

## Anderson Township General Fund Update

Prepared by Township Administrator

December 5, 2018

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### What expenditures are paid through the General Fund?

Anderson Township's General Fund is the source of revenue for ...

- Facility rentals and buildings and grounds maintenance including streetscape projects (such as Beechmont, Five Mile, Clough, Salem, Towne Center Way, etc.), Township properties, Five Mile and Ohio River Trail, and Trail sites,
- Fiscal Office operations (budget, payroll, accounts payable and receivable, finances),
- Township Administration (day-to-day oversight of service delivery, recommendations regarding policy, state and federal regulation compliance, human resources, insurance, legal services, economic development, grants, and citizen requests),
- Planning & Zoning (development review, permitting, signage, nuisance/property maintenance),
- Anderson Senior Center (staffing, transportation, daily meals, monthly trips and events, *Senior Lifestyle* newsletter)
- Non-lighting district street lighting (over 700 locations),
- Community events (Great American Cleanup, Drug Take Back Day, History to Schools Series, Garden Tour, Memorial Day and Veterans Day Ceremonies, Fourth of July Parade, Greater Anderson Days, Party-on-the-Plaza, Jack-o-Lantern Walk, Holiday Festival),
- Recycling Center, and
- Public education (*Anderson Insights* newsletter, [www.AndersonTownship.org](http://www.AndersonTownship.org), and Anderson Township Ohio Facebook page)

### What is the source of General Fund revenue?

**Property taxes** are one source of General Fund revenue. The total revenues allocated to the Township's General Fund for a \$100,000 market value residential, commercial, or industrial property equate to \$40.60. If, for example, a new home valued at \$300,000 was constructed within the Township, it would generate \$121.80 in General Fund revenue. Other sources of General Fund revenue were eliminated or drastically reduced beginning in 2011 as the direct result of legislative changes at the state level.

The **Local Government Fund (LGF)** was established in 1936, to provide revenue assistance to local governments for basic services the state does not and cannot provide and to offset the cost of unfunded mandates. However, legislative changes to the LGF formula in 2011 due to state budget cuts resulted in the loss of a significant portion of revenue the Township historically received from distributions of this fund. In the spring of 2018, Hamilton County Auditor Dusty Rhodes reported that Anderson Township has lost \$2,165,979.25 from state reductions in the LGF since 2011. Average annual LGF income between 2014 and 2017 is only \$368,213.

**Anderson Township General Fund Update**  
**December 5, 2018**  
**Page Two**

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Similarly, the formulas used to calculate **Tangible Personal Property (TPP)** and **Public Utility Tax** reimbursements were altered, with much of the monies being redirected to the state's general revenue fund. Beginning in 2005, the state eliminated the TPP and, to compensate local governments for lost revenue, a reimbursement plan was developed to phase out payments over a period of years ending in 2017. However, the phase out was accelerated resulting in Anderson losing \$3,000 annually beginning July 1, 2011.

Public Utility Tax reimbursements which provided replacement funding for losses that occurred with the advent of electricity and natural gas deregulation were handled in much the same way. Public Utility Tax revenue was reduced in mid-2011, with an annual loss of \$1,000 beginning in 2012.

The Ohio Legislature also repealed the **Estate Tax** effective January 1, 2013. This further impacted Anderson's revenue stream as the Township averaged \$1.7 million in estate tax over the ten-year period prior to its elimination. Other sources of income including liquor permit fees, cigarette license fees, fines, facility rentals and leases, video service provider fees and pari-mutuel wagering tax receipts remain relatively stable accounting for roughly \$1 million in annual revenue.

The combined impact of state mandated-revenue reductions resulted in a whopping 40.48% decrease in average annual revenues which dropped from \$4.2 million between 2009 and 2013, to \$2.5 million between 2014 and 2017.

**Why did the Legislature reduce funding?**

In a series of "Kasich Administration Accomplishments" reports issued in November 2018 (<https://governor.ohio.gov/Priorities-and-Initiatives/Accomplishments>), Governor Kasich noted that the Estate Tax was eliminated because it "was harmful to family small businesses" and that "Ohio's 'rainy day' reserves [...] grew from just 89 cents in 2011 to \$2.69 billion today." While there are other factors associated with the increase in "rainy day" reserves, the redirection of the LGF, TPP, and the Public Utility Tax contributed to that balance.

**What is the Township doing to replace lost revenue?**

While the legislative funding reductions primarily affected the Township's General Fund, every department was impacted therefore, every employee was involved in finding ways to further cut costs. Elected and appointed officials worked together to closely examine existing programs from a cost-benefit approach. Overtime was reduced, two part-time positions were left vacant, and all projects were more closely scrutinized while purchases and purchasing methods were reviewed with an eye toward reducing costs and increasing productivity. General Fund expenditures have been held to an average annual increase of 2.7% since 2011 despite having to take on additional expenditures associated staffing and operating the Anderson Senior Center beginning in 2016.

**Anderson Township General Fund Update**  
**December 5, 2018**  
**Page Three**

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Prior to revenue reductions, costs associated with payroll processing and human resources for every department were paid from the General Fund. Beginning in 2017, a portion of administrative personnel expenses were charged to the appropriate department which reduced General Fund expenditures by approximately \$290,000 per year and provided a more accurate representative of costs associated with departmental operations.

In addition, plans for the Township's Operations Center were revisited, resulting in investment in existing facilities/grounds. This enabled the sale of a portion of that site for \$1 Million, and millions in savings from planned improvements. Further, staff analyzed Township owned properties, which has resulted in an additional \$500,000 in sales from other property disposition, with more anticipated. These actions are projected to result in the reduced cost of maintenance for properties (such as Anderson Center Station) and could result in nearly \$30 Million in new taxable valuation by 2022.

Township Trustees and the Administrator work closely with the Ohio Township Association (a statewide organization dedicated to promoting and preserving the township form of government) to secure legislation which will protect revenue sources and ensure that future changes to state tax policy are done with full consideration of the impact to township resources. Ohio's 131<sup>st</sup> General Assembly (2015-2016) enacted legislation permitting townships to utilize tax increment financing (TIF) dollars for maintenance of public roads and highways; therefore, the Township shifted those costs from its Public Works budget to TIF. Trustees then reallocated Road and Bridge Fund inside millage equivalent to 1.06 mills to the General Fund. The reallocation helped sustain the General Fund while still allowing the Township to fully fund road maintenance projects using TIF dollars.

During the 132<sup>nd</sup> General Assembly (2017-2018), Township officials submitted a request which would authorize the use of revenue from its 1994 TIF for the continued maintenance of projects that were constructed using those same dollars. The bill is currently moving through the legislature and, if enacted, annual buildings and grounds maintenance and repair expenses estimated at \$500,000 can be paid from TIF rather than the General Fund.

Many years of fiscal responsibility and long-range planning have given the Township room to chart its future without eliminating, or drastically reducing services. Anderson Township Trustees and staff will continue to advocate in Columbus for the protection of revenue streams and adjust as necessary to continue to provide residents and local businesses with high quality of services in the most cost-effective manner possible.

**General Fund - December 5, 2018**

Year	Actual Revenue	Projected GF Revenues as of April 2018	Actual Expenditures	Projected Budget as of April 2018	Actual Balance as of Year End	Estimated Balance as of Year End	Expenditure % Increase/Decrease	Revenue % Increase/Decrease
2009	\$ 3,998,870		\$ 4,293,811		\$ 15,564,872			
2010	\$ 4,064,986		\$ 4,440,792		\$ 15,189,069		3.42%	1.65%
2011	\$ 5,726,698		\$ 3,958,418		\$ 16,957,349		-10.86%	40.88%
2012	\$ 2,852,656		\$ 3,948,752		\$ 15,861,253		-0.24%	-50.19%
2013	\$ 4,587,646		\$ 4,064,898		\$ 16,361,439		2.94%	60.82%
2014	\$ 2,854,042		\$ 4,254,520		\$ 14,960,961		4.66%	-37.79%
2015	\$ 2,428,047		\$ 4,025,136		\$ 13,363,872		-5.39%	-14.93%
2016	\$ 2,625,574		\$ 4,945,348		\$ 11,044,098		22.86%	8.14%
2017*	\$ 2,291,853		\$ 3,274,015		\$ 10,061,936		-33.80%	-12.71%
2018**		\$ 3,036,100		\$ (4,254,000)	\$ 8,844,036			
2019		\$ 3,000,000		\$ (4,300,000)	\$ 7,544,036			
2020		\$ 3,000,000		\$ (4,400,000)	\$ 6,144,036			
<b>Average</b>	<b>\$ 3,492,264</b>		<b>\$ 4,133,966</b>					

\*Payroll splits enacted

\*\*Road & Bridge millage reallocated

General Fund

