



CITY OF KENT, OHIO

DEPARTMENT OF FINANCE

TO: Dave Ruller, City Manager
FROM: David A. Coffee, Director of Budget and Finance
DATE: June 29, 2012
SUBJECT: 2013 Tax Budget and Public Hearing

A handwritten signature in black ink, appearing to read "David Coffee".

The 2013 Tax Budget has been prepared and is submitted as attached for public hearing, along with the request for City Council approval and adoption. The Tax Budget is required to be submitted and adopted annually for each political subdivision in accordance with Ohio Revised Code, Section 5705, by July 15th and subsequently must be filed with the County Auditor by July 20th of each year. Failure to do so shall result in the loss of the local government fund allocation, estimated to be in excess of \$0.62 million for fiscal year 2013.

Tax Budgets are reviewed by County Budget Commissions to certify the amount of monies to be collected from property taxes and levies based upon demonstrated needs. The political subdivisions in Portage County have voted to adopt an alternative formula for the distribution of Local Government Funds (LGF) which is likewise certified by the Budget Commission.

While preparation of the annual Tax Budget for the City of Kent is largely a procedural formality, it also serves as the first official step in our Capital and Operating Budget processes. Although the required format and presentation of Tax Budget numbers differs considerably from our Annual Budget, they both start with the same basic data and assumptions. The numbers in the Tax Budget reflect department requests that are consistent with our directive to hold Operating and Maintenance expenses to a zero increase compared to the 2012 budget, unless there is a substantiated and compelling reason for variance. Overall, the underlying O&M expense lines contributing to this year's Tax Budget remain at the current budget level, however the Tax Budget format combines our annual budget's O&M, Capital, Debt Service, and Contingency categories into a single "Other" column which has increased due to community redevelopment related debt.

Other format and presentation differences make direct comparisons between budget documents difficult and subject to misrepresentation. Overall we continue to apply conservative budget preparation principals. Our revenue projections reflect mixed current trends based upon source categories. While income tax collections are currently indicating a gradual recovery, changes to various local government funding sources have declined by almost \$1 million over the last two years. Expenses in Personnel Services have been budgeted at the top of range for most positions with some adjustments for special payouts related to retirements and sell back of sick leave, vacation and accrued comp time. Additionally, it should be noted that Tax Budget numbers reflect initial departmental requests for the most part. Further budget review and refinement will occur as individual department budget hearings take place and the annual budget process continues preceding presentation in the Fall to City Council for approval and final adoption.