

City of Willoughby Hills

Interoffice Memo

Date: May 26, 2020

To: Mayor G. Andrew Gardner and Members of City Council

From: Frank J. Brichacek, Director of Finance 

Subject: 2021 Tax Budget

Summary

- State law requires that all Ohio cities adopt a tax budget for the next year by no later than July 15th of the current year and submit the adopted budget to the County Budget Commission by no later than July 20th.
- The primary purpose of the tax budget is to demonstrate to the County Budget Commission the City's need for property taxes. The budget is prepared in compliance with a format prescribed by the Lake County Auditor and the State of Ohio.
- The submitted budget reflects a steady state of City operations and does not anticipate any increases in rates of taxation.

Discussion

Submitted for your review is a draft of the City's proposed 2021 Tax Budget. Under state budgetary law, all cities must adopt a tax budget for the ensuing year by no later than July 15th of the preceding year. Prior to adopting the tax budget, each city is required to hold a public hearing on the proposed tax budget and to have at least two copies of the budget available for public inspection for a ten-day period prior to the public hearing. Once the public hearing has been held and Council has adopted the tax budget, two copies of the approved budget must be filed with the office of the County Auditor by no later than July 20th.

Based upon these requirements, two copies of the proposed 2021 Tax Budget are being made available for public inspection in the City Hall Finance Department office today as well as posted on the City website. I am requesting that the proposed 2021 Tax Budget be introduced at the regular Council meeting scheduled for Thursday, June 11, 2020 with its second reading at the regular Council meeting scheduled for Thursday, June 25, 2020 and be adopted at the regular Council meetings scheduled for Thursday, July 09, 2020.

I am also requesting that City Council schedule the public hearing on the 2020 tax budget for 7:00 p.m. on Thursday, June 25, 2020. As in past years, the hearing will be held prior to the regular meeting of City Council. If this date is acceptable, notice of the public hearing must be published no later than Monday, June 15, 2020 in the *Lake County News Herald*. In addition, the hearing notice must be posted in City Hall, and on the City's website on June 15, 2020.

The tax budget is the first legally required step in the annual budgetary process. The tax budget represents the City's first estimate of its anticipated financial resources and needs for the coming fiscal year. The primary purpose of the tax budget is to demonstrate to the Lake County Budget Commission the City's need to levy property taxes (both inside and charter millage) for the coming fiscal year. For this reason, budgets are presented only for those funds for which property taxes are levied by the City. Once the Budget Commission

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has reviewed and approved the tax budget and satisfied itself as to the City’s need for property tax revenue to fund operations, the Budget Commission will compute and certify to Council for levying the property tax rates for the coming year. The Budget Commission will generally certify property tax rates to the City for adoption in the month of November.

The proposed tax budget assumes that the City will continue to levy all of the inside, the charter and voted millage (3.0 inside, 1.80 charter and 2.50 voted mills, respectively) that it is legally authorized to levy. The property tax millage proposed for 2019 is allocated as follows:

<u>Inside Millage</u>	<u>Proposed Millage</u>	<u>% of Total</u>
General Fund	2.17	29.7%
Police Pension	0.30	4.1%
Debt Service	0.33	4.5%
Employee Termination	0.20	2.7%
Total Inside Millage	3.00	41.0%
<u>Charter Millage</u>		
Fire/EMS Services	1.80	24.7%
<u>Voted Millage</u>		
Road Maintenance	2.50	34.3%
Total Millage	7.30	100.0%

When computing proposed property tax rates, the Budget Commission bases its rate computation on the amount of estimated property tax revenue detailed in the City’s approved tax budget. The Commission does not consider the City’s intent to levy a specific tax rate (in Willoughby Hills’ case, 7.3 combined inside, charter and voted mills).

In 2018, the County Auditor completed the statutorily required revaluation of all property in Lake County. State law requires the Auditor to reappraise real property once every six years. As a result of this reappraisal, the total valuation of the Willoughby Hills tax duplicate increased by 12.1% over its 2017 valuation. 2018 property tax revenue, billed and collected in 2019, reflect this increase. It is anticipated that the 2020 total valuation will be similar to the 2019 valuation.

While final property values are yet to be determined, the 2021 Tax Budget assumes a 5% increase in property values. The Auditor’s final valuation of City property for tax year 2020 for collection in 2021 will be released sometime in December of this year. This assumption is necessary because at the legally mandated time of the tax budget’s preparation and adoption, the true value of the 2020 tax duplicate (upon which 2021 revenues are based) will not be known thereby making it impossible to accurately predict the amount of revenue that the City’s combined millage will generate.

Once 2020 property values have been finalized by the Auditor, they will be used for the 2021 (Tax Year 2020) tax bills. Based upon the proposed 2021 Tax Budget (assuming that it is adopted by Council and approved by the Mayor) the Budget Commission will certify a tax rate of 7.30 mills as it has since 2006.

I would like to call to your attention that the City’s 2.5 mill, 5-year Road Maintenance Levy was last approved by the voters in November of 2014. This levy is set to expire in 2021. This levy is the primary funding source for the City’s road maintenance program. In order for this levy to continue, the Council will need to determine the millage that it will need to fund future road programs and place the issue before the voters in either November 2020. Unless the levy is either renewed or replaced by 2020, the road maintenance program funding will cease in 2021.

The proposed General Fund Tax Budget for the year 2021 is summarized as follows:

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2021 Tax Budget	Amount
Total Estimated Revenue	\$7,448,800
Total Estimated Expenditures	\$7,442,000
Projected Operating Surplus	\$6,800

The proposed tax budget reflects a steady state of City operations. With the exception of income tax revenue, no significant new sources of operating revenue are anticipated. The 2021 budget estimate reflects the continuing loss in funding from the State of Ohio due to reductions in the Local Government Fund and elimination of personal property tax reimbursements. As in the past, property taxes, income tax and Mayor's Court costs continue to be the primary source of funding, representing approximately 80% of the estimated revenue for the year 2021.

On the expenditure side of the ledger, the 2021 Tax Budget reflects a 2.5% increase in the cost of City operations over the amount budgeted for 2020. If you have any questions regarding the tax budget, do not hesitate to contact me.

Attachment

G:\budget\taxbudget\Tax Budget 2021 TB Memo.xls

**Proposed
TAX BUDGET FOR**

The City of Willoughby Hills, Ohio

FOR THE FISCAL YEAR

January 1, 2021 TO December 31, 2021

***LAKE
COUNTY,
OHIO***

Instructions and Tax Budget Form

INSTRUCTIONS FOR COMPLETING THE TAX BUDGET**SCHEDULE A**

List only those individual funds which are requesting general property tax revenue. Please complete Column 1 by identifying the amount of general property tax you wish to request for the fiscal year. Columns 2 and 3 are to be completed by the Budget Commission and Columns 4 and 5 are to be completed by the County Auditor.

SCHEDULE B

This schedule will be completed by the County Auditor.

EXHIBIT I - STATEMENT OF FUND ACTIVITY

Complete this exhibit only for the General Fund, the Bond Retirement Fund (if it is, or has been, receiving property tax revenue) and any other funds for which you are requesting general property tax revenue. (Reproduce page 4 if necessary)

This exhibit should be completed using the CASH BASIS of accounting. For all funds, please segregate amounts received for homestead and rollbacks from property taxes. The line item "Revenues Over / Under Expenditures" is the difference between "Total Revenues" less "Total Expenditures". The line item "Ending Cash Balance" is the total of "Revenues Over / Under Expenditures" and the "Beginning Cash Balance".

Columns 1 and 2 - Complete these columns using data from the last two COMPLETED fiscal years.

Column 3 - Complete this column using current year data. A portion of the amount shown should be actual data and the remainder will represent estimates for the balance of the year.

One method of determining the amounts within this column is to review the last amended certificate of estimated resources and the appropriation ordinance. If the amounts are in line with your current estimates, these amounts may be used.

Column 4 - Complete this column for the next fiscal year (budget year).

EXHIBIT II - SCHEDULE OF INDEBTEDNESS

This exhibit is to provide all necessary detail of all debt issues of the entity. Each bond or note issue should be listed individually.

NOTE: The Budget Commission reserves the right to request additional financial information, if necessary, for the funds disclosed in this tax budget.

The City of Willoughby Hills, Ohio

LAKE COUNTY, OHIO

January 1, 2021 TO December 31, 2021

For all subdivisions excluding school districts, this Budget must be adopted by the legislative body (City/Village Council, Township Trustees, or other Board) on or before July 15th and two copies must be submitted to the County Auditor on or before July 20th. FAILURE TO COMPLY WITH SECTION 5705.28, O.R.C. SHALL RESULT IN LOSS OF LOCAL GOVERNMENT FUND

TO THE LAKE COUNTY AUDITOR:

The following Budget for the fiscal year beginning January 1, 2021, has been adopted by the City of Willoughby Hills, Lake County, Ohio and is herewith submitted for consideration of the Lake County Budget Commission.

Signed _____
 Frank J. Brichacek
 Title Director of Finance _____

SCHEDULE A

SUMMARY OF AMOUNTS REQUIRED FROM GENERAL PROPERTY TAX APPROVED BY COMMISSION, AND COUNTY AUDITOR'S ESTIMATED RATES

FOR SUBDIVISION USE		FOR BUDGET COMMISSION USE			FOR COUNTY AUDITOR USE	
FUND (Include only those funds which are requesting general property tax revenue)	BUDGET YEAR AMOUNT REQUESTED OF BUDGET COMMISSION INSIDE / OUTSIDE	BUDGET YEAR AMOUNT APPROVED BY BUDGET COMMISSION INSIDE 10 MILL LIMITATION	BUDGET YEAR AMOUNT TO BE DERIVED FROM LEVIES OUTSIDE 10 MILL LIMITATION	COUNTY AUDITOR'S ESTIMATE OF TAX RATE TO BE LEVIED		
	COLUMN 1	COLUMN 2	COLUMN 3	INSIDE 10 MILL LIMIT BUDGET YEAR	OUTSIDE 10 MILL LIMIT BUDGET YEAR	
				COLUMN 4	COLUMN 5	
General Fund	\$ 639,900	\$	\$			
Bond Retirement	\$ 97,300					
Emergency Fire Levy 240	\$ 530,800					
Road Levy 270	\$ 664,200					
Police Pension 220	\$ 88,500					
Employee Termination 296	\$ 59,000					
TOTALS: ALL FUNDS	\$ 2,079,700	\$ -	\$ -	\$ -	\$ -	

INSTRUCTIONS: List only those funds which are requesting general property tax revenue. Complete column 1 with the amount that you are requesting for general property taxes. DO NOT COMPLETE COLUMNS 2 THROUGH 5.

Signed: BUDGET COMMISSION _____

SCHEDULE B

LEVIES OUTSIDE 10 MILL LIMITATION, EXCLUSIVE OF DEBT LEVIES

FUND	MAXIMUM RATE AUTHORIZED TO BE LEVIED	TAX YEAR COUNTY AUDITOR'S ESTIMATE OF YIELD OF LEVY (Carry to Schedule A, Column 3)
GENERAL FUND:		
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		\$
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
Current Expense Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
TOTAL GENERAL FUND OUTSIDE 10 MILL LIMITATION	0 \$	0
OTHER FUNDS:		
Emergency Fire Levy Fund 240 Fund, Levy authorized by voters on 11/2/82 permanent Charter levy. Authorized under Section _____, O.R.C.	1.80 Mills	\$
Road Levy Fund 270 Fund, Levy authorized by voters on 11/4/14 not to exceed 5 years. Authorized under Section _____, O.R.C.	2.50 Mills	
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
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_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
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_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
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_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		
_____ Fund, Levy authorized by voters on _____, not to exceed _____ years. Authorized under Section _____, O.R.C.		

STATEMENT OF FUND ACTIVITY

(Complete only for General Fund, Bond Retirement Fund, and any other funds requesting general property tax revenue)

EXHIBIT I

FUND: GENERAL FUND 110

DESCRIPTION	FOR 2018 ACTUAL	FOR 2019 ACTUAL	2020 CURRENT YEAR ESTIMATE	2021 BUDGET YEAR ESTIMATE
REVENUES:				
Property Taxes (Real & Personal)	\$ 475,693	\$ 525,889	\$ 524,400	\$ 568,900
Homestead, Rollback & 10,000 Exemp	61,314	67,112	67,600	71,000
Local Govmn't/Rev. Ass't. Fund	395,573	429,647	418,500	430,900
S. B. 3 & 287 Dereg. Reimb.	0	0	0	0
Personal Property Reimb.	0	0	0	0
Other Revenues	5,131,735	5,989,128	6,253,300	6,378,000
TOTAL REVENUES	\$ 6,064,315	\$ 7,011,776	\$ 7,263,800	\$ 7,448,800
TOTAL EXPENDITURES	\$ 5,945,203	\$ 6,709,911	\$ 7,288,371	\$ 7,442,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 119,112	\$ 301,865	\$ (24,571)	\$ 6,800
BEGINNING CASH BALANCE	\$ 1,579,096	\$ 1,698,208	\$ 2,000,073	\$ 1,975,502
ENDING CASH BALANCE	\$ 1,698,208	\$ 2,000,073	\$ 1,975,502	\$ 1,982,302
ENCUMBRANCES AT YEAR END	\$ 380,847	\$ 139,671	\$ -	\$ -
	\$ 1,317,361	\$ 1,860,402		

FUND: BOND RETIREMENT FUND 310

DESCRIPTION	FOR 2018 ACTUAL	FOR 2019 ACTUAL	2020 CURRENT YEAR ESTIMATE	2021 BUDGET YEAR ESTIMATE
REVENUES:				
Property Taxes (Real & Personal)	\$ 104,468	\$ 115,499	\$ 114,900	\$ 81,300
Homestead, Rollback & 10,000 Exemp	13,465	14,740	14,800	16,000
S. B. 3 & 287 Dereg. Reimb.	0	0	0	0
Personal Property Reimb.	0	0	0	0
Other Revenues	1,620,534	1,092,676	1,111,700	1,112,600
TOTAL REVENUES	\$ 1,738,467	\$ 1,222,915	\$ 1,241,400	\$ 1,209,900
TOTAL EXPENDITURES	\$ 1,773,085	\$ 1,213,193	\$ 1,224,000	\$ 1,229,700
REVENUES OVER (UNDER) EXPENDITURES	\$ (34,618)	\$ 9,722	\$ 17,400	\$ (19,800)
BEGINNING CASH BALANCE	\$ 195,242	\$ 160,624	\$ 170,346	\$ 187,746
ENDING CASH BALANCE	\$ 160,624	\$ 170,346	\$ 187,746	\$ 167,946
ENCUMBRANCES AT YEAR END	\$ -	\$ -	\$ -	\$ -

STATEMENT OF FUND ACTIVITY

(Complete only for General Fund, Bond Retirement Fund, and any other funds requesting general property tax revenue)

EXHIBIT I
(Continued)FUND: Emergency Fire Levy 240

DESCRIPTION	FOR 2018 ACTUAL	FOR 2019 ACTUAL	2020 CURRENT YEAR ESTIMATE	2021 BUDGET YEAR ESTIMATE
REVENUES:				
Property Taxes (Real & Personal)	\$ 400,125	\$ 442,336	\$ 438,700	\$ 471,800
Homestead, Rollback & 10,000 Exempt	51,573	56,449	56,600	59,000
S. B. 3 & 287 Dereg. Reimb.	0	0	0	0
Personal Property Reimb.	0	0	0	0
Other Revenues	255,477	238,430	245,800	251,000
TOTAL REVENUES	\$ 707,175	\$ 737,215	\$ 741,100	\$ 781,800
TOTAL EXPENDITURES	\$ 770,600	\$ 704,542	\$ 749,999	\$ 766,000
REVENUES OVER (UNDER) EXPENDITURES	\$ (63,425)	\$ 32,673	\$ (8,899)	\$ 15,800
BEGINNING CASH BALANCE	\$ 250,742	\$ 187,317	\$ 219,990	\$ 211,091
ENDING CASH BALANCE	\$ 187,317	\$ 219,990	\$ 211,091	\$ 226,891
ENCUMBRANCES AT YEAR END	\$ 5,109	\$ 6,099	\$ -	\$ -

FUND: Road Levy 270

DESCRIPTION	FOR 2018 ACTUAL	FOR 2019 ACTUAL	2020 CURRENT YEAR ESTIMATE	2021 BUDGET YEAR ESTIMATE
REVENUES:				
Property Taxes (Real & Personal)	\$ 553,179	\$ 550,504	\$ 546,100	\$ 590,200
Homestead, Rollback & 10,000 Exempt	71,580	70,108	70,400	74,000
S. B. 3 & 287 Dereg. Reimb.	0	0	0	0
Personal Property Reimb.	0	0	0	0
Other Revenues	43,174	202,717	446,800	113,700
TOTAL REVENUES	\$ 667,933	\$ 823,329	\$ 1,063,300	\$ 777,900
TOTAL EXPENDITURES	\$ 605,354	\$ 1,029,833	\$ 1,401,949	\$ 734,500
REVENUES OVER (UNDER) EXPENDITURES	\$ 62,579	\$ (206,504)	\$ (338,649)	\$ 43,400
BEGINNING CASH BALANCE	\$ 610,553	\$ 673,132	\$ 466,628	\$ 127,979
ENDING CASH BALANCE	\$ 673,132	\$ 466,628	\$ 127,979	\$ 171,379
ENCUMBRANCES AT YEAR END	\$ 44,191	\$ 255,749	\$ -	\$ -

STATEMENT OF FUND ACTIVITY

(Complete only for General Fund, Bond Retirement Fund, and any other funds requesting general property tax revenue)

EXHIBIT I
(Continued)

FUND: Police Pension 220

DESCRIPTION	FOR 2018 ACTUAL	FOR 2019 ACTUAL	2020 CURRENT YEAR ESTIMATE	2021 BUDGET YEAR ESTIMATE
REVENUES:				
Property Taxes (Real & Personal)	\$ 66,692	\$ 73,722	\$ 72,200	\$ 76,500
Homestead, Rollback & 10,000 Exemp	\$ 8,596	\$ 9,408	\$ 11,200	\$ 12,000
S. B. 3 & 287 Dereg. Reimb.	\$ -	\$ -	\$ -	\$ -
Personal Property Reimb.	\$ -	\$ -	\$ -	\$ 300
Other Revenues	\$ 235	\$ 162	\$ 300	\$ -
TOTAL REVENUES	\$ 75,523	\$ 83,292	\$ 83,700	\$ 88,800
TOTAL EXPENDITURES	\$ 76,100	\$ 83,277	\$ 83,400	\$ 88,800
REVENUES OVER (UNDER) EXPENDITURES	\$ (577)	\$ 15	\$ 300	\$ -
BEGINNING CASH BALANCE	\$ 32,525	\$ 31,948	\$ 31,963	\$ 32,263
ENDING CASH BALANCE	\$ 31,948	\$ 31,963	\$ 32,263	\$ 32,263
ENCUMBRANCES AT YEAR END	\$ -	\$ -	\$ -	\$ -

FUND: Employee Termination 296

DESCRIPTION	FOR 2018 ACTUAL	FOR 2019 ACTUAL	2020 CURRENT YEAR ESTIMATE	2021 BUDGET YEAR ESTIMATE
REVENUES:				
Property Taxes (Real & Personal)	\$ 20,012	\$ 22,117	\$ 21,900	\$ 56,000
Homestead, Rollback & 10,000 Exemp	2,579	2,822	2,800	3,000
S. B. 3 & 287 Dereg. Reimb.	0	0	0	0
Personal Property Reimb.	0	0	0	0
Other Revenues	153	195	0	100
TOTAL REVENUES	\$ 22,744	\$ 25,134	\$ 24,700	\$ 59,100
TOTAL EXPENDITURES	\$ 226	\$ 39,516	\$ 42,000	\$ 59,100
REVENUES OVER (UNDER) EXPENDITURES	\$ 22,518	\$ (14,382)	\$ (17,300)	\$ -
BEGINNING CASH BALANCE	\$ 9,179	\$ 31,697	\$ 17,315	\$ 15
ENDING CASH BALANCE	\$ 31,697	\$ 17,315	\$ 15	\$ 15
ENCUMBRANCES AT YEAR END	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF INDEBTEDNESS

EXHIBIT II

PURPOSE OF BONDS AND NOTES	AUTHORITY FOR LEVY OUTSIDE 10 MILL LIMIT*	DATE OF ISSUE	DATE DUE	ORDINANCE OR RESOLUTION	SERIAL OR TERM	RATE OF INTEREST	AMOUNT OF BONDS / NOTES OUTSTANDING AT BEGINNING OF BUDGETED YEAR	AMOUNT REQUIRED FOR PRINCIPAL & INTEREST PAYMENTS TO 12/31/21
INSIDE TEN MILL LIMIT:								
Community Center	March 2004	January 2021	2004-6	Serial	4.11%	\$100,000	\$102,221	
TOTAL						\$100,000	\$102,221	
OUTSIDE TEN MILL LIMIT:								
<u>Debt Partially Funded by Charter Millage</u>								
<u>Debt Funded by Charter Millage</u> (Do not levy separately for this issue)								
<u>Debt Funded by Special Assessments</u> (Do not levy separately for these issues)								
<u>Debt Funded by TIF PILOT Payments</u> (Do not levy separately for this issue)								
TOTAL						\$0	\$0	