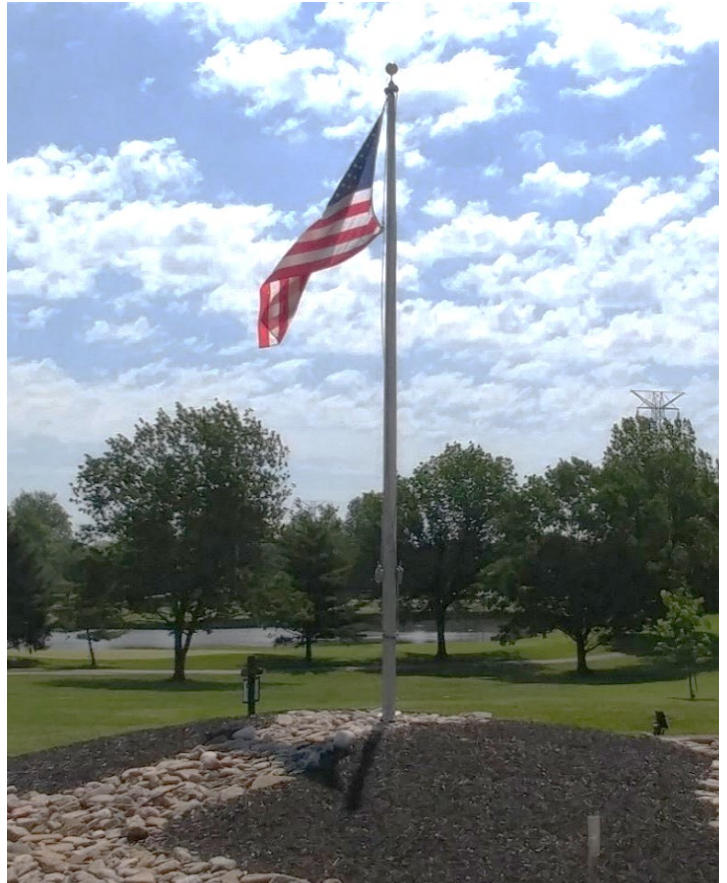




POPULAR ANNUAL FINANCIAL REPORT

For the year ended December 31, 2021





Seated, left to right:

Leslie Besl (1st Ward), **Tim Abbott** (4th Ward), **Mitch Rhodus** (Mayor), **Gwen Brill** (At-Large)

Standing, left to right:

Terry Senger (3rd Ward), **Dale Paullus** (2nd Ward), **Tim Meyers** (At-large), **Matt Davidson** (At-Large)

CITY MANAGER

City Manager, Scott W. Timmer, was appointed by City Council on February 7, 2022 and serves as the Chief Executive Officer and head of the administrative branch of the City. The Manager is responsible for the proper administration of all the affairs of the City, the supervision of all City departments, preparation of the annual operating budget and oversight of financial condition, and the enforcement of all laws and Ordinances within the City.

MISSION STATEMENT

The mission of the City of Fairfield is to provide opportunities for all to experience an exceptional quality of life in a safe, well-balanced, and attractive environment by creating progressive partnerships to build our future.



LETTER FROM THE DIRECTOR OF FINANCE

The Department of Finance is proud to present the City of Fairfield's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2021. The PAFR summarizes the City's financial activities from a more detailed report called the Annual Comprehensive Financial Report, which contains financial statements prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by Plattenburg & Associates, an independent auditing firm.

The 2021 Annual Comprehensive Financial Report received an unmodified (clean) opinion, and the PAFR uses that same information presented in a more reader-friendly format. The City of Fairfield's 2021 Annual Comprehensive Financial Report is available at the City Building in the Finance Office or on the City of Fairfield website at the following location: <https://www.fairfield-city.org/222/Comprehensive-Annual-Financial-Reports>

The City of Fairfield's PAFR is unaudited and presented on a GAAP basis unless otherwise noted. The purpose of the PAFR is to provide summarized financial data as a means of increasing awareness and knowledge of the operations of the City. We believe our citizens deserve transparency when it comes to their tax dollars. This report is designed to help you gain a better understanding of the City's resources and how we put your tax dollars to use.



Jake Burton
Director of Finance

AWARDS

The City received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for its PAFR for the fiscal year ended December 31, 2020. This was the 3rd year in a row the City has achieved this award.

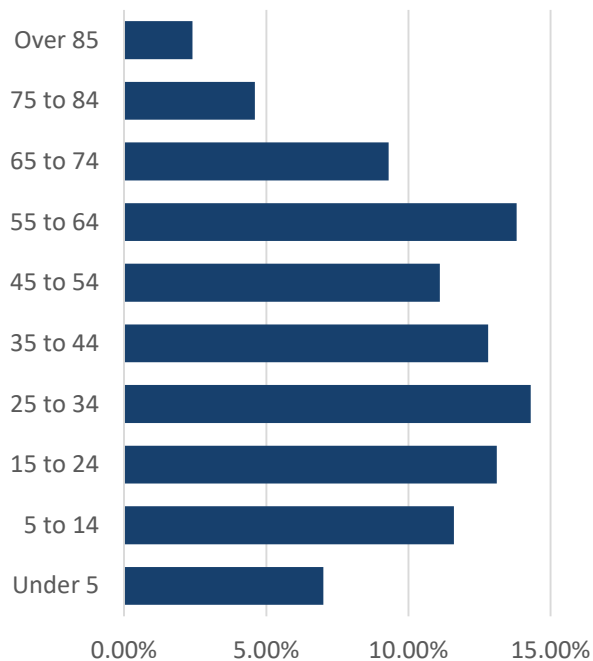


Fairfield at a Glance



Fairfield's Top Ten Employers Company	Employees
Cincinnati Financial Corporation	3,300
Mercy Health	1,400
Koch Foods	1,250
Fairfield City School District	1,000
Pacific Manufacturing	800
Express Scripts	750
Veritiv Corporation	480
Martin Brower	450
Takumi Stamping	425
Quality Gold	350

Population Age Distribution



Household Income Income Level	Percentage
Less than \$10k	4.4%
\$10,000 to \$14,999	3.6%
\$15,000 to \$24,999	8.0%
\$25,000 to \$49,999	23.5%
\$50,000 to \$74,999	21.6%
\$75,000 to \$99,999	14.2%
\$100,000 to \$149,999	16.4%
\$150,000 to \$199,999	4.3%
\$200,000 or more	4.0%

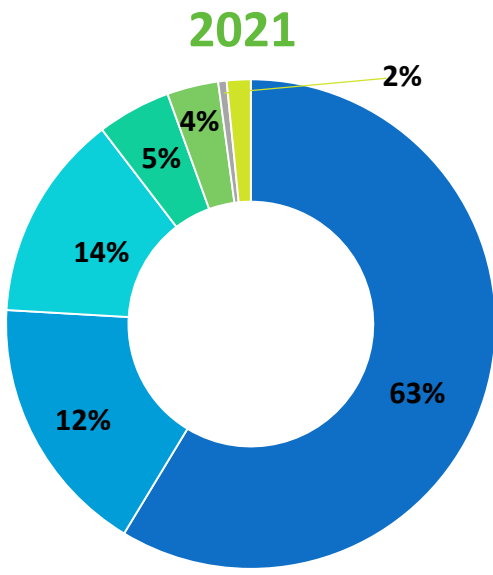
Housing Information:

Median Household Income:	\$60,340
Owner-occupied rate:	61.7%
Median Value:	\$159,300

Where the Money Comes From

Revenues – Governmental Activities

The funding the City receives in order to provide services to its residents and business community comes from a variety of sources. The charts below summarize the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds from the 2021 Annual Comprehensive Financial Report. The significance of income taxes is recognizable as it makes up 63% of governmental activities revenue in 2021. Maintaining a strong local tax base is critical for continued success.

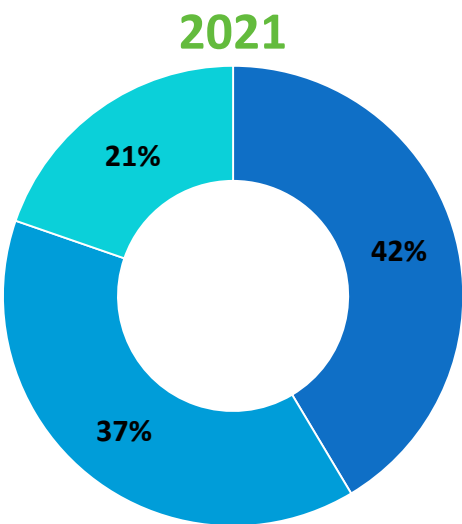


	2019	2020	2021
Income Taxes	\$30,571,598	\$32,873,183	\$35,712,137
Intergovernmental	\$8,210,034	\$9,665,620	\$7,094,239
Property Taxes	\$7,806,857	\$7,670,634	\$8,092,708
Charges for Services	\$2,929,600	\$2,726,764	\$2,809,802
Fines, Licenses & Permits	\$2,303,782	\$1,899,532	\$2,425,952
Investment Earnings	\$1,093,906	\$311,715	-\$36,245
Other Revenue	\$573,729	\$887,012	\$878,009
	\$53,489,506	\$56,034,460	\$56,976,602

Revenues – Proprietary Funds

Proprietary Fund revenue represents revenues that arise from charges to customers who directly benefit from goods or services in the City of Fairfield. The charts below summarize the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds from the Annual Comprehensive Financial Report. Examples of Proprietary Fund charges for service are charges for water, sewer, and solid waste. Additionally, charges for service can include fees at the City’s aquatic center and golf courses.

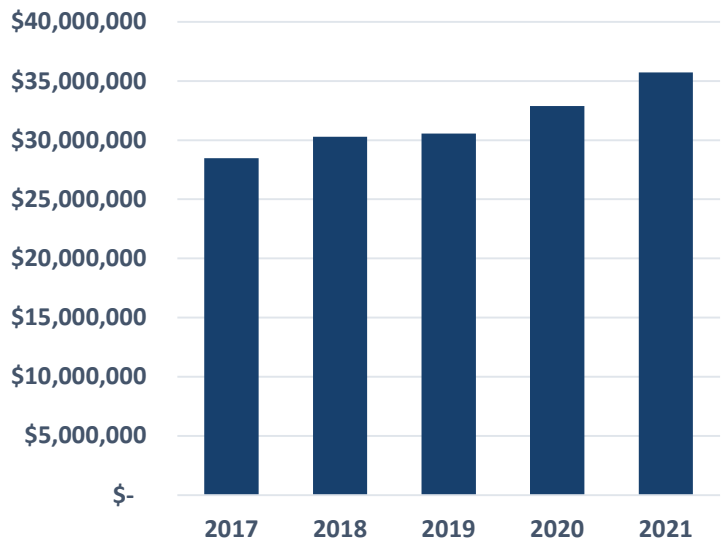
	2019	2020	2021
Water Utility	\$7,453,133	\$7,922,299	\$8,468,631
Sewer Utility	\$7,160,623	\$7,435,258	\$7,551,795
Other Enterprise	\$4,098,529	\$3,767,813	\$4,239,382
	\$18,712,285	\$19,125,370	\$20,259,808



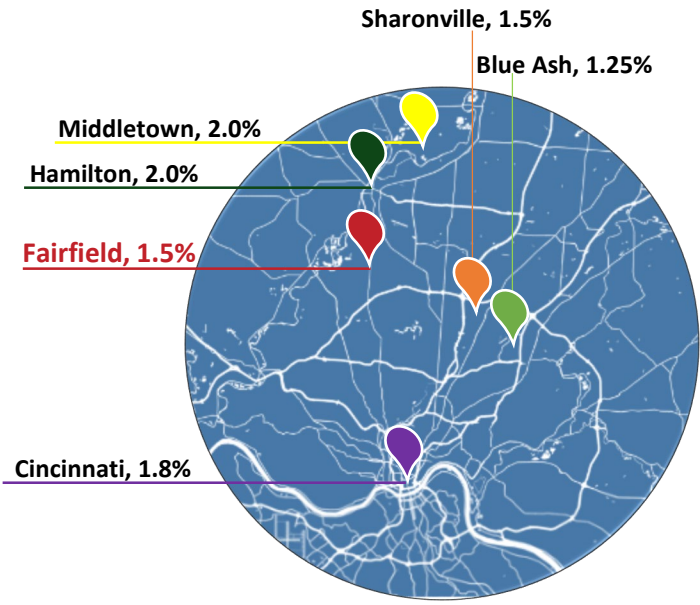
Income Taxes

Income taxes represent the largest source of revenue for the City. Income tax collections are comprised of three sources: taxes withheld from employees working in the City, taxes from individual residents, and taxes on net profits of businesses operating in the City. Revenue from withholding represents 72% of the City's total income tax revenue. The importance of this withholding revenue outlines the financial impact of nonresidential development in the City.

Income Tax Collections



Southwest Ohio Tax Rates

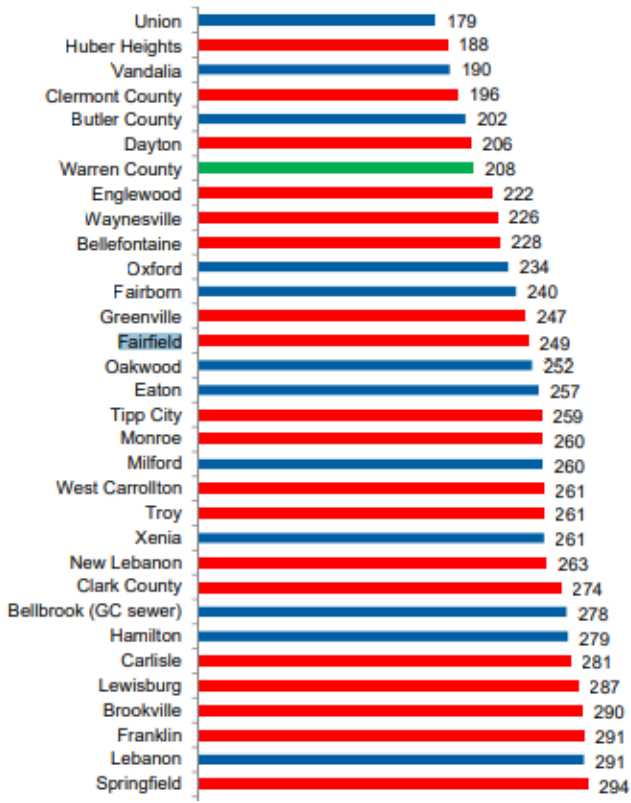


Charges for Services

In October 2020, Fairfield City Council approved utility rate adjustments for years 2021 through 2025. The Water Rate increase is 3.5% per year, and the Sewer Rate increase is 1.5% for 2021-2024 and 3% in 2025.

In the 2022 City of Piqua Water and Sewer Rate Survey, the City of Fairfield ranked 14th lowest out of 63 ranked communities for combined water and sewer cost. If you would like to view the City's Utility Rates, please visit our website at:

<https://www.fairfield-city.org/241/Utility-Rates>



2022 ANNUAL RATE SURVEY COMBINED WATER & SEWER COST

Rates are based on 22,500 gallons or 3,000 cubic feet of water in a three month period. Rates are those in effect as of March 1, 2022.

HIGH: \$ 585.23
LOW: \$ 178.90
HIGH: \$ 585.23
AVERAGE: \$ 309.04
MEDIAN: \$ 294.45
COMBINED INCREASE OF 2.38% FROM 2021
AVERAGE RATES

64 JURISDICTIONS w/ BOTH WATER AND SEWER

RED BAR RATE INCREASE (38)
BLUE BAR RATE SAME (23)
GREEN BAR RATE DECREASE (3)

Prepared by the City of Piqua
Utilities Department

City of
PIQUA

Property Taxes

Property tax is based on the amount charged per \$1,000 worth of taxable property value, also know as ‘millage.’ Amounts collected for levies, other than general operating levies, must be used for those specific purposes. The County Treasurer’s office collects the property taxes and the County Auditor’s office distributes those revenues to the appropriate jurisdiction.

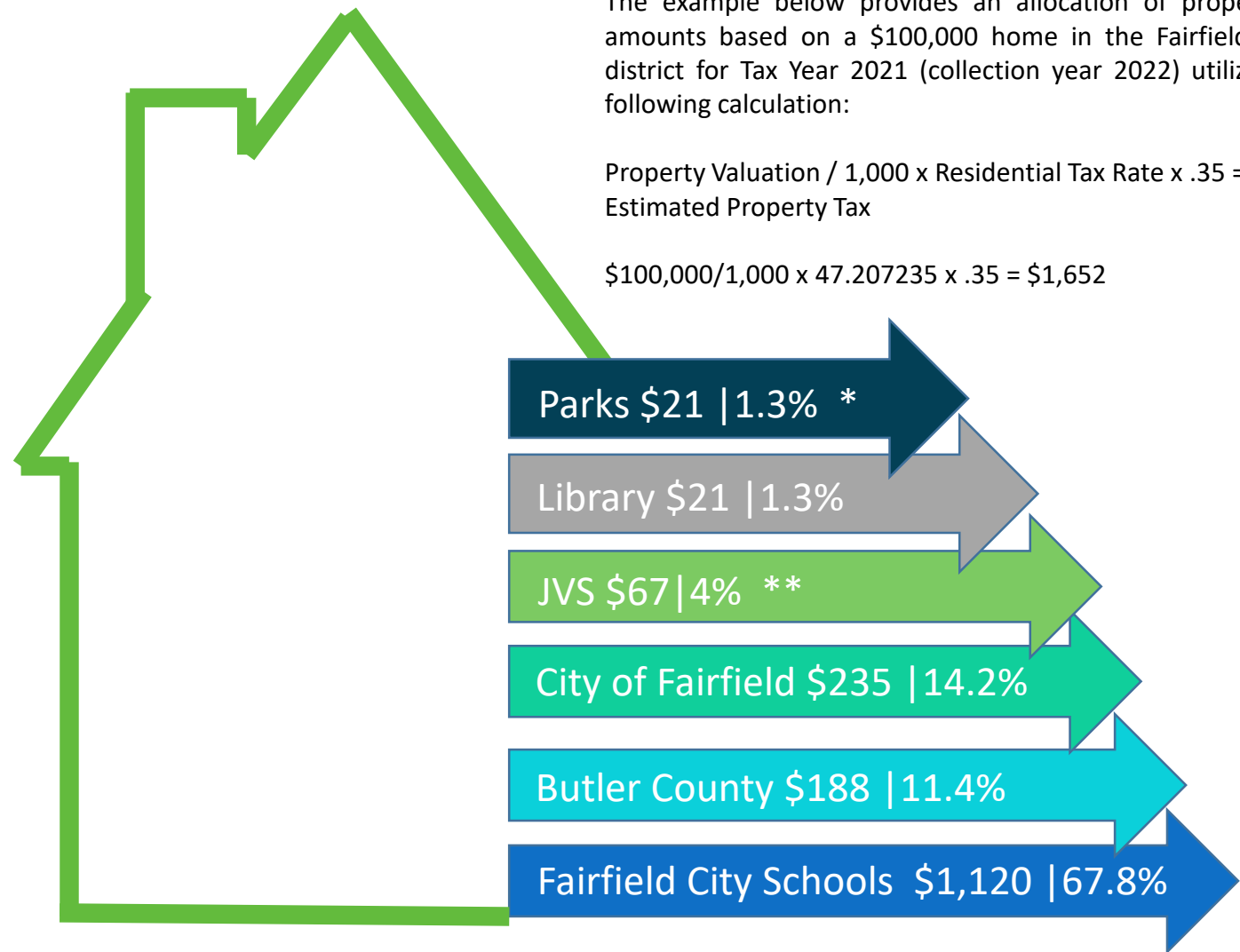
The assessed value of real property (including public utility real property) is 35% of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed valued of public utility personal property ranges from 25% of true value for railroad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

Inside millage is levied without a vote, and per the State of Ohio, cannot exceed 10 mills. Currently, the City of Fairfield’s inside millage is 1.29. Outside millage can only be levied with a vote. On May 3, 2022, a new fire levy was passed, increasing the City’s outside millage from 7.15 to 9.25 which will be in effect for tax year 2022, collected in 2023.

The example below provides an allocation of property tax amounts based on a \$100,000 home in the Fairfield taxing district for Tax Year 2021 (collection year 2022) utilizing the following calculation:

$$\text{Property Valuation} / 1,000 \times \text{Residential Tax Rate} \times .35 = \text{Estimated Property Tax}$$

$$\$100,000 / 1,000 \times 47.207235 \times .35 = \$1,652$$



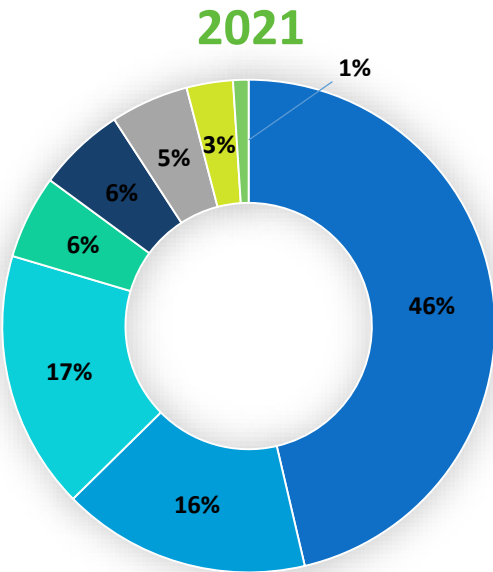
* Metro Parks of Butler County

** Butler County Joint Vocational School District

Where the Money Goes

Expenditures – Governmental Activities

The City’s governmental activities account for most of the basic services provided by the City’s various departments. The City’s expenditures are reported at the function level, which describes the primary purpose of the expenditures. Within each function, the expenditures of one or more City departments are reported.

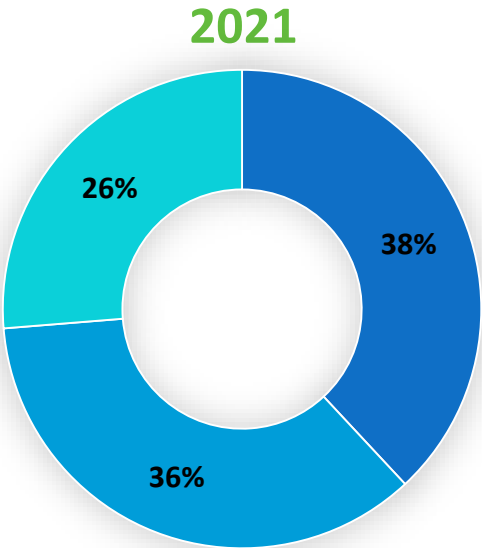


	2019	2020	2021
Public Safety	\$19,586,285	\$17,359,953	\$22,328,294
General Government	\$9,241,331	\$9,578,771	\$7,850,436
Transporation and Street Repair	\$6,886,517	\$6,319,056	\$8,171,442
Capital Outlay	\$6,735,184	\$2,383,394	\$2,646,867
Leisure Time Activities	\$2,808,303	\$2,627,991	\$2,764,872
Debt Service	\$1,673,942	\$1,670,345	\$2,468,264
Community Development & Public Health	\$1,451,989	\$4,499,802	\$1,465,862
Basic Utility Service	\$444,198	\$483,211	\$488,930
	\$48,827,749	\$44,922,523	\$48,184,967

Expenditures – Proprietary Funds

Proprietary Fund expenditures consist of those costs associated with operating the individual enterprises. The City of Fairfield owns and operates its own Water and Sewer Utility. Residents who use the services are billed for their usage. Their bills help to recoup the cost of running the utility enterprise. Additionally, the City collects for solid waste charges and operates its own aquatic center and two golf courses.

	2019	2020	2021
Water Utility	\$7,239,622	\$6,995,740	\$7,153,879
Sewer Utility	\$6,454,803	\$5,316,493	\$6,700,610
Other Enterprise Funds	\$4,563,467	\$3,582,765	\$4,940,888
	\$18,257,892	\$15,894,998	\$18,795,377



General Fund Analysis

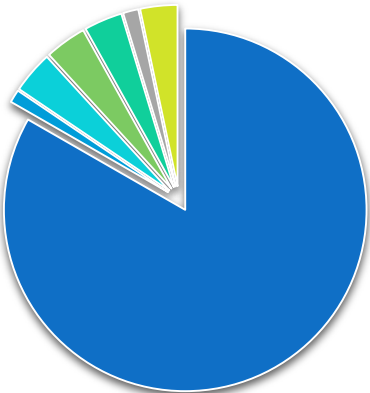
The General Fund is the City's primary operating fund. It accounts for the majority of all financial activity of the City. The fund pays almost all the personnel and day-to-day operating expenditures with the exception to those relating to Streets, Public Utilities, Fire, and some Recreation Activities (Golf and Aquatic). In 2021, over 94% of the City's General Fund revenue was derived from four sources: Taxes, Intergovernmental, Charges for Service, and Court Costs & Fines. Additionally, over 83% of the City's General Fund expenditures come from two sources: General Government and Public Safety. In the case of Public Safety, this would be Police costs. The costs of the City's Fire Department are paid out of the Fire Levy Fund, which is funded primarily through the City's Property Tax Levy. The numbers for these charts are found in the City's Schedule of Revenues, Expenditures, and Changes in Fund Balance and are presented on a Non-GAAP Budgetary Basis.

General Fund Revenues by Category

	2019	2020	2021	% Change
Taxes	\$27,534,768	\$27,802,245	\$30,974,071	11.41%
Licenses & Permits	\$383,063	\$382,001	\$611,256	60.01%
Intergovernmental	\$1,238,444	\$1,401,080	\$1,481,506	5.74%
Charges for Services	\$1,223,070	\$1,017,974	\$1,036,062	1.78%
Court Costs & Fines	\$1,127,951	\$1,026,854	\$1,208,731	17.71%
Investment Earnings	\$452,919	\$267,915	\$92,296	-65.55%
Other Revenues	\$1,095,640	\$1,441,050	\$1,486,239	3.14%
	\$33,055,855	\$33,339,119	\$36,890,161	10.65%

2021 Revenues by Category

Taxes	83.96%
Licenses & Permits	1.66%
Intergovernmental	4.01%
Charges for Services	2.81%
Court Costs & Fines	3.28%
Investment Earnings	0.25%
Other Revenues	4.03%

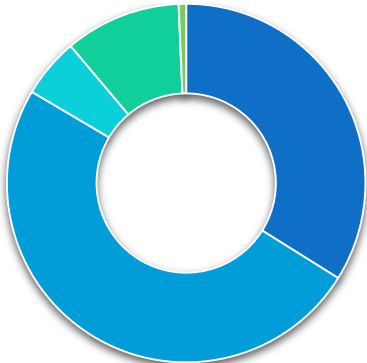


General Fund Expenditures by Category

	2019	2020	2021	% Change
General Government	\$10,922,456	\$9,478,799	\$9,136,798	-3.61%
Public Safety	\$12,336,891	\$10,864,805	\$13,373,489	23.09%
Community Development	\$1,431,138	\$1,482,070	\$1,444,310	-2.55%
Leisure Time Activities	\$2,937,209	\$2,625,318	\$2,823,566	7.55%
Capital Outlay	\$428,926	\$234,885	\$181,558	-22.70%
	\$28,056,620	\$24,685,877	\$26,959,721	9.21%

2021 Expenditures by Category

General Government	33.89%
Public Safety	49.61%
Community Development	5.36%
Leisure Time Activities	10.47%
Capital Outlay	0.67%



Did you know?

The City of Fairfield and Fairfield City Schools are two separate entities, each with their own independent elected officials and budgets. The Fairfield City School District is funded primarily with property taxes; the City of Fairfield is funded primarily with income taxes.

Major Initiatives

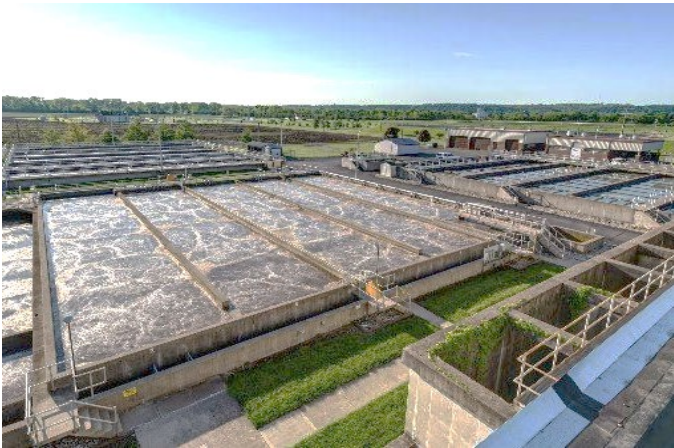
With 20% of the City’s income tax revenue dedicated to funding street and capital improvements, Fairfield City Council and Administration are committed to maintaining the City’s existing infrastructure, while also investing in infrastructure enhancements and additional capital assets.

Updated annually, the City of Fairfield Capital Improvements Program (CIP) provides a roadmap for anticipated capital projects ranging from utilities, parks, facilities, transportation, and other capital and infrastructure needs.



Significant Projects in 2021:

- ✓ The 2021 Annual Street Paving project covered approximately 23.5 lane miles with a cost of \$1.8 million. This project paved portions of Kolb Dr., Resor Rd., Seward Rd., Meijer Dr., Casual Dr. and multiple neighborhood streets.
- ✓ Winton/South Gilmore Rd. at Interstate 275 – Ramp “Y” improvements began in 2021 and will be completed in 2022. This project will provide the widening of South Gilmore and the Westbound Ramp “Y” that will allow for improved operation of southbound South Gilmore Rd. This \$800,000 project was funded 80% (\$640,000) through Federal Grant funds.
- ✓ In the Water Division, distribution system improvements continued with the City’s water main replacement program. Water main replacements on Winton Road and Resor Road were completed in 2021 for a cost of \$997,000.
- ✓ The initial stages of Harbin Park Phase I renovations began in 2021 and will be completed in 2022. This phase of the project will make improvements to the Overlook and Central areas of Harbin Park which will include a complete renovation of the overlook area, a new multi-use restroom facility (to include family restrooms) and improvements to the playground/shelter area of the center of the park.

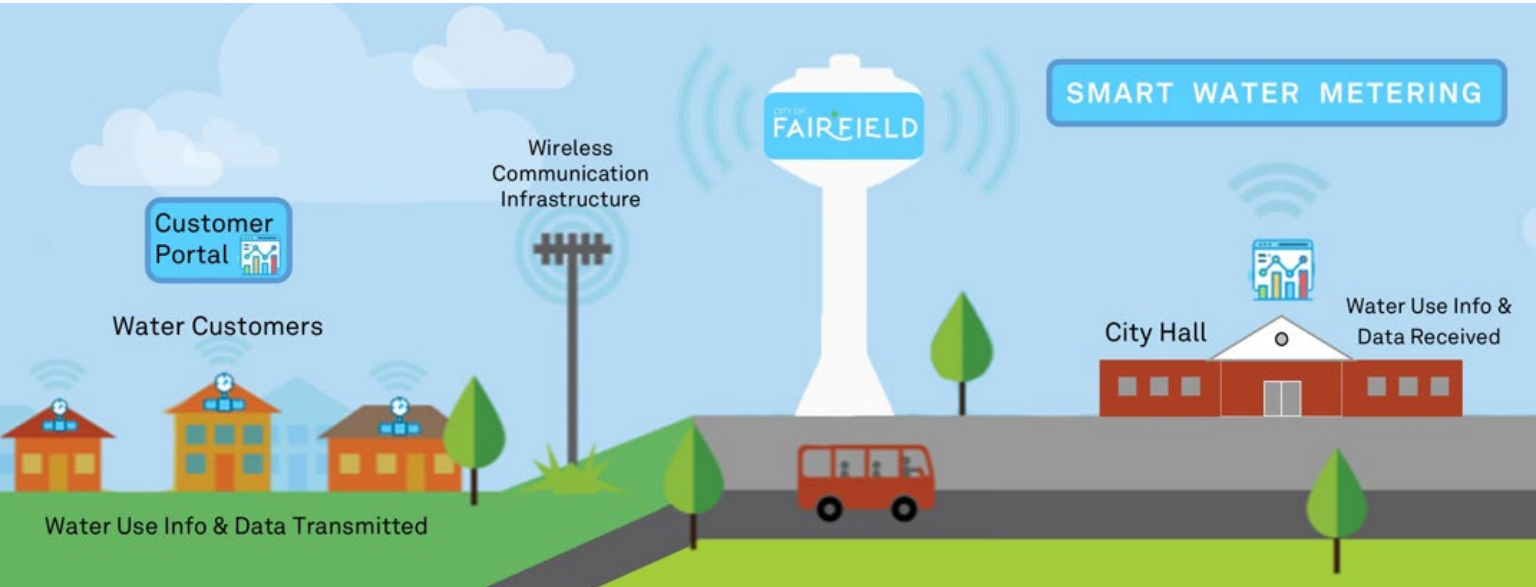


Upcoming Significant Projects

Smart Water Meters:

Fairfield’s Public Utilities Department recently awarded a contract for the replacement of all 13,000+ water meters in the City. Most existing meters in the City are well over 20 years old and are near the end of their useful life. All the new meters will be “smart” meters provided by Master Meter – which will give water customers access to real-time usage information.

Among other things, customers will be able to see hourly water usage rates, get alerts for possible leaks, and set alarm thresholds for high usage – all through a simple smart phone app. Meter readings will be collected automatically – twice daily – through a licensed radio transceiver system called Harmony - Allegro.



New Water Tower:

The City currently owns five (5) water storage towers. Continued industrial growth and water demand on the eastern side of the City now requires the construction of a sixth water tower to ensure sufficient water service capacity and fire protection capabilities. The City has acquired property on Port Union Road for the purpose of constructing this sixth tower.

This project will result in the construction of new elevated ‘composite-style’ (concrete pedestal; steel bowl) water storage tower with a capacity of 1,250,000 gallons. The tower will have a high-water level of 164.9 feet; the structure in total will be approximately 170 feet tall. The project also includes but is not limited to: all related underground utility piping; electrical service; asphalt and concrete driveway improvements; etc.

The final completion date of the new water tower is expected to be approximately October 2023.



FAIRFIELD

O H I O

Contact Us

Emergency – Dial 911

General – 513-867-5300

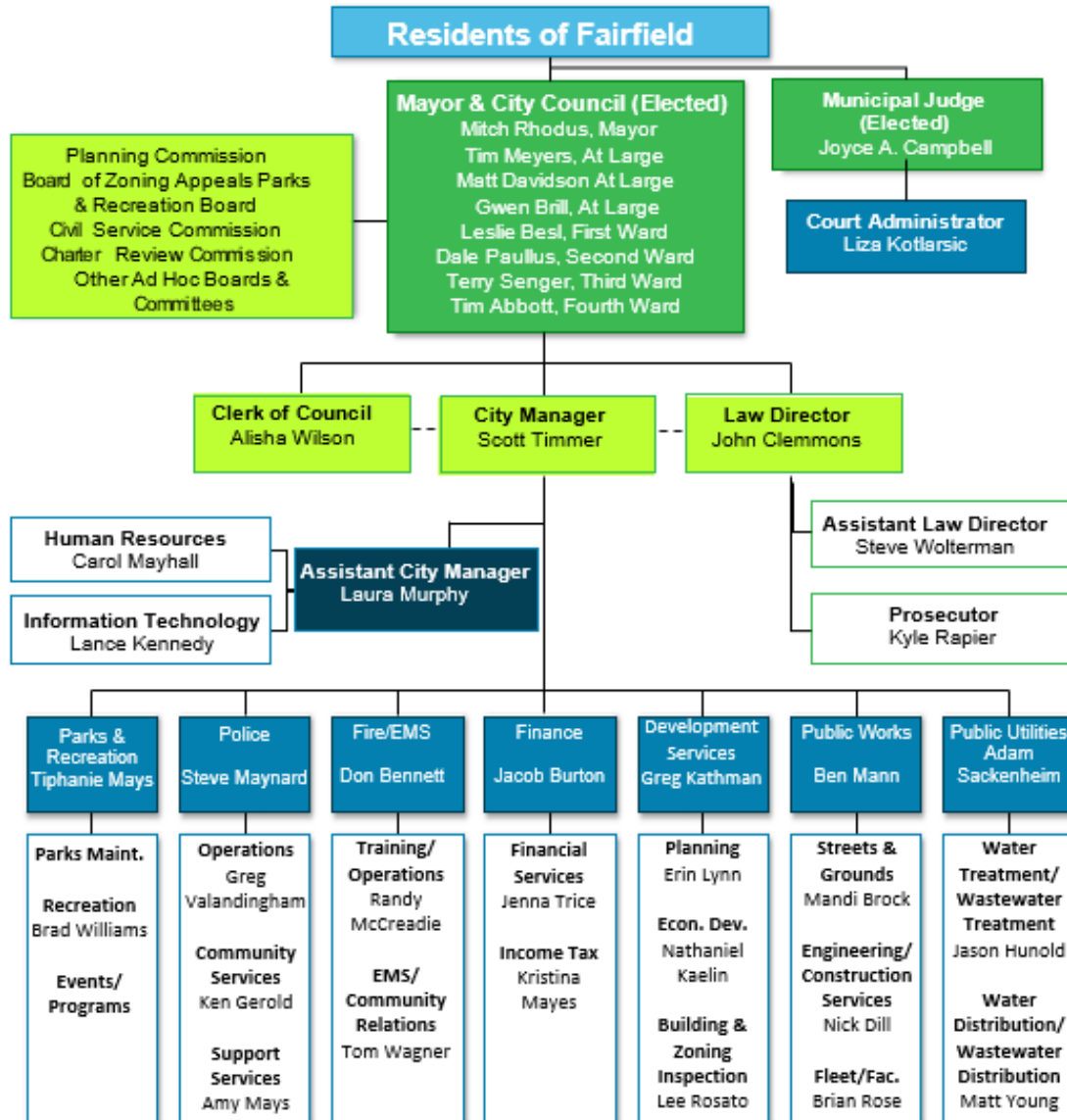
Utilities – 513-867-5375

Parks – 513-867-5348

Finance – 513-867-5315

5350 Pleasant Avenue
Fairfield, OH 45014

www.fairfieldoh.gov



CITY OF FAIRFIELD, OHIO

POPULAR ANNUAL FINANCIAL REPORT