

FAIRFIELD

OHIO

POPULAR ANNUAL FINANCIAL REPORT

For the year ended December 31, 2022



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CITY COUNCIL



Seated, left to right: **Terry Senger** (3rd Ward), **Tim Meyers** (At-Large), **Mitch Rhodus** (Mayor),
Adam Kraft (4th Ward)

Standing, left to right: **Dale Paullus** (2nd Ward), **Leslie Besl** (1st Ward), **Gwen Brill** (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, 2022. 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 2022 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 2022 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: [2022 ACFR](#)

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.

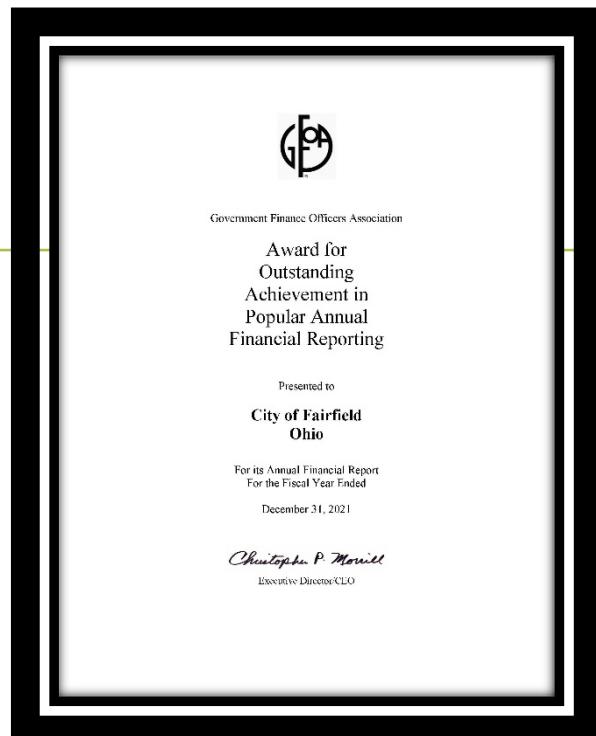


Christopher J. Hacker
Director of Finance

AWARDS

The City received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for our PAFR for the fiscal year ended December 31, 2021, as well as a Certificate of Achievement for Excellence in Financial Reporting for our Annual Comprehensive Financial Report for the same fiscal year.

The City also received the Distinguished Budget Presentation Award for the fiscal year beginning January 1, 2023.



Fairfield at a Glance

2020 Population:

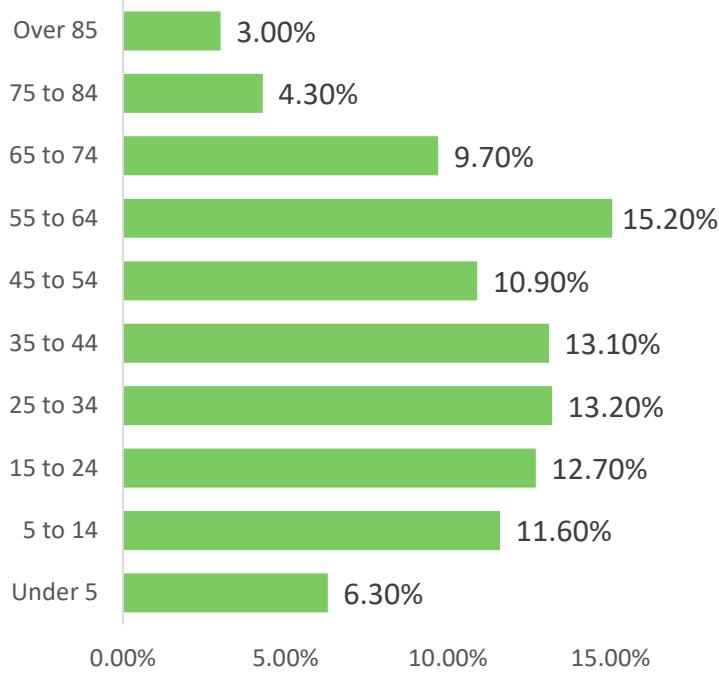
44,907

↑ 5.6% since 2010



FAIRFIELD
OHIO

Population Age Distribution



Fairfield's Top Ten Employers

Company	Employees
Cincinnati Financial Corporation	3,300
Mercy Health	1,400
Koch Foods	1,350
Fairfield City School District	1,000
Pacific Manufacturing	950
Express Scripts	750
Martin Bower	450
Takumi Stamping	425
Veritiv Corporation	400
Quality Gold	350

Household Income Income Level

Income Level	Percentage
Less than \$10k	3.9%
\$10,000 to \$14,999	2.9%
\$15,000 to \$24,999	8.6%
\$25,000 to \$49,999	23.4%
\$50,000 to \$74,999	18.6%
\$75,000 to \$99,999	13.0%
\$100,000 to \$149,999	17.3%
\$150,000 to \$199,999	6.4%
\$200,000 or more	5.9%

Housing Information:

Median Household Income:	\$62,376
Owner-occupied rate:	58.6%
Median Value:	\$170,100

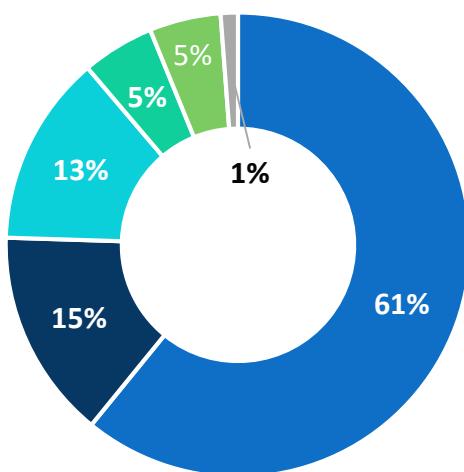
Sources: United States Census Bureau and City of Fairfield Income Tax Division

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 2022 Annual Comprehensive Financial Report. The significance of income taxes is recognizable as it makes up 61% of governmental activities revenue in 2022. Maintaining a strong local tax base is critical for continued success.

2022



Much of the City's increased revenue in 2022 came in the form of State Grants, including \$686,000 from the Ohio Department of Natural Resources for the renovation of Harbin Park. The City also saw a significant increase in the sale of building, electrical, and heating permits, which were up \$445,000 compared to 2021.

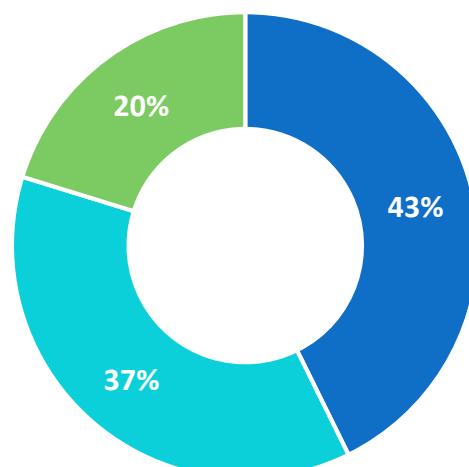
	2020	2021	2022
Income Taxes	\$32,873,183	\$35,712,137	\$38,843,151
Intergovernmental	\$9,665,620	\$7,094,239	\$9,328,126
Property Taxes	\$7,670,634	\$8,092,708	\$8,480,625
Charges for Services	\$2,726,764	\$2,809,802	\$3,216,346
Fines, Licenses & Permits	\$1,899,532	\$2,425,952	\$3,172,232
Other Revenue	\$1,198,727	\$841,764	\$766,417
	\$56,034,460	\$56,976,602	\$63,806,897

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.

2022

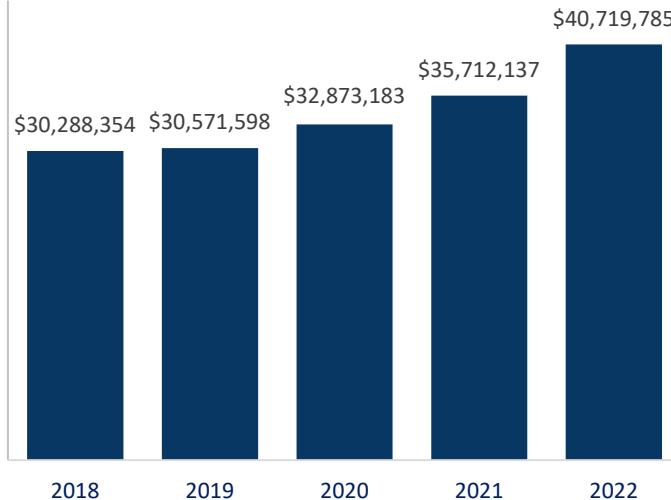
	2020	2021	2022
Water Utility	\$7,922,299	\$8,468,631	\$9,017,788
Sewer Utility	\$7,435,258	\$7,551,795	\$7,825,840
Other Enterprise	\$3,767,813	\$4,239,382	\$4,273,941
	\$19,125,370	\$20,259,808	\$21,117,569



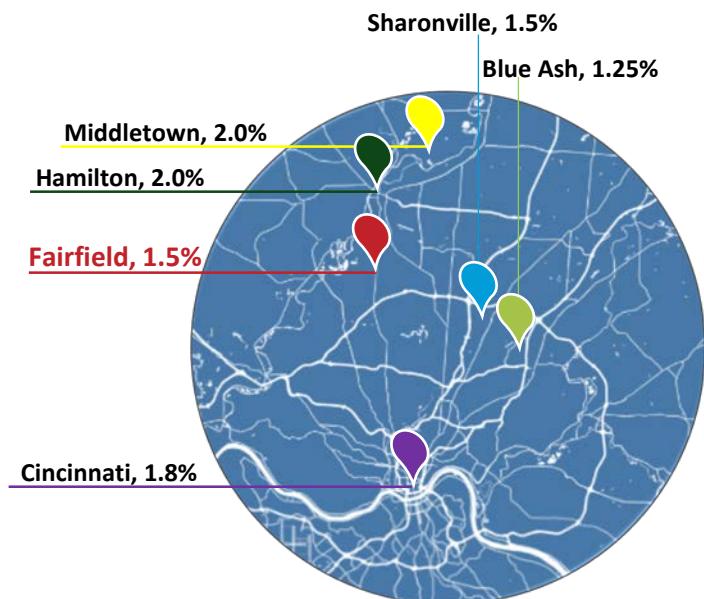
Income Taxes

Income taxes represent the largest source of revenue for the City, and were up 14% in 2022 compared to 2021. 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 68.5% 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

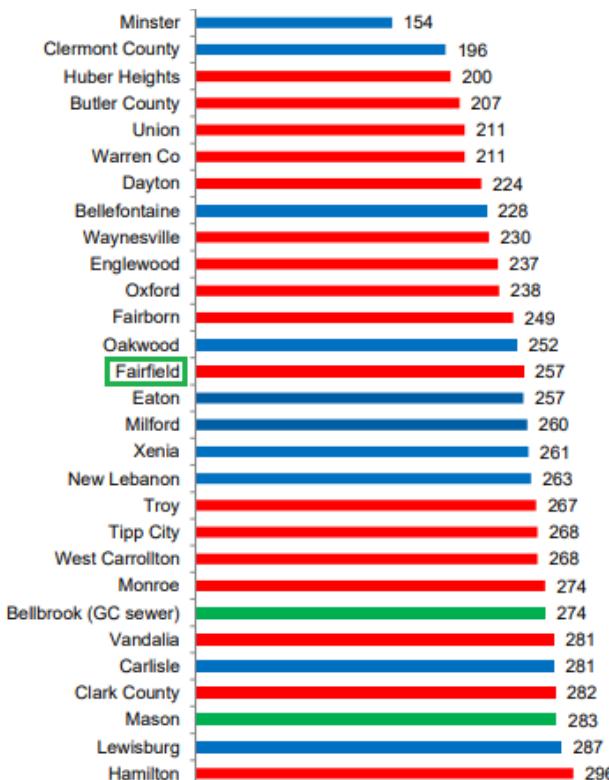


Charges for Services

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 2023 City of Piqua Water and Sewer Rate Survey, the City of Fairfield ranked 14th lowest out of 65 ranked communities for combined water and sewer cost. If you would like to view the City's Utility Rates, please visit our website here:

[Fairfield Utility Rates](#)



2023 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, 2023.

HIGH: \$ 585.23

LOW: \$ 153.75

AVERAGE: \$ 315.74

MEDIAN: \$ 301.44

COMBINED **INCREASE OF 2.98% FROM 2022 AVERAGE RATES**

65 JURISDICTIONS w/ BOTH WATER AND SEWER

RED BAR RATE INCREASE (36)
BLUE BAR RATE SAME (25)
GREEN BAR RATE DECREASE (5)

Prepared by the City of Piqua Utilities Department

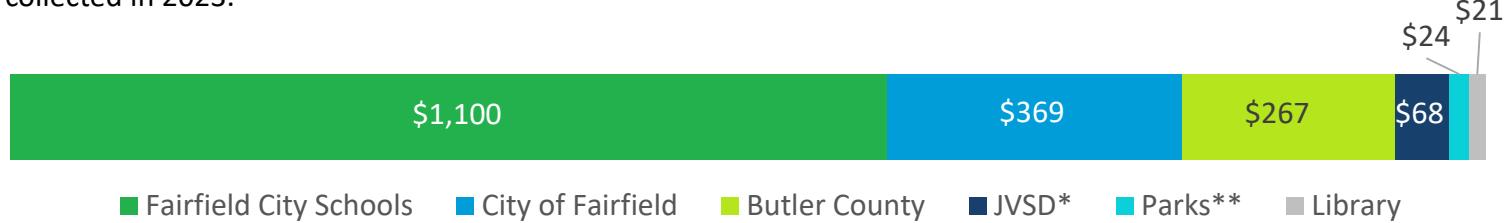
Image is truncated and only shows the 29 lowest average rates out of the 65 jurisdictions surveyed.

Property Taxes

Property tax is based on the amount charged per \$1,000 worth of taxable property value, also known as 'millage.' Amounts collected for levies, other than general operating levies, must be used for those specific purposes. The Butler 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 of public utilities in Ohio. The assessed value of public utility personal property ranges from 24% for taxable production equipment of energy companies to 88% for property of heating and pipeline companies.

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 is in effect for tax year 2022, to be collected in 2023.

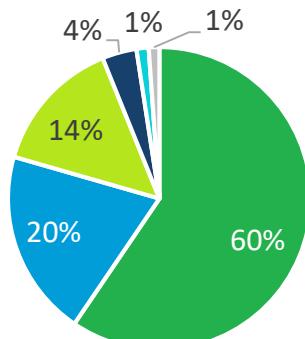


*Butler County Joint Vocational School District | **Metro Parks of Butler County

Above is an example of the allocation of property tax amounts based on a \$100,000 home in the Fairfield taxing district for Tax Year 2022 (Collection Year 2023)

Property Valuation / 1,000 x Residential Tax Rate x .35 = Estimated Property Tax

$\$100,000/1,000 \times 52.820657 \times .35 = \$1,849$



Source: Butler County Auditor

Did you know?

Voters in Fairfield approved a new fire levy in 2022, which has allowed the City of Fairfield Fire Department to transition away from relying heavily on part-time employees to having all firefighters as full-time employees. This will ultimately cut down on hiring and training costs, while increasing employee retention. A full-time force will decrease response times, increase fire suppression capability, and provide residents and businesses with a much more experienced first responder team.

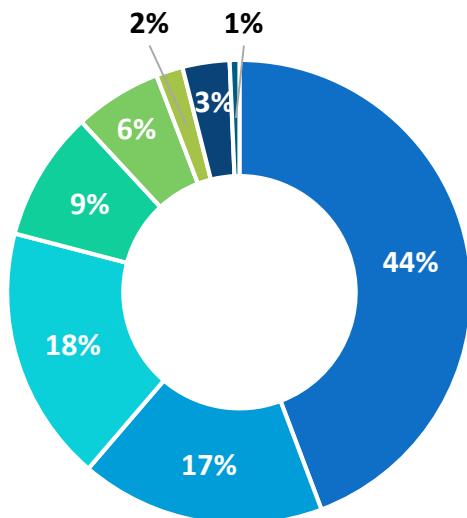


Where the Money Goes

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.

2022



Much of the increase in expenditures in 2022 was due to inflation. The City also saw significant increases in Capital Outlay and Street Repair expenditures, which were budgeted for in the 2021-2025 Capital Improvement Plan.

	2020	2021	2022
Public Safety	\$17,359,953	\$22,328,294	\$23,666,013
General Government	\$9,578,771	\$7,850,436	\$9,102,262
Transportation and Street Repair	\$6,319,056	\$8,171,442	\$9,514,151
Capital Outlay	\$2,383,394	\$2,646,867	\$4,831,458
Leisure Time Activities	\$2,627,991	\$2,764,872	\$3,251,186
Debt Service	\$1,670,345	\$2,468,264	\$998,696
Community Development & Public Health	\$4,499,802	\$1,465,862	\$1,750,725
Basic Utility Service	\$483,211	\$488,930	\$362,300
	\$44,922,523	\$48,184,967	\$53,476,791

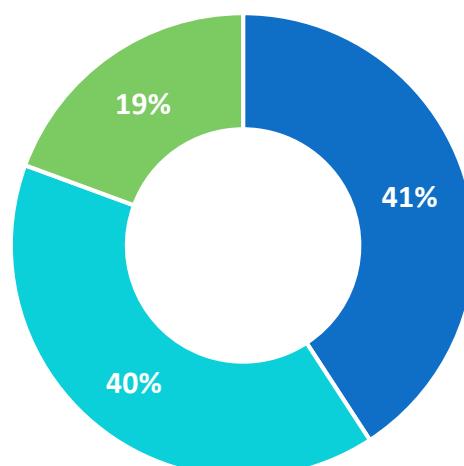
Expenses – Proprietary Funds

Proprietary Fund expenses 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.

2022

	2020	2021	2022
Water Utility	\$6,995,740	\$7,153,879	\$8,866,083
Sewer Utility	\$5,316,493	\$6,700,610	\$8,646,616
Other Enterprise Funds	\$3,582,765	\$4,940,888	\$4,212,125
	\$15,894,998	\$18,795,377	\$21,724,824

The City-wide water meter replacement program that commenced in 2022 led to increased spending in both the Water and Sewer Utility funds. Spending for this project will continue into 2023.



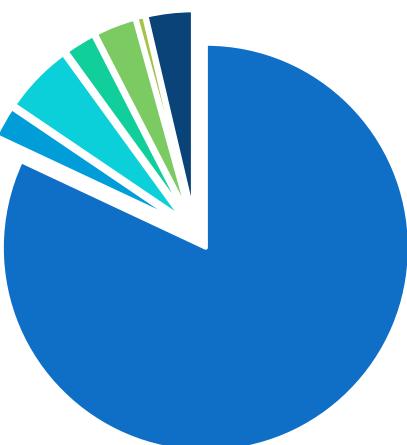
General Fund Analysis

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 2022, over 93% of the City's General Fund revenue was derived from four sources: Taxes, Intergovernmental, Licenses & Permits, and Court Costs & Fines. Additionally, over 82% of the City's General Fund expenditures are in two categories: General Government and Public Safety. Public Safety includes the City's 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.

2022 Revenues by Category

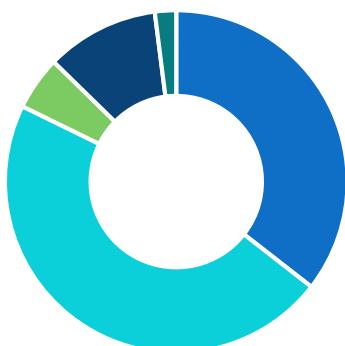
General Fund Revenues by Category

	2020	2021	2022	% Change
Taxes	\$27,802,245	\$30,974,071	\$34,554,962	11.56%
Licenses & Permits	\$382,001	\$611,256	\$1,051,854	72.08%
Intergovernmental	\$1,401,080	\$1,481,506	\$2,332,806	57.46%
Charges for Services	\$1,017,974	\$1,036,062	\$1,029,993	-0.59%
Court Costs & Fines	\$1,026,854	\$1,208,731	\$1,370,768	13.41%
Investment Earnings	\$267,915	\$92,296	\$264,940	187.05%
Other Revenues	\$1,441,050	\$1,486,239	\$1,546,720	4.07%
Grand Total	\$33,339,119	\$36,890,161	\$42,152,043	14.26%



General Fund Expenditures by Category

	2020	2021	2022	% Change
General Government	\$9,478,799	\$9,136,798	\$10,312,841	12.87%
Public Safety	\$10,864,805	\$13,373,489	\$13,556,913	1.37%
Community Development	\$1,482,070	\$1,444,310	\$1,473,795	2.04%
Leisure Time Activities	\$2,625,318	\$2,823,566	\$3,096,757	9.68%
Capital Outlay	\$234,885	\$181,558	\$583,200	221.22%
Grand Total	\$24,685,877	\$26,959,721	\$29,023,506	7.66%



2022 Expenditures by Category

General Government	35.53%
Public Safety	46.71%
Community Development	5.08%
Leisure Time Activities	10.67%
Capital Outlay	2.00%

Did you know?

80% of the income tax collected goes into the City's general fund. 10% goes into the City's Street Improvement Fund. The remaining 10% goes to the Capital Improvement Fund, where it is used in the acquisition and construction of assets with a useful life of five years or more.

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 2022:

- ✓ Winton/South Gilmore Rd. at Interstate 275 – Ramp “Y” improvements began in 2021 and were completed in 2022. This project included the widening of South Gilmore and the Westbound Ramp “Y” that allows for improved operation of southbound South Gilmore Rd. This \$800,000 project was funded 80% (\$640,000) through Federal Grant funds.
- ✓ The Water Division oversaw the replacement of 13,500 water meters as the City transitioned to a smart water-metering system. Customers can now 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 are collected automatically through a licensed radio transceiver system called Harmony - Allegro.
- ✓ The initial stages of Harbin Park Phase I renovations were completed in 2022. This phase of the project saw improvements to the Overlook and Central areas of Harbin Park, including the construction of a 100+ person Overlook Pavilion, a new multi-use restroom facility, a perimeter loop trail, and the completion of eight new pickleball courts. The planning stages of Phase II of the renovations began in 2022, with construction to commence in 2023.



Upcoming Significant Projects

Wastewater Treatment Plant Aeration System Improvements:

Fairfield's Public Utilities Department plans to replace 50-year-old equipment associated with the plant's aeration treatment systems. These systems are critical to wastewater treatment as they provide dissolved oxygen into the wastewater, promoting the proper aquatic environment for microbiological populations to flourish. These micro-organisms then digest and break down the waste, generating clean water at the end of the process.

The project includes "smart" controls, which will enable staff to better automate the treatment process, allowing for a more efficient and consistent operation. Additionally, the thoughtful design of the new diffuser configurations will enable easy future retrofits in the event the tanks need to be repurposed to achieve more stringent discharge requirements, significantly improving the Plant's ability to comply with federal and state environmental regulations now and in the future.



New Water Tower:

The City is currently constructing a new water tower on Port Union Road. This new tower is needed to ensure sufficient water service capacity and fire protection capabilities due to continued industrial growth and water demand on the eastern side of the City. This 1.25 million gallon water tower has an estimated completion date of October, 2023.



Route 4 Paving:

The City will coordinate with ODOT and the City of Springdale to pave 1.81 miles of Route 4, from I-275 South of the Crescentville Road intersection to Seward Road. The project work will include asphalt overlay, curb repair, base failure repair, new striping, new signage, new raised pavement markers, some median work, and maintenance of traffic. This project has an estimated cost of \$3.5 million. ODOT will fund 80% of paving and some miscellaneous items. The City is responsible for matching funds.

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

Residents of Fairfield

Mayor (Elected)
Mitch Rhodus

City Council (Elected)
Gwen Brill, At-Large
Matt Davidson, At-Large
Tim Meyers, At-Large
Leslie Besl, First Ward
Dale Paullus, Second Ward
Terry Senger, Third Ward
Adam Kraft, Fourth Ward

Municipal Judge (Elected)
Joyce A. Campbell

Boards & Commissions

Court Administrator
Liza Kotlarsic

Clerk of Council
Alisha Wilson

City Manager
Scott Timmer

Law Director
John Clemmons

Assistant City Manager
Laurie Murphy

Assistant Law Director
Steve Wolterman

Human Resources
Information Technology

Development Services
Greg Kathman

Public Utilities
Adam Sackenheim

Police
Steve Maynard

Building & Zoning
Economic Development
Planning

Distribution & Collection
Treatment

Community Services
Operations
Support Services

Finance
Chris Hacker

Public Works
Ben Mann

Fire/EMS
Thomas Lakamp

Accounting
Income Tax
Utility Billing

Engineering
Fleet & Facilities
Streets & Grounds

EMS/
Community Relations
Training

Parks & Recreation
Mandi Brock

Public Works
Ben Mann

Maintenance
Recreation

Engineering
Fleet & Facilities
Streets & Grounds