Street Repair			
State Highway Maintenance			
Personal Services	82,707	81,626	1,081
Contractual Services	4,166	3,113	1,053
Materials and Supplies	20,180	18,536	1,644
<i>Total Transportation and Street Repair</i>	<u>107,053</u>	<u>103,275</u>	<u>3,778</u>
Capital Outlay	5,561	5,561	0
<i>Total Expenditures</i>	<u>112,614</u>	<u>108,836</u>	<u>3,778</u>
<i>Net Change in Fund Balance</i>	(20,814)	(11,034)	9,780
<i>Fund Balance at Beginning of Year</i>	186,436	186,436	0
<i>Prior Year Encumbrances Appropriated</i>	8,636	8,636	0
<i>Fund Balance at End of Year</i>	<u><u>\$174,258</u></u>	<u><u>\$184,038</u></u>	<u><u>\$9,780</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Cemetery Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$30,100	\$37,091	\$6,991
Other	50	2,192	2,142
<i>Total Revenues</i>	<u>30,150</u>	<u>39,283</u>	<u>9,133</u>
<b>Expenditures:</b>			
Current:			
Public Health and Welfare			
Cemetery Operations			
Personal Services	87,478	84,936	2,542
Contractual Services	26,351	26,230	121
Materials and Supplies	16,488	13,430	3,058
<i>Total Public Health and Welfare</i>	<u>130,317</u>	<u>124,596</u>	<u>5,721</u>
Capital Outlay	<u>2,333</u>	<u>2,333</u>	<u>0</u>
<i>Total Expenditures</i>	<u>132,650</u>	<u>126,929</u>	<u>5,721</u>
<i>Excess of Revenues Under Expenditures</i>	(102,500)	(87,646)	14,854
<b>Other Financing Sources:</b>			
Transfers-In	<u>99,660</u>	<u>99,660</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,840)	12,014	14,854
<i>Fund Balance at Beginning of Year</i>	33,566	33,566	0
<i>Prior Year Encumbrances Appropriated</i>	<u>16,785</u>	<u>16,785</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$47,511</u></u>	<u><u>\$62,365</u></u>	<u><u>\$14,854</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Neighborhood Stabilization Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>	\$0	\$0	\$0
<b>Expenditures:</b>			
Current:			
Community Development			
Neighborhood Stabilization Program			
Contractual Services	2,880	390	2,490
<i>Net Change in Fund Balance</i>	(2,880)	(390)	2,490
<i>Fund Balance at Beginning of Year</i>	9,502	9,502	0
<i>Prior Year Encumbrances Appropriated</i>	1,140	1,140	0
<i>Fund Balance at End of Year</i>	<u>\$7,762</u>	<u>\$10,252</u>	<u>\$2,490</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Community Development Block Grant Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$73,790	\$73,790	\$0
Other	1,066	1,066	0
<i>Total Revenues</i>	<u>74,856</u>	<u>74,856</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Community Development			
Entitlement Administration			
Personal Services	19,870	14,247	5,623
Contractual Services	14,651	14,606	45
Materials and Supplies	5,197	5,172	25
<i>Total Entitlement Administration</i>	<u>39,718</u>	<u>34,025</u>	<u>5,693</u>
Code Enforcement			
Personal Services	91,993	90,338	1,655
Contractual Services	5,672	5,608	64
Materials and Supplies	1,830	1,826	4
<i>Total Code Enforcement</i>	<u>99,495</u>	<u>97,772</u>	<u>1,723</u>
Entitlement Fair Housing			
Personal Services	4,358	2,369	1,989
Contractual Services	12,732	12,718	14
Materials and Supplies	851	851	0
<i>Total Entitlement Fair Housing</i>	<u>17,941</u>	<u>15,938</u>	<u>2,003</u>
Community Development Home Repair			
Personal Services	26,568	22,985	3,583
Contractual Services	125,587	125,495	92
<i>Total Community Development Home Repair</i>	<u>152,155</u>	<u>148,480</u>	<u>3,675</u>
<i>Total Expenditures</i>	<u>309,309</u>	<u>296,215</u>	<u>13,094</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(234,453)</u>	<u>(221,359)</u>	<u>13,094</u>
<b>Other Financing Sources (Uses):</b>			
Advances-In	345,000	345,000	0
Advances-Out	(139,000)	(139,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>206,000</u>	<u>206,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(28,453)</u>	<u>(15,359)</u>	<u>13,094</u>
<i>Fund Balance at Beginning of Year</i>	104,572	104,572	0
<i>Prior Year Encumbrances Appropriated</i>	<u>12,628</u>	<u>12,628</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$88,747</u></u>	<u><u>\$101,841</u></u>	<u><u>\$13,094</u></u>



**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Victim Witness Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$145,404	\$157,551	\$12,147
Other	0	1,913	1,913
<i>Total Revenues</i>	<u>145,404</u>	<u>159,464</u>	<u>14,060</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
Administration			
Personal Services	209,959	208,830	1,129
Contractual Services	10,081	9,984	97
Materials and Supplies	3,015	3,015	0
<i>Total Administration</i>	<u>223,055</u>	<u>221,829</u>	<u>1,226</u>
State Victims Assistance Act			
Contractual Services	1,389	1,389	0
Materials and Supplies	900	900	0
<i>Total State Victims Assistance Act</i>	<u>2,289</u>	<u>2,289</u>	<u>0</u>
<i>Total Public Safety</i>	<u>225,344</u>	<u>224,118</u>	<u>1,226</u>
Capital Outlay	487	487	0
<i>Total Expenditures</i>	<u>225,831</u>	<u>224,605</u>	<u>1,226</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(80,427)</u>	<u>(65,141)</u>	<u>15,286</u>
<b>Other Financing Sources:</b>			
Transfers-In	91,700	84,058	(7,642)
<i>Net Change in Fund Balance</i>	11,273	18,917	7,644
<i>Fund Balance at Beginning of Year</i>	13,211	13,211	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,452</u>	<u>2,452</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$26,936</u></u>	<u><u>\$34,580</u></u>	<u><u>\$7,644</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Home Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$116,089	\$161,711	\$45,622
Other	17,000	6,982	(10,018)
<i>Total Revenues</i>	<u>133,089</u>	<u>168,693</u>	<u>35,604</u>
<b>Expenditures:</b>			
Current:			
Community Development			
Neighborhood Betterment			
Personal Services	2,697	2,697	0
Contractual Services	152,639	152,639	0
<i>Total Expenditures</i>	<u>155,336</u>	<u>155,336</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(22,247)	13,357	35,604
<b>Other Financing Uses:</b>			
Advances-Out	(115,000)	(100,000)	15,000
<i>Net Change in Fund Balance</i>	(137,247)	(86,643)	50,604
<i>Fund Balance at Beginning of Year</i>	69,114	69,114	0
<i>Prior Year Encumbrances Appropriated</i>	82,820	82,820	0
<i>Fund Balance at End of Year</i>	<u>\$14,687</u>	<u>\$65,291</u>	<u>\$50,604</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Justice Reinvestment and Incentive Grant Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$0	\$489	\$489
Intergovernmental	99,714	99,714	0
<i>Total Revenues</i>	<u>99,714</u>	<u>100,203</u>	<u>489</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
Justice Reinvestment Grant			
Personal Services	61,813	61,003	810
Contractual Services	4,000	3,850	150
<i>Total Expenditures</i>	<u>65,813</u>	<u>64,853</u>	<u>960</u>
<i>Net Change in Fund Balance</i>	33,901	35,350	1,449
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$33,901</u>	<u>\$35,350</u>	<u>\$1,449</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Law Enforcement Trust Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Contributions and Donations	\$5,700	\$7,728	\$2,028
Other	22,500	21,644	(856)
<i>Total Revenues</i>	<u>28,200</u>	<u>29,372</u>	<u>1,172</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
DARE Program			
Contractual Services	3,000	3,000	0
Materials and Supplies	3,648	3,648	0
<i>Total DARE Program</i>	<u>6,648</u>	<u>6,648</u>	<u>0</u>
Safety City Program			
Personal Services	2,328	2,328	0
Contractual Services	7,351	7,351	0
Materials and Supplies	6,875	6,875	0
<i>Total Safety City Program</i>	<u>16,554</u>	<u>16,554</u>	<u>0</u>
<i>Total Public Safety</i>	<u>23,202</u>	<u>23,202</u>	<u>0</u>
Capital Outlay	32,830	32,830	0
<i>Total Expenditures</i>	<u>56,032</u>	<u>56,032</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(27,832)	(26,660)	1,172
<i>Fund Balance at Beginning of Year</i>	6,140	6,140	0
<i>Prior Year Encumbrances Appropriated</i>	<u>60,173</u>	<u>60,173</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$38,481</u>	<u>\$39,653</u>	<u>\$1,172</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Drug Law Enforcement Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$3,200	\$2,530	(\$670)
<b>Expenditures:</b>			
Capital Outlay	5,000	5,000	0
<i>Net Change in Fund Balance</i>	(1,800)	(2,470)	(670)
<i>Fund Balance at Beginning of Year</i>	12,706	12,706	0
<i>Fund Balance at End of Year</i>	<u>\$10,906</u>	<u>\$10,236</u>	<u>(\$670)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget and Actual (Non-GAAP Basis)  
 Indigent Drivers Alcohol Treatment Fund  
 For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$22,500	\$37,013	\$14,513
<b>Expenditures:</b>			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	92,120	82,120	10,000
<i>Net Change in Fund Balance</i>	(69,620)	(45,107)	24,513
<i>Fund Balance at Beginning of Year</i>	235,598	235,598	0
<i>Prior Year Encumbrances Appropriated</i>	45,067	45,067	0
<i>Fund Balance at End of Year</i>	<u>\$211,045</u>	<u>\$235,558</u>	<u>\$24,513</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Alcohol Enforcement and Education Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$2,500	\$1,640	(\$860)
<b>Expenditures:</b>			
Current:			
Public Safety			
Law Enforcement			
Materials and Supplies	1,700	1,700	0
<i>Net Change in Fund Balance</i>	800	(60)	(860)
<i>Fund Balance at Beginning of Year</i>	5,773	5,773	0
<i>Fund Balance at End of Year</i>	<u>\$6,573</u>	<u>\$5,713</u>	<u>(\$860)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Federal Forfeitures Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$1,000	\$629	(\$371)
Intergovernmental	3,700	885	(2,815)
Other	500	4,100	3,600
<i>Total Revenues</i>	<u>5,200</u>	<u>5,614</u>	<u>414</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	6,621	6,621	0
Materials and Supplies	6,459	6,453	6
<i>Total Expenditures</i>	<u>13,080</u>	<u>13,074</u>	<u>6</u>
<i>Net Change in Fund Balance</i>	(7,880)	(7,460)	420
<i>Fund Balance at Beginning of Year</i>	44,655	44,655	0
<i>Prior Year Encumbrances Appropriated</i>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$39,775</u></u>	<u><u>\$40,195</u></u>	<u><u>\$420</u></u>



**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Municipal Probation Services Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$115,000	\$104,683	(\$10,317)
<b>Expenditures:</b>			
Current:			
Public Safety			
Law Enforcement			
Personal Services	82,266	81,632	634
Contractual Services	6,000	6,000	0
<i>Total Expenditures</i>	88,266	87,632	634
<i>Net Change in Fund Balance</i>	26,734	17,051	(9,683)
<i>Fund Balance at Beginning of Year</i>	144,872	144,872	0
<i>Prior Year Encumbrances Appropriated</i>	500	500	0
<i>Fund Balance at End of Year</i>	\$172,106	\$162,423	(\$9,683)

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Traffic Intervention Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$17,000	\$15,478	(\$1,522)
<b>Expenditures:</b>			
Current:			
Public Safety			
Law Enforcement			
Personal Services	17,000	16,995	5
<i>Net Change in Fund Balance</i>	0	(1,517)	(1,517)
<i>Fund Balance at Beginning of Year</i>	2,439	2,439	0
<i>Fund Balance at End of Year</i>	<u>\$2,439</u>	<u>\$922</u>	<u>(\$1,517)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget and Actual (Non-GAAP Basis)  
 Court Legal Research/Computerization Fund  
 For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$16,900	\$17,519	\$619
<b>Expenditures:</b>			
Current:			
Public Safety			
Municipal Court			
Contractual Services	20,000	20,000	0
Capital Outlay	56,479	52,985	3,494
<i>Total Expenditures</i>	<u>76,479</u>	<u>72,985</u>	<u>3,494</u>
<i>Net Change in Fund Balance</i>	(59,579)	(55,466)	4,113
<i>Fund Balance at Beginning of Year</i>	71,250	71,250	0
<i>Prior Year Encumbrances Appropriated</i>	<u>25,641</u>	<u>25,641</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$37,312</u></u>	<u><u>\$41,425</u></u>	<u><u>\$4,113</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Court Clerk Computerization Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$99,700	\$100,404	\$704
<b>Expenditures:</b>			
Current:			
General Government			
Municipal Court			
Personal Services	5,233	5,194	39
Contractual Services	177,864	176,463	1,401
Materials and Supplies	3,100	3,100	0
<i>Total General Government</i>	186,197	184,757	1,440
Capital Outlay	70,795	70,795	0
<i>Total Expenditures</i>	256,992	255,552	1,440
<i>Net Change in Fund Balance</i>	(157,292)	(155,148)	2,144
<i>Fund Balance at Beginning of Year</i>	411,510	411,510	0
<i>Prior Year Encumbrances Appropriated</i>	15,095	15,095	0
<i>Fund Balance at End of Year</i>	\$269,313	\$271,457	\$2,144

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget and Actual (Non-GAAP Basis)  
 Indigent Driver's Interlock and Alcohol Monitoring Fund  
 For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$30,000	\$26,899	(\$3,101)
<b>Expenditures:</b>			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	61,531	61,531	0
<i>Net Change in Fund Balance</i>	(31,531)	(34,632)	(3,101)
<i>Fund Balance at Beginning of Year</i>	62,886	62,886	0
<i>Prior Year Encumbrances Appropriated</i>	29,557	29,557	0
<i>Fund Balance at End of Year</i>	<u>\$60,912</u>	<u>\$57,811</u>	<u>(\$3,101)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Byrne Justice Assistance Grant Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$0	\$44	\$44
Intergovernmental	94,419	35,954	(58,465)
<i>Total Revenues</i>	94,419	35,998	(58,421)
<b>Expenditures:</b>			
Capital Outlay	35,998	35,998	0
<i>Net Change in Fund Balance</i>	58,421	0	(58,421)
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$58,421</u>	<u>\$0</u>	<u>(\$58,421)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Moving Ohio Forward Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>	\$0	\$0	\$0
<b>Expenditures:</b>			
Current:			
Community Development			
Contractual Services	14,000	14,000	0
<i>Net Change in Fund Balance</i>	(14,000)	(14,000)	0
<i>Fund Balance at Beginning of Year</i>	23,463	23,463	0
<i>Prior Year Encumbrances Appropriated</i>	13,512	13,512	0
<i>Fund Balance at End of Year</i>	\$22,975	\$22,975	\$0

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget and Actual (Non-GAAP Basis)  
 Federal Emergency Management Agency Fund  
 For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$12,208	\$12,208	\$0
<b>Expenditures:</b>			
Current:			
Public Safety			
Fire Operations			
Personal Services	12,208	12,208	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0



**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Uninsured Loss Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other	\$75,500	\$75,510	\$10
<b>Expenditures:</b>			
Current:			
General Government			
Uninsured Loss			
Contractual Services	87,847	63,546	24,301
Capital Outlay	8,100	8,100	0
<i>Total Expenditures</i>	95,947	71,646	24,301
<i>Net Change in Fund Balance</i>	(20,447)	3,864	24,311
<i>Fund Balance at Beginning of Year</i>	21,247	21,247	0
<i>Prior Year Encumbrances Appropriated</i>	21,732	21,732	0
<i>Fund Balance at End of Year</i>	\$22,532	\$46,843	\$24,311

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Bond Retirement Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$80,400	\$80,490	\$90
Special Assessments	178,320	177,984	(336)
<i>Total Revenues</i>	<u>258,720</u>	<u>258,474</u>	<u>(246)</u>
<b>Expenditures:</b>			
Current:			
General Government			
Special Assessments			
Contractual Services	1,240	1,234	6
Debt Service:			
Principal Retirement	160,000	160,000	0
Interest and Fiscal Charges	183,932	183,932	0
<i>Total Debt Service</i>	<u>343,932</u>	<u>343,932</u>	<u>0</u>
<i>Total Expenditures</i>	<u>345,172</u>	<u>345,166</u>	<u>6</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(86,452)</u>	<u>(86,692)</u>	<u>(240)</u>
<b>Other Financing Sources:</b>			
Special Assessment Bonds Issued	2,400	2,421	21
Transfers-In	20,000	20,000	0
<i>Total Other Financing Sources</i>	<u>22,400</u>	<u>22,421</u>	<u>21</u>
<i>Net Change in Fund Balance</i>	<u>(64,052)</u>	<u>(64,271)</u>	<u>(219)</u>
<i>Fund Balance at Beginning of Year</i>	<u>64,383</u>	<u>64,383</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$331</u>	<u>\$112</u>	<u>(\$219)</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Court Special Projects Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Licenses and Permits	\$168,386	\$208,988	\$40,602
<b>Expenditures:</b>			
Current:			
General Government			
Law Enforcement			
Personal Services	94,403	84,668	9,735
Contractual Services	14,294	12,794	1,500
Materials and Supplies	10,500	10,500	0
<i>Total General Government</i>	119,197	107,962	11,235
Capital Outlay	9,150	0	9,150
<i>Total Expenditures</i>	128,347	107,962	20,385
<i>Net Change in Fund Balance</i>	40,039	101,026	60,987
<i>Fund Balance at Beginning of Year</i>	234,892	234,892	0
<i>Prior Year Encumbrances Appropriated</i>	20,542	20,542	0
<i>Fund Balance at End of Year</i>	\$295,473	\$356,460	\$60,987

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Capital Improvement Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$4,777	\$6,114	\$1,337
<b>Expenditures:</b>			
Current:			
General Government			
General Capital Improvement			
Contractual Services	10,000	1,200	8,800
Materials and Supplies	43,166	43,166	0
<i>Total General Government</i>	53,166	44,366	8,800
Capital Outlay	309,224	293,225	15,999
Debt Service:			
Interest and Fiscal Charges	500	0	500
<i>Total Expenditures</i>	362,890	337,591	25,299
<i>Excess of Revenues Under Expenditures</i>	(358,113)	(331,477)	26,636
<b>Other Financing Sources:</b>			
Transfers-In	225,300	225,300	0
<i>Net Change in Fund Balance</i>	(132,813)	(106,177)	26,636
<i>Fund Balance at Beginning of Year</i>	588,298	588,298	0
<i>Prior Year Encumbrances Appropriated</i>	49,630	49,630	0
<i>Fund Balance at End of Year</i>	\$505,115	\$531,751	\$26,636

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Parks and Recreation Improvements Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other Local Taxes	\$164,000	\$192,979	\$28,979
Charges for Services	18,251	18,251	0
Investment Earnings	1,000	3,092	2,092
Other	3,500	13,705	10,205
<i>Total Revenues</i>	186,751	228,027	41,276
<b>Expenditures:</b>			
Capital Outlay	190,905	190,905	0
<i>Net Change in Fund Balance</i>	(4,154)	37,122	41,276
<i>Fund Balance at Beginning of Year</i>	168,906	168,906	0
<i>Prior Year Encumbrances Appropriated</i>	6,385	6,385	0
<i>Fund Balance at End of Year</i>	<u>\$171,137</u>	<u>\$212,413</u>	<u>\$41,276</u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Building and Land Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other	\$0	\$146	\$146
<b>Expenditures:</b>			
Current:			
General Government			
Building and Land			
Contractual Services	433,513	422,387	11,126
Materials and Supplies	56,133	56,133	0
<i>Total General Government</i>	489,646	478,520	11,126
Capital Outlay	200,603	194,775	5,828
Debt Service:			
Principal Retirement	257,515	257,515	0
Interest and Fiscal Charges	6,699	6,450	249
<i>Total Debt Service</i>	264,214	263,965	249
<i>Total Expenditures</i>	954,463	937,260	17,203
<i>Excess of Revenues Under Expenditures</i>	(954,463)	(937,114)	17,349
<b>Other Financing Sources:</b>			
Notes Issued	646,665	648,150	1,485
Premium on Debt Issued	6,300	3,811	(2,489)
Transfers-In	262,900	262,900	0
<i>Total Other Financing Sources</i>	915,865	914,861	(1,004)
<i>Net Change in Fund Balance</i>	(38,598)	(22,253)	16,345
<i>Fund Balance at Beginning of Year</i>	150,783	150,783	0
<i>Prior Year Encumbrances Appropriated</i>	39,221	39,221	0
<i>Fund Balance at End of Year</i>	\$151,406	\$167,751	\$16,345

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Tax Increment Financing Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Revenue in Lieu of Taxes	\$233,900	\$233,945	\$45
<b>Expenditures:</b>			
Current:			
General Government			
Tax Increment Financing			
Contractual Services	4,300	1,237	3,063
Debt Service:			
Principal Retirement	90,000	90,000	0
Interest and Fiscal Charges	29,587	29,587	0
<i>Total Debt Service</i>	119,587	119,587	0
<i>Total Expenditures</i>	123,887	120,824	3,063
<i>Net Change in Fund Balance</i>	110,013	113,121	3,108
<i>Fund Balance at Beginning of Year</i>	247,238	247,238	0
<i>Fund Balance at End of Year</i>	\$357,251	\$360,359	\$3,108

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Special Assessment Construction Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$77,500	\$74,231	(\$3,269)
<b>Expenditures:</b>			
Current:			
General Government			
Special Assessments Construction			
Contractual Services	23,500	2,578	20,922
Capital Outlay	252,156	249,249	2,907
Debt Service:			
Principal Retirement	140,000	140,000	0
Interest and Fiscal Charges	5,746	4,708	1,038
<i>Total Debt Service</i>	145,746	144,708	1,038
<i>Total Expenditures</i>	421,402	396,535	24,867
<i>Excess of Revenues Under Expenditures</i>	(343,902)	(322,304)	21,598
<b>Other Financing Sources:</b>			
Special Assessment Bonds Issued	70,000	71,087	1,087
Notes Issued	190,000	190,000	0
Premium on Debt Issued	6,000	1,579	(4,421)
<i>Total Other Financing Sources</i>	266,000	262,666	(3,334)
<i>Net Change in Fund Balance</i>	(77,902)	(59,638)	18,264
<i>Fund Balance at Beginning of Year</i>	80,457	80,457	0
<i>Prior Year Encumbrances Appropriated</i>	100,039	100,039	0
<i>Fund Balance at End of Year</i>	\$102,594	\$120,858	\$18,264



**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*I-675 Corridor Tax Increment Financing Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>	\$0	\$0	\$0
<b>Expenditures:</b>			
Current:			
General Government			
Tax Increment Financing			
Contractual Services	10,000	6,250	3,750
Debt Service:			
Principal Retirement	2,015,500	2,015,500	0
Interest and Fiscal Charges	42,172	40,182	1,990
<i>Total Expenditures</i>	<u>2,067,672</u>	<u>2,061,932</u>	<u>5,740</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,067,672)</u>	<u>(2,061,932)</u>	<u>5,740</u>
<b>Other Financing Sources:</b>			
Notes Issued	2,055,000	2,055,000	0
Premium on Debt Issued	17,100	17,077	(23)
<i>Total Other Financing Sources</i>	<u>2,072,100</u>	<u>2,072,077</u>	<u>(23)</u>
<i>Net Change in Fund Balance</i>	4,428	10,145	5,717
<i>Fund Balance at Beginning of Year</i>	<u>573</u>	<u>573</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$5,001</u></u>	<u><u>\$10,718</u></u>	<u><u>\$5,717</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Equipment Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$1,440,055	\$1,448,304	\$8,249
Other	500	30	(470)
<i>Total Revenues</i>	<u>1,440,555</u>	<u>1,448,334</u>	<u>7,779</u>
<b>Expenses:</b>			
Personal Services	626,058	577,929	48,129
Contractual Services	51,273	49,213	2,060
Materials and Supplies	786,023	781,023	5,000
Capital Outlay	25,903	19,903	6,000
<i>Total Expenses</i>	<u>1,489,257</u>	<u>1,428,068</u>	<u>61,189</u>
<i>Net Change in Fund Equity</i>	(48,702)	20,266	68,968
<i>Fund Equity at Beginning of Year</i>	55,966	55,966	0
<i>Prior Year Encumbrances Appropriated</i>	<u>80,370</u>	<u>80,370</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$87,634</u></u>	<u><u>\$156,602</u></u>	<u><u>\$68,968</u></u>

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Information Technology Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$785,550	\$785,468	(\$82)
<b>Expenses:</b>			
Personal Services	398,205	392,119	6,086
Contractual Services	272,417	267,748	4,669
Materials and Supplies	15,693	12,943	2,750
Capital Outlay	171,772	115,041	56,731
<i>Total Expenses</i>	858,087	787,851	70,236
<i>Net Change in Fund Equity</i>	(72,537)	(2,383)	70,154
<i>Fund Equity at Beginning of Year</i>	113,655	113,655	0
<i>Prior Year Encumbrances Appropriated</i>	84,395	84,395	0
<i>Fund Equity at End of Year</i>	\$125,513	\$195,667	\$70,154

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Employee Assistance Program Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other	\$19,000	\$6,386	(\$12,614)
<b>Expenses:</b>			
Personal Services	6,000	6,000	0
Contractual Services	19,000	6,982	12,018
<i>Total Expenses</i>	25,000	12,982	12,018
<i>Excess of Revenues Under Expenses</i>	(6,000)	(6,596)	(596)
<b>Non-Operating Revenues:</b>			
Investment Earnings	500	1,814	1,314
<i>Net Change in Fund Equity</i>	(5,500)	(4,782)	718
<i>Fund Equity at Beginning of Year</i>	135,135	135,135	0
<i>Prior Year Encumbrances Appropriated</i>	750	750	0
<i>Fund Equity at End of Year</i>	\$130,385	\$131,103	\$718

**City of Fairborn, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Jefferson Health Plan Fund*  
*For the Year Ended December 31, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$3,000,000	\$3,171,919	\$171,919
Other	400,000	386,481	(13,519)
<i>Total Revenues</i>	<u>3,400,000</u>	<u>3,558,400</u>	<u>158,400</u>
<b>Expenses:</b>			
Contractual Services	835,000	822,923	12,077
Claims	2,775,000	2,773,738	1,262
<i>Total Expenses</i>	<u>3,610,000</u>	<u>3,596,661</u>	<u>13,339</u>
<i>Excess of Revenues Under Expenses</i>	(210,000)	(38,261)	171,739
<b>Non-Operating Revenues:</b>			
Investment Earnings	6,500	5,788	(712)
<i>Net Change in Fund Equity</i>	(203,500)	(32,473)	171,027
<i>Fund Equity at Beginning of Year</i>	713,047	713,047	0
<i>Fund Equity at End of Year</i>	<u>\$509,547</u>	<u>\$680,574</u>	<u>\$171,027</u>



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**FAIRBORN**

A CITY IN MOTION



*STATISTICAL TABLES*

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This part of the City of Fairborn’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.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	202-211
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	212-221
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and income taxes.	
Debt Capacity	222-229
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.	
Demographic and Economic Information	230-233
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	234-237
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial reports 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 Fairborn**  
*Net Position by Component*  
*Last Ten Years*  
*(accrual basis of accounting)*  
*Schedule 1*

	2009	2010	2011	2012
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$57,492,409	\$58,223,118	\$59,259,234	\$59,885,657
Restricted	11,579,836	10,917,852	13,249,832	13,272,202
Unrestricted (Deficit)	5,834,667	6,468,379	7,587,718	11,621,608
<i>Total Governmental Activities Net Position</i>	<u>\$74,906,912</u>	<u>\$75,609,349</u>	<u>\$80,096,784</u>	<u>\$84,779,467</u>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	\$12,903,901	\$12,913,413	\$12,778,599	\$12,182,697
Unrestricted	6,413,278	7,461,531	9,037,992	10,509,882
<i>Total Business-Type Activities Net Position</i>	<u>\$19,317,179</u>	<u>\$20,374,944</u>	<u>\$21,816,591</u>	<u>\$22,692,579</u>
<b>Total Primary Government</b>				
Net Investment in Capital Assets	\$70,396,310	\$71,136,531	\$72,037,833	\$72,068,354
Restricted	11,579,836	10,917,852	13,249,832	13,272,202
Unrestricted (Deficit)	12,247,945	13,929,910	16,625,710	22,131,490
<i>Total Primary Government Net Position</i>	<u>\$94,224,091</u>	<u>\$95,984,293</u>	<u>\$101,913,375</u>	<u>\$107,472,046</u>

Note: The City reported the impact of GASB Statement No. 68 beginning in 2014.  
Note: The City reported the impact of GASB Statement No. 75 beginning in 2017.

2013	2014	2015	2016	Restated 2017	2018
\$60,422,126	\$61,971,834	\$62,817,281	\$62,009,840	\$61,539,877	\$61,482,208
12,832,977	9,206,263	10,484,017	12,289,605	14,147,204	11,824,721
13,227,049	(7,228,899)	(7,781,865)	(9,725,679)	(34,010,845)	(38,509,120)
<u>\$86,482,152</u>	<u>\$63,949,198</u>	<u>\$65,519,433</u>	<u>\$64,573,766</u>	<u>\$41,676,236</u>	<u>\$34,797,809</u>
\$10,370,449	\$10,132,357	\$10,497,587	\$11,706,766	\$13,837,167	\$16,390,665
13,781,547	13,991,246	15,319,546	15,371,576	13,066,731	10,175,839
<u>\$24,151,996</u>	<u>\$24,123,603</u>	<u>\$25,817,133</u>	<u>\$27,078,342</u>	<u>\$26,903,898</u>	<u>\$26,566,504</u>
\$70,792,575	\$72,104,191	\$73,314,868	\$73,716,606	\$75,377,044	\$77,872,873
12,832,977	9,206,263	10,484,017	12,289,605	14,147,204	11,824,721
27,008,596	6,762,347	7,537,681	5,645,897	(20,944,114)	(28,333,281)
<u>\$110,634,148</u>	<u>\$88,072,801</u>	<u>\$91,336,566</u>	<u>\$91,652,108</u>	<u>\$68,580,134</u>	<u>\$61,364,313</u>

**City of Fairborn**  
*Changes in Net Position*  
*Last Ten Years*  
*(accrual basis of accounting)*  
*Schedule 2*

	2009	2010	2011	2012
<b>Program Revenues:</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$4,735,434	\$4,546,522	\$5,006,470	\$5,321,951
Public Safety	1,570,569	2,243,439	1,580,842	2,242,606
Leisure Time Activities	15,431	17,755	20,555	20,668
Community Development	0	0	0	0
Transportation and Street Repair	0	0	0	16,031
Public Health and Welfare	46,576	31,559	40,585	41,825
Operating Grants, Contributions and Interest	3,312,494	2,601,148	3,119,605	3,313,243
Capital Grants, Contributions and Interest	2,049,859	1,154,072	3,224,212	1,178,734
Total Governmental Activities Program Revenues	<u>11,730,363</u>	<u>10,594,495</u>	<u>12,992,269</u>	<u>12,135,058</u>
Business-Type Activities:				
Charges for Services:				
Water	3,535,657	3,737,937	3,957,558	4,199,695
Sewer	5,571,836	5,754,670	5,936,952	6,505,548
Sanitation	2,482,526	2,525,807	2,502,118	2,542,620
Operating Grants, Contributions and Interest:				
Water	2,657	0	0	0
Sewer	1,800	51,742	0	0
Capital Grants, Contributions and Interest:				
Water	37,460	27,700	43,300	65,235
Sewer	44,330	39,540	46,865	56,005
Total Business-Type Activities Program Revenues	<u>11,676,266</u>	<u>12,137,396</u>	<u>12,486,793</u>	<u>13,369,103</u>
Total Primary Government Program Revenues	<u>23,406,629</u>	<u>22,731,891</u>	<u>25,479,062</u>	<u>25,504,161</u>
<b>Expenses:</b>				
Governmental Activities:				
General Government	9,093,180	10,210,347	9,358,187	8,905,813
Public Safety	13,664,046	13,166,582	13,148,808	12,978,270
Leisure Time Activities	389,573	509,311	353,854	332,663
Community Development	1,030,438	1,096,602	1,107,951	1,374,945
Transportation and Street Repair	2,044,120	1,829,298	1,858,735	3,421,331
Public Health and Welfare	91,313	91,846	96,966	96,413
Interest and Fiscal Charges	523,675	459,319	216,742	346,865
Intergovernmental	207,546	222,316	361,216	223,589
Total Governmental Activities Expenses	<u>27,043,891</u>	<u>27,585,621</u>	<u>26,502,459</u>	<u>27,679,889</u>
Business-Type Activities:				
Water	3,421,387	3,456,025	3,211,043	3,450,401
Sewer	4,339,587	5,382,287	5,334,436	6,635,220
Sanitation	2,702,870	2,328,675	2,550,934	2,449,113
Total Business-Type Activities Expenses	<u>10,463,844</u>	<u>11,166,987</u>	<u>11,096,413</u>	<u>12,534,734</u>
Total Primary Government Expenses	<u>\$37,507,735</u>	<u>\$38,752,608</u>	<u>\$37,598,872</u>	<u>\$40,214,623</u>

2013	2014	2015 (1)	2016	2017	2018 (2)
\$4,797,028	\$4,894,322	\$4,958,113	\$5,611,972	\$5,420,422	\$5,568,073
2,277,370	2,056,636	2,271,404	2,270,773	2,011,779	2,060,653
19,345	18,477	20,984	19,988	18,251	18,251
0	26,642	51,233	38,629	40,423	23,278
22,314	26,954	9,570	31,921	140,092	39,405
41,267	32,391	27,344	35,595	30,829	37,091
3,001,991	3,306,043	3,299,247	3,559,966	4,436,696	4,554,107
857,836	935,184	1,430,177	878,850	615,550	997,091
11,017,151	11,296,649	12,068,072	12,447,694	12,714,042	13,297,949
4,168,835	4,304,620	4,104,119	4,136,284	4,023,734	4,105,891
6,640,578	6,687,253	6,651,226	6,648,955	6,317,030	6,388,028
2,636,893	2,763,166	2,754,574	2,743,135	3,087,225	3,084,525
0	0	0	0	0	0
0	0	0	0	0	0
0	36,480	71,290	52,330	55,690	61,680
0	25,547	58,820	43,110	49,110	58,970
13,446,306	13,817,066	13,640,029	13,623,814	13,532,789	13,699,094
24,463,457	25,113,715	25,708,101	26,071,508	26,246,831	26,997,043
10,125,094	9,957,291	10,198,666	10,756,212	11,633,948	12,114,843
13,969,809	14,285,206	14,786,740	17,290,189	17,344,091	21,071,688
452,199	404,947	450,208	461,178	604,199	624,857
1,156,363	4,681,346	2,259,182	1,959,838	2,524,337	3,138,321
2,617,619	3,328,628	3,338,726	3,088,426	2,084,305	4,993,499
103,185	116,391	117,755	122,870	119,619	118,836
270,515	214,784	210,577	247,647	358,433	411,131
0	0	0	0	0	0
28,694,784	32,988,593	31,361,854	33,926,360	34,668,932	42,473,175
4,038,081	4,468,043	3,997,386	3,945,132	4,122,433	4,686,146
5,578,285	5,484,171	5,547,509	6,492,400	5,759,142	6,575,149
2,721,970	2,572,478	2,591,785	2,830,336	2,990,997	3,050,745
12,338,336	12,524,692	12,136,680	13,267,868	12,872,572	14,312,040
\$41,033,120	\$45,513,285	\$43,498,534	\$47,194,228	\$47,541,504	\$56,785,215

(continued)

**City of Fairborn**  
*Changes in Net Position*  
*Last Ten Years*  
*(accrual basis of accounting)*  
*Schedule 2*  
*(Continued)*

	2009	2010	2011	2012
Net (Expense)/Revenue				
Governmental Activities	(\$15,313,528)	(\$16,991,126)	(\$13,510,190)	(\$15,544,831)
Business-Type Activities	1,212,422	970,409	1,390,380	834,369
<b>Total Primary Government Net Expenses</b>	<b>(14,101,106)</b>	<b>(16,020,717)</b>	<b>(12,119,810)</b>	<b>(14,710,462)</b>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	1,604,334	1,645,992	1,551,379	822,926
Fire and EMS	373,388	380,949	545,417	2,189,418
Police	148,183	152,106	340,974	2,189,418
Debt Service	149,933	149,388	114,364	0
Street Lighting	134,505	139,667	124,253	0
Other Local Taxes	738,667	712,099	810,109	841,187
Revenue in Lieu of Taxes	310,823	339,114	332,269	379,278
Municipal Income Taxes Levied for:				
General Purposes	7,384,148	7,739,285	7,759,131	8,125,170
Street Programs	1,853,273	1,931,190	1,946,526	2,030,750
Public Safety	1,848,135	1,931,190	1,946,525	2,030,749
Grants and Entitlements not				
Restricted to Specific Programs	2,148,568	2,158,308	1,890,415	1,076,446
Investment Earnings	125,503	16,369	135,217	63,005
Other	368,886	397,906	501,046	479,167
Transfers-Internal Activities	0	0	0	0
<b>Total Governmental Activities</b>	<b>17,188,346</b>	<b>17,693,563</b>	<b>17,997,625</b>	<b>20,227,514</b>
Business-Type Activities:				
Investment Earnings	126,621	57,526	25,838	23,729
Gain on Sale of Capital Assets	0	0	0	0
Other	31,975	29,830	25,429	17,890
Transfers-Internal Activities	0	0	0	0
<b>Total Business-Type Activities</b>	<b>158,596</b>	<b>87,356</b>	<b>51,267</b>	<b>41,619</b>
<b>Total Primary Government</b>	<b>17,346,942</b>	<b>17,780,919</b>	<b>18,048,892</b>	<b>20,269,133</b>
Prior Year Restatement of Governmental Activities Net Position	0	0	0	0
Prior Year Restatement of Business-Type Activities Net Position	(488,025)	0	0	0
Change in Net Position:				
Governmental Activities	1,874,818	702,437	4,487,435	4,682,683
Business-Type Activities	882,993	1,057,765	1,441,647	875,988
<b>Total Primary Government</b>	<b>\$2,757,811</b>	<b>\$1,760,202</b>	<b>\$5,929,082</b>	<b>\$5,558,671</b>

(1) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

(2) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in 2018.

2013	2014	2015 (1)	2016	2017	2018 (2)
(\$17,677,633)	(\$21,691,944)	(\$19,293,782)	(\$21,478,666)	(\$21,954,890)	(\$29,175,226)
1,107,970	1,292,374	1,503,349	355,946	660,217	(612,946)
(16,569,663)	(20,399,570)	(17,790,433)	(21,122,720)	(21,294,673)	(29,788,172)
834,730	847,262	782,489	818,384	882,524	787,269
2,210,684	2,240,812	2,045,353	2,166,795	2,135,521	2,204,623
2,210,683	2,240,812	2,045,353	2,166,795	2,135,522	2,204,623
0	0	0	0	0	0
0	0	0	0	0	0
823,386	828,945	847,768	841,911	765,467	896,209
362,657	419,134	428,715	411,210	506,595	592,090
7,733,646	8,080,790	8,231,278	8,958,104	8,728,866	9,008,285
1,934,815	2,018,698	2,057,256	2,239,665	2,181,914	2,235,800
1,934,815	2,018,698	2,057,248	2,239,665	2,181,913	2,235,797
1,271,868	968,659	1,765,047	938,320	808,185	986,697
(53,893)	442,641	191,381	(41,272)	279,331	448,000
418,299	580,160	412,129	479,006	645,871	697,406
(301,372)	0	0	(685,584)	(283,347)	0
19,380,318	20,686,611	20,864,017	20,532,999	20,968,362	22,296,799
13,118	30,708	52,369	75,056	65,800	71,411
0	0	0	0	22,247	0
36,957	149,596	137,812	144,623	199,256	204,141
301,372	0	0	685,584	283,347	0
351,447	180,304	190,181	905,263	570,650	275,552
19,731,765	20,866,915	21,054,198	21,438,262	21,539,012	22,572,351
0	0	0	0	0	0
0	0	0	0	0	0
1,702,685	(1,005,333)	1,570,235	(945,667)	(986,528)	(6,878,427)
1,459,417	1,472,678	1,693,530	1,261,209	1,230,867	(337,394)
\$3,162,102	\$467,345	\$3,263,765	\$315,542	\$244,339	(\$7,215,821)

**City of Fairborn**  
*Fund Balances - Governmental Funds*  
*Last Ten Years*  
*(modified accrual basis of accounting)*  
*Schedule 3*

	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012</u>
General Fund				
Nonspendable	\$0	\$28,888	\$46,497	\$54,586
Assigned	0	213,705	171,849	262,679
Unassigned	0	3,371,738	3,410,686	7,894,685
Reserved	243,901	0	0	0
Unreserved	<u>3,522,534</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Fund	<u>3,766,435</u>	<u>3,614,331</u>	<u>3,629,032</u>	<u>8,211,950</u>
All Other Governmental Funds				
Nonspendable	0	1,284,429	3,412,502	3,329,972
Restricted	0	6,575,123	7,071,041	7,360,699
Committed	0	374,831	491,291	561,203
Assigned	0	474,042	593,902	495,287
Unassigned (Deficit)	0	(2,553,880)	(3,123,216)	(730,233)
Reserved	2,017,230	0	0	0
Unreserved, Undesignated (Deficit) Reported in:				
Special Revenue Funds	3,274,776	0	0	0
Debt Service Fund	325,721	0	0	0
Capital Projects Funds	<u>(334,303)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total all Other Governmental Funds	<u>5,283,424</u>	<u>6,154,545</u>	<u>8,445,520</u>	<u>11,016,928</u>
All Governmental Funds	<u>\$9,049,859</u>	<u>\$9,768,876</u>	<u>\$12,074,552</u>	<u>\$19,228,878</u>

(1) The City implemented GASB 54 in 2011.



2013	2014	2015	2016	2017	2018
\$25,166	\$23,665	\$14,298	\$18,950	\$72,838	\$80,503
608,978	755,130	983,752	2,023,546	2,721,907	1,752,154
9,382,356	10,042,544	9,480,017	8,378,803	6,936,826	7,342,232
0	0	0	0	0	0
0	0	0	0	0	0
10,016,500	10,821,339	10,478,067	10,421,299	9,731,571	9,174,889
69,678	200,574	166,271	669,611	162,712	174,023
7,176,384	6,062,520	7,295,377	8,206,807	9,172,117	8,202,333
254,549	309,296	119,119	258,566	432,467	792,265
586,058	625,356	419,469	459,463	633,701	400,326
(309,636)	(122,498)	(1,079)	(2,216,842)	(2,101,377)	(3,334,860)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
7,777,033	7,075,248	7,999,157	7,377,605	8,299,620	6,234,087
\$17,793,533	\$17,896,587	\$18,477,224	\$17,798,904	\$18,031,191	\$15,408,976

**City of Fairborn**  
*Changes in Fund Balances - Governmental Funds*  
*Last Ten Years*  
*(modified accrual basis of accounting)*  
*Schedule 4*

	2009	2010	2011	2012
<b>Revenues:</b>				
Property Taxes	\$2,425,711	\$2,458,646	\$2,415,919	\$5,235,512
Other Local Taxes	738,667	712,099	810,109	841,187
Municipal Income Taxes	11,185,796	11,442,949	11,574,407	11,994,955
Revenue in Lieu of Taxes	310,823	339,114	332,269	379,278
Fines, Licenses and Permits	2,002,352	1,817,598	1,638,566	1,639,486
Charges for Services	4,151,360	4,868,341	5,048,274	5,778,812
Investment Earnings	233,256	165,647	168,589	101,427
Intergovernmental	6,028,951	5,914,059	6,236,284	6,535,383
Special Assessments	302,578	414,979	416,412	363,052
Contributions and Donations	542,430	0	46,558	9,276
Other	368,886	397,906	501,046	498,594
<b>Total Revenues</b>	<b>28,290,810</b>	<b>28,531,338</b>	<b>29,188,433</b>	<b>33,376,962</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	6,826,870	7,517,523	7,025,927	6,410,454
Public Safety	12,902,125	12,772,786	12,379,650	12,282,513
Leisure Time Activities	280,300	391,574	201,592	169,189
Community Development	1,010,774	1,080,457	1,087,343	1,349,975
Transportation and Street Repair	1,654,970	1,460,195	1,763,864	3,309,867
Public Health and Welfare	88,814	90,865	95,111	94,743
Capital Outlay	2,387,313	2,505,157	1,699,918	2,014,611
Intergovernmental	207,546	222,316	216,742	223,589
<b>Debt Service:</b>				
Principal Retirement	1,706,369	2,040,492	2,478,903	1,755,570
Interest and Fiscal Charges	546,730	485,687	384,476	363,988
Issuance Costs	0	852	11,510	0
<b>Total Expenditures</b>	<b>27,611,811</b>	<b>28,567,904</b>	<b>27,345,036</b>	<b>27,974,499</b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	678,999	(36,566)	1,843,397	5,402,463
<b>Other Financing Sources (Uses):</b>				
Special Assessments Bond Issued	135,000	0	320,000	120,000
Notes Issued	0	0	0	0
Proceeds of OPWC Loans	0	0	0	0
Premium on Debt Issued	0	583	0	16,193
Proceeds from the Sale of Capital Assets	0	0	22,279	4,484
General Obligation Bonds Issued	0	45,000	0	0
Refunding Notes Issued	403,000	710,000	120,000	1,611,186
Transfers-In	10,563,476	10,226,724	9,644,754	4,870,028
Transfers-Out	(10,563,476)	(10,226,724)	(9,644,754)	(4,870,028)
<b>Total Other Financing Sources (Uses)</b>	<b>538,000</b>	<b>755,583</b>	<b>462,279</b>	<b>1,751,863</b>
Prior Year Restatement of Restricted Fund Balance	0	0	0	0
<b>Net Change in Fund Balances</b>	<b>\$1,216,999</b>	<b>\$719,017</b>	<b>\$2,305,676</b>	<b>\$7,154,326</b>
<b>Debt Service as a Percentage</b>				
of Noncapital Expenditures	9.0%	9.7%	11.2%	8.2%

2013	2014	2015	2016	2017	2018
\$5,404,927	\$5,270,213	\$5,033,037	\$5,146,070	\$5,128,685	\$5,221,852
823,386	828,945	847,768	841,911	764,241	897,435
11,691,107	11,911,179	12,165,582	13,164,280	13,016,028	13,491,824
362,657	419,134	428,715	411,210	506,595	592,090
1,679,445	1,809,801	1,701,365	1,744,061	2,175,162	1,971,179
5,342,261	5,370,812	5,552,844	5,628,442	5,614,586	5,501,197
(48,747)	488,097	184,960	26,256	319,513	533,530
4,942,122	4,722,891	5,945,544	4,451,296	5,018,296	5,711,160
321,577	295,972	197,000	187,020	194,139	184,481
1,427	5,384	11,059	15,565	19,076	17,728
418,299	580,160	412,129	479,006	645,871	697,406
30,938,461	31,702,588	32,480,003	32,095,117	33,402,192	34,819,882
7,359,127	7,121,226	6,987,945	7,330,640	7,996,512	8,431,402
13,351,123	13,496,787	13,815,117	14,806,908	15,595,103	17,309,839
281,564	229,166	247,569	268,657	299,904	346,021
1,133,762	1,655,251	2,259,829	1,883,239	2,353,386	2,960,163
2,607,811	3,258,464	3,234,742	2,949,365	1,850,948	4,782,492
102,948	115,122	117,097	118,751	117,643	115,585
2,896,232	3,399,872	4,335,287	4,737,193	6,577,806	3,014,662
215,666	253,670	243,390	235,465	315,411	358,145
3,328,691	2,136,024	715,368	676,945	1,025,336	3,806,305
321,975	255,058	219,918	249,473	337,359	426,430
0	0	0	0	0	0
31,598,899	31,920,640	32,176,262	33,256,636	36,469,408	41,551,044
(660,438)	(218,052)	303,741	(1,161,519)	(3,067,216)	(6,731,162)
0	0	0	85,000	0	75,000
517,500	310,000	270,000	757,515	3,545,000	4,001,225
0	0	0	334,832	0	0
47,589	6,935	2,155	4,726	32,014	29,571
25,921	4,171	4,741	11,710	5,836	3,151
1,630,000	0	0	0	0	0
0	0	0	0	0	0
5,878,722	6,654,118	7,370,918	8,581,627	7,723,776	8,051,918
(5,878,722)	(6,654,118)	(7,370,918)	(9,292,211)	(8,007,123)	(8,051,918)
2,221,010	321,106	276,896	483,199	3,299,503	4,108,947
(2,995,917)	0	0	0	0	0
(\$1,435,345)	\$103,054	\$580,637	(\$678,320)	\$232,287	(\$2,622,215)
12.6%	8.4%	3.4%	3.3%	4.6%	11.0%

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

Assessed Year	Real Property		Tangible Personal Property			
	Assessed Value	Estimated Actual Value	Public Utility		General Business	
			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2009	\$552,208,370	\$1,577,738,200	\$10,790,570	\$12,262,011	\$7,381,048	\$11,809,677
2010	552,367,880	1,578,193,943	10,647,220	12,099,114	1,138,450	1,821,520
2011	555,015,130	1,585,757,514	11,124,480	12,641,455	552,420	883,872
2012	513,212,360	1,466,321,029	11,439,860	12,999,841	0	0
2013	516,359,800	1,475,313,714	14,040,100	15,954,659	0	0
2014	497,344,590	1,420,984,543	14,054,270	15,970,761	0	0
2015	498,165,380	1,423,329,657	14,621,720	16,615,591	0	0
2016	500,809,070	1,430,883,057	15,689,160	17,828,591	0	0
2017	506,280,670	1,446,516,200	16,466,990	18,712,489	0	0
2018	514,907,250	1,471,163,571	17,744,430	20,164,125	0	0

Source: Greene County Auditor

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. 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 tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax was 2010).

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

Assessed Value	Total		Weighted Average Tax Rate (per \$1,000 of assessed value)
	Estimated Actual Value	Ratio	
\$570,379,988	\$1,601,809,888	35.61	8.78
564,153,550	1,592,114,576	35.43	8.80
566,692,030	1,599,282,841	35.43	8.80
524,652,220	1,479,320,869	35.47	8.80
530,399,900	1,491,268,373	35.57	8.80
511,398,860	1,436,955,304	35.59	8.80
512,787,100	1,439,945,248	35.61	11.30
516,498,230	1,448,711,648	35.65	11.30
522,747,660	1,465,228,689	35.68	11.30
532,651,680	1,491,327,696	35.72	11.17

**City of Fairborn, Ohio**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Ten Years*  
*Schedule 6*

	2009	2010	2011	2012
<b>Unvoted Millage</b>				
Operating	\$2.50000	\$2.50000	\$2.50000	\$2.50000
<b>Voted Millage - by levy</b>				
1976 Current Expense				
Residential/Agricultural Real	1.1787	1.1799	0.0000	0.0000
Commercial/Industrial and Public Utility Real	1.8323	1.8505	0.0000	0.0000
General Business and Public Utility Personal	4.8000	4.8000	0.0000	0.0000
1976 Street Light				
Residential/Agricultural Real	0.2210	0.2212	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.3436	0.3470	0.0000	0.0000
General Business and Public Utility Personal	0.9000	0.9000	0.0000	0.0000
1982 Emergency Medical Service				
Residential/Agricultural Real	0.3920	0.3924	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.5345	0.5398	0.0000	0.0000
General Business and Public Utility Personal	1.0000	1.0000	0.0000	0.0000
1990 Bond Levy (\$1,750,000)				
Residential/Agricultural Real	0.3000	0.2500	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.3000	0.2500	0.0000	0.0000
General Business and Public Utility Personal	0.3000	0.2500	0.0000	0.0000
2011 Police				
Residential/Agricultural Real	0.00000	0.00000	4.40000	4.40000
Commercial/Industrial and Public Utility Real	0.00000	0.00000	4.40000	4.40000
General Business and Public Utility Personal	0.00000	0.00000	4.40000	4.40000
2011 Fire & EMS				
Residential/Agricultural Real	0.00000	0.00000	4.40000	4.40000
Commercial/Industrial and Public Utility Real	0.00000	0.00000	4.40000	4.40000
General Business and Public Utility Personal	0.00000	0.00000	4.40000	4.40000
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	2.09170	2.04350	8.80000	8.80000
Commercial/Industrial and Public Utility Real	3.01040	2.98730	8.80000	8.80000
General Business and Public Utility Personal	7.00000	6.95000	8.80000	8.80000
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	4.59170	4.54350	11.30000	11.30000
Commercial/Industrial and Public Utility Real	5.51040	5.48730	11.30000	11.30000
General Business and Public Utility Personal	9.50000	9.45000	11.30000	11.30000
<i>Weighted Average</i>	8.78000	8.80000	8.80000	8.80000

2013	2014	2015	2016	2017	2018
\$2.50000	\$2.50000	\$2.50000	\$2.50000	\$2.50000	\$2.50000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4.40000	4.40000	4.40000	4.40000	4.33477	4.33249
4.40000	4.40000	4.40000	4.40000	4.40000	4.38531
4.40000	4.40000	4.40000	4.40000	4.40000	4.38531
4.40000	4.40000	4.40000	4.40000	4.33477	4.33249
4.40000	4.40000	4.40000	4.40000	4.40000	4.38531
4.40000	4.40000	4.40000	4.40000	4.40000	4.38531
8.80000	8.80000	8.80000	8.80000	8.66954	8.66498
8.80000	8.80000	8.80000	8.80000	8.80000	8.77062
8.80000	8.80000	8.80000	8.80000	8.80000	8.77062
11.30000	11.30000	11.30000	11.30000	11.16954	11.16498
11.30000	11.30000	11.30000	11.30000	11.30000	11.27062
11.30000	11.30000	11.30000	11.30000	11.30000	11.27062
8.80000	8.80000	11.30000	11.30000	11.30000	11.17000

(continued)

**City of Fairborn, Ohio**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Ten Years*  
*Schedule 6*  
*(Continued)*

**Overlapping Rates by Taxing District**

	2009	2010	2011	2012
<b>Fairborn City School District</b>				
Residential/Agricultural Real	\$30.0066	\$30.1277	\$32.2323	\$32.0765
Commercial/Industrial and Public Utility Real	31.2887	31.4438	33.0970	33.1848
General Business and Public Utility Personal	51.8000	51.9000	52.6500	52.5000
<b>Greene County Joint Vocational School District</b>				
Residential/Agricultural Real	2.5285	2.5316	2.6460	2.6473
Commercial/Industrial and Public Utility Real	2.6776	2.6963	2.8188	2.8285
General Business and Public Utility Personal	3.4500	3.4500	3.4500	3.4500
<b>General Health District</b>				
Residential/Agricultural Real	0.4573	0.4578	0.8000	0.8000
Commercial/Industrial and Public Utility Real	0.4731	0.4763	0.8000	0.8000
General Business and Public Utility Personal	0.5000	0.5000	0.8000	0.8000
<b>Greene County</b>				
Residential/Agricultural Real	10.9944	11.5834	11.2744	11.2772
Commercial/Industrial and Public Utility Real	11.5388	11.5388	11.8825	11.9065
General Business and Public Utility Personal	12.2500	12.2500	12.2500	12.2500

Source: Greene County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year of each reappraisal.

Overlapping rates are those of local and county governments that apply to property owners within the City.



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2013	2014	2015	2016	2017	2018
\$32.1015	\$33.1700	\$33.1900	\$35.9100	\$35.5983	\$35.3978
33.5243	34.0200	34.0300	36.7300	36.7839	36.5250
52.5000	52.6500	52.6500	55.3500	55.3500	55.2500
2.6494	2.6600	2.6500	2.6600	2.5606	3.5877
2.8550	2.8700	2.8000	2.7800	2.7896	3.8335
3.4500	3.4500	3.4500	3.4500	3.4500	4.4800
0.8000	0.8000	0.8000	0.8000	0.7702	0.7693
0.8000	0.8000	0.7800	0.7800	0.7765	0.7801
0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
11.2842	11.6900	13.4900	13.4800	12.5810	13.0729
11.9692	12.4100	13.9300	13.8400	13.3735	13.9304
12.2500	12.6500	14.4500	14.4500	14.4500	14.4500

**City of Fairborn, Ohio**  
*Principal Property Tax Payers*  
 2018 and 2009  
 Schedule 7

Taxpayer	2018	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power and Light	\$11,880,810	2.23%
Charter Woods LLC	6,166,370	1.16%
NL Core Avalon Place LLC	5,414,930	1.02%
Vectren Energy	3,896,060	0.73%
Brinley Place LLC	3,773,920	0.71%
2377 Commerce Center Blvd. LLC	3,569,870	0.67%
Stag Fairborn LLC	3,185,000	0.60%
Trebein Limited ADK III	2,673,560	0.50%
Highlands Apartments	2,567,620	0.48%
Trebein Limited	2,373,410	0.45%
<b>Total Principal Property Tax Payers</b>	<b>45,501,550</b>	<b>8.55%</b>
<b>Total All Others</b>	<b>487,150,130</b>	<b>91.45%</b>
<b>Total Assessed Value</b>	<b>\$532,651,680</b>	<b>100.00%</b>
	2009	
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Dayton Power and Light	\$8,629,910	1.51%
Charter Woods LLC	6,547,140	1.15%
MG-Mapleview LTD	5,743,050	1.01%
2377 Commerce Center Blvd.	4,221,630	0.74%
Ohio Bell Telephone	3,617,500	0.63%
Trebein Limited ADK III	3,290,870	0.58%
Highland Apartments	3,265,050	0.57%
Property Associates LLC	3,254,990	0.57%
Miami Valley Publishing Co. Inc.	2,987,100	0.52%
Ali Industries	2,967,300	0.52%
<b>Total Principal Property Tax Payers</b>	<b>44,524,540</b>	<b>7.80%</b>
<b>Total All Others</b>	<b>525,855,448</b>	<b>92.20%</b>
<b>Total Assessed Value</b>	<b>\$570,379,988</b>	<b>100.00%</b>

Source: County Auditor

**City of Fairborn, Ohio**  
*Property Tax Levies and Collections*  
*Last Ten Years*  
*Schedule 8*

Collection Year	Total Tax Levied (1)	Current Tax Collection (1)	Percent of Current Levy Collected	Delinquent Tax Collection (2)	Total Tax Collections	Percent of Total Collections To Total Levy
2009	\$2,610,958	\$2,288,344	87.64%	\$93,338	\$2,426,111	92.92%
2010	2,655,059	2,308,396	86.94%	195,165	2,720,208	102.45%
2011	2,674,411	2,292,610	85.72%	111,913	2,415,927	90.33%
2012	5,710,090	4,942,985	86.57%	269,885	5,235,212	91.68%
2013	5,724,178	5,058,861	88.38%	308,403	5,404,927	94.42%
2014	5,639,412	5,038,661	89.35%	199,257	5,237,918	92.88%
2015	5,447,529	4,795,028	88.02%	207,400	5,002,428	91.83%
2016	5,468,707	4,874,179	89.13%	371,197	5,245,376	95.92%
2017	5,780,266	4,881,684	84.45%	377,457	5,259,141	90.98%
2018	5,165,347	4,996,240	96.73%	208,663	5,204,903	100.77%

Source: County Auditor

- (1) Current taxes levied and current tax collections do not include rollback and homestead amounts.
- (2) Delinquent tax collections include amounts collected from penalties, interest, and other delinquent collections. The County does not identify delinquent collections by the year for which the tax was levied.



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

Calendar Year	Individual		Total Individual	Corporate (1)	Partnership (2)	Total	Income Tax Rate
	Withholding	Non-Withholding					
2009	\$9,097,190	\$1,344,367	\$10,441,557	\$493,240	\$0	\$10,934,797	1.50%
2010	9,052,186	1,465,601	10,517,787	527,885	0	11,045,672	1.50%
2011	9,090,819	1,503,761	10,594,580	788,138	0	11,382,718	1.50%
2012	9,382,995	1,416,132	10,799,127	875,154	0	11,674,281	1.50%
2013	9,005,623	1,383,442	10,389,065	993,264	0	11,382,329	1.50%
2014	9,499,010	1,424,521	10,923,531	876,994	0	11,800,525	1.50%
2015	9,642,019	1,631,346	11,273,365	810,618	0	12,083,983	1.50%
2016	10,150,511	1,713,279	11,863,791	945,577	0	12,809,368	1.50%
2017	9,969,146	1,741,136	11,710,282	1,077,302	0	12,787,584	1.50%
2018	10,155,797	1,738,788	11,894,585	1,273,677	0	13,168,262	1.50%

(1) Corporate includes Partnerships, unable to break out the information.

(2) Information not available.

Note: These amounts are reported at net and take into account tax refunds.  
 Increases in the income tax rate requires voter approval.

**City of Fairborn, Ohio**  
*Ratios of Outstanding Debt by Type*  
*Last Ten Years*  
*Schedule 10*

Calendar Year	Governmental Activities							
	General Obligation Bonds	Special Assessment Bonds	General Obligation Notes (1)	Special Assessment Notes	Income Tax Revenue Bonds	Tax Increment Financing Revenue Bonds	OPWC Loan	Capital Leases
2009	\$695,000	\$1,789,000	\$3,292,762	\$501,000	\$5,830,729	\$0	\$0	\$669,186
2010	570,583	1,437,000	1,993,163	710,000	4,802,583	0	0	527,264
2011	390,466	1,394,000	2,009,159	120,000	3,669,437	0	0	395,237
2012	350,350	1,190,000	1,553,293	68,686	2,496,291	0	0	262,874
2013	310,233	1,007,055	448,650	0	1,273,146	1,574,268	0	124,369
2014	200,117	785,943	311,734	0	0	1,486,714	0	90,631
2015	95,000	588,831	270,539	0	0	1,399,160	0	65,825
2016	0	465,719	758,697	0	0	1,311,606	334,832	40,212
2017	0	306,607	3,554,840	0	0	1,224,052	330,676	13,640
2018	0	230,000	4,010,555	0	0	1,131,498	319,467	0

Notes: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Population and Personal Income data are presented on Schedule 15.

(1) The General Obligation Notes only include the long-term portion of the notes.

Business-Type Activities

General Obligation Bonds	Special Assessment Bonds	OWDA Loan	OPWC Loan	General Obligation Notes	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$4,021,044	\$130,000	\$1,252,220	\$108,458	\$10,635,000	\$4,767	\$28,929,166	2.57%	\$903
10,560,921	120,000	827,271	91,772	4,057,000	285,848	25,983,405	2.21%	803
9,657,268	115,000	493,521	75,086	5,577,000	224,744	24,120,918	1.97%	746
9,519,777	110,000	144,178	58,400	6,536,000	172,031	22,461,880	2.93%	694
15,106,946	100,000	0	41,714	100,211	117,313	20,203,905	2.68%	625
14,639,732	90,000	0	25,028	100,459	60,514	17,790,872	2.35%	543
14,087,518	80,000	0	8,342	2,793,746	1,555	19,390,516	2.54%	583
13,525,304	70,000	0	1,449	6,588,700	950	23,097,469	3.00%	690
12,953,090	60,000	0	0	6,591,852	324	25,035,081	3.26%	751
12,365,876	50,000	0	0	6,828,909	0	24,936,305	2.97%	748

**City of Fairborn, Ohio**  
*Ratio of General Obligation Bonded Debt to  
 Estimated Actual Value and General Obligation Bonded Debt Per Capita  
 Last Ten Years  
 Schedule 11*

Year	General Bonded Debt	Estimated Actual Value (1)	Population (2)	Ratio of Debt to Estimated Actual Value	Debt Per Capita
2009	\$4,716,044	\$1,601,809,888	32,054	0.29%	\$147.13
2010	11,131,504	1,592,114,576	32,352	0.70%	344.07
2011	10,047,734	1,599,282,841	32,352	0.63%	310.58
2012	9,870,127	1,479,320,869	32,352	0.67%	305.09
2013	15,417,179	1,491,268,373	32,798	1.03%	470.06
2014	14,839,849	1,436,955,304	33,039	1.03%	449.16
2015	14,182,518	1,439,945,248	33,251	0.98%	426.53
2016	13,525,304	1,448,711,648	33,487	0.93%	403.90
2017	12,953,090	1,465,228,689	33,344	0.88%	388.47
2018	12,365,876	1,491,327,696	33,344	0.83%	370.86

Source: (1) Greene County Auditor  
 (2) Population estimates provided by U.S. Census Bureau (2000 Census, and 2010 Census, 2014-2018 Est.)

Source: City Records

Notes: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Also, resources have not been externally restricted for the repayment of debt.



**City of Fairborn, Ohio**  
*Direct and Overlapping Governmental Activities Debt*  
 December 31, 2018  
 Schedule 12

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Fairborn (1)	Amount Applicable to the City of Fairborn
<b>Direct Debt:</b>			
City of Fairborn			
Special Assessment Bonds	\$230,000	100.00%	\$230,000
Notes Payable (3)	4,010,555	100.00%	4,010,555
Tax Increment Financing Revenue Bonds	1,131,498	100.00%	1,131,498
OPWC Loans	319,467	100.00%	319,467
	<u>5,691,520</u>		<u>5,691,520</u>
Total Direct Debt			<u>5,691,520</u>
<b>Overlapping Debt:</b>			
Greene County	18,980,000	12.86%	2,440,828
Beavercreek Township	360,375	2.57%	9,262
Beavercreek City School District (2)	80,045,311	31.34%	25,086,200
Fairborn City School District (2)	44,925,146	78.12%	35,095,524
	<u>144,310,832</u>		<u>62,631,814</u>
Total Overlapping Debt			<u>62,631,814</u>
Grand Total	<u><u>\$150,002,352</u></u>		<u><u>\$68,323,334</u></u>

Source: Greene County Auditor

- (1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.  
 (2) The debt outstanding is as of June 30, 2018.  
 (3) The General Obligation Notes only include the long-term portion of the notes.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account.

**City of Fairborn, Ohio**  
*Legal Debt Margin Information*  
*Last Ten Years*  
*Schedule 13*

	2009	2010	2011	2012
Total Assessed Valuation	\$570,379,988	\$564,153,550	\$566,692,030	\$524,652,220
Overall debt limitation - 10.5% of assessed valuation	59,889,899	59,236,123	59,502,663	55,088,483
Debt Outstanding				
General Obligation Bonds	4,725,000	11,205,000	10,115,000	9,560,882
Income Tax Revenue Bonds	5,690,000	4,690,000	3,585,000	2,440,000
Special Assessment Bonds	1,919,000	1,557,000	1,509,000	1,300,000
Loans Payable	1,360,678	919,043	568,607	202,578
Bond Anticipation Notes	14,428,762	6,747,762	7,692,762	8,403,500
Total Gross Indebtedness	28,123,440	25,118,805	23,470,369	21,906,160
Less Exempt Debt				
General Obligation Bonds	4,030,000	10,635,000	9,725,000	9,210,882
Income Tax Revenue Bonds	5,690,000	4,690,000	3,585,000	2,440,000
Special Assessment Bonds	1,919,000	1,557,000	1,509,000	1,300,000
Loans Payable	1,360,678	919,043	568,607	202,578
Bond Anticipation Notes	14,428,762	6,747,762	7,692,762	8,403,500
Total Exempt Debt	27,428,440	24,548,805	23,080,369	21,556,160
Net Debt Subject to Limitation	695,000	570,000	390,000	350,000
Less amount available in the Debt Service Fund	325,721	295,174	283,373	237,023
Total Net Debt Subject to Limitation	369,279	274,826	106,627	112,977
Legal debt margin within 10.5% limitation	\$59,520,620	\$58,961,297	\$59,396,036	\$54,975,506
Legal Debt Margin as a Percentage of the Debt Limit	99.4%	99.5%	99.8%	99.8%
Unvoted debt limitation 5.5% of assessed valuation	\$31,370,899	\$31,028,445	\$31,168,062	\$28,855,872
Debt Outstanding	28,123,440	25,118,805	23,470,369	21,906,160
Less Exempt Debt				
General Obligation Bonds	4,030,000	10,635,000	9,725,000	9,210,882
Income Tax Revenue Bonds	5,690,000	4,690,000	3,585,000	2,440,000
Special Assessment Bonds	1,919,000	1,557,000	1,509,000	1,300,000
Loans Payable	1,360,678	919,043	568,607	202,578
Bond Anticipation Notes	14,428,762	6,747,762	7,692,762	8,403,500
Total Exempt Debt	27,428,440	24,548,805	23,080,369	21,556,160
Net Debt Subject to Limitation	695,000	570,000	390,000	350,000
Less amount available in the Debt Service Fund	325,721	295,174	283,373	237,023
Total Net Debt Subject to Limitation	369,279	274,826	106,627	112,977
Legal debt margin within 5.5% limitation	\$31,001,620	\$30,753,619	\$31,061,435	\$28,742,895
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	98.8%	99.1%	99.7%	99.6%

Ohio Bond Law sets a limit of 10.5 percent for voted debt and 5.5 percent for unvoted debt.

2013	2014	2015	2016	2017	2018
\$530,399,900	\$511,398,860	\$512,787,100	\$516,498,230	\$522,747,660	\$532,651,680
55,691,990	53,696,880	53,842,646	54,232,314	54,888,504	55,928,426
15,272,286	16,326,563	15,480,000	14,745,000	14,095,000	13,425,000
1,245,000	0	0	0	0	0
1,035,000	874,000	667,000	534,000	365,000	280,000
41,714	25,028	8,342	336,281	330,676	319,467
715,000	410,000	3,058,900	7,336,518	10,124,003	10,820,100
18,309,000	17,635,591	19,214,242	22,951,799	24,914,679	24,844,567
14,962,286	14,639,732	14,020,000	13,465,000	12,900,000	12,320,000
1,245,000	0	0	0	0	0
1,035,000	874,000	667,000	534,000	365,000	280,000
41,714	25,028	8,342	336,281	330,676	319,467
715,000	410,000	3,058,900	7,336,518	10,124,003	10,820,100
17,999,000	15,948,760	17,754,242	21,671,799	23,719,679	23,739,567
310,000	1,686,831	1,460,000	1,280,000	1,195,000	1,105,000
295,670	251,075	195,510	125,934	64,383	112
14,330	1,435,756	1,264,490	1,154,066	1,130,617	1,104,888
\$55,677,660	\$52,261,124	\$52,578,156	\$53,078,248	\$53,757,887	\$54,823,538
100.0%	97.3%	97.7%	97.9%	97.9%	98.0%
\$29,171,995	\$28,126,937	\$28,203,291	\$28,407,403	\$28,751,121	\$29,295,842
18,309,000	17,635,591	19,214,242	22,951,799	24,914,679	24,844,567
14,962,286	14,639,732	14,020,000	13,465,000	12,900,000	12,320,000
1,245,000	0	0	0	0	0
1,035,000	874,000	667,000	534,000	365,000	280,000
41,714	25,028	8,342	336,281	330,676	319,467
715,000	410,000	3,058,900	7,336,518	10,124,003	10,820,100
17,999,000	15,948,760	17,754,242	21,671,799	23,719,679	23,739,567
310,000	1,686,831	1,460,000	1,280,000	1,195,000	1,105,000
295,670	251,075	195,510	125,934	64,383	112
14,330	1,435,756	1,264,490	1,154,066	1,130,617	1,104,888
\$29,157,665	\$26,691,181	\$26,938,801	\$27,253,337	\$27,620,504	\$28,190,954
100.0%	94.9%	95.5%	95.9%	96.1%	96.2%

**City of Fairborn, Ohio**  
*Pledged Revenue Coverage*  
*Last Ten Years*  
*Schedule 14*

OWDA Loan						
Calendar Year	Gross Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$5,586,017	\$3,127,248	\$2,458,769	\$402,024	\$80,706	5.09%
2010	5,770,826	3,955,133	1,815,693	424,949	55,693	3.78%
2011	5,943,585	3,670,074	2,273,511	333,750	33,377	6.19%
2012	6,508,691	5,103,267	1,405,424	349,343	17,787	3.83%
2013	6,656,869	4,142,833	2,514,036	144,178	4,242	16.94%
2014	0	0	0	0	0	0.00%
2015	0	0	0	0	0	0.00%
2016	0	0	0	0	0	0.00%
2017	0	0	0	0	0	0.00%
2018	0	0	0	0	0	0.00%

- (1) Direct operating expenses do not include depreciation expense.  
(2) The Income Tax Revenue bonds were issued and the first principal payment was made in 2005.

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Income Tax Revenue Bonds

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Municipal Income Taxes (2)	Debt Service Requirements			Coverage
	Principal	Interest	Total	
\$11,185,796	\$960,000	\$262,650	\$1,222,650	9.15%
11,442,949	1,000,000	229,050	1,229,050	9.31%
11,574,407	1,105,000	194,050	1,299,050	8.91%
11,994,955	1,145,000	152,613	1,297,613	9.24%
11,691,107	1,195,000	106,813	1,301,813	8.98%
11,911,179	1,245,000	56,025	1,301,025	9.16%
0	0	0	0	0.00%
0	0	0	0	0.00%
0	0	0	0	0.00%
0	0	0	0	0.00%

**City of Fairborn, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*  
*Schedule 15*

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2009	32,054	\$1,125,256	\$35,105	11.7%
2010	32,352	1,176,642	36,370	10.7%
2011	32,352	1,224,264	37,842	9.2%
2012	32,352	765,998	23,677	7.5%
2013	32,798	753,009	22,959	7.1%
2014	33,039	758,542	22,959 (5)	4.8%
2015	33,251	763,410	22,959 (5)	4.1%
2016	33,487	768,828	22,959 (5)	4.1%
2017	33,344	839,869	25,188 (6)	4.0%
2018	33,344	839,869	25,188 (6)	4.6%

- Sources:
- (1) Population estimates provided by U.S. Census Bureau (2000 Census, and 2010 Census, 2014-2018 Est.)
  - (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 Labor Market Information
  - (5) Information was not available for 2014, 2015, or 2016; the 2013 amounts were used as an estimate
  - (6) U.S. Census Bureau Quick Facts 2012-2017

**City of Fairborn, Ohio**  
*Principal Employers*  
 2018 and 2009  
 Schedule 16

2018	
Employer	Number of Employees
Wright Patterson AFB	30,000
Wright State University	3,021
Fairborn City Schools	539
Teleperformance USA	419
Peerless	329
Ali Industries	289
Ball Aerospace Technologies	286
City of Fairborn	285
Morris Home Furniture Co.	251
Fairborn Cement Company (f.k.a. Cemex)	124
<b>Total Employees</b>	<b>35,543</b>

2009	
Employer	Number of Employees
Wright State University	5,969
Teleperformance USA Inc.	1,140
Fairborn City Schools	905
Wright-Patt Credit Union (1)	254
City of Fairborn	253
Ball Aerospace	199
Morris Home Furniture Co.	178
I Supply	175
Ali Industries	156
MVPC Acquisitions LLC	144
<b>Total Employees</b>	<b>9,373</b>

Source: Community Development Division

(1) Denotes corporate headquarters

Total employment within the City for either year is not available.

**City of Fairborn, Ohio**  
*Full-Time Equivalent City Government Employees by Function/Program*  
*Last Ten Years*  
*Schedule 17*

Function/Program	2009	2010	2011	2012
<b>General Government</b>				
City Council	1.4	1.4	1.4	1.4
Municipal Court	30.1	29.3	26.2	26.6
City Administration	4.0	3.0	3.0	3.0
Finance	13.4	13.9	13.2	11.6
Legal	2.0	2.0	2.5	2.0
Personnel	1.0	1.0	1.0	1.0
Engineering	6.4	6.4	5.3	4.5
Plant Maintenance	8.8	8.5	8.4	8.4
Victim Witness	1.8	2.0	2.0	2.0
<b>Public Safety (1)</b>				
<b>Police</b>				
Sworn Officers	43.0	42.0	42.0	43.0
Non-Sworn	18.9	18.9	17.0	12.5
Fire	51.5	51.5	47.5	49.5
<b>Community Environment</b>				
Building Inspection	5.5	5.5	5.4	4.2
City Planner	2.5	2.5	2.3	2.3
Neighborhood Betterment	2.8	2.6	3.5	3.6
Economic Development			0.0	0.0
<b>Leisure Time Activities</b>				
Parks and Recreation	1.6	2.1	2.1	2.2
<b>Transportation and Street Repair</b>				
Street	10.0	10.0	10.1	10.4
State Highway	1.0	1.0	1.0	1.0
<b>Public Health and Welfare</b>				
Cemetery	1.5	1.0	1.0	1.0
<b>Basic Utility Service</b>				
Water	16.6	16.6	16.7	15.7
Sewer	21.9	21.9	22.1	21.1
Sanitation	1.6	2.1	1.1	1.6
<b>Internal Service</b>				
ITS	2.8	2.9	2.9	2.9
Equipment Services	7.1	7.1	6.1	5.1
<b>Total</b>	<b>257.0</b>	<b>255.1</b>	<b>243.8</b>	<b>236.6</b>

Source: Various City Departments

(1) Information obtained from department annual reports.



2013	2014	2015	2016	2017	2018
1.4	1.4	1.4	1.4	1.4	1.4
27.1	27.3	28.2	29.2	28.9	28.9
3.0	3.0	3.0	3.0	6.0	5.0
12.6	12.6	12.5	13.0	13.5	13.0
2.0	2.0	2.0	2.0	2.0	2.0
1.5	1.5	2.5	2.0	3.5	3.5
4.5	4.5	5.4	5.5	5.5	5.6
8.4	8.4	8.5	9.5	9.5	9.5
2.0	2.0	2.0	3.5	3.5	3.5
42.0	43.0	46.0	46.0	48.0	48.0
18.5	19.0	19.0	23.0	21.0	21.5
51.5	51.5	54.5	54.0	54.0	54.5
4.3	4.0	4.0	4.0	3.5	4.3
2.3	3.5	4.8	5.3	5.4	5.4
4.1	4.2	3.2	2.3	1.7	1.7
1.5	1.5	2.0	2.2	2.0	2.0
2.5	2.8	2.6	2.6	3.0	3.0
11.4	12.4	11.9	11.9	11.9	11.9
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.5	1.5	1.5	1.5	1.5
18.7	17.4	17.6	17.6	17.6	17.6
17.8	18.4	18.6	18.6	18.6	18.6
1.6	1.6	2.1	2.1	2.1	2.1
2.9	3.7	3.7	4.0	4.0	4.0
6.1	6.1	6.1	6.6	6.6	6.6
<u>249.7</u>	<u>254.2</u>	<u>264.1</u>	<u>271.8</u>	<u>275.7</u>	<u>276.0</u>

**City of Fairborn, Ohio**  
*Operating Indicators by Function/Program*  
*Last Ten Years*  
*Schedule 18*

Function/Program	2009	2010	2011	2012
General government				
Municipal Court				
Criminal and Traffic Cases	15,728	13,877	13,388	13,677
Criminal and Traffic Trials	67	85	62	76
Criminal and Traffic Receipts (in 000's)	\$3,035	\$2,791	\$2,747	\$2,634
Civil/Small Claims Cases	2,022	2,116	1,857	1,765
Civil/Small Claims Trials	1,054	965	853	819
Civil/Small Claims Receipts (in 000's)	\$809	\$874	\$896	\$881
Public Safety				
Police				
Calls for Service	35,482	35,194	32,601	34,709
Parking Violations	979	822	761	946
Traffic Violations	4,820	4,063	3,947	4,123
Criminal Citations	3,183	1,690	1,362	2,174
Training Hours	3,741	1,814	2,595	3,636
Fire				
Emergency Responses	6,095	6,287	6,464	6,479
Inspections	1,100	889	1,300	1,300
Training Hours	4,487	1,700	2,300	2,300
Community Environment				
Planning and Development				
Residential Construction Permits Issued	1,048	1,068	1,125	1,120
Estimated Value of Residential Construction	\$30,159,074	\$20,844,967	\$25,238,437	\$18,449,074
Commercial Construction Permits Issued	290	312	389	395
Estimated value of Commercial Construction	\$6,188,505	\$6,021,792	\$5,285,194	\$18,962,948
Parks and Recreation				
Softball Registrations	93	65	64	63
Weekday Fast-Pitch Registrations (youth) (1)	0	0	0	0
Weekend Softball Tournaments	64	55	72	72
Water				
New Connections	70	49	62	68
Water Main Breaks	33	44	33	55
Average Daily Consumption (millions of gallons)	3.300	2.445	2.415	3.600
Peak Daily Consumption (millions of gallons)	4.240	4.258	4.012	4.900
Total Water Treated (millions of gallons)	1,212	1,203	1,200	1,359
Average Daily Treatment (millions of gallons)	3.3	3.3	3.5	3.7
Hydrants Flushed	1,463	1,353	1,500	1,503
Sewer				
Total Water Treated (millions of gallons)	1,530	1,550	1,943	1,479
Average Daily Treatment (millions of gallons)	4.2	4.3	5.3	4.0

Source: Various City Departments

(1) New youth softball category added in 2014

2013	2014	2015	2016	2017	2018
13,516	15,187	14,258	17,124	18,156	16,920
70	70	47	52	58	65
\$2,792	\$2,768	\$2,801	\$2,738	\$3,340	\$3,172
1,672	1,914	1,735	2,036	1,767	1,919
429	600	115	133	85	49
\$743	\$754	\$822	\$903	\$1,045	\$1,098
44,920	49,640	49,038	52,754	55,603	56,863
1,315	1,439	1,272	1,444	1,726	1,361
5,226	4,585	4,302	4,085	4,955	4,187
2,521	2,640	2,462	2,410	3,300	2,975
3,391	4,397	5,084	6,632	6,312	5,869
6,007	6,479	6,861	7,018	7,327	7,043
1,156	1,087	646	676	459	526
2,064	2,397	2,831	6,888	7,346	5,382
984	1,114	1,086	1,452	1,590	1,386
\$7,012,006	\$14,450,637	\$14,299,730	\$22,288,216	\$25,520,088	\$31,030,516
395	433	457	461	513	320
\$7,012,006	\$5,078,437	\$19,682,700	\$22,279,340	\$31,474,180	\$23,637,850
54	25	28	28	25	37
0	26	21	16	16	24
61	35	36	22	21	24
63	93	40	68	55	80
88	53	59	43	56	55
3.400	3.460	3.290	3.180	2.360	3.132
5.110	4.310	4.680	4.340	3.770	4.780
1,213	1,140	1,200	1,160	1,020	1,178
3.5	3.5	3.3	3.2	2.8	3.3
1,029	1,496	1,482	1,465	1,465	1,465
1,524	1,479	1,600	1,508	1,599	1,700
4.2	4.4	4.4	4.1	4.4	4.7

**City of Fairborn, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*  
*Schedule 19*

Function/Program	2009	2010	2011	2012
<b>Police</b>				
Stations	1	1	1	1
Patrol units	30	30	13	13
Fire Stations	4	4	4	4
<b>Public Works</b>				
Area of City (square miles)	13.40	13.41	13.41	13.41
Streets (lane miles)	294.94	296.13	297.27	298.15
Streetlights	2,512	2,506	2,514	2,552
<b>Parks and Recreation</b>				
Number of Parks <sup>1</sup>	20	20	20	20
Acreage	714.30	715.00	712.33	714.33
Playgrounds	18	18	19	19
Baseball/softball diamonds <sup>2</sup>	15	15	15	15
Soccer/football fields	12	12	12	12
Number of Tennis Courts <sup>3</sup>	14	14	14	14
Basketball Courts	0	0	0	0
Pickle Ball Court	0	0	0	0
Amphitheater at Community Park	0	0	0	0
<b>Municipal Water Department</b>				
Daily Treatment Capacity (millions of gallons)	5.40	5.40	6.50	6.50
Water Mains (miles)	149.78	149.93	151.78	152.26
Fire hydrants	1,477	1,412	1,493	1,493
<b>Sewers</b>				
Daily Treatment Capacity (millions of gallons)	6.00	6.00	6.00	6.00
Storm Sewers (miles)	112.32	113.16	113.82	114.60
Sanitary Sewers (miles)	136.50	137.52	138.02	138.65

Source: Various City Departments

<sup>1</sup> Includes parks, wetlands and reserves. Excludes Bikeway

<sup>2</sup> Three fields have been restored are in service again

<sup>3</sup> Four courts have been restored and are in service again

2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
13	13	14	14	15	15
4	4	4	4	4	4
13.53	14.01	14.71	14.73	14.73	14.73
299.24	299.52	300.00	301.34	302.11	304.09
2,553	2,553	2,768	2,781	2,781	2,797
20	20	20	19	21	21
714.33	714.33	719.11	689.25	773.41	773.41
19	20	20	20	21	21
11	11	10	12	15	15
12	12	12	12	12	12
14	14	10	10	14	14
0	0	0	0	13	13
0	0	0	0	2	4
0	0	0	0	1	1
6.50	6.50	6.50	6.50	6.50	6.50
152.96	154.06	155.84	158.06	158.40	159.27
1,500	1,505	1,505	1,465	1,545	1,531
6.00	6.00	6.00	6.00	6.00	6.00
114.60	115.08	117.42	121.76	123.00	126.33
138.81	138.93	139.15	141.46	141.80	142.93





**City of Fairborn  
Finance Department  
44 West Hebble Avenue  
Fairborn, Ohio 45324  
Telephone: (937) 754-3005  
[www.fairbornoh.gov](http://www.fairbornoh.gov)**

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# CITY OF FAIRBORN, OHIO



Single Audit Reports

December 31, 2018

**PLATTENBURG**  
Certified Public Accountants

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CITY OF FAIRBORN, OHIO  
Schedule of Expenditures of Federal Awards  
For the year ended December 31, 2018

Federal Grantor/Pass Through Grantor/Program Title	Grant or Pass-Through Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct programs:			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	B-17-MC-39-0032	14.218	\$ 51,065
Community Development Block Grants/Entitlement Grants	B-18-MC-39-0011	14.218	188,658
Total CDBG - Entitlement Grants Cluster			<u>239,723</u>
Passed through the State Department of Development:			
Home Investment Partnerships Program	A-C-16-2BK-2	14.239	150,706
Total U.S. Department of Housing and Urban Development			<u>390,429</u>
<u>U.S. Department of Justice</u>			
Direct programs:			
Bulletproof Vest Partnership Program	N/A	16.607	2,154
Passed through the Ohio Attorney General:			
Crime Victim Assistance	2018-VAGENE482	16.575	85,813
Crime Victim Assistance	2019-VAGENE482	16.575	25,676
Passed through the Office of Criminal Justice Services:			
Violence Against Women Formula Grants	2017-WF-VA2-8932	16.588	59,898
Edward Byrne Memorial Justice Assistance Grant Program	2017-JG-A02-6243	16.738	35,953
Passed through Greene County:			
Equitable Sharing Program	N/A	16.922	6,598
Total U.S. Department of Justice			<u>216,092</u>
<u>U.S. Department of Transportation</u>			
Passed through the Ohio Department of Transportation:			
Highway Planning and Construction Cluster			
Surface Transportation Program - Dayton Dr Widening	PID 96243	20.205	381,662
Surface Transportation Program - Central Ave.	PID 103676	20.205	510,530
Total Highway Planning and Construction Cluster			<u>892,192</u>
Total U.S. Department of Transportation			<u>892,192</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Ohio Task Force 1:			
National Urban Search and Rescue Response System	N/A	97.025	24,839
Total U.S. Department of Homeland Security			<u>24,839</u>
TOTAL - ALL FEDERAL PROGRAMS			<u>\$ 1,523,552</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

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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***

Honorable Mayor, City Council and City Manager  
City of Fairborn

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 Fairborn (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2019, wherein we noted the City adopted GASB No. 75 as disclosed in Note 3.

**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.*

Plattenburg & Associates, Inc.

Dayton, Ohio

June 19, 2019

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

Honorable Mayor, City Council and City Manager  
City of Fairborn

**Report on Compliance for Each Major Federal Program**

We have audited the City of Fairborn's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 19, 2019, which contained unmodified opinions on those financial statements, wherein we noted the City adopted GASB No. 75 as disclosed in Note 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.  
Dayton, Ohio  
June 19, 2019



**CITY OF FAIRBORN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2018**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major federal programs:

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

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

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

Identification of major federal programs:  
Highway Planning and Construction Cluster

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

Auditee qualified as low-risk auditee? No

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

None

**Section III – Federal Award Findings and Questioned Costs**

None

**CITY OF FAIRBORN  
December 31, 2018**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

The City had no prior audit findings or questioned costs. The City was not required to have a single audit in the prior year.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**CITY OF FAIRBORN**

**GREENE 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  
JULY 9, 2019**