

Finance Presentation

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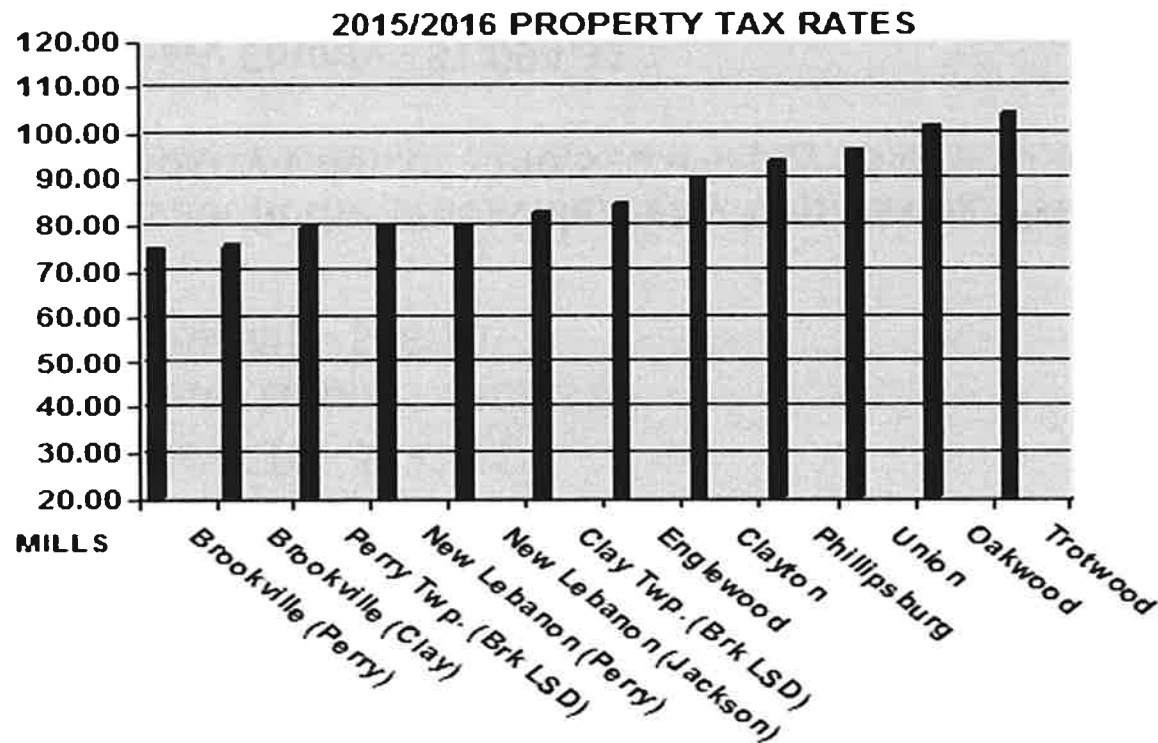
Director of Finance

June 7, 2016

Property Taxes

- **The City of Brookville does not have any voted levies**
- **The City only receives inside millage from property taxes, which is 1.3 mills**
- **In 2000, we receipted \$84,683 in property taxes**
- **In 2015, we receipted \$112,744 in property taxes**

Property Taxes



A survey of area communities confirms that Brookville's effective rate of 74.64 mills in the Perry Township taxing district and 75.55 mills in the Clay Township taxing district are lowest

Property Taxes

- **A property owner in the Brookville/Clay Twp. taxing district with an appraised property value of \$145,290 will pay \$3,841.67 in real estate taxes in 2016**
 - **Montgomery County - \$1,131.47**
 - **Clay Township - \$180.97**
 - **Brookville Local School District - \$2,173.66**
 - **Miami Valley CTC - \$121.15**
 - **Dayton Metro Library - \$168.32**
 - **City of Brookville - \$66.10**
- **A property owner in the Brookville/Perry Twp. taxing district with an appraised property value of \$140,520 will pay \$3,670.93 in real estate taxes in 2016**
 - **Montgomery County - \$1,094.31**
 - **Perry Township - \$130.44**
 - **Brookville Local School District - \$2,102.28**
 - **Miami Valley CTC - \$117.17**
 - **Dayton Metro Library - \$162.79**
 - **City of Brookville - \$63.94**

Inheritance Tax

- **The City receipted \$2,473,871 in Inheritance (Estate)Tax from 2000-2014**
- **In 2011 and 2012, post-recession, we receipted \$783,143 in Inheritance Tax that allowed us to continue to provide services to our residents without cuts or asking our residents for additional money**
- **The State of Ohio eliminated Inheritance Tax beginning January 2015**

Local Government Fund

- **Local Government Funds are dollars received from the State of Ohio to be used for general fund purposes in townships, cities, villages, parks, libraries and counties**
- **From mid-2001 through mid-2007, a permanent statutory formula for calculating the amount of money to be distributed to local governments was suspended as part of a series of local government “freezes”**

Local Government Fund

- **The State of Ohio faced a large budget deficit in 2011. In their need to reduce the State budget, the General Assembly cut Local Government Funds and Personal Property reimbursements in their 2012-2013 State Budget**
- **HB64, adopted in July 2015, redirected \$39 million of Local Government Fund revenue over the next two years to townships, villages smaller than 1,000 in population and to the Law Enforcement Assistance Program, thus another cut to the City**

Local Government Fund/TPP Taxes

- **In 2001, the City receipted \$163,979 in Local Government revenue**
- **January 2016 - May 2016, we receipted \$27,767**
- **From 2000 – 2010, we receipted \$200,141 in Tangible Personal Property taxes**
- **Tangible Personal Property Tax has been phased out**

Income Tax

- **There seems to be some misconception that if a Brookville resident works in another municipality that levies an income tax, that entity where the resident works shares the income tax with Brookville; this is not true.**
- **If you are a Brookville resident and work in a township, or a municipality that does not levy an income tax, you are responsible for paying Brookville's 2% local income tax**

Income Tax

- **What are income tax dollars used for:**
 - **Payroll & Benefits for Police, Fire & Legislative Departments**
 - **Maintenance & operating supplies for these three departments**
 - **Street Lighting**
 - **Capital equipment & improvements for the Police & Legislative Departments**
 - **Income tax is transferred to the Street M&R Fund for maintenance, operating supplies & capital equipment purchases**
 - **Income tax is transferred to the Park Fund for maintenance, operating supplies and upgrades to our beautiful city parks**
 - **Income tax is transferred to the Capital Improvement Fund to upgrade our equipment, buildings, streets and to match grant funds**
 - **Income tax is used to pay off our 20-year loan for land acquired in 2006 in the NorthBrook Industrial Park**

2014

- **In August 2014, a Special Council Meeting was held to discuss future budget and revenue items**
- **In November 2014, legislation was presented to City Council to increase our income tax rate 0.25%. This legislation was adopted at the December 2, 2014 Council Meeting**
- **On December 19, 2014, Governor Kasich signed into law HB5, which reformed Ohio's municipal tax code**

2014

- **HB5 provides a mandatory five-year carryforward period for Net Operating Losses (NOLs) first incurred in taxable years beginning January 1, 2017 for all municipalities that levy an income tax**
- **In accounting, this is a way for a company to reduce its tax liability by applying losses to future tax years in which the company makes a profit. Carryforward allows companies to apply losses to profits that have not yet occurred and thereby reduce the taxes they pay on those profits**

2014

- **We do not know the affects of implementing this mandatory five-year carryforward period for NOLs, since the City never allowed NOLs previously – this could potentially be detrimental to Brookville**
- **Prior to January 1, 2016, if an employee spent 12 days or less in Brookville, no withholding was required. HB5 changed this period to 20 days**

2015

- **In 2015, the City of Brookville placed the following language on the May ballot:**
“Shall the Ordinance providing for a 0.25% levy increase on income tax for the purpose of GENERAL MUNICIPAL OPERATIONS, MAINTENANCE, NEW EQUIPMENT, EXTENSION AND ENLARGEMENT OF MUNICIPAL SERVICES AND FACILITIES, effective January 1, 2016, for a continuing period of time, be passed?”

2015/2016

- **This additional revenue was expected to permit the City to implement capital improvement projects and equipment purchases that were limited due to the recession and cuts from the state, to increase staffing in our Service Department and City Office and to address fire facility issues**
- **To address our staffing needs, one full-time employee was hired in the Service Department and one part-time employee was hired in the City Office in 2015. Included in our 2016 budget is funding for a full-time employee in the City Office. Payroll and benefits in 2016 for these three employees total \$167,300**

2015/2016

- **It was estimated that we would receive \$770,000 annually from this income tax rate increase**
- **In late May 2015, we learned that Parker Hannifin, with 145 employees, would leave Brookville by February 2016**
- **In October 2015, we learned 3M, with 75 employees, would leave Brookville by February 2016**
- **Projected loss of income tax revenue \$230,208**

Capital Projects

- **Estimated annual debt payments on a new \$6M Fire Station - \$380,000 for 25 years**
- **Other Capital improvement projects City Council has identified over the next 5 to 7 years include:**
 - **Market Street Extension - \$563,200**
 - **Extension of W. Campus Blvd. - \$2,400,000**
 - **Facility Repair/IT Upgrades - \$500,000**
 - **Expand Street Overlay Program - \$1,500,000**
 - **Terrace Park Boulevard Improvements - \$1,000,000**
 - **Arlington Road Overpass Improvements**
 - **Future street reconstruction, curb/sidewalk replacement**

Annual Street Overlay Program

2006 - \$168,729 (Permissive Tax received \$48,687)

2007 - \$153,136

2008 - \$157,451

2009 - \$207,073 (Permissive Tax received \$26,679)

2010 - \$156,173

2011 - \$168,770

2012 - \$152,364

2013 - \$254,067 (Permissive Tax received \$117,000)

2014 - \$201,436

2015 - \$265,767 (Permissive Tax received \$93,000)

Summary

- Estimated 0.25% tax increase \$770,000
- Estimated Parker & 3M loss (\$230,208)
- Estimated Green Tokai & Ace Torwel income tax gain \$ 72,900
- TOTAL \$612,692
- Estimated annual debt payments on \$6M Fire Station (\$380,000)
- Payroll & Benefits for three new employees (\$167,300)
- TOTAL \$ 65,692
- Capital Improvement projects identified earlier are in excess of \$6M and did not include capital equipment purchases for the Police & Fire Departments, or matching funds for grant applications