

City of Bay Village

Minutes of Public Hearing
Tax Budget for 2014 Fiscal Year

June 24, 2013
6:00 p.m.

Director of Finance Renee Mahoney, Presiding

Audience: Finance Committee Members Clark, Tadych, Young
Councilwoman Lieske, Councilman Miller
Resident Susan Fink

Mr. Mahoney called the meeting to order at 6:00 p.m. in the conference room of Bay Village City Hall and the meeting was open to the public.

Finance Director Mahoney advised that the tax budget for 2014 is available for public inspection. Mrs. Mahoney further noted that the tax budget is used to show the county the need of the City of Bay Village for the collection of property taxes for the upcoming year beginning January 1, 2014.

Mrs. Susan Fink stated that last year the Finance Committee rebalanced the Police, Fire, and Paramedics so that it would reflect more truly what the expenses are for the pension liabilities (24% for Fire and 17% for Police). Mrs. Fink asked if that has been reflected in this year's tax budget. Mrs. Mahoney stated that it has not been reflected. She has prepared the budget with what was done last year.

Mrs. Fink asked if the group is going to look at more closely trying to align the expense. Mrs. Mahoney stated that it is more advantageous to put all of the money in the General Fund and transfer out the money as needed to the Police and Fire Pension Fund. If you allocate the money directly to Police and Fire Pension, although the numbers in the budget are fine, and you have too much in the accounts you cannot transfer it out.

Mr. Clark stated that last year the committee attempted to more accurately reflect the cost of running emergency paramedic with the primary goal not to increase the millage to the residents. We are always going to be a little short under this for paramedic or fire pension because we are paying \$100,000 for three years for a catch-up clause. The \$350,000 number is very close to what we need for police pension. We do believe that the three year number is going to go back down.

Mrs. Fink asked if the millage will remain unchanged between last year and this year. Mr. Clark stated that it will remain unchanged. For the committee to make a decision today about changing the millage without all of the information available and vetting it properly might be immaterial. Mr. Young added that if the city were facing a large deficit in 2014, \$800,000 or more, then a serious discussion about a change in millage would be necessary.

Mr. Clark noted that the current assessed valuation for the City of Bay Village is \$495 million. Director Mahoney has projected a 3% increase in the next cycle. The millage is reflected on a \$510 million assessed valuation. Director Mahoney commented that increasing the assessed valuation by 3% may be overestimating the need for property tax

dollars, but this is historically what is done. Mr. Clark asked Mrs. Mahoney if, based upon the change in the property tax rollback of 12 ½% change that was in the news last weekend, it appears that there is less coming from the state that the residents would have to pay, and it would be neutral to the City of Bay Village. Mrs. Mahoney stated that Mr. Clark is correct, but it is only on new issues. The state will still be picking up anything on issues that are in existence at the time of the change.

Mr. Clark referred to Page 2 of the tax budget, and asked Mrs. Mahoney if the total General Funds of \$3,859,315.00 represents property taxes and local government revenue. Mrs. Mahoney stated that it does represent property taxes and local government revenue. Mr. Clark noted that local government fund revenue is listed at \$375,000. This represents a reduction of approximately \$80,000 to \$100,000 from last year. Mr. Clark noted that the city was told a couple of years ago that it might go down to \$225,000, but that did not happen because the state bounced back.

The beginning estimated unencumbered fund balance is listed as \$982,424. Mrs. Mahoney noted that this is an estimated figure for the end of 2013, and is the same as last year. Mr. Clark asked that the figure of \$163,929 received from FEMA and First Energy Corp. as reimbursement for storm damages be reflected in the General Reserve Fund. Mrs. Mahoney will make that change.

The amount of \$1 million listed as estimated expenditures and encumbrances for the Equipment Replacement Fund is an estimate.

Fire Pension Receipts indicate an additional \$114,000 to the millage generated receipts. Mrs. Mahoney stated that amount had to be added this year. Mrs. Mahoney stated that the transfer was necessary to cover fire pension. Total expenses for police and fire pension total slightly more than \$800,000 for 2013.

The \$106,000 in Accrued Benefits receipts represents 2% of municipal income tax receipts.

The DARE Grant application continues, even though the money is not used, in order to keep the city in line for the grant. Mr. Young stated that the decision whether or not to use the funds belongs jointly to the schools and the city.

Public Buildings amount of \$59,533 represents the funds received for roof replacement via the insurance settlement.

Mr. Clark noted that he was surprised to learn that the city is paying out more for operation of the swimming pool than what is being taken in. Mr. Clark was under the assumption that the pool as an enterprise organization was self sufficient and a cash generator. Mr. Young suggested that adding the concession receipts to the pool passes receipts would result in making the expense for the pool a neutral situation.

Health Insurance is budgeted at \$1,461,426 for estimated expenditures and encumbrances.

Unvoted General Obligation Debt

The 2002 Issuance represents the swimming pool and the community gym. The pool will be paid off in 2022, and community gym in 2017.

The 2007 and 2008 Issuance represents various street improvements. Final payments will be paid in 2014.

The 2009 and 2010 Issuance are from the city treasury and mature in 2016 and 2017.

The 2011 Various Purpose is the Police Station Note issue.

The 2012 Police Station Refinance includes the note and bond with about \$5 million outstanding against the police station.

The 2013 Various Purpose Issuance is the most recent debt in the amount of \$1,250,000.

Mr. Clark asked Mrs. Mahoney to provide a breakdown of the 2012 Various Purpose Bonds to the Finance Committee.

Mr. Miller asked, if the Sunset Area Improvement Project moves forward, what fund would provide for the expenses. Engineering proposals will be received June 28, 2013. Those proposals will provide estimated construction costs.

Mr. Clark stated that in the past monies have been provided out of the Infrastructure Improvement Fund to get projects started. Mr. Young noted that assessments will be applied for the Sunset Area Improvement Project.

Mr. Clark stated that he appreciates the opportunity to have a more detailed study and explanation of the tax budget. The 2014 Tax Budget will be presented to Council for approval by resolution this evening, with the amendment of \$163,929 posted to the General Reserve Fund. There being no further questions or discussion, the meeting adjourned at 6:30 p.m.

President of Council

Clerk of Council