



CENTENNIAL | 1917 - 2017

# TOWN HALL DISCUSSIONS

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Municipal Finances

*June 2017*

# WELCOME

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- ▶ **OBJECTIVE:** Provide a thorough update on the current financial situation of the City of South Euclid.
- ▶ **GOAL:** To hear from each of you on potential ways to cut costs and/or raise additional revenue to support governmental services.

# Agenda

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- ▶ **Introductions**
- ▶ **Overview of Municipal Finances**
- ▶ **Municipal Income**
- ▶ **Municipal Expenses**
- ▶ **Future Obligations**
- ▶ **Discussion of City Services**
- ▶ **Other Discussion**

# Overview of Municipal Finances

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## ▶ PRIMARY SOURCES OF INCOME:

- ▶ Income Tax (2%) (\$10,282,070)
- ▶ Property Tax (\$3,417,286)
- ▶ Local Government Funds (\$539,536)
- ▶ Fines/Fees/Permits
  - ▶ Building Permits (\$759,981)
  - ▶ Court Fines (\$579,487)
  - ▶ Parking Tickets (\$156,032)

▶ **TOTAL GENERAL FUND REVENUE: \$16,947,349**

# Overview of Municipal Finances

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## ▶ DEDICATED ACCOUNTING FUNDS

### ▶ General Fund

- ▶ Primary account for covering the cost of governmental services

### ▶ Special Revenue Funds

- ▶ Accounts which may or may not have a dedicated revenue stream, but funds in account can only be used to carry out a specific governmental service.
- ▶ Examples: Safety Levy, Road, Flood Control

# Historical Financial Information

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- ▶ **2011** - Reduction in Local Government Funding (LGF)
- ▶ **2012** - City enters contract with Kimble for garbage collection (**Saved \$250,000 annually**)
- ▶ **2012** - Residents pass 3.25 mill Safety Levy
- ▶ **2016** - Council approves regional dispatch to reduce current & future costs
- ▶ **2016** - Residents pass replacement 5.75 mill Safety Levy



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# Municipal Income

# Municipal Income

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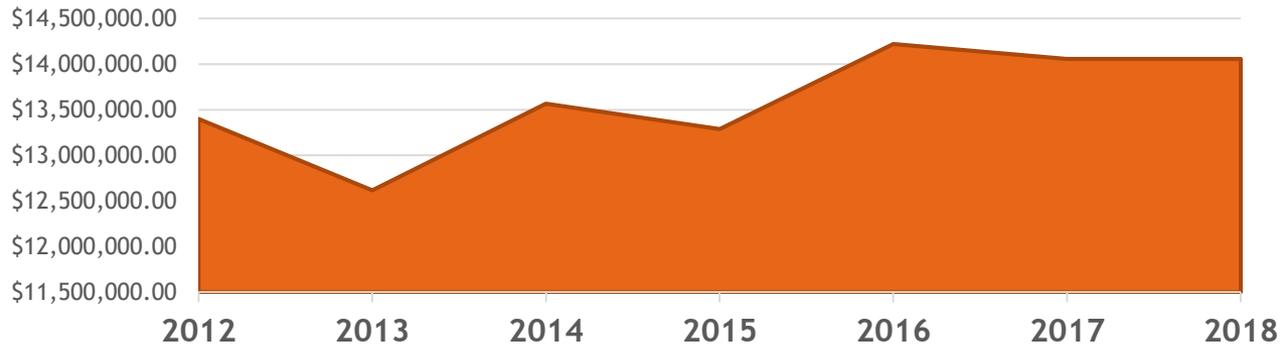
- ▶ Property tax collections have been reduced by 18% since 2012
- ▶ Income tax collections have increased 17% since 2012
- ▶ LGF received have been reduced by 45% since 2011
- ▶ Inheritance tax phased out

# Municipal Income

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- ▶ Aggressively pursuing grant funding (\$162,000)
- ▶ Increased EMS transport fees
- ▶ Participated in RITA Subpoena Program to collect unpaid income taxes.
- ▶ Working with Ohio Attorney General to recoup uncollected fines/fees

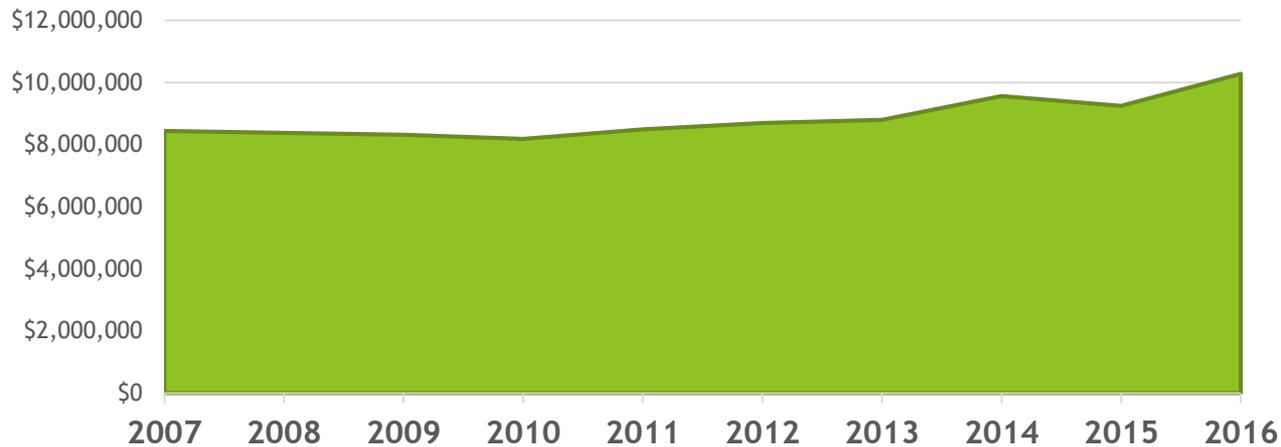
# Change in Total Revenue



2012	2013	2014	2015	2016	2017	2018
\$16,291,402	\$16,341,540	\$16,238,737	\$15,467,006	\$16,911,251	\$16,843,013	\$16,840,013

- ▶ Revenue has increased 3.3% since 2012
- ▶ Inflation since 2012 - 6.6%

# Change of Income Tax Revenue



2007	2009	2011	2013	2016
\$8,436,791	\$8,318,200	\$8,492,924	\$8,797,051	\$10,282,070

- ▶ 22% increase since 2007
- ▶ 11% increase in the number of tax filers since 2012

# Change of Income Tax Revenue

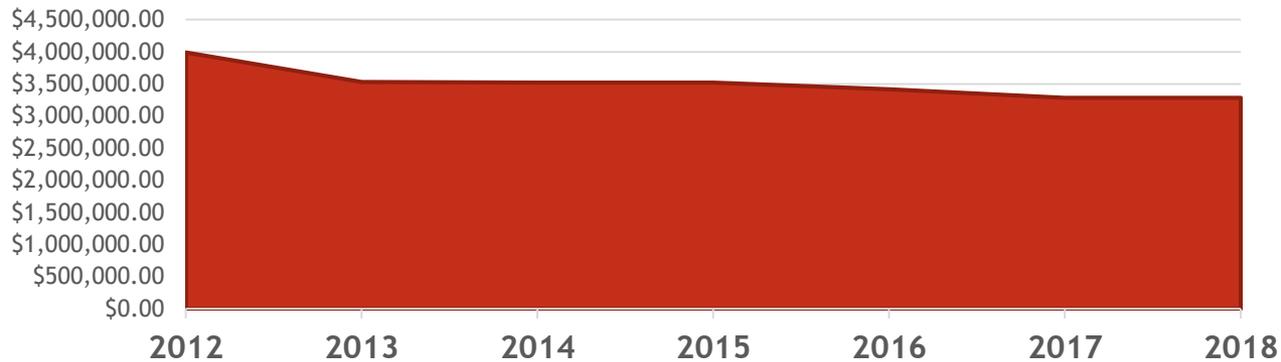
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- ▶ Number of income tax filers has increased

	2012	2013	2014	2015	2016
Total	37,750	36,553	41,827	40,796	42,066

- ▶ 9,826 South Euclid residents paid income tax in 2016
- ▶ 13,666 residents of working age (18-65, 2010 Census)

# Reduction of Property Tax Revenue



2012	2014	2015	2016	2018
\$3,988,179	\$3,520,539	\$3,521,929	\$3,417,286	\$3,284,591

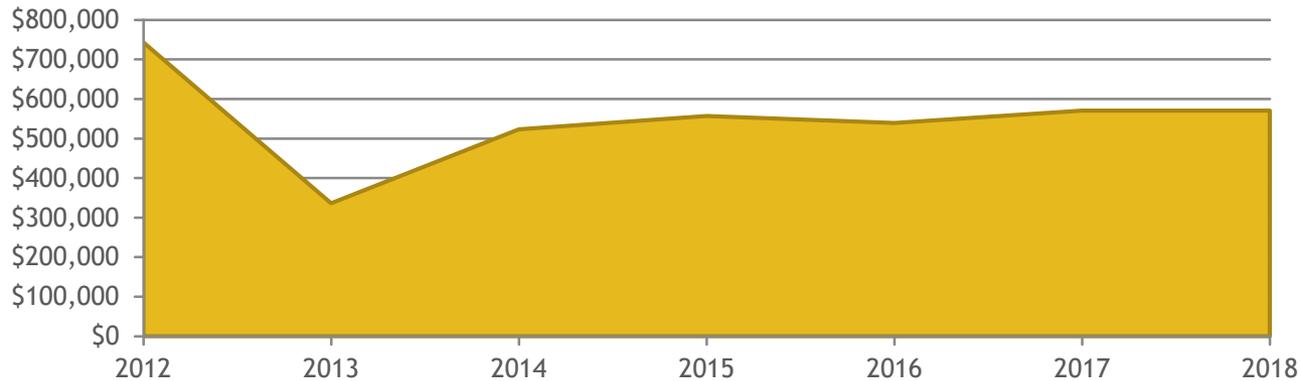
► 18% decrease since 2012

# Reduction of Property Tax Revenue

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	Valuation	%
Residential	\$285,100,400	81.79%
Commercial	\$53,810,300	15.43%
Public Utility	\$9,623,980	2.76%
TOTAL	\$348,534,680	100%

# Reduction of LGF Receipts



2012	2013	2014	2015	2016	2017	2018
\$743,492	\$336,381	\$523,474	\$557,015	\$539,536	\$571,128	\$571,128

- ▶ 23% decrease since 2012
- ▶ Ohio Legislature proposing additional cuts in 2017 Biennial Budget

# Loss of Inheritance Tax

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- ▶ Abolished by Governor Kasich and the Ohio State Legislature in 2013.
- ▶ In 2013, we received \$685,081.
- ▶ In 2016, we received just \$4,011.

# Safety Levy

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- ▶ 3.25 mill Safety Levy passed in 2012 produced \$1,107,409 in 2016
- ▶ 5.75 mill replacement levy passed in 2016 is estimated to produce approx. \$2,000.000 annually. (*Additional \$800,000*)
- ▶ The Safety Levy is a special revenue fund. Monies collected through the levy may only be used to support police and fire. Currently pays a portion of police and fire wages.

# General Fund Balance

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2007	\$4,754,968
2008	\$4,490,576
2009	\$3,727,263
2010	\$2,724,945
2011	\$2,882,057
2012	\$3,485,922
2013	\$3,721,476
2014	\$4,236,928
2015	\$4,377,673
2016	\$4,582,511

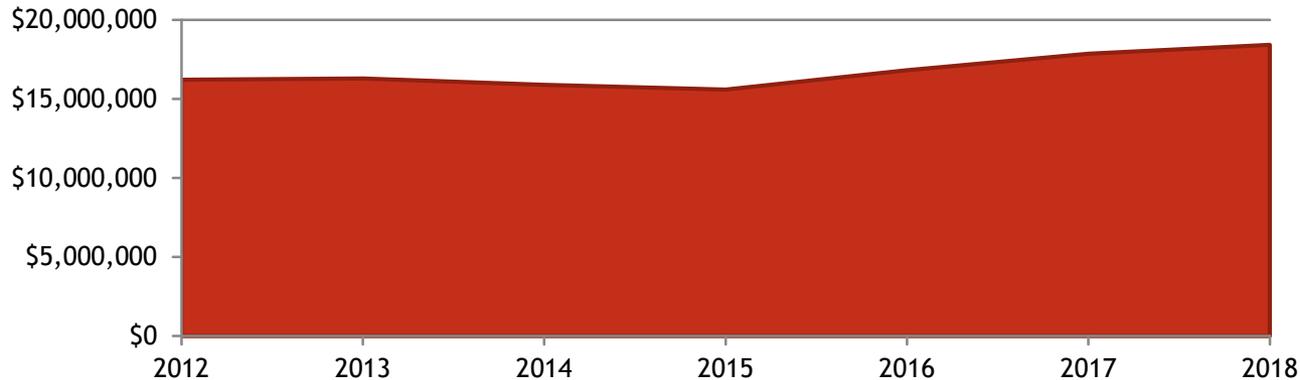
- ▶ GFOA says at minimum 60 days or 15 to 20% minimum.
- ▶ At the end of 2016, South Euclid stood at 27%



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# Municipal Expenses

# Municipal Expenses

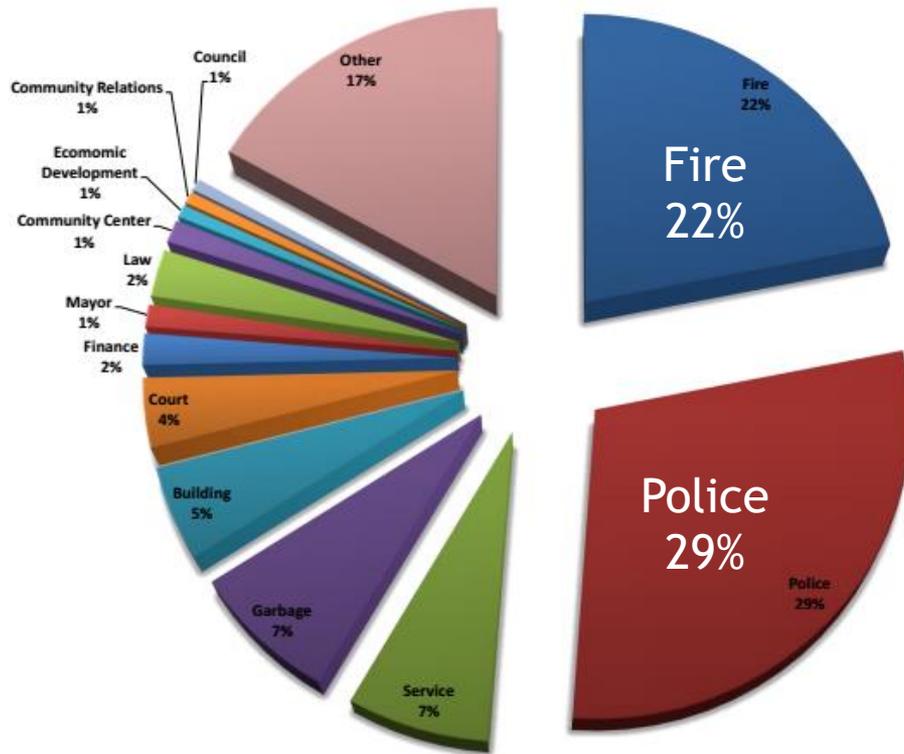


2012	2013	2014	2015	2016	2017	2018
\$16,211,940	\$16,291,222	\$15,896,239	\$15,585,010	\$16,820,934	\$17,850,046	\$18,411,248

*Estimates*

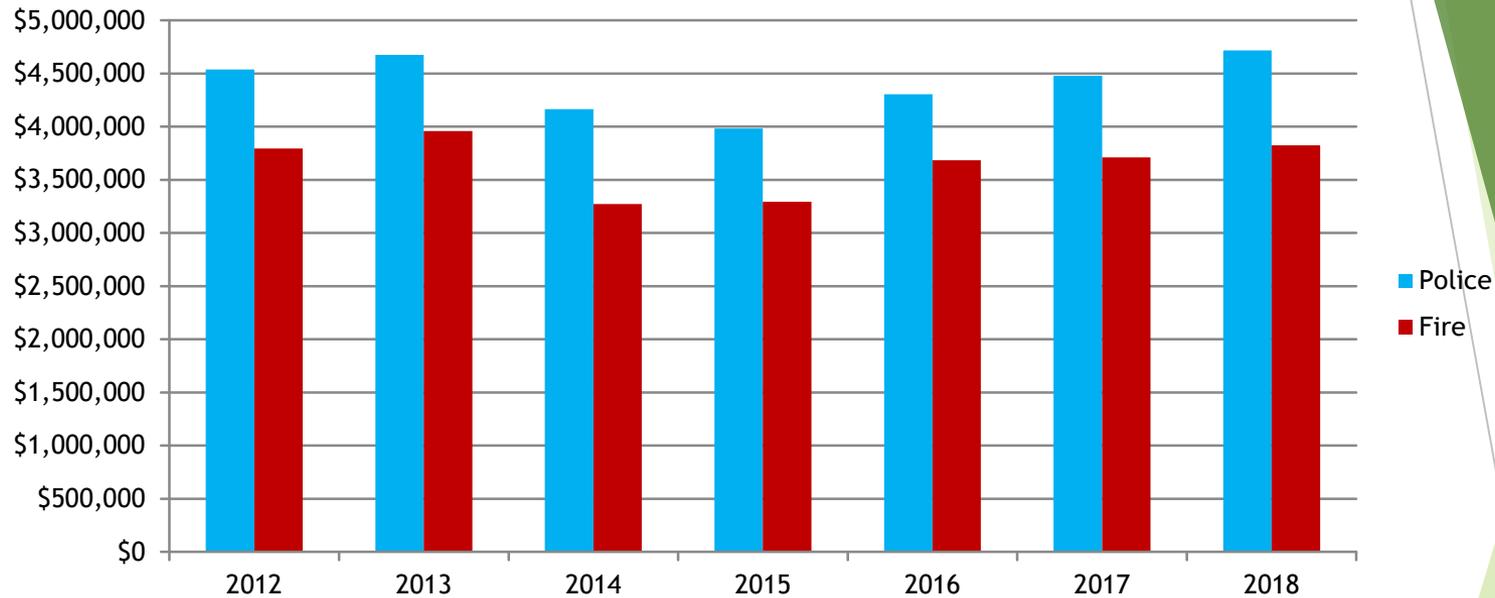
- ▶ Expenses have increased 3.75% in the last 5 years.

# Municipal Expenses



- ▶ Police and Fire make up 51% of municipal expenses

# Increase in Police and Fire



	2012	2013	2014	2015	2016	2017	2018
Police	\$4,538,584	\$4,676,752	\$4,164,722	\$3,983,069	\$4,305,808	\$4,478,548	\$4,716,537
Fire	\$3,794,613	\$3,960,116	\$3,273,104	\$3,291,650	\$3,685,505	\$3,709,822	\$3,824,799

*Estimates*



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# Future Obligations

# Other Considerations

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- ▶ Current and past budgets have not fully addressed capital expenditures needed:
  - ▶ Building Maintenance
  - ▶ Park Maintenance and Improvements
  - ▶ Service Vehicles
  - ▶ Any new facilities
- ▶ Debt Service Payments
  - ▶ Cedar Center
  - ▶ Greenvale

# Debt Service Payments

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- ▶ **Cedar Center (\$918,469)**
  - ▶ Principal (\$300,000)
  - ▶ Interest (\$618,469)
  - ▶ Payment is offset by Tax Increment Financing Revenue (\$384,207)
  - ▶ Net Impact to General Fund (\$534,262)
- ▶ **Greenvale (\$164,108)**
  - ▶ Principal (105,000)
  - ▶ Interest (\$59,108)
- ▶ City Council has agreed to sell the final remaining property at Cedar Center to Planet Fitness for \$1,000,000. Proceeds will be used to pay down debt.

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**OPEN  
DISCUSSION**

# City Services

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- ▶ 1. What services do you value the most?
- ▶ 2. What services do you use the most?
- ▶ 3. What services do you use the least?
- ▶ 4. What services do you believe could be provided regionally?
- ▶ 5. Would you support regional solutions to increased cost?

# Economic Development

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- ▶ 1. How often do you patronize local merchants within the City?
- ▶ 2. Do you support commercial and/or residential tax abatement as an incentive for investment?

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**OTHER  
DISCUSSION**



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# TOWN HALL DISCUSSIONS

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Municipal Finances

*June 2017*

# Municipal Court

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	2012	2013	2014	2015	2016
Revenue	\$639,689	\$567,355	\$547,641	\$501,524	\$579,487
Expenses	\$699,537	\$615,487	\$600,014	\$590,525	\$587,880
TOTAL	-\$59,848	-\$48,132	-\$52,373	-\$89,001	-\$8,393

# New Communication Strategy

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- ▶ Creating **comprehensive** communication strategy to provide a variety of methods for South Euclid City Council to stay in touch with you.
- ▶ Communication Methods
  - ▶ Social Media (Facebook, Twitter)
  - ▶ Website
  - ▶ Email
  - ▶ Text Messaging
  - ▶ Ready Notify
  - ▶ Mobile App