Finance Committee Meeting 6.18.24

Jeff LeMay called a Finance Committee Meeting
on Tuesday June 18, 2024 at 6:45 pm
RE: Financial Outlook
Attendees: Committee members; Judith Lehman, John Gaskey,
Mayor Tepe
Village Administrator/Chief of Police Jerry Hayhow
Chief Fiscal Officer/Clerk of Council Katie Lyons

Meeting called to order 6:40pm

Mr.LeMay discussed the following.

1. Information was shared regarding background, our current 10-year cash on hand projection and the same against a proposed 2025 levy increase of 2.8 to a 6.0 Mill increase.

    - Avoid income tax as a source of revenue
    - Monitor ending balance on hand pending decision on 7th officer and other capital investments required.

2. Discussion was made on two other options to increase revenue including a "Safety" levy and an increase to the 2028 2.5 mill levy.
3. The consensus to monitor our cash balance with a base plan of increasing the 2025 2.8 mill levy to a range of 6.0 to 7.0 mills. We would keep and investigate further the idea of a Safety specific levy for the years 2026 - 2028.

    - Goal is to maintain greater than six months of operating cash on hand.

4. Next steps are for Jeff to confirm the benchmarking study with Mariemont and to plan for the required Hamilton County readiness in JFM/2025 with an eye to the Nov. 2025 ballot.

Please see attachments which were handed out at the meeting.

Meeting adjourned at 7:14PM

Terrace Park Budget Outlook and Required Decisions

Purpose: evaluate current budget outlook and determine required next steps and timing based upon ending fund balance projections.

Helpful Information:

- Goal is to maintain greater than six months of operating cash on hand.
- Our revenue increases 1% a year on average.
- Our spending increases 3% a year on average (3X revenue).
- Municipalities typically seek tax increases ~ 3 - 5 years.
- We have 3 existing "outside" levies on the ballot (renewals) 3 of every 5 years
- A "Mill" is $1 dollar of taxation for every $1000 of home assessed value.
- Assessed value is market value X 35%.
- A Mill of Terrace Park revenue is ~ $120,000.
- We spend ~ $210,000 a month or $2,500,000 a year.
- Total Terrace Park tax millage is 13.79
- The planned 7th officer is a meaningful factor to our outlooked cash balance reduction (is equal to 1.2 Mills of tax).
- Mariemont schools will seek a 5.9 Mill tax increase this fall.

Revenue Data:

- 2.5 Mill levy generates: $310,000
- 2.8 Mill levy generates: $345,000
- 5.58 Mill levy generates: $685,000
- Inside Mills generates: $260,000
- Bond generates: $170,000 (expires 2029)
- "All Other" revenue generates: $665,000 (Ohio shared, Trees, etc.)

Documents:

- Budget balance on hand 10 year outlook
- Budget balance on hand 10 year outlook if current 2.8 Mill becomes a 6.0 Mill
- Comparison of Terrace Park and Mariemont levies

Discussion:

1. Do we have a need to increase revenue?
2. If so, what is the right amount of increase?
3. What is the right strategy and choice to fund an increase?
4. When to take action (I believe by March, 2025).

Current Outlook - no revenue or tax increase

Year	Levy Cycle	Total Income (ex. Covid relief)	% YoY Revenue Change	Capital Needs	Total Spend (ex. Covid spending)	% YoY Spending Change	Ending Fund Balance on Hand	Months Coverage
	Growth Factors		**1.01%**			**1.03%**		
2018		$2,111,080			$2,153,340		$1,710,321	
2019		$2,141,675	101.45%		$2,166,904	100.6%	$1,665,671	
2020	Renewal of 2.8 Mill levy	$2,307,876	107.76%		$2,346,987	108.3%	$1,793,000	9.2
2021	Renewal of 5.58 Mill levy	$2,256,743	97.78%		$2,246,782	95.7%	$1,793,452	9.6
2022	No levy on the ballot	$2,254,215	99.89%		$2,363,986	105.2%	$1,668,721	8.5
2023	Renewal of 2.5 Mill levy	$2,476,342	109.85%		$2,418,876	102.3%	$1,606,000	8.0
2024	No levy on the ballot	$2,501,105	101.00%	$0	$2,491,442	103.0%	$1,615,663	7.8
2025	Planned renewal of 2.8 Mill levy. (Decision to increase taxes?) effective 2026	$2,526,116	101.00%	$250,000	$2,816,186	113.0%	$1,325,594	5.6
2026	Renewal of 5.58 Mill levy	$2,551,378	101.00%	$125,000	$2,775,671	98.6%	$1,101,301	4.8
2027	No levy on the ballot	$2,576,891	101.00%	$0	$2,733,941	98.5%	$944,251	4.1
2028	Renewal of the **2.5** Mill levy (decision to increase taxes)	$2,602,660	101.00%	$0	$2,815,959	103.0%	$730,952	3.1
2029	Existing bond issue paid off. Residents taxes are reduced by 1.05 Mills	$2,628,687	101.00%	$0	$2,900,438	103.0%	$459,200	1.9
2030	Renewal of XX Mill levy	$2,654,974	101.00%	$0	$2,987,451	103.0%	$126,723	0.5
2031	Renewal of 5.58 Mill Levy	$2,681,524	101.00%	$0	$3,077,075	103.0%	-$268,829	-1.0
2032	No levy on the ballot	$2,708,339	101.00%	$0	$3,169,387	103.0%	-$729,877	-2.8
2033	Renewal of **YY** (TBD) Mill levy	$2,735,422	101.00%	$0	$3,264,469	103.0%	-$1,258,924	-4.6
2034	No levy on the ballot	$2,762,776	101.00%	$0	$3,362,403	103.0%	-$1,858,550	-6.6
		Avg. residents sees a $500 increase in their tax bill						
			Avg. residents see a $200 reduction in their tax bill					

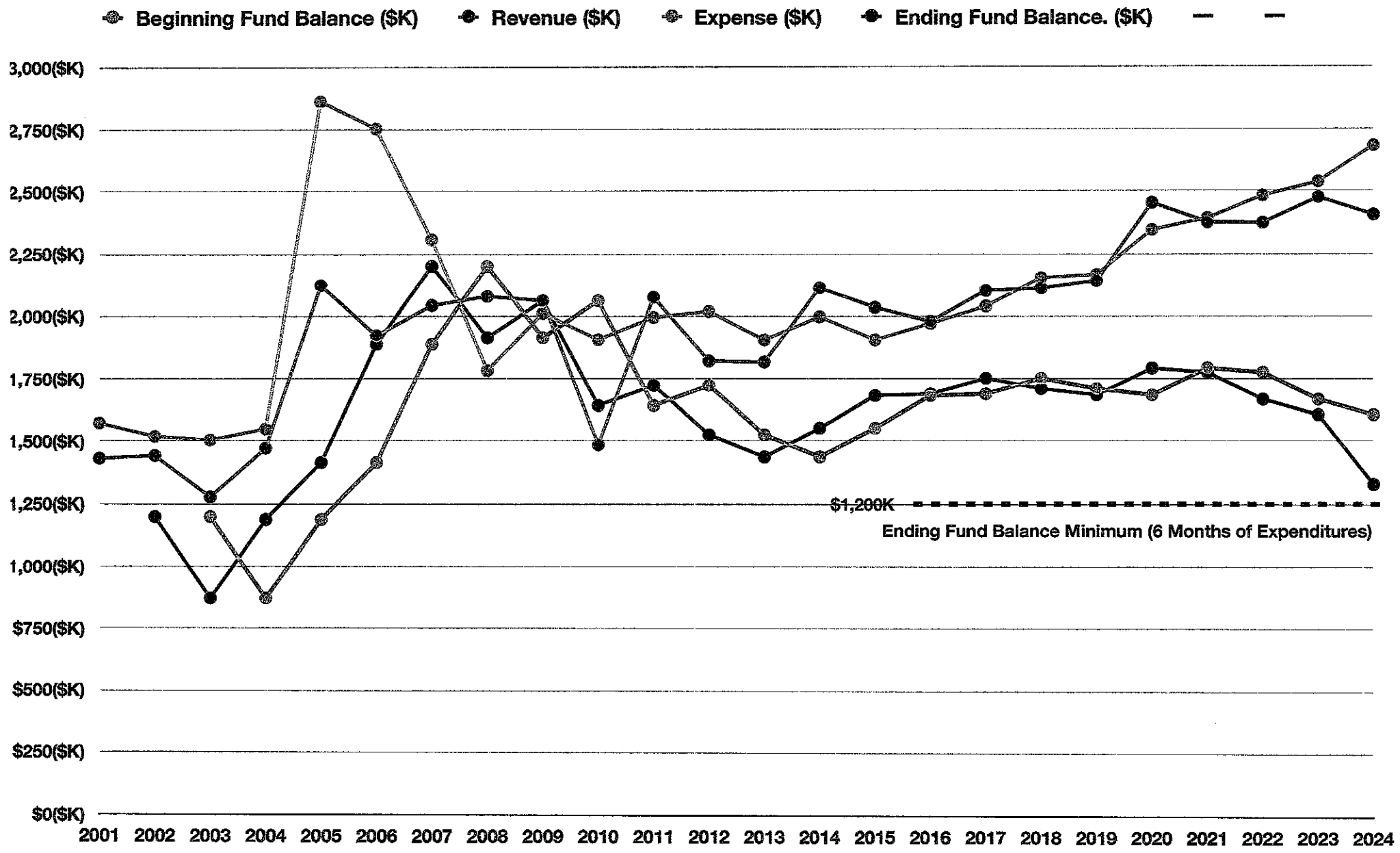
Proposed Outlook - Convert the 2025 2.8 Mill Renewal to a 6.0 Mill Levy

Year	Levy Cycle	2.8 Mill Becomes 6.0 Mill	Income (ex. Covid relief)	Total NEW Income (ex. Covid)	% YoY Revenue Change	Capital Needs	Total Spend (ex. Covid spending)	% YoY Spending Change	Ending Fund Balance on Hand	Months Coverage
	Growth Factors				**1.01%**			**1.03%**		
2018			$2,111,080				$2,153,340		$1,710,321	
2019			$2,141,675		101.45%		$2,166,904	100.6%	$1,665,671	
2020	Renewal of 2.8 Mill levy		$2,307,876		107.76%		$2,346,987	108.3%	$1,793,000	9.2
2021	Renewal of 5.58 Mill levy		$2,256,743		97.78%		$2,246,782	95.7%	$1,793,452	9.6
2022	No levy on the ballot		$2,254,215		99.89%		$2,363,986	105.2%	$1,668,721	8.5
2023	Renewal of 2.5 Mill levy		$2,476,342		109.85%		$2,418,876	102.3%	$1,606,000	8.0
2024	No levy on the ballot		$2,501,105		101.00%	$0	$2,491,442	103.0%	$1,615,663	7.8
2025	Planned renewal of 2.8 Mill levy. (Decision to increase taxes?) effective 2026		$2,526,116		101.00%	$250,000	$2,816,186	113.0%	$1,325,594	5.6
2026	Renewal of 5.58 Mill levy	$394,000	$2,551,378	$2,945,378	101.00%	$125,000	$2,775,671	98.6%	$1,495,301	6.5
2027	No levy on the ballot	$394,000	$2,576,891	$2,970,891	101.00%	$0	$2,733,941	98.5%	$1,732,251	7.6
2028	Renewal of the 2.5 Mill levy (decision to increase taxes)	$394,000	$2,602,660	$2,996,660	101.00%	$0	$2,815,959	103.0%	$1,912,952	8.2
2029	Existing bond issue paid off. Residents taxes are reduced by 1.05 Mills	$394,000	$2,628,687	$3,022,687	101.00%	$0	$2,900,438	103.0%	$2,035,200	8.4
2030	Renewal of XX Mill levy	$394,000	$2,654,974	$3,048,974	101.00%	$0	$2,987,451	103.0%	$2,096,723	8.4
2031	Renewal of 5.58 Mill Levy	$394,000	$2,681,524	$3,075,524	101.00%	$0	$3,077,075	103.0%	$2,095,171	8.2
2032	No levy on the ballot	$394,000	$2,708,339	$3,102,339	101.00%	$0	$3,169,387	103.0%	$2,028,123	7.7
2033	Renewal of YY (TBD) Mill levy	$394,000	$2,735,422	$3,129,422	101.00%	$0	$3,264,469	103.0%	$1,893,076	7.0
2034	No levy on the ballot	$394,000	$2,762,776	$3,156,776	101.00%	$0	$3,362,403	103.0%	$1,687,450	6.0
			Avg. residents sees a $500 increase in their tax bill							
					Avg. residents see a $200 reduction in their tax bill					

Comparison of Terrace Park and Mariemont Levies

	Terrace Park	Mariemont	Terrace Park Notes:
ıside	1.86	1.86	
Bond	1.05	0	Paid off in 2028
Operating Levy 1	2.8	3.0	
Operating Levy 2	5.58	3.5	
Operating Levy 3	2.5	3.08	
EMS	0	1.93	
Police/EMS	0	1.98	
Recreation	0	1.0	
Total	13.79	16.35	
Income Tax		1.25%	1.0% is reciprocal
Tree fees	$150.00	0	
Waste and Recycling fees		$120.00	

Terrace Park Financial History



Jeff's Recommendation:

1. Proceed with a base plan to convert the 2025 2.8 Mill renewal to a renewal and increase to 6.0 - 7.0 Mill.
2. Monitor our ending balance on hand pending decision on 7th officer and other capital investments required.
3. Consider a "Safety" (Police/Fire/EMS) restricted fund levy of ~ 3.0 Mills pending cash balance outlook in 2026 or 2027.
4. Consider a base plan to convert the 2028 2.5 Mill renewal to a renewal and increase to a ~ 6.0 Mill pending cash balance outlook.
5. Any fire engine or new major capital needs should be funded by a bond issuance.
6. Avoid an income tax as a source of revenue
7. Continue to find ways to reduce cost and minimize expenses.