



# CITY OF KENT, OHIO

## DEPARTMENT OF FINANCE

TO: Dave Ruller, City Manager  
FROM: David A. Coffee, Director of Budget and Finance  
DATE: June 24, 2011  
SUBJECT: 2012 Tax Budget and Public Hearing

A handwritten signature in blue ink, reading "D. Coffee", is positioned to the right of the "FROM:" line.

The 2012 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 15<sup>th</sup> and subsequently must be filed with the County Auditor by July 20<sup>th</sup> of each year. Failure to do so shall result in the loss of the local government fund allocation, estimated to be in excess of \$0.75 million for fiscal year 2012.

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 2011 budget, unless there is a substantiated and compelling reason for variance. Overall, the O&M expense lines 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.

Other format and presentation differences make direct comparisons between budget documents difficult and subject to misrepresentation. Overall we have applied conservative budget preparation principals. Our revenue projections reflect most categories to be either near level or down to some extent from 2011 levels, although that is more likely subject to improvement rather than further decline based on the current improvement trends in our local economy. Expenses in Personnel Services have been budgeted at the top of range for each position along with an assumption of maximum payouts for sell back of sick leave, vacation, comp time, and the DROP programs. Additionally, it should be noted that Tax Budget numbers reflect unvetted requests for the most part and further budget detail 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.