

MINUTES OF THE FINANCE COMMITTEE
JUNE 8, 2020
Meeting held remotely

Present: Councilmembers Bullock (Chair), Litten, Neff

Also Present: Councilmember Kepple, Director Ducu, City Engineer Papke, Finance Director Rancatore, Human Resources Director Dillinger, Fire Chief Dunphy, Clerk Bach taking minutes

Call to Order: 5:33 p.m.

ORDINANCE 33-19B - AN ORDINANCE to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force at the earliest period allowed by law, amending Ordinance 33-19A adopted March 16, 2020, authorizing the Mayor (Director of Public Safety), the Director of Public Works, the Director of Law, the Director of Finance, and/or the Purchasing Manager to enter into contracts for professional services, and to advertise for bids and enter into contracts for the purchase of repair maintenance and operating supplies, services and equipment as authorized by the 2020 Appropriation Ordinance and the Administrative Code of the City of Lakewood with the lowest and best bidder or bidders or as otherwise provided by law.

At the request of the Chair, Engineer Papke discussed the reasons for the requested increase to the Municipal Engineering Consultant line item from \$25,000 to \$55,000. This line item is used for serviced throughout the year to support the Engineering Division on tasks that can not be done in-house such as surveying and hydraulic modeling. Mr. Papke explained that this budget line item is difficult to predict and varies annually depending on the number and types of projects the City is part of.

At this time there is \$1,000 remaining in this line item. The Department anticipates that an additional \$30,000 will cover the needs for the remainder of the year, though it may spend less. The Department selected this number because it is aware of upcoming development sites requiring review such as the Barry Buick site. He discussed the projects that have been paid out of the line item thus far in 2020 including:

- Securing the floor at Foster Pool – repair to failing hydraulic rams needed to ensure the floor remains stationary. This project is now complete.
- Site survey at Lakewood Public Library Madison Branch for renovation project previously approved by Council.
- Lakewood Hospital site modeling and storm sewer modeling to understand the effects of PCE.
- Kauffman Park site survey to begin improvements west of the ball field.

A motion was made and seconded to recommend adoption of Ordinance 33-19B. A roll call vote was taken as follows:

Yeas: Bullock, Litten, Neff

Nays: none

Motion passed. Ordinance 33-19B recommended for adoption.

RESOLUTION 2020-33 – A RESOLUTION to take effect immediately provided it received the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law approving the Tax Budget of the City of Lakewood, State of Ohio for the year 2021, and authorizing the filing of same with the Cuyahoga County Fiscal Officer.

RESOLUTION 2020-34 – A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council or otherwise, to take effect and be in force after the earliest period allowed by law requesting the Cuyahoga County Fiscal Officer to draw and the Cuyahoga County Treasurer to pay to the City of Lakewood Director of Finance an advance of all real, personal property and special assessments collected in the year 2021 in such amounts as may be requested and available.

RESOLUTION 2020-35 – A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law, accepting the amounts and rates as determined by the Budget Commission and authorizing the necessary tax levies and certifying them to the County Fiscal Officer.

The Committee reviewed the alternative tax budget referenced in Resolution 2020-33. The budget is prepared by the City and filed with the County. Director Rancatore explained that Resolution 2020-33 allows the City to earn interest on the money the county collects.

Resolutions 2020-34 & 2020-35 pertain to the City's tax rates and the amounts they will generate. Resolution 2020-35 lists all the tax rates and allows the City to levy its taxes. This legislation is due to the Budget Commission by July 20th and must be passed by July 15th, otherwise the County is not obligated to levy the City's taxes. These resolutions are required by statute.

Director Rancatore explained that the legislation kicks off the 2021 budget process from a big picture perspective and lists the various tax estimates and other revenues for 2021. These allow the City to get its tax revenues without delay.

The Committee agreed to further discuss the tax budget at its next meeting on June 15th.

Approval of the minutes of the June 1, 2020 Finance Committee.

A motion was made and seconded to approve the minutes of the June 1st Finance Committee meeting. A roll call vote was taken as follows:

Yeas: Bullock, Litten, Neff

Nays: none

Motion passed. Minutes approved.

Without objection, Finance Committee adjourned at 6:00 p.m.

ALTERNATIVE TAX BUDGET INFORMATION

Political Subdivision/Taxing Unit City of Lakewood

For the Fiscal Year Commencing January 1, 2021

Fiscal Officer Signature _____ Date _____

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.

Under the law in effect prior to June 3, 2002, the budget commission could only waive the tax budget for a subdivision or other taxing unit that was receiving a share of the county undivided local government fund or the county undivided local government revenue assistance fund under an alternative method or formula pursuant to ORC Sections 5747.53 and 5747.63. Thus, tax budgets could be waived only for counties, municipalities, townships, and park districts. This restriction is now removed.

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

_____ 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.

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 properly 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. All taxing authorities, except school districts, 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.

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	Charter/Current Expense	1948	Continuous	Continuous	1/1/20-12/31/20	1/1/21-12/31/21	8.65	\$9,406,345
Fireman Pension	Charter/Pension	1958	Continuous	Continuous	1/1/20-12/31/20	1/1/21-12/31/21	1.68	\$1,826,897
Police Pension	Charter/Pension	1958	Continuous	Continuous	1/1/20-12/31/20	1/1/21-12/31/21	1.60	\$1,739,902
Sewage	Charter	1959	Continuous	Continuous	1/1/20-12/31/20	1/1/21-12/31/21	2.00	\$2,174,878
Debt Service	Sinking fund/Bond	Inside Millage	Continuous	Continuous	1/1/20-12/31/20	1/1/21-12/31/21	3.47	\$3,773,412
TOTALS							17.40	\$18,921,434.00

STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

SCHEDULE 2

I Fund BY Type	II Beginning Estimated Unencumbered Fund Balance	III Property Taxes and Local Government Revenue	IV Other Sources Receipts	V Total Resources Available for Expenditures	VI Total Estimated Expenditures & Encumbrances	VII Ending Estimated Unencumbered Balance
General Fund	6,457,219	9,406,345	36,385,146	52,248,710	45,791,491	6,457,219
State Highway Fund	17,916		150,000	167,916	150,000	17,916
Street Construction, Maintenance, Repair Fund	535,635		3,000,000	3,535,635	3,000,000	535,635
Litter Control Fund	3,208		-	3,208	-	3,208
Community Festival Fund	1,256		4,000	5,256	4,000	1,256
Police Pension Fund	218,938	1,739,902		1,958,840	1,739,902	218,938
Fire Pension Fund	757,687	1,826,897		2,584,584	1,826,897	757,687
Law Enforcement Trust Fund	68,643		103,000	171,643	103,000	68,643
Drug Enforcement Fund	12,430		1,000	13,430	1,000	12,430
Federal Forfeiture Fund	35,445		3,400	38,845	3,400	35,445
Indigent Drivers Alcohol Treatment Fund	39,264		10,000	49,264	10,000	39,264
Enforcement and Education Fund	24,594		2,600	27,194	2,600	24,594
Political Subdivision Fund	1,492		200	1,692	200	1,492
Computer Maintenance Fund	15,139		25,000	40,139	25,000	15,139
Court Special Projects Fund	351,337		50,600	401,937	50,600	351,337
Court Probation Services Fund	110,614		21,000	131,614	21,000	110,614
IDIAM Fund	133,903		10,000	143,903	10,000	133,903
Community Development Block Grant Fund	52,670		3,100,000	3,152,670	3,100,000	52,670
Emergency Shelter Grant Fund	94,903		314,000	408,903	314,000	94,903
HOME Investment Partnerships Program Fund	288,847		324,000	612,847	324,000	288,847

STATEMENT OF FUND ACTIVITY

(List All Funds Individually)

SCHEDULE 2

I Fund BY Type	II Beginning Estimated Unencumbered Fund Balance	III Property Taxes and Local Government Revenue	IV Other Sources Receipts	V Total Resources Available for Expenditures	VI Total Estimated Expenditures & Encumbrances	VII Ending Estimated Unencumbered Balance
Neighborhood Stabilization Fund	307,410		-	307,410	-	307,410
Office of Aging Title IIIB Fund	94,913		970,000	1,064,913	970,000	94,913
Lakewood Hospital Fund	10,000,000		-	10,000,000	-	10,000,000
Help to Others Fund	15,846		39,000	54,846	39,000	15,846
Juvenile Diversion Program Fund	4,610		16,200	20,810	16,200	4,610
FEMA Fund	2,781		-	2,781	-	2,781
Family to Family Fund	6,422		675,000	681,422	675,000	6,422
Bond Retirement Fund	3,040,821	3,773,412	9,975,000	16,789,233	13,748,412	3,040,821
TIF Bond Retirement Fund	597,977		1,200,000	1,797,977	1,200,000	597,977
Permanent Capital Improvement Fund	128,664		2,500,000	2,628,664	2,500,000	128,664
Land Acquisition Fund	3,300,000			3,300,000		3,300,000
City Park Improvement Fund	19,883		7,000	26,883	7,000	19,883
Water Fund	10,057,000		16,500,000	26,557,000	16,500,000	10,057,000
Wastewater Collection Fund	6,400,000		15,000,000	21,400,000	15,000,000	6,400,000
Wastewater Treatment Fund	5,532,611		15,000,000	20,532,611	15,000,000	5,532,611
Wastewater Improvement Fund	2,000,000	2,174,878		4,174,878	2,174,878	2,000,000
Parking Facilities Fund	722,000		425,000	1,147,000	425,000	722,000
Winterhurst Ice Rink Fund	25,000		485,000	510,000	485,000	25,000
Hospitalization Fund	750,000		7,200,000	7,950,000	7,200,000	750,000
Worker's Compensation Fund	575,000		395,000	970,000	395,000	575,000

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)

(Do Not Include Special Obligation Bonds & Revenue Bonds)

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 Year	V Amount Required To Meet Budget Year Principal & Interest Payments	Amount Receivable From Other Sources To Meet Debt Payments
					\$0
2011 Various Purposes Bonds	2011	2028	\$5,985,000	\$932,425	\$0
2012 General Obligation Refunding Bonds	2012	2023	\$1,080,910	\$374,336	\$0
Various Purposes Bonds	2005	2025	\$715,898	\$164,599	\$0
Various Purposes Bonds	2017	2026	\$2,450,000	\$940,605	\$0
2016 General Obligation Bonds	2016	2036	\$11,061,800	\$908,205	\$0
2019 General Obligation Bonds	2018	2040	\$8,446,158	\$618,618	\$165,376
Various Purposes Notes	2020	2021			\$9,675,000
Totals			\$29,739,766	\$3,938,788	\$9,840,376

VOTED DEBT OUTSIDE 10 MILL LIMIT

(Bonds Or Notes Must Actually Be Issued In Order To Commence Collection Of Property Taxes For Debt Service)

SCHEDULE 4

I Purpose Of Notes Or Bonds	II Authorized By Voters On MM/DD/YY	III Date Of Issue	IV Final Maturity Date	V Principal Amount Outstanding At The Beginning Of The Year	VI Amount Required To Meet Budget Year Principal & Interest Payments	Amount Receivable From Other Sources To Meet Debt Payments
Supported by 2 Mil WWTF levy						
2012 Refunding Bonds Sanitary Sewer (2003)	1959	2012	2023	\$819,090	\$284,612	\$0
2016 Refunding Bonds Sanitary Sewer (2005)	1959	2016	2025	\$541,275	\$154,012	\$0

TAX ANTICIPATION NOTES

(Schools Only)

SCHEDULE 5

Tax anticipation notes are issued in anticipation of the collection of the proceeds of a property tax levy. The amount of money required to cover debt service must be deposited into a bond retirement fund, from collections and distribution of the tax levy, in the amounts and at the times required to pay those debt charges as provided in the legislation authorizing the tax anticipation notes. (ORC Section 133.24)

The appropriation to the fund which normally receives the tax levy proceeds is limited to the balance available after deducting the amounts to be applied to debt service.

After the issuance of general obligation securities or of securities to which section 133.24 of the ORC applies, the taxing authority of the subdivision shall include in its annual tax budget and levy a property tax in a sufficient amount, with any other monies available for the purpose, to pay the debt charges on the securities payable from property tax. (ORC Section 133.25)

	Name Of Tax Anticipation Note Issue	Name Of Tax Anticipation Note Issue
Amount Required To Meet Budget Year Principal & Interest Payments:		
Principal Due		
Principal Due Date		
Interest Due	NOT APPLICABLE	
Interest Due Date		
Interest Due		
Interest Due Date		
Total		
Name Of The Special Debt Service Fund		
Amount Of Debt Service To Be Apportioned To The Following Settlements:		
February Real		
August Real		
June Tangible		
October Tangible		
Total		
Name Of Fund To Be Charged		