

Memorandum

To: Mayor and City Council
From: Renee Mahoney, Director of Finance
Date: 4/28/2022
Re: Tax Budget

The Ohio Revised Code requires that City Councils adopt a tax budget for the next fiscal year no later than July 15th of the current year and that the adopted tax budget be submitted to the County Budget Commission no later than July 20, 2022. 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 County Budget Commission the City's need to levy property taxes to fund the basic operations of the City for the coming fiscal year (2023).

The Cuyahoga County Budget Commission implemented the prescribed alternate tax budget format in order to gather basic fiscal data from the County's governments while streamlining the process. The City of Bay Village's 2023 Tax Budget has been prepared in the prescribed format and is attached. This format includes four separate schedules and the resolution adopting the 2023 Tax Budget.

Revised Code also stipulates that the tax budget be made available for public inspection. A copy of the proposed 2023 Tax Budget will be made available on the City website and at the front reception desk prior to final adoption and submission to the Budget Commission.

In any given budget year funding needs will always exceed current revenue. In the tax budget the additional need is demonstrated by showing a shortfall between expected revenues and expenditures. If the need demonstrated was less than estimated revenue then the Cuyahoga County Budget Commission could elect to certify a decrease in the estimate. This need is expressed by showing that operating disbursements exceed estimated operating revenues. The additional need in excess of anticipated General Fund resources for the budget year is shown below:

	<u>General Fund 2023 Tax Budget</u>
Total Estimated Revenue	14,177,650
Total Estimated Expenditures	<u>14,911,921</u>
Shortfall (Additional Need)	(734,271)

Explanation of the various levies that you will see in Schedule 1:

Currently the City has 3 voted levies per the City's Charter (see Article X attached). These are levies that the citizen of Bay Village voted in on various dates:

Section 10.1: A tax not to exceed 9 mills for the purposes of general operating expenses. The City currently levies 8.26 mills; 6.88 to fund General Fund and .69 to each Police pension and Fire Pension Funds.

Section 10.1 (A) Parks and Recreation levy of .5 mills which the City levies the full amount.

Section 10.1 (B) Paramedic Unit levy of 2.5 mills of which the City currently collects 2.25.

The other amount levied per the Tax Budget is an inside millage of 3.89 mills. This amount is levied per the allotment to levy up to 10 mills for operation of the City as provided by the Constitution of the State of Ohio and is levied without a vote of the citizens. This 10 mill limitation also takes into account the portion allocated to the schools and the County. This inside millage is allocated to cover the annual payments in relation to debt.

The 2023 Tax Budget expenditures were based on the 2022 operating budget with increases of 3%. These expenditures do not represent the final estimate of the 2023 operating budget. These figures will be refined within the budget process that will begin in September 2022.

Often people ask how much revenue would be generated by taking the extra .25 mills for the Paramedic Levy – estimate is about \$187,000.

Or additional revenue could be generated by taking the extra .74 from Section 10.1 which would be about \$554,000.

My recommendation is to leave the tax levies as is for 2023. The income tax collection rate continues to be strong and can provide good additional income over property tax revenue to fund operating expenditures. Large capital projects that could be presented for 2023 could be funded by debt issuance if needed.

I would ask Council to consider first reading of the attached budget at the May 2, 2022 Council meeting with adoption no later than June 20, 2022.

Residents often ask how property taxes are calculated. Here is an example:

\$100,000 home:

1. Take 35% of Fair Market Value = \$35,000
2. Multiply #1 by the Residential millage for Bay Village (162.81)
3. $35,000 \times .16281 = \$5,698$
4. Reduce by the 920 Reduction (.503639) $5,698.35 \times .503639 = 2,870$
5. Reduce by 10% if owner occupied and non-business ($5,698.35 \times .10 = \$570$)
6. $\$5,698 - 2,870 - 570 = \$2,258$ – estimate for full year

Or for a residential property simply take the Market Value multiplied by the Tax as a Percentage of Market Rate (2.5254%) = $\$100,000 \times .025254 = \$2,525$

There is also a calculator available on the Cuyahoga County Fiscal Officer site which can be found here: <https://fiscalofficer.cuyahogacounty.us/en-US/property-tax-calculator.aspx>

ARTICLE X - TAXATION

SECTION 10.1 - LIMITATION ON RATE OF TAXATION.

For the purpose of paying the current operating expenses of the Municipality and for the purpose of paying any other expense which may lawfully be included within the general levy for the general fund of the Municipality, including the purposes of police and fire pensions, the Council, without a vote of the people, shall have the power to levy on the property in the Municipality listed and assessed for taxation, a tax not to exceed 9 mills on the dollar of assessed valuation, the provision to be effective as an amendment on January 1, 1961.

(Ord. 60-64; approved by voters 11-8-60.)

SECTION 10.1(A) - LEVY FOR PARKS AND RECREATION.

For purposes of paying towards the expense of the Department of Parks and Recreation, the Council, without a vote of the people, shall have the power to levy on the property of the Municipality listed and assessed for taxation, a tax not to exceed one-half mill on the dollar of assessed valuation. This provision shall be in addition to the limitation provided in present Section 10.1 of the Charter. This provision shall be effective on January 1, 1975.

(Ord. 72-144; approved by voters 11-7-72.)

SECTION 10.1(B) - CREATION OF A PARAMEDIC UNIT; LIMITATION ON RATE OF TAXATION.

There is established within the Department of Public Safety an emergency Paramedic Unit, and Council shall provide for its organization by ordinance. For purposes of paying toward the capital and operating expenses of the Unit, the Council, without a vote of the people, shall have the power to levy on the property of the Municipality listed and assessed for taxation, a tax not to exceed two and one-half mills on the dollar of assessed valuation beginning with the 1986 tax year. This provision shall be in addition to the limitation provided in present Section 10.1 and present subsection 10.1(A) of the Charter.

(Ord. 86-11; approved by voters 5-6-86)

CITY OF BAY VILLAGE, CUYAHOGA COUNTY, OHIO
2023 Tax Budget
For The Year Ending December 31, 2023

ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit **CITY OF BAY VILLAGE**
For the Fiscal Year Commencing **JANUARY 1, 2023**
Fiscal Officer Signature _____ Date **June 6, 2022**

COUNTY OF CUYAHOGA

Background

Substitute House Bill No. 129 (HB129) effective June 3, 2002, was enacted by the 124th General Assembly in part to allow a county budget commission to waive the requirement that a taxing authority adopt a tax budget for a political subdivision or other taxing unit, pursuant to Ohio Revised Code (ORC) Section 5705.281.

Ohio Revised Code Section 5705.281

Under the amended version of this section pursuant to HB 129, a county budget commission, by an affirmative vote of a majority of the commission, including an affirmative vote by the county auditor, may waive the tax budget for any subdivision or other taxing unit. However, the commission may require the taxing authority to provide any information needed by the commission to perform its duties, including the division of the tax rates as provided under ORC Section 5705.04.

County Budget Commission Duties

The county budget commission must still certify tax rates to each subdivision or other taxing unit, by March 1 for school districts and by September 1 for all other taxing authorities under ORC Section 5705.35, even when a tax budget is waived. Also, the commission is still required to issue an official certificate of estimated resources under ORC Section 5705.35 and amended official certificates of estimated resources under ORC Section 5705.36.

Therefore, when a budget commission is setting tax rates based on a taxing unit's need, for purposes of ORC Sections 5705.32, 5705.34, and 5705.341, its determination must be based on that other information the commission asked the taxing authority to provide under ORC Section 5705.281, when the tax budget was waived. Also, an official certificate must be based on that other information the commission asked the taxing authority to provide.

County Budget Commission Action

On October 11, 2002, during the Cuyahoga County Budget Commission meeting, the commission with an affirmative vote of all members waived the requirement for taxing authorities of subdivisions or other taxing units (Including Schools) to adopt a tax budget as provided under ORC Section 5705.281, but shall require the filing of this Alternative Tax Budget information document on an annual basis.

Alternative Tax Budget Information Filing Deadline

For all political subdivisions excluding school districts, the fiscal officer must file one copy of this document with the County Fiscal Officer on or before July 20th. For school districts the fiscal officer must file one copy of this document with the County Fiscal Officer on or before January 20th.

CITY OF BAY VILLAGE, CUYAHOGA COUNTY, OHIO
2023 Tax Budget
For The Year Ending December 31, 2023

**GUIDELINES FOR COMPLETING THE
ALTERNATIVE TAX BUDGET INFORMATION**

SCHEDULE 1

The general purpose of schedule 1 is to meet the requirement of Ohio Revised Code (ORC) Section 5705.04 which requires the taxing authority of each subdivision to divide the taxes levied into separate levies. For help use the schedule B issued by the budget commission for the current year and add any new levies. This will help to ensure that no levies are missed.

In column 1 list only those individual funds which are requesting general property tax revenue. In column 2 purpose refers to the following terms, inside, current expenses, and special levy for example. In column 4 levy type refers to renewal, additional, and replacement for example. In column 9 identify the amount of general property tax you wish to request.

NOTE:

The general purpose of column 9 is to demonstrate the need to produce property tax revenues to cover the estimated expenditures for the budget year. ORC Section 5705.341 states in part:

"Nothing in this section or any section of the ORC shall permit or require the levying of any rate of taxation, whether within the 10 mill limitation or whether the levy has been approved by the electors, the political subdivision or the charter of a municipal corporation in excess of such 10 mill limitation, unless such rate of taxation for the ensuing fiscal year is clearly required by a budget property and lawfully, adopted under this chapter or by other information required per ORC 5705.281."

Property tax revenue includes real estate taxes, personal property taxes, homestead and rollback, and the personal property 10,000 exempt monies.

SCHEDULE 2

The general purpose of schedule 2 is to produce an Official Certificate of Estimated Resources for all funds.

In column 3, total estimated receipts should include all revenues plus transfers in excluding property taxes and local government revenue. All taxing authority must submit a list of all tax transfers.

SCHEDULE 3

The general purpose of schedule 3 is to provide inside/charter millage for debt service. The basic security for payment of general obligation debt is the requirement of the levy of ad valorem property taxes within the 10 mill limitation imposed by Ohio law. Ohio law requires a levy and collection of ad valorem property tax to pay debt service on general obligation debt as it becomes due, unless that debt service is paid from other sources.

SCHEDULE 4

The general purpose of schedule 4 is to provide for the proper amount of millage to cover debt service requirements on voted bond issues. Major capital improvement projects are sometimes financed through the use of voted bonds. The taxing authority seeks voter approval of general obligation bonds and of the levy of property taxes outside the indirect debt limitation in whatever amount is necessary to pay debt service on those bonds.

SCHEDULE 5

The general purpose of schedule 5 is to properly account for tax anticipation notes. See schedule 5 for more details.

CITY OF BAY VILLAGE, CUYAHOGA COUNTY, OHIO
2023 Tax Budget
For The Year Ending December 31, 2023

DIVISION OF TAXES LEVIED

(Levies Inside & Outside 10 Mill Limitation, Inclusive Of Debt Levies)
(List All Levies Of The Taxing Authority)

SCHEDULE 1

I	II	III	IV	V	VI	VII	VIII	IX
Fund	Purpose	Authorized By Voters On MM/DD/YY	Levy Type	Number Of Years Levy To Run	Tax Year Begins/ Ends	Collection Year Begins/ Ends	Maximum Rate Authorized	\$ AMOUNT Requested Of Budget Commission
General Fund	Special Levy	11/8/1960	Continuing	Continuing	1/1/21 - 12/31/21	1/1/22 - 12/31/22	6.88 Mills	\$ 5,155,942
Police Pension Special Revenue Fund	Special Levy	11/8/1960	Continuing	Continuing	1/1/21 - 12/31/21	1/1/22 - 12/31/22	0.69 Mills	\$ 517,093
Fire Pension Special Revenue Fund	Special Levy	11/8/1960	Continuing	Continuing	1/1/21 - 12/31/21	1/1/22 - 12/31/22	0.69 Mills	\$ 517,093
Parks and Recreation Special Revenue Fund	Special Levy	11/7/1972	Continuing	Continuing	1/1/21 - 12/31/21	1/1/22 - 12/31/22	0.50 Mills	\$ 374,705
Emergency Paramedic Special Revenue Fund	Special Levy	5/6/1986	Continuing	Continuing	1/1/21 - 12/31/21	1/1/22 - 12/31/22	2.25 Mills	\$ 1,686,173
Total Special Revenue Funds							4.13 Mills	\$ 3,095,064
Bond Retirement	Inside Millage		Continuing	Continuing	1/1/21 - 12/31/21	1/1/22 - 12/31/22	3.89 Mills	\$ 2,915,206
Totals								\$11,166,212

CITY OF BAY VILLAGE, CUYAHOGA COUNTY, OHIO
2023 Tax Budget
For The Year Ending December 31, 2023

STATEMENT OF FUND ACTIVITY
(List All Funds Individually)

SCHEDULE 2

	II	III	IV	V	VI	VII
Fund BY Type	Beginning Estimated Unencumbered Fund Balance	Property Taxes and Local Government Revenue	Other Sources Receipts	Total Resources Available for Expenditures	Total Estimated Expenditures & Encumbrances	Ending Estimated Unencumbered Balance
General Fund Group						
General Fund	\$ 2,000,000	\$ 5,445,496	\$ 8,732,154	\$ 16,177,650	\$ 14,911,921	\$ 1,265,729
Unclaimed Monies	5,000	-	1,000	6,000	5,000	1,000
General Insurance	50,000	-	184,000	234,000	161,000	73,000
Employee FSA	10,000	-	65,000	75,000	65,000	10,000
General Reserve	2,250,000	-	-	2,250,000	-	2,250,000
Total General Funds	4,315,000	5,445,496	8,982,154	18,742,650	15,142,921	3,599,729
Special Revenue Fund Group						
Paramedic	50,000	1,686,173	-	1,736,173	1,714,077	22,096
Parks and Recreation	200,000	374,705	777,064.91	1,351,770	1,198,968	152,802
Gift Cards	400	-	-	400	-	400
Play in Bay	-	-	-	-	-	-
Community Diversion Program	5,300	-	6,200	11,500	5,500	6,000
Bay Bike and Skate Park	918	-	-	918	-	918
Tennis Court Maintenance	1,000	-	10,000	11,000	10,000	1,000
Building Deposit Fund	100,000	-	40,000	140,000	50,000	90,000
Security Deposit Fund	4,000	-	22,000	26,000	22,000	4,000
Private Property Maintenance	50,000	-	524,500	574,500	537,660	36,840
State Highway	10,000	-	88,970	98,970	55,000	43,970
Dwyer Fund	60,000	-	5,000	65,000	20,000	45,000
Street Maintenance and Repair	50,000	-	1,246,600	1,296,600	1,212,755	83,845
Police Pension	100,000	517,093	-	617,093	555,900	61,194
Fire Pension	150,000	517,093	134,537.97	801,631	712,895	88,736

CITY OF BAY VILLAGE, CUYAHOGA COUNTY, OHIO
2023 Tax Budget
For The Year Ending December 31, 2023

STATEMENT OF FUND ACTIVITY
(List All Funds Individually)

SCHEDULE 2

I	II	III	IV	V	VI	VII
Fund BY Type	Beginning Estimated Unencumbered Fund Balance	Property Taxes and Local Government Revenue	Other Sources Receipts	Total Resources Available for Expenditures	Total Estimated Expenditures & Encumbrances	Ending Estimated Unencumbered Balance
Accrued Benefits	500,000	-	168,607	668,607	140,000	528,607
27th Pay	40,000	-	40,000	80,000	-	80,000
Endowment Trust	5,000	-	3,000	8,000	7,542	458
Senior Programs	50,000	-	20,800	70,800	17,510	53,290
American Recovery Plan Fund	1,591,588	-	-	1,591,588	1,591,588	-
Local Law Enforcement Trust	6,000	-	-	6,000	6,000	-
Drug Fine	14,000	-	2,300	16,300	16,000	300
Alcohol Intervention	1,000	-	750	1,750	1,700	50
DARE/SRO	550	-	118,500	119,050	117,950	1,100
Federal Equitable Sharing	35,595	-	-	35,595	35,000	595
Community House Renovation	10,373	-	-	10,373	-	10,373
Grants Fund	-	-	-	-	-	-
Total Special Revenue Funds	3,035,724	3,095,064	3,208,830	9,339,618	8,028,045	1,311,573
Debt Service Fund Group						
Bond Retirement Fund	5,500,000	2,915,206	2,853,395.39	11,268,601	5,869,641	5,398,960
Bond Retirement Special Fund	19,104	-	-	19,104	-	19,104
Total Debt Service Funds	5,519,104	2,915,206	2,853,395	11,287,705	5,869,641	5,418,064
Capital Project Fund Group						
General Capital Fund	500,000	-	7,682,335	8,182,335	2,275,000	5,907,335
Community Gym Fund	87,000	-	9,917	96,917	15,000	81,917
Equipment Replacement	-	-	-	-	-	-
Bassett Road	4,897	-	-	4,897	-	4,897
Walker Road	7,200	-	-	7,200	220	6,980

CITY OF BAY VILLAGE, CUYAHOGA COUNTY, OHIO
 2023 Tax Budget
 For The Year Ending December 31, 2023

STATEMENT OF FUND ACTIVITY
 (List All Funds Individually)

SCHEDULE 2

I	II	III	IV	V	VI	VII
Fund BY Type	Beginning Estimated Unencumbered Fund Balance	Property Taxes and Local Government Revenue	Other Sources Receipts	Total Resources Available for Expenditures	Total Estimated Expenditures & Encumbrances	Ending Estimated Unencumbered Balance
Public Improvement	60,000	-	-	60,000	-	60,000
Infrastructure Improvement Fund	1,000,000	-	-	1,000,000	313,530	686,470
Municipal Buildings Improvement	1,300,000	-	-	1,300,000	79,500	1,220,500
Total Capital Project Funds	2,959,097	-	7,692,252	10,651,349	2,683,250	7,968,099
Enterprise Fund Group						
Swimming Pool	100,000	-	440,000	540,000	518,283	21,717
Sewer Fund	500,000	-	2,494,000	2,994,000	2,614,726	379,274
Total Enterprise Funds	600,000	-	2,934,000	3,534,000	3,133,009	400,991
Internal Service Fund Group						
Health Insurance	500,000	-	1,320,816	1,820,816	1,795,937	24,879
Workers Compensation	400,000	-	138,760	538,760	171,986	366,774
Total Internal Service Funds	900,000	-	1,459,576	2,359,576	1,967,923	391,653
Trust Funds						
Cahoon Park Trust	92,500	-	-	92,500	-	92,500
Cahoon Library	58,500	-	-	58,500	-	58,500
Waldeck Estate Trust	160,000	-	500	160,500	16,400	144,100
Total Trust Funds	311,000	-	500	311,500	16,400	295,100
TOTAL ALL FUNDS	\$ 17,639,925	\$ 11,455,766	\$ 27,130,707	\$ 56,226,398	\$ 36,841,189	\$ 19,385,209

CITY OF BAY VILLAGE, CUYAHOGA COUNTY, OHIO
2023 Tax Budget
For The Year Ending December 31, 2023

UNVOTED GENERAL OBLIGATION DEBT

(Include General Obligation Debt To Be Paid From Inside/Charter Millage Only)
 (Do Not Include General Obligation Debt Being Paid By Other Sources)

SCHEDULE 3

I Purpose Of Bonds Or Notes	II Date Of Issue	III Final Maturity Date	IV Principal Amount Outstanding At The Beginning Of The Calendar Year	V Amount Required To Meet Calendar Year Principal & Interest Payments	VI Amount Receivable From Other Sources To Meet Debt Payments
2012 Police Station Refinance	2012	December 1, 2028	1,295,000	261,760	
2014-20 Various Purpose	06/05/22	June 5, 2023	5,500,000	5,500,000	
2019 State Infrastructure Bank Loan-Columbia Culvert	September 20, 2019	March 20, 2029	632,703	107,881	
Totals			\$7,427,703.00	\$5,869,641.00	\$0.00

