

MINUTES

COUNCIL-MANAGER BRIEFING

November 25, 2013

Mayor D'Epifanio called the Council-Manager Briefing to order at 5:30 p.m. at the Fairfield Municipal Building, 5350 Pleasant Avenue. The following Councilmembers were present: Adam Jones, Mike Oler, Terry Senger, Jeff Holtegel, Tim Abbott, Tim Meyers and Debbie Pennington. Staff present: Alisha Wilson, Arthur Pizzano, John Clemmons, Mark Wendling, Mary Hopton, Judge Joyce Campbell, Eddie Roberts, Mike Dickey, Dave Crouch, Brian Rose, Carol Mayhall, Don Bennett, and Dave Butsch.

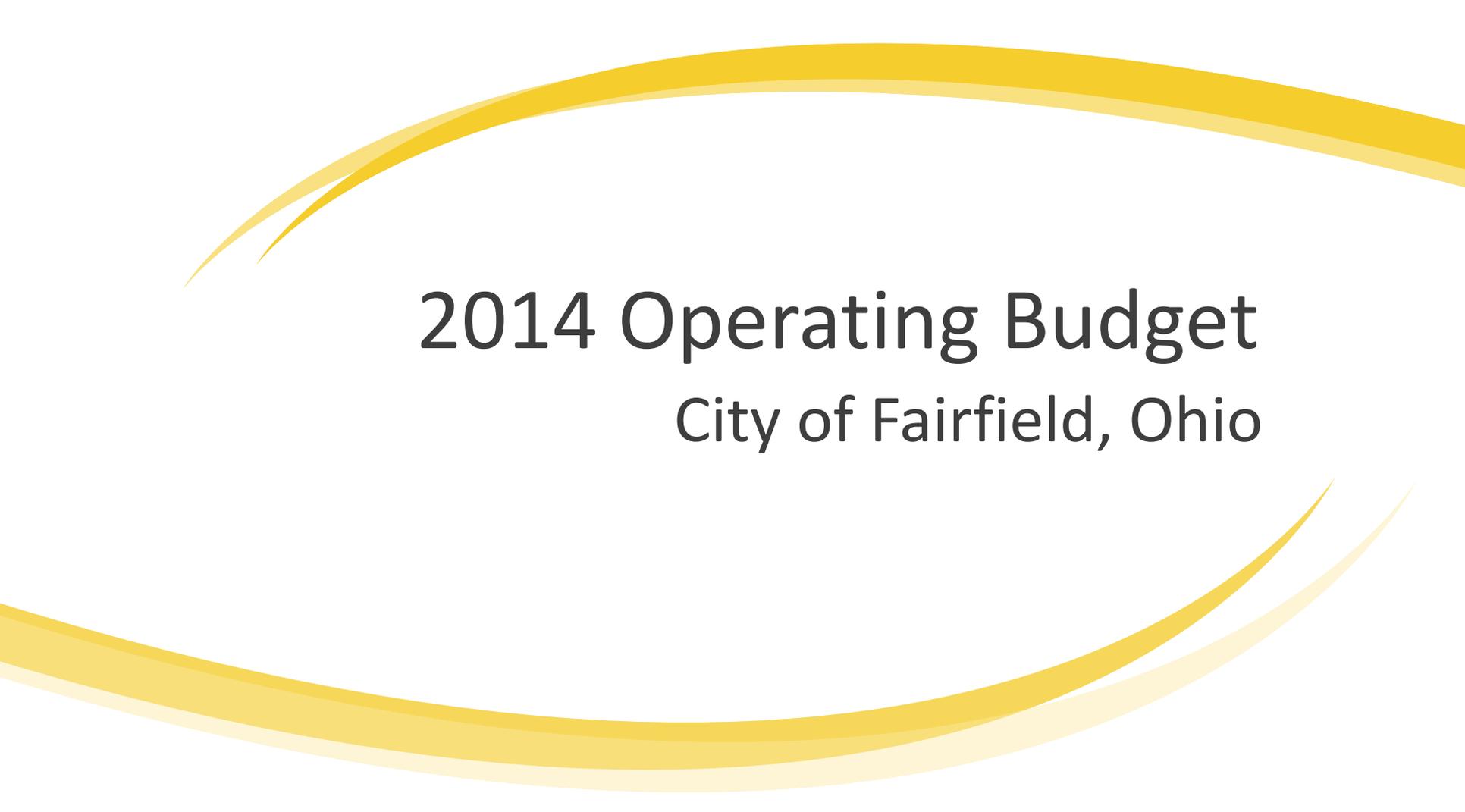
Council and staff discussed the 2014 proposed budget. See attached slides.

**Adjournment**

Council/Manager Briefing adjourned at 6:55 p.m.

Respectfully Submitted,

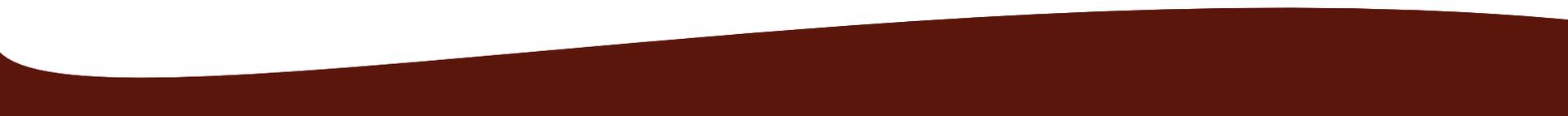
Alisha Wilson  
Clerk of Council



# 2014 Operating Budget

## City of Fairfield, Ohio

Mary Hopton, Finance Director



# Agenda for November 25, 2013

- Overview
  - 2014 Budget
  - Expenditures
  - Revenues
  - Income Tax
  - General Fund
  - Fire Levy Fund
  - Debt
- Department Budgets
  - Municipal Court
  - Council/Mayor
  - Fire
  - Police
  - General Services

# Overview – 2014 Budget

- **Common Terms**
  - **Expenditure**
    - Amount of money spent on goods, term typically used in government
  - **Expense**
    - Something on which money is spent
  - **Fund**
    - A sum of money set aside for a particular purpose
      - i.e. General fund, Fire Levy fund, Water Revenue fund
  - **Balanced Budget**
    - A budget where estimated revenues are greater than or equal to expenditures

# Overview – 2014 Budget

- **Balanced Operating Budget**
  - Estimated Revenues - \$69,572,450
  - Expenditures - \$66,890,689
    - 45 different funds - largest funds account for 69% of budget
      - General
      - Fire Levy
      - Sewer Revenue
      - Water Revenue
      - Street Improvement
      - Capital Improvement

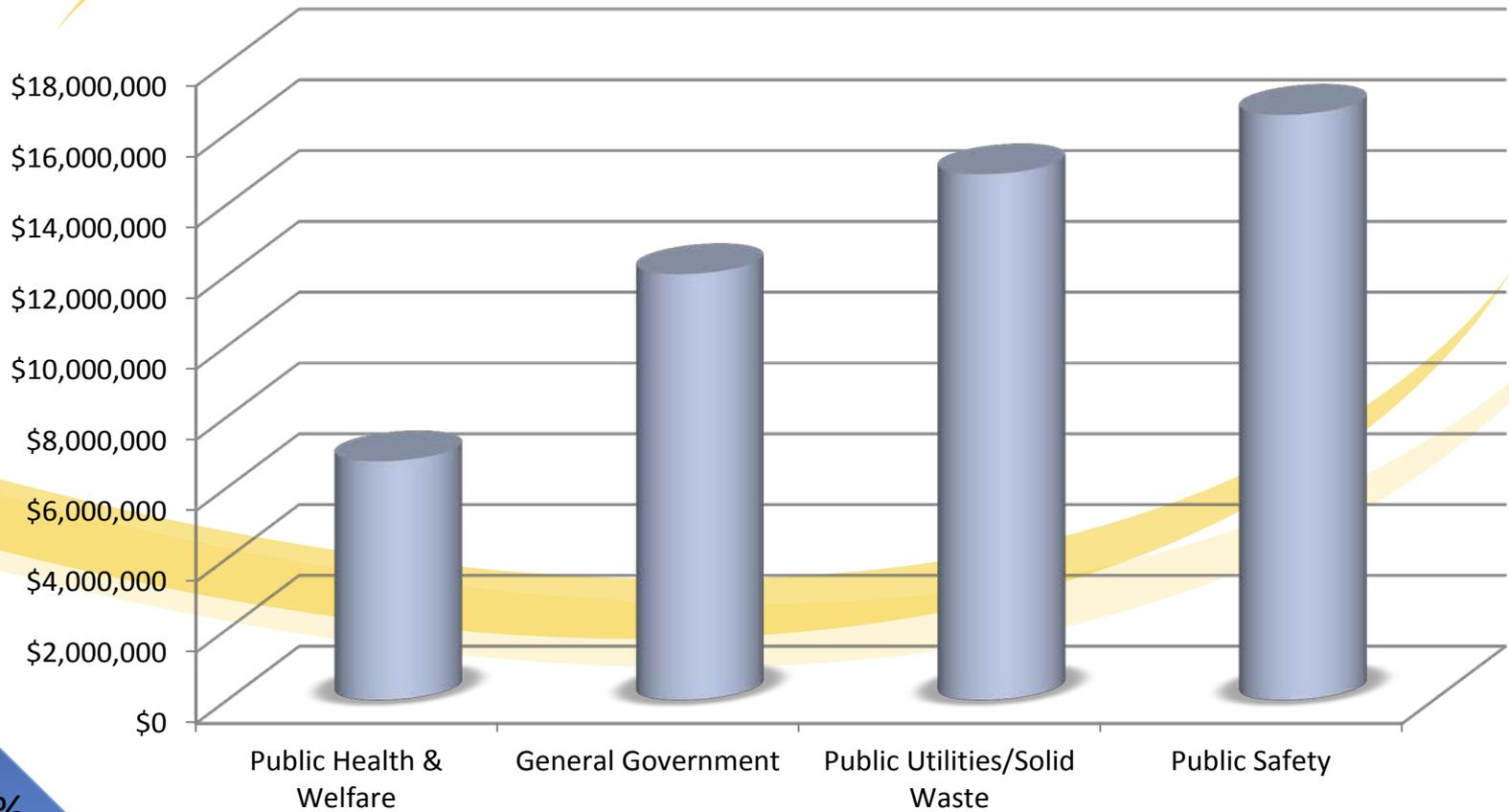
# Overview – 2014 Budget

- Impacts on the Operating Budget
  - Economic recovery
  - Interest rates
  - Affordable Care Act (ACA)
  - Insurance
    - Liability
    - Health
    - Workers Compensation

# Overview – Expenditures

Proposed Budget at \$66,890,689

75% used for 4 Categories

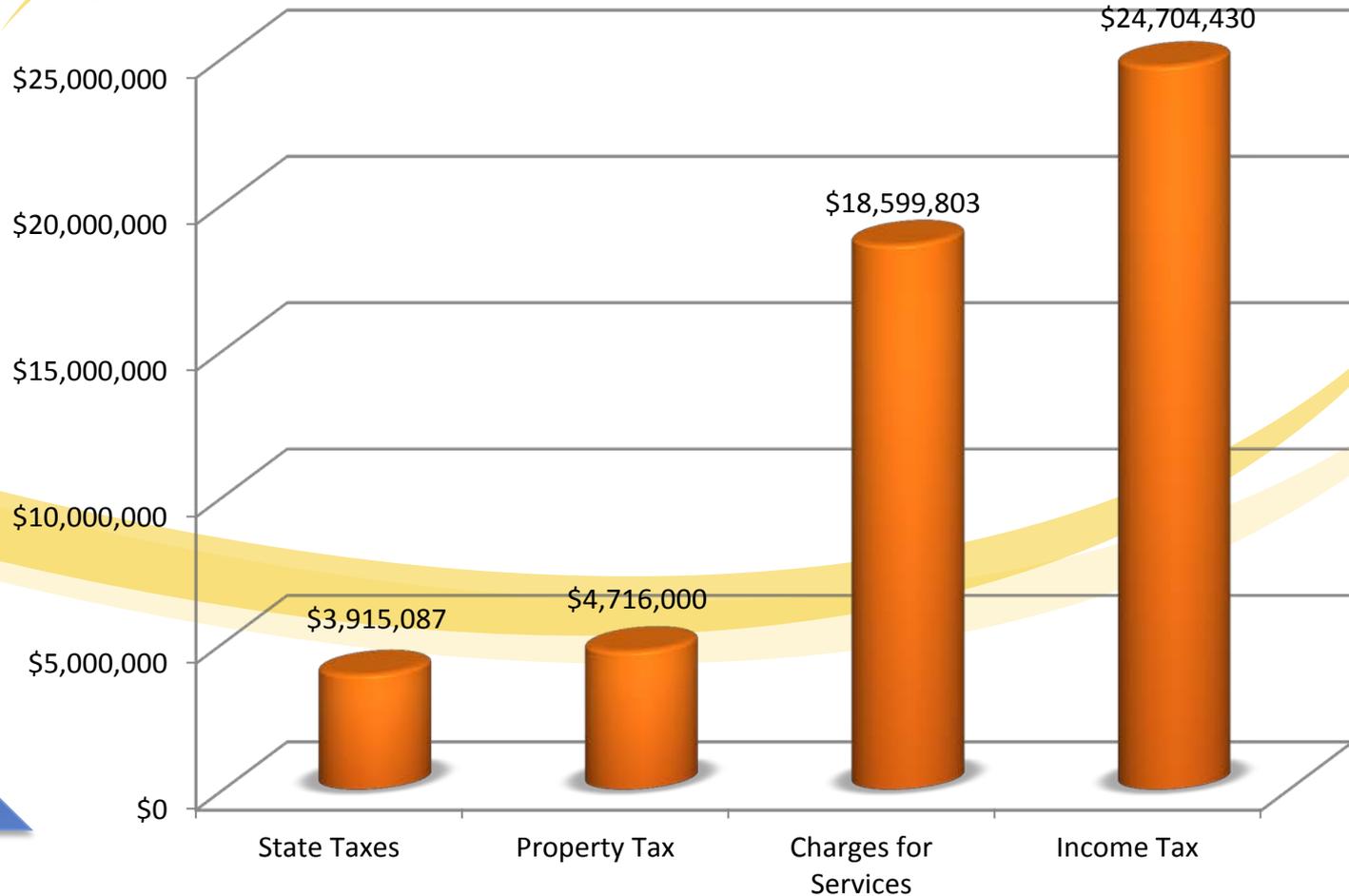


5.9%

# Overview – Revenues

Estimated at \$69,572,450

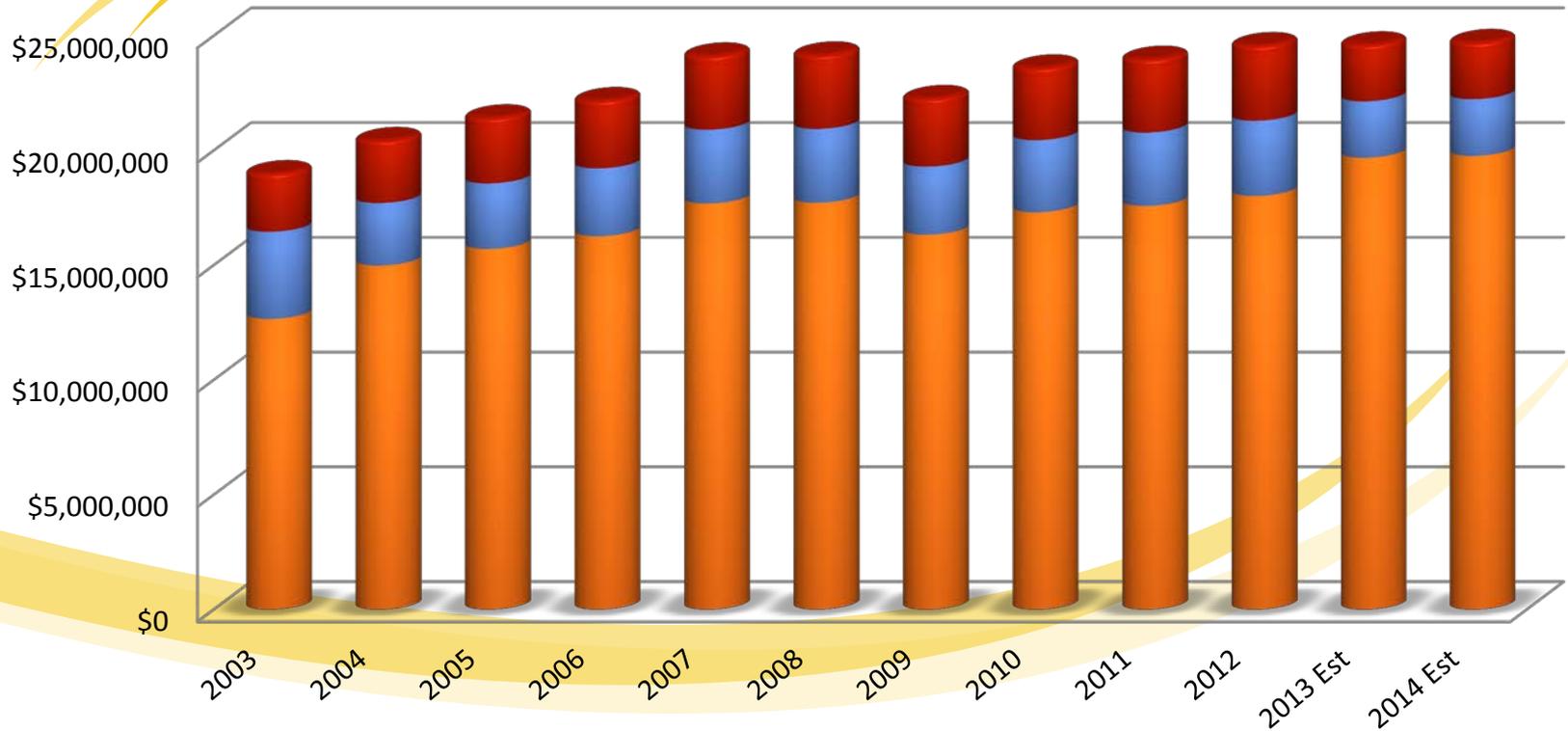
75% received from 4 Sources



2.6%

# Overview – Income Tax

## Income Tax Distribution by Fund

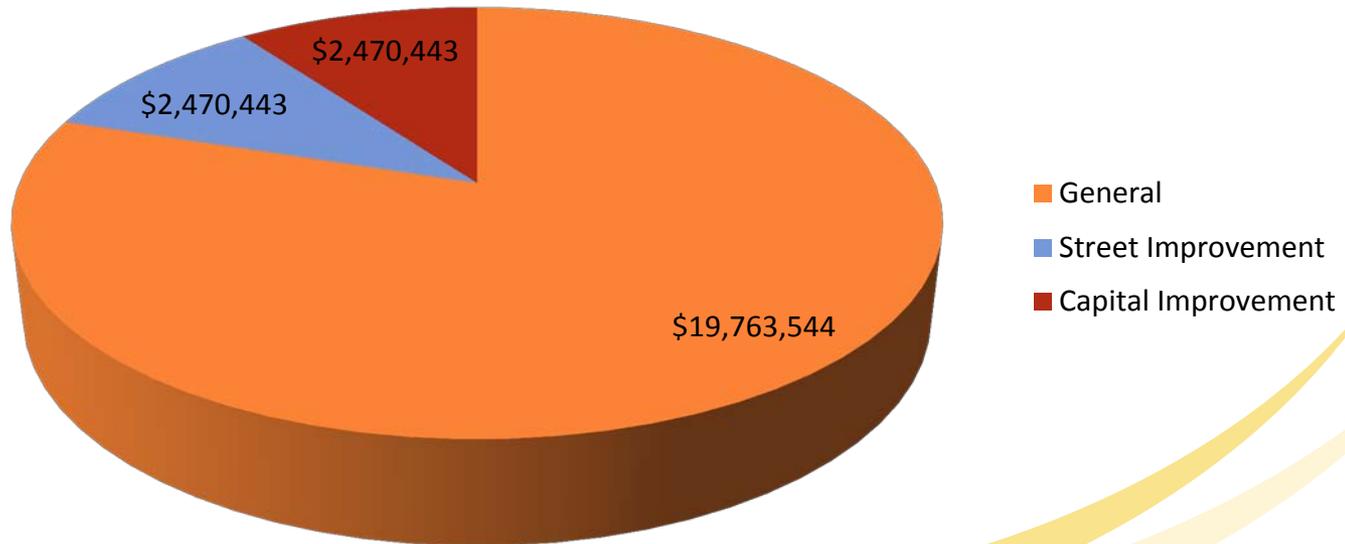


■ General    
 ■ Street Improvement    
 ■ Capital Improvement

2003	1.0%	0.30%	0.20%
2004-2012	1.1%	0.20%	0.20%
2013	1.2%	0.15%	0.15%

# Overview – Income Tax

Total income tax \$ 24,704,430



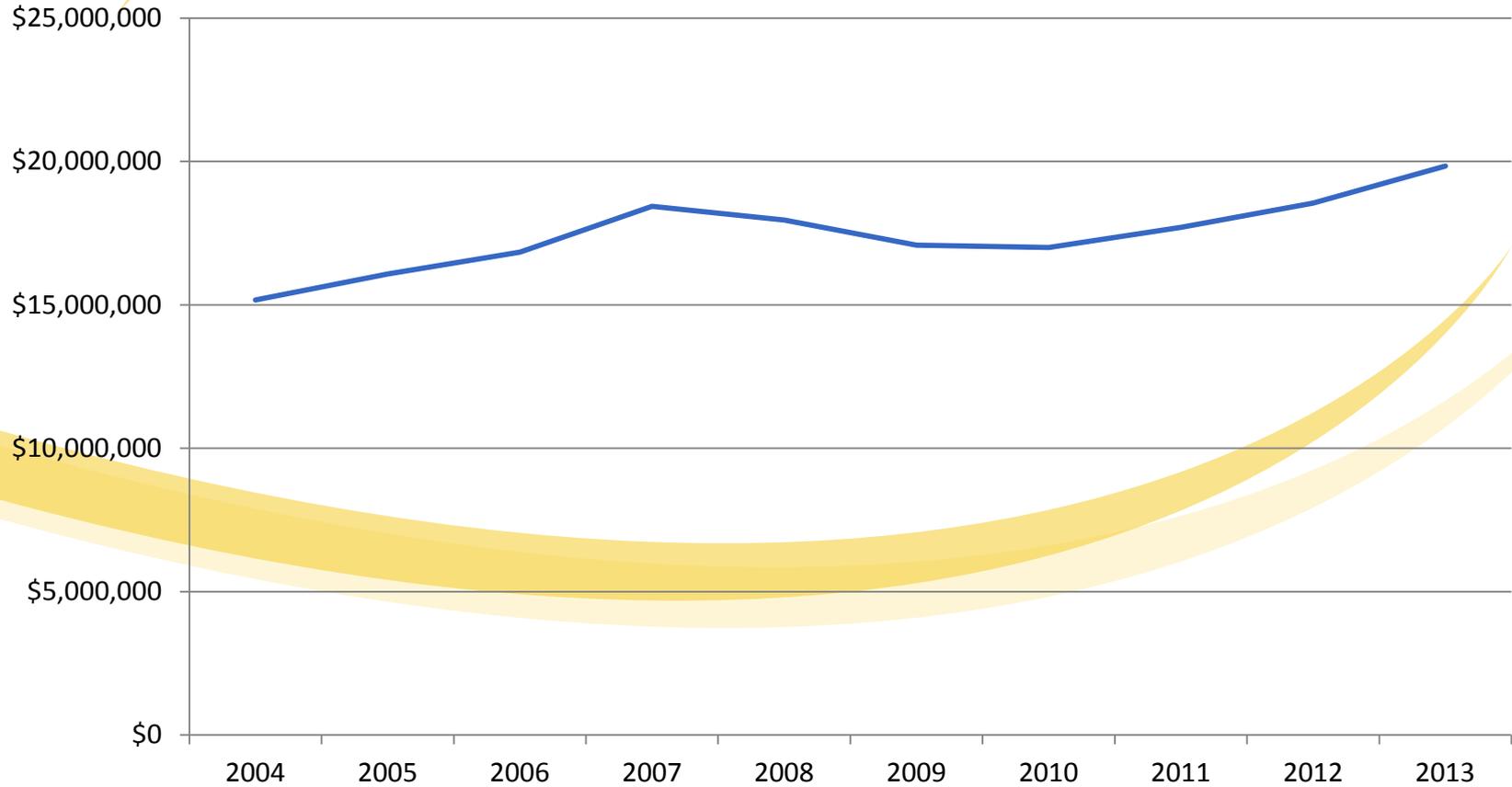
- Does not include revenue loss from HB 5 – local income tax uniformity
  - HB 5 currently on Ohio Senate floor
  - Current form and content estimated revenue loss
    - Withholding and business profit loss of \$50,000 - \$75,000

# Overview – Income Tax

- Different sources of the 1.5% income tax
  - Withholding – 75% of total collections
    - Imposed on all individuals working in the City
    - Most stable source – fluctuate  $\pm 1.75\%$
  - Individual - 12.5% of total collections
    - Imposed on all residents living in the City who do not pay income tax elsewhere
    - Somewhat volatile source – fluctuate  $\pm 2\%$
  - Business – 12.5% of total collections
    - Imposed on profits of businesses located in or doing business in Fairfield
    - Most volatile source – fluctuate  $\pm 3\%$

# Overview – Income Tax

## Withholding Tax Collections



# General Fund

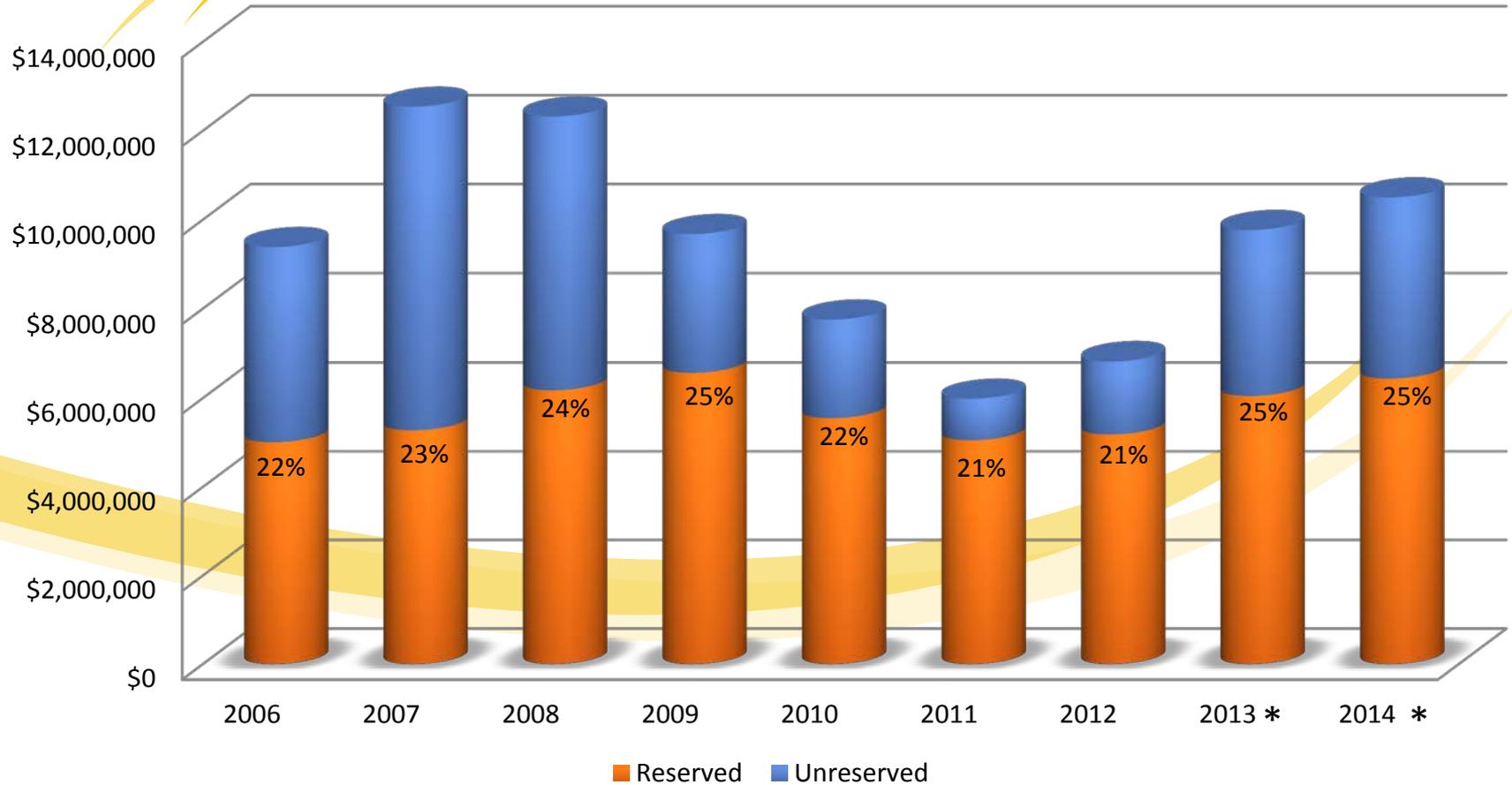
Tax Anomaly –  
Estimated net profit above  
historical norm by  
approximately \$875,000 per  
year since 2010.

Statute of limitations for  
refund is 3 years – first year  
will be out of statute in 2014.

Estimated Beginning Balance 2014	\$13,500,000
Estimated Revenues	\$26,192,084
Budgeted Expenditures	<u>-\$25,754,769</u>
Ending Balance 2014	\$13,937,315
Reserved Balance (25% of Expenditures)	-\$6,438,692
Tax Anomaly (Approximately \$875,000 per year for 4 years)	<u>-\$3,500,000</u>
Unreserved Balance	\$3,998,623

# General Fund Balance

## Reserved & Unreserved



\* 2013 & 2014 are estimated fund balances.

# Fire Levy Fund

## Revenue Source

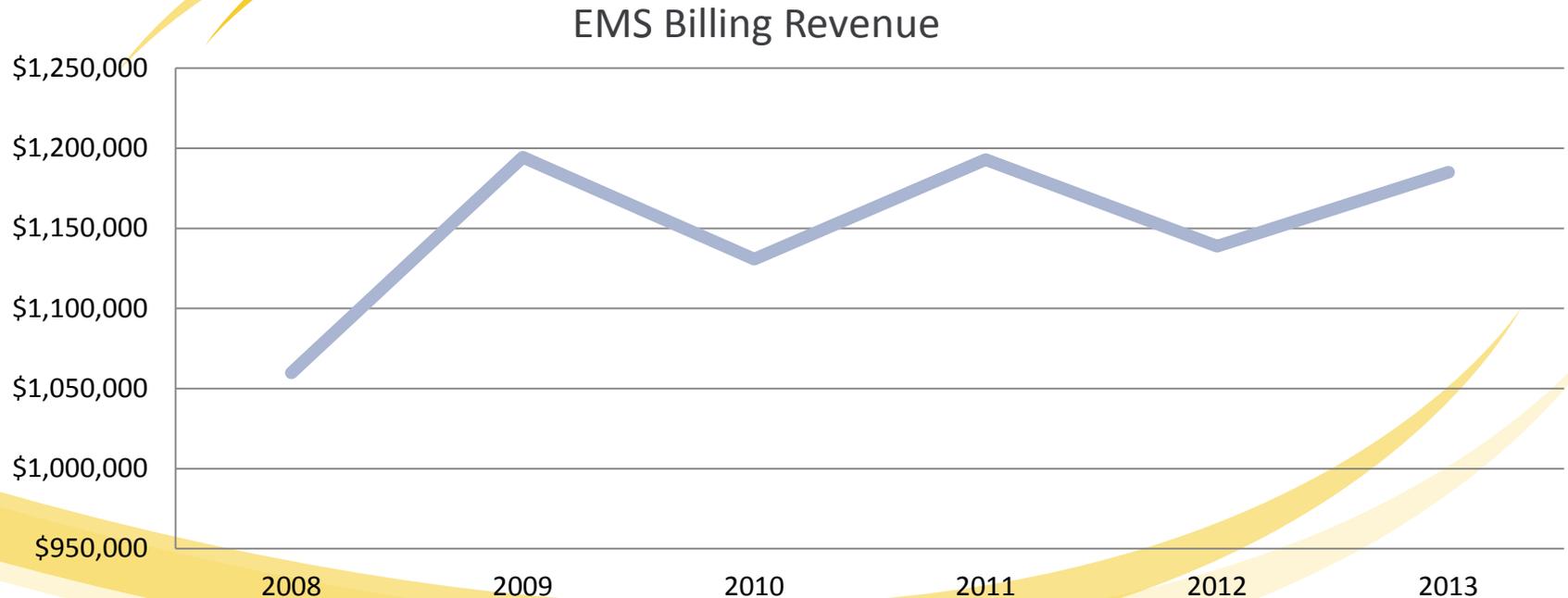
Continuing Replacement Property Tax Levy (4.65 mill) – \$3,938,000

- Types of terms
  - Continuing – permanent duration
  - Fixed-term – for a specific duration
- Types of tax levies
  - Renewal – Levy continues taxation at same rate that is currently being paid
  - Replacement – Levy provides additional revenue from the value of real property

# Fire Levy Fund

## Revenue Source

EMS Billing – \$1,205,000



- **Fluctuations**
  - Renegotiation of EMS contract terms
  - Changes in Medicare billing
  - Increased used of High Deductible Health Plans (HDHP)

# Debt

Bond Rating Aa1 (4/19/2012)

Moody's	
Best Quality	Aaa
High Quality	Aa1 Aa2 Aa3
Upper Medium Grade	A1 A2 A3
Medium Grade	Baa1 Baa2 Baa3

- What is a bond rating?
  - Credit risk evaluation or credit score
  - Criteria
    - Economy
    - Debt Structure
    - Financial Condition
    - Demographics
    - Management Practices
      - governing body and administration
  - 80% of corporate and municipal evaluations performed by Moody's and Standard & Poor's

# Debt

## Bond Rating Aa1

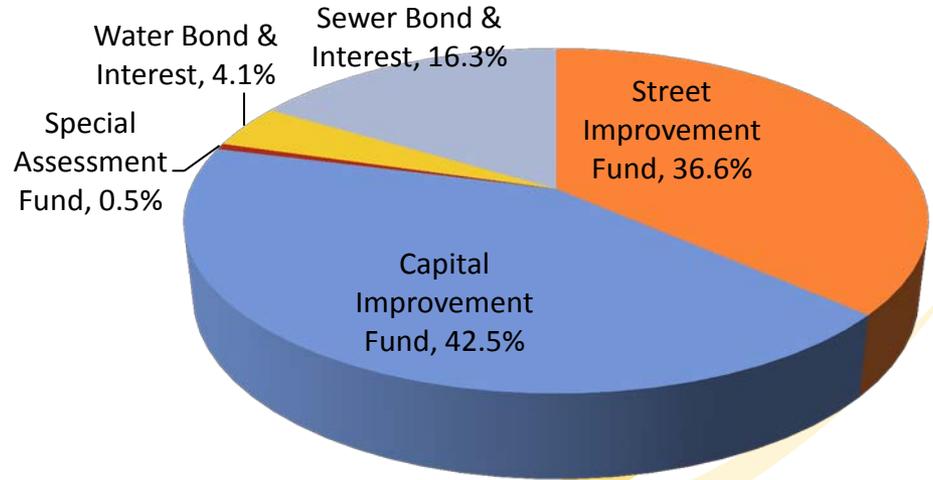
Debt Outstanding \$28,323,956

2014 Payments \$4,685,309

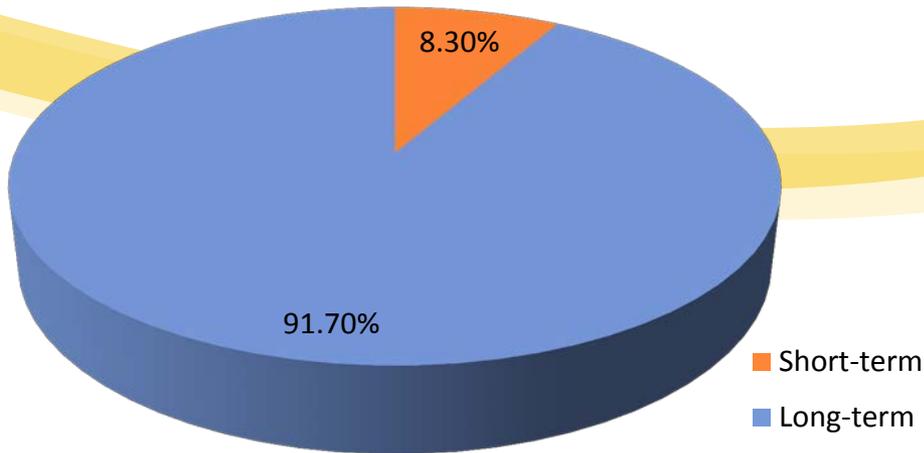
Principal \$3,643,040

Interest \$1,042,269

## What Funds Pay for the Debt?



## Type of Debt



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# **2014 DEPARTMENT BUDGET REVIEW**

# 2014 Department Budget – Municipal Court

- General fund revenues
  - Court Operations
- Special Revenues/Fees
  - Probation
  - Computer
  - Special Projects
- Court Budget \$1,667,207
  - Personnel cost
    - Increase in salary
    - Decrease in hospitalization and workers compensation



# 2014 Department Budget – Municipal Court

- Probation Services Budget \$356,450
  - Personnel cost increases
    - Salary
    - Hospitalization costs
    - SCRAM bracelet monitoring



4.38%

# 2014 Department Budget – Council & Mayor

- General fund revenues
- Council Budget \$246,859
  - Personnel cost increase
    - Salary
    - Health care costs
- Mayor Budget \$15,714
  - Personnel cost decrease
    - Workers compensation

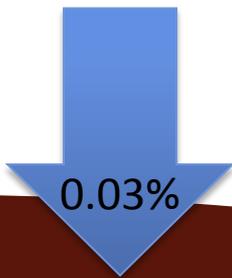
1.65%



0.03%

# 2014 Department Budget – Fire

- Revenue \$5,503,600
  - Property Taxes
    - No increase
  - EMS Billing
    - Greater fluctuations
  - General Fund
    - Help balance the revenue shortfall
- Budget \$5,502,682
  - Personnel cost increase
    - Salary, overtime and part-time hours due to ACA
    - Health care costs
  - Education increase
    - Due to degree pursuits
  - Operational need increases
    - Gasoline
    - Medical Supplies



# 2014 Department Budget – Police

- General fund revenues
  - Operations
  - Justice Center
- Grant revenues
  - Dedicated/Special funds
    - Some equipment and education
- Police Budget \$10,185,006
  - Personnel cost
    - Increase in overtime and health care costs
    - Decrease in pension and workers compensation
  - Operational need increases
    - MDT Maintenance
    - Gasoline
    - Fleet Maintenance



0.93%

# 2014 Department Budget – Police

- Police Budget
  - Fleet Maintenance
    - New vehicle purchases
- Justice Center Budget \$810,373
  - Operational need decrease
    - Maintenance of Land, Building & Facilities
    - Sustenance of Prisoners



9.53%

# 2014 Department Budget – General Services

- Division budget
  - Covers expenditures not attributable to a specific department budget
    - City communications
    - 4<sup>th</sup> of July Celebration
    - Rentals & Leases
    - Software licenses
    - Liability insurance
    - Transfers to other funds
    - Grant requests

# 2014 Department Budget – General Services

## 2014 Grant Requests • Possible scenario

Hamilton Fairfield Symphony - \$5,000  
 Fairfield Community Summer Theater - \$4,500  
 Fairfield Community Foundation - \$11,000  
 Partners in Prime - \$15,000  
 Fairfield Youth Baseball Association - \$ 8,700  
 L.I.F.E. - \$10,000  
 Total - \$54,200

Grants Monies Available - \$36,000

- Reduce returning applicants by 10% to partially fund new applicants

	Requested	Proposed
HFSO	\$5,000	\$4,500
FCST	\$4,500	\$4,050
FCF	\$11,000	\$9,900
PIP	\$15,000	\$13,500
FYBA	\$8,700	\$2,550
LIFE	\$10,000	\$1,500

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# Q & A

# Agenda for December 2, 2014

- Overview
  - 2014 Budget
  - General Fund
  - Street & Transportation Fund
  - Recreational Facilities Fund
  - Water Revenue Fund
  - Sewer Revenue Fund
- Department Budgets
  - Administration
  - Development Services
  - Finance
  - Public Works
  - Parks
  - Public Utilities
  - Personnel