



City of Monroe, Ohio

July 9, 2019

2020 Tax Budget Financial Analysis

The tax budget is the first step in the City of Monroe's annual budget process. Ohio Revised Code §5705.28 requires the City to adopt a tax budget for the next fiscal year on or before July 15th of the current year and submit the budget to the County Auditor no later than July 20th. The tax budget then becomes the basis for the more precise estimate of revenues and expenditures included in the City's 2019 annual budget.

The tax budget is the City's first estimate of its anticipated financial resources and needs for the next fiscal year. The primary purpose of the tax budget is to demonstrate the City's need to levy property taxes and to collect local government funding. Accordingly, detailed information is provided in the tax budget for those funds that receive property tax revenue, while only general information is provided for the other funds

The County Budget Commission reviews the tax budget to ensure that the amounts budgeted by local communities, specifically for those funds that receive property taxes, have adequate projected revenues. Once the Budget Commission reviews and approves the City's tax budget, they will compute and certify property tax rates for the next fiscal year to City Council for adoption.

General Fund

“Monroe’s Checkbook”

This fund serves as the primary fund of the City of Monroe. Revenues from general levies and other general sources are used to finance the daily and long-term operations of the City’s government as a whole.

- 01 Revenues have steadily risen with an average annual increase of five percent.
- 02 Expenditures have steadily increased with an average annual increase of seven percent.
- 03 Cash balance has decreased an average of four percent over the last six years.

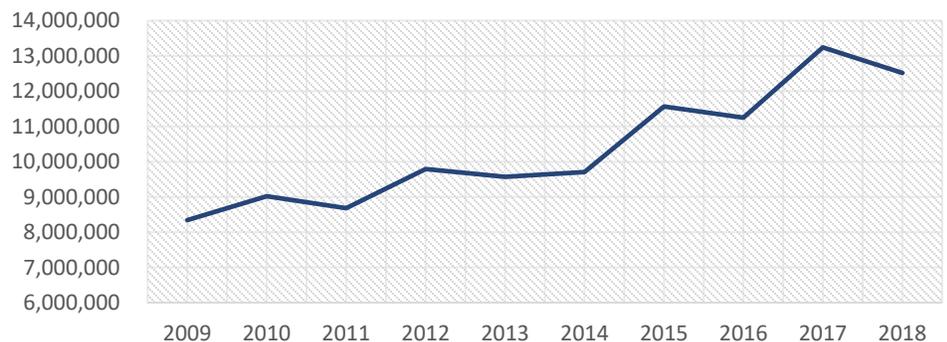
Revenue Analysis

In the General Fund, revenues have steadily risen over the last ten years, showing an average annual increase of approximately five percent (5%). In 2017, taxpayers voted to increase the municipal income tax rate by one-half percent (0.5%) in order to further the City’s capital improvement goals and to help expand the impact of the City’s public safety services.

10 Years of History

Comparing 2009 to 2018, the City collected approximately \$4.2 million more during 2018. The majority of this increase was due to rising property values and growing individual and net profit income.

Revenue Collection - 2009 to 2018



As demonstrated in the graph above, the General Fund collected peak levels of revenue during 2017, and it collected the least during 2009. The graph demonstrates a fairly steady growth with predictable decreases after years of high collections.

Revenue Categories

Revenue within the General Fund is primarily composed of municipal income tax and property tax. For the 2020 tax budget, the City anticipates receiving approximately 81.5% of its general revenue from income taxes

and 5.0% from property taxes. The remaining 13.5% of General Fund revenue is a mixture of other local taxes, JEDD income, grants, fines and forfeitures, licenses and permits, interest, and other financing sources.

Tax Budget Assumptions

The tax budget prepared for fiscal year ending December 31, 2020 projects approximately a four percent (4%) increase in total revenue.

We anticipate normal growth in taxable income for individuals and businesses, as well as steady valuations of privately-owned property. We expect continued growth in revenue received from the Joint Economic Development District (JEDD), and we have budgeted a moderate increase in building permit revenue as compared to 2019. Finally, we anticipate repayment of advances made to the Street Lighting Utility Fund and to the Capital Improvement Fund on behalf of the TIFs/RIDs.

Expenditure Analysis

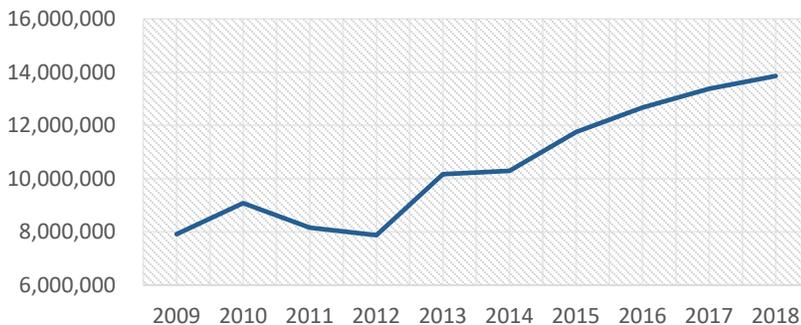
In the General Fund, expenditures have steadily risen over the last ten years, showing an average annual increase of approximately seven percent (7%). In 2012, the City hit peak ending-cash balance levels, and Council and City management decided to use some of the preserved cash to fund outstanding capital improvement projects.

10 Years of History

Comparing 2009 to 2018, the City spent approximately \$5.9 million more during 2018. The majority of this increase was used for transfers made to the Street Fund, Park Improvement Fund, Capital Improvement Fund, and the G.O. Bond Retirement Fund all in relation to various capital improvement projects prioritized by City Council.



Expenses Paid - 2009 to 2018



As demonstrated in the graph above, the General Fund expended peak levels of funding during 2018. The lowest levels of spending occurred during 2012. Though the graph demonstrates a fairly steady growth of expenditures in the last six years, City Council has been very intentional about using its money to best serve City residents.

Expenditure Categories

Expenditures within the General Fund are primarily focused on public safety services and general government operations. For the 2020 tax budget, the City anticipates spending approximately 48.9% of its general revenue on public safety and 30.1% on general government. The remaining 21.0% of General Fund expenditures will be used for parks and recreation, cemeteries, stormwater, and capital improvements.



Tax Budget Assumptions

The tax budget prepared for fiscal year ending December 31, 2020 projects less than a one percent (1%) decrease in total expenditures.

As a general rule, City Council prefers to leave an ending cash balance of approximately \$4 million in the General Fund. This allows the City to cover any unexpected expenses that come up during the year, as well as fund standard operations for a 3-month emergency period in which no additional revenues are received.

As we move into the annual budget discussions, Council and City management will discuss the impacts of the new income tax (0.5%) and the Comprehensive Plan process in establishing spending priorities.

Major Capital Improvement Projects Funded (2013 – 2018)

Parks (Baker, Bicentennial Commons, Community, Crossings, Rosemont)

Infrastructure Repair & Replacement (streets, sidewalks, water mains, storm sewers, etc)

Information Technology (software, servers, security system, etc)

Cardiac Monitors & Lift Systems

Weather Sirens

Public Safety Fleet Replacement

Facility Upgrades & Land Purchase (Administration Building, 980 Holman, Fire Department buildings, Former IGA property)

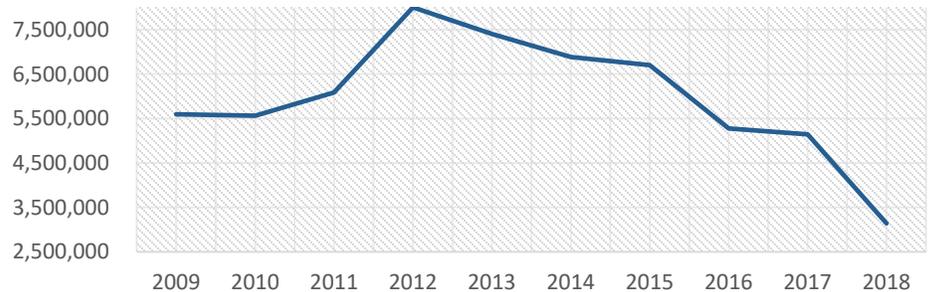
Over the last several years, the City has prioritized funding capital improvement projects to improve City services and the quality of life for its residents. Within the next few months as part of the 2020 annual budget process, City Council will discuss its financial goals for the future and what role the General Fund will have.

Cash Balance Analysis

The cash balance of the General Fund increased from 2009 to 2012, then decreased from 2012 to 2018. Comparing the ten years in total, cash balances have decreased an average of four percent (4%) annually. As mentioned in the expenditures section above, the City has allocated additional resources to fund outstanding capital improvement projects over the last several years.

In 2009, the City had \$5.6 million at year-end in its General Fund. At the end of 2018, the General Fund had \$3.1 million.

Cash Balance - 2009 to 2018



As demonstrated in the graph above, the General Fund held its largest cash balance during 2012. Of the ten years analyzed, cash balances were the lowest in 2018. The City has successfully allocated its reserved resources to growing and maintaining government assets, such as roads, public facilities, and parks.

