

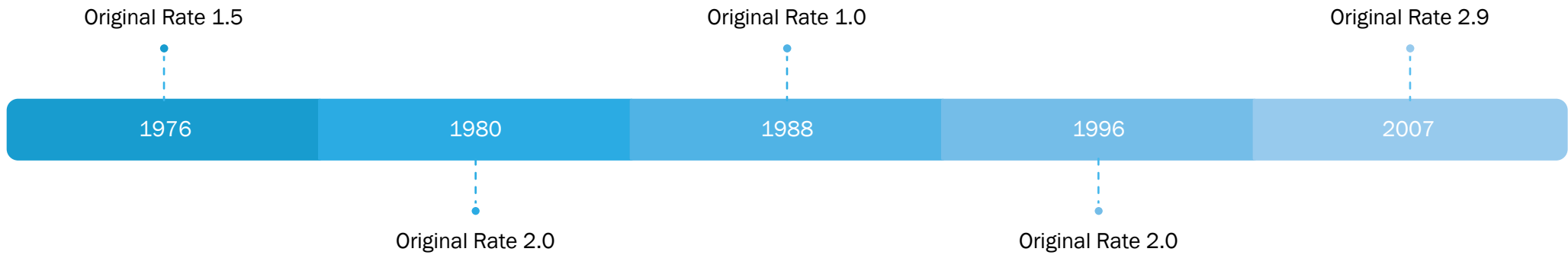


# PIERCE TOWNSHIP OHIO

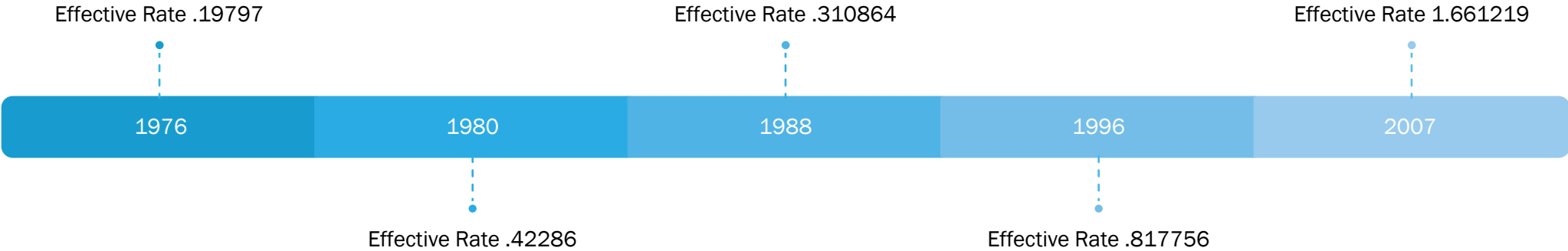
POLICE BUDGET &  
LEVIES - BOARD  
OF TRUSTEES  
WORKSESSION

FEBRUARY 26<sup>TH</sup>, 2024

# TIMELINE OF EXISTING POLICE LEVIES

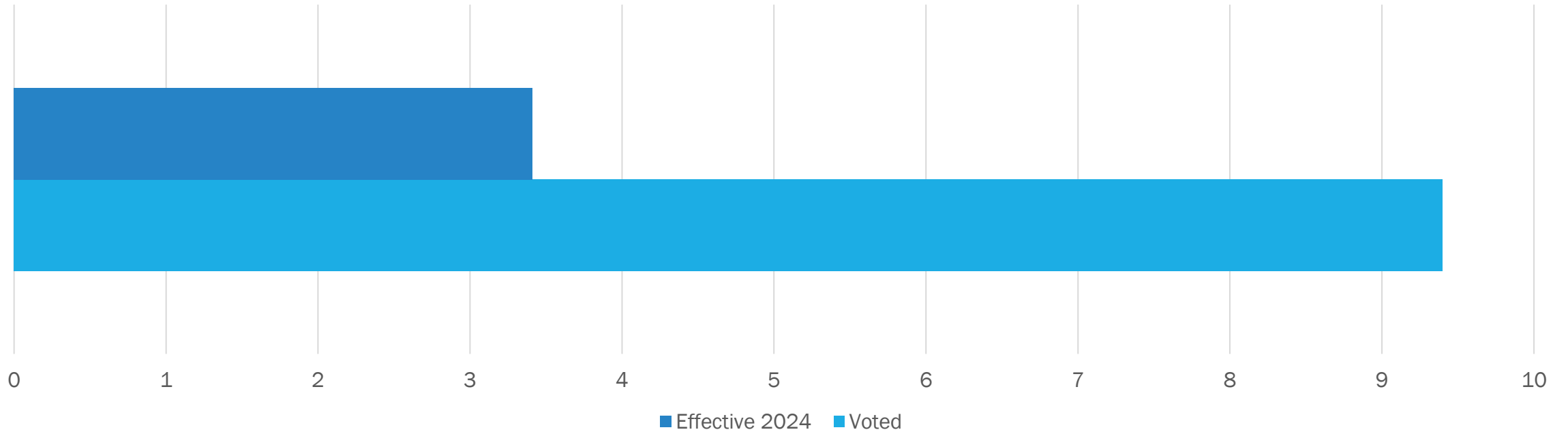


# TIMELINE OF EXISTING POLICE LEVIES – CURRENT EFFECTIVE RATES



# COMPARISON OF TOTAL ADOPTED RATES & CURRENT EFFECTIVE RATES

Voted vs. Effective Rate Police Levies



# COST OF POLICE LEVIES (EFFECTIVE RATE) FOR RANGE OF HOME VALUES

Home Valuation (2023)	Police Levy Tax Due
\$200,000	\$ 208.90
\$250,000	\$ 261.13
\$300,000	\$ 313.36
\$350,000	\$ 365.58
\$400,000	\$ 417.81
\$450,000	\$ 470.03
\$500,000	\$ 522.26



# A OHIO TAX LEVY PRIMER

Property in Ohio is assessed at thirty-five (35%) of fair market value. Fair market is determined by the appraised price on the property as determined by the State and County Auditor's Offices.

The tax rate, or millage, is applied to each \$1,000 of valuation. For instance, a \$100,000 appraised property would pay the assessed levy rate times 35% of the value of the home, then times the levy rate.

## EXAMPLE

$$\$100,000 * .35 = \$35,000.$$

$$\$35,000 * 1.0 \text{ Mil} / 1,000 = \$35.00$$



## A OHIO TAX LEVY PRIMER

Tax levies assessed prior to August 1<sup>st</sup>, 2013 may additionally receive a ten (10%) percent tax rollback on top of the assessed value rate. There is also a two and one half (2.5%) credit for owner occupied properties for levies passed prior to 8/1/2013.

Owners that are 65 years of age and older receive a homestead exemption.

*In each of these cases, the taxing district is reimbursed for the tax deductions from the State of Ohio.*



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## EFFECTIVE RATE APPLICATION

There are three types of levies:

Inside levies - Taxing Districts are allowed a maximum non-voted property tax rate of 10 mills. This limit is based on all taxing districts for that property; County, Schools, Township, Library, etc.

Inside levies are not subject to the effective rate, and will increase each year as property values and new growth increase.

Fixed Sum Levies – These are levies approved by voters to produce a fixed amount of revenue, generally for items such as bonds. The amount of money is guaranteed for the period of the levy, and the tax rate may decrease or increase depending on the overall property values to ensure the total tax collected meets the initial levy.



## EFFECTIVE RATE APPLICATION

Fixed Rate Levies – These are levies approved by voters to produce a projected amount of revenue based on the voted rate. Unlike the fixed sum levies, a fixed rate may decrease each year as property appraisals rise, however it may never exceed the total voted amount if property values decrease. All five Police Levies are currently fixed rate levies.

As an example, the rate for a \$100,000 home will decrease as the valuations increase.

Home Value year X \$100,000      Voted Rate 1.0      Total Tax \$35.00

Home Value year Y \$120,000      Effective Rate .833      Total Tax \$35.00

The taxing authority receives one year of new growth in the tax base (new construction, additions, etc.) as a “bonus” revenue to the tax levy fixed amount. However, after the first year, that growth in the tax base rolls into the overall property appraisals within the taxing district.

# EFFECTIVE RATE APPLICATION

## IMPACT ON TAXING DISTRICT

While the total amount of revenue from a voted levy remains constant, costs for operating the service (Police, Fire, etc.) increase each year with inflation. Under the Fixed Rate Levy system, except for one-time growth bonuses, revenue does not keep up with increasing costs, requiring the tax district to periodically request new or replacement levies from the public to maintain the service.

While new growth can lengthen the levy period, all fixed rate levies will eventually run out of sufficient revenue to operate the service.

*In the case of the Police Levy of 2007, new growth and conservative management delayed the need for additional revenue far beyond the initial estimate of 10 years.*



## PROJECTED POLICE FUND ENDING BALANCES

<b>POLICE FUND</b>				
<u>Year</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Current Year Balance</u>	<u>Ending Fund Balance</u>
2024	2,812,513	3,675,805	(863,292)	1,283,699
2025	2,925,014	3,783,407	(858,393)	425,306
2026	3,042,014	3,929,562	(887,548)	(462,242)
2027	3,163,695	4,113,444	(949,749)	(1,411,991)
2028	3,290,243	4,302,031	(1,011,788)	(2,423,779)
2029	3,421,852	4,514,293	(1,092,441)	(3,516,221)
2030	3,558,726	4,724,765	(1,166,039)	(4,682,260)
2031	3,701,075	4,946,011	(1,244,936)	(5,927,196)
2032	3,849,118	5,178,632	(1,329,514)	(7,256,710)
2033	4,003,083	5,423,264	(1,420,181)	(8,676,890)
2034	4,163,206	5,680,581	(1,517,375)	(10,194,265)

Revenues based on County Auditor’s estimated 2024 tax receipts and a historical average of other revenues (grants, etc.).

Expenditures based on 2024 Temporary Appropriations. Future expenditures estimated based on conservative projections of personnel and operating expenses.

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# LEVY OPTIONS FOR FUTURE POLICE FUNDING

## New Levy

A new levy can be for a fixed period, or continuing which means it remains on the books indefinitely. Currently, all Pierce Township Police Levies are continuing levies. Continuing levies do not sunset.

## Replacement Levy

A replacement Levy takes an existing voted levy, and brings the effective rate back to the originally voted amount. Due to new growth in the tax base, and reappraisals, the original levy millage has been decreased, in some cases older levies are significantly less than the original voted millage.

## Renewal Levy

Since the Police currently have all continuing levies, a renewal levy is not an option. This type of levy would renew an existing, expiring levy at the original rate. This type of levy has the reduction factor (HB 920) applied to them.

# FUTURE POLICE FUNDING REQUIREMENTS – IMPUTED LEVY RATES

## *NEW VOTED LEVY*

The following tables depict the estimated cash flow necessary for a ten year additional police levy. The funding would fall within the following four (4) scenarios:

- A. No Changes in baseline expenditures, only annual CPI adjustments. (Note medical costs are predicted to increase 7.5% annually.)
- B. Incorporate Debt Service into annual expenses for new facility. Lower annual debt would be associated with smaller building programs.
- C. Incorporate the addition of two new positions in the Police Department in 2028; Assistant Police Chief and one new patrol officer. No facility debt included.
- D. Incorporate Debt Service and two new positions (as noted above) in to the projections.



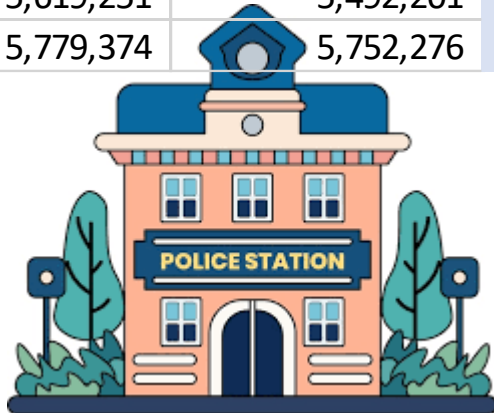
## NO CHANGES IN BASELINE SPENDING 2024-2034

<u>Year</u>	<u>Existing Levies</u>	<u>New Levy Rev 2.0 Mil</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Current Year Balance</u>	<u>Ending Fund Balance</u>
2024	2,812,513		2,812,513	3,675,805	(863,292)	1,283,699
2025	2,925,014		2,925,014	3,808,714	(883,700)	399,998
2026	3,042,014	1,292,935	4,334,949	3,981,949	353,000	752,998
2027	3,163,695	1,292,935	4,456,630	4,167,927	288,703	1,041,701
2028	3,290,243	1,292,935	4,583,178	4,358,693	224,485	1,266,185
2029	3,421,852	1,292,935	4,714,787	4,573,222	141,565	1,407,750
2030	3,558,726	1,292,935	4,851,661	4,786,050	65,610	1,473,361
2031	3,701,075	1,292,935	4,994,010	5,009,748	(15,738)	1,457,622
2032	3,849,118	1,292,935	5,142,053	5,244,918	(102,866)	1,354,757
2033	4,003,083	1,292,935	5,296,018	5,492,201	(196,184)	1,158,573
2034	4,163,206	1,292,935	5,456,141	5,752,276	(296,136)	862,437



## ADDITION OF ANNUAL DEBT SERVICE FOR FACILITY

<u>Year</u>	<u>Existing Levies</u>	<u>2.5 Mills New Levy Rev</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Debt Service</u>	<u>Current Year Balance</u>	<u>Ending Fund Balance</u>
2024	2,812,513		2,812,513	3,675,805		(863,292)	1,283,699
2025	2,925,014		2,925,014	3,808,714		(883,700)	399,998
2026	3,042,014	1,616,168	4,658,182	3,981,949	375,000	301,233	701,231
2027	3,163,695	1,616,168	4,779,863	4,167,927	375,000	236,937	938,168
2028	3,290,243	1,616,168	4,906,411	4,358,693	375,000	172,718	1,110,886
2029	3,421,852	1,616,168	5,038,020	4,573,222	375,000	89,798	1,200,685
2030	3,558,726	1,616,168	5,174,894	4,786,050	375,000	13,844	1,214,529
2031	3,701,075	1,616,168	5,317,243	5,009,748	375,000	(67,505)	1,147,024
2032	3,849,118	1,616,168	5,465,286	5,244,918	375,000	(154,632)	992,392
2033	4,003,083	1,616,168	5,619,251	5,492,201	375,000	(247,950)	744,442
2034	4,163,206	1,616,168	5,779,374	5,752,276	375,000	(347,902)	396,540



## ADDITION OF TWO NEW OFFICERS<sup>(1)</sup> IN 2028

Year	Total Revenues	New Levy Rev 2.25 Mil	Total Revenues	Total Expenditures	Current Year Balance	Ending Fund Balance
2024	2,812,513		2,812,513	3,675,805	(863,292)	1,283,699
2025	2,925,014		2,925,014	3,808,714	(883,700)	399,998
2026	3,042,014	1,454,551	4,496,565	3,981,949	514,617	914,615
2027	3,163,695	1,454,551	4,618,246	4,167,927	450,320	1,364,934
2028	3,290,243	1,454,551	4,744,794	4,716,643	28,152	1,393,086
2029	3,421,852	1,454,551	4,876,403	4,945,489	(69,086)	1,324,000
2030	3,558,726	1,454,551	5,013,277	5,173,208	(159,931)	1,164,069
2031	3,701,075	1,454,551	5,155,626	5,412,392	(256,766)	907,303
2032	3,849,118	1,454,551	5,303,669	5,663,668	(359,999)	547,304
2033	4,003,083	1,454,551	5,457,634	5,927,702	(470,067)	77,237
2034	4,163,206	1,454,551	5,617,757	6,205,197	(587,439)	(510,202)



<sup>(1)</sup> Estimated first year cost of two new positions \$380,000.



## ADDITION OF DEBT SERVICE AND TWO NEW OFFICERS IN 2028

<u>Year</u>	<u>Total Revenues</u>	3.0 Mills New <u>Levy Rev</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Debt Service</u>	<u>Current Year Balance</u>	<u>Ending Fund Balance</u>
2024	2,812,513		2,812,513	3,675,805		(863,292)	1,283,699
2025	2,925,014		2,925,014	3,808,714		(883,700)	399,998
2026	3,042,014	1,939,402	4,981,416	3,981,949	375,000	624,467	1,024,465
2027	3,163,695	1,939,402	5,103,097	4,167,927	375,000	560,170	1,584,635
2028	3,290,243	1,939,402	5,229,645	4,716,643	375,000	138,002	1,722,638
2029	3,421,852	1,939,402	5,361,254	4,945,489	375,000	40,765	1,763,402
2030	3,558,726	1,939,402	5,498,128	5,173,208	375,000	(50,081)	1,713,322
2031	3,701,075	1,939,402	5,640,477	5,412,392	375,000	(146,915)	1,566,406
2032	3,849,118	1,939,402	5,788,520	5,663,668	375,000	(250,149)	1,316,257
2033	4,003,083	1,939,402	5,942,485	5,927,702	375,000	(360,217)	956,040
2034	4,163,206	1,939,402	6,102,608	6,205,197	375,000	(477,589)	478,452

# REPLACEMENT LEVY

Staff estimated new revenue generated from a replacement levy to create additional tax revenue to meet the five future scenarios. The Options would be as follows:

- Replace the 1976 and 1980 Levies
- Replace the 1980 and 1988 Levies
- Replace the 1988 and 1996 Levies
- Replace the 1996 and 2007 Levies
- Replace the 1988, 1996 and 2007 Levies

<u>Options</u>	<u>Added Millage</u>	<u>Total Millage</u>
Replace 1976 and 1980 Levies	2.879169	6.289839
Replace 1980 and 1988 Levies	2.266272	5.676942
Replace 1988 and 1996 Levies	1.87138	5.28205
Replace 1996 and 2007 Levies	2.421025	5.831695
Replace 1988, 1996 and 2007 Levies	3.110161	6.520831

## Pierce Township Differentials in Levies

### Original adopted rate to current rate

<u>Levy Date</u>	<u>Original Levy Rate</u>	<u>Current Effective Rate</u>	<u>Differential</u>
1976	1.5	0.197967	1.302033
1980	2	0.422864	1.577136
1988	1	0.310864	0.689136
1996	2	0.817756	1.182244
2007	2.9	1.661219	1.238781
<b>Totals</b>	<b>9.4</b>	<b>3.41067</b>	<b>5.98933</b>

## REVENUES PRODUCED BY VARIOUS REPLACEMENT LEVY COMBINATIONS

<u>Option</u>	<u>New Total Effective Rates</u>	<u>Total Revenue</u>	<u>Additional Revenue</u>
A Replace 1976 and 1980 Levies	6.28984	\$4,066,175	\$1,861,289
B Replace 1980 and 1988 Levies	5.67694	\$3,669,957	\$1,465,071
C Replace 1988 and 1996 Levies	5.28205	\$3,414,672	\$1,209,786
D Replace 1996 and 2008 Levies	5.8317	\$3,770,000	\$1,565,113
E Replace 1988, 1996 & 2008	6.52083	\$4,215,504	\$2,010,617



## ENDING FUND BALANCE – FUNDING MATRIX

		<u>No Added Costs</u>	<u>New Facility Debt Service</u>	<u>Two New Officers 2028</u>	<u>Debt Service &amp; New Positions</u>
A	Replace 1976 and 1980 Levies	\$5,977,627	\$2,602,627	\$3,150,436	-\$224,564
B	Replace 1980 and 1988 Levies	\$2,411,665	\$2,411,665	-\$415,526	-\$415,526
C	Replace 1988 and 1996 Levies	\$114,100	-\$3,260,900	-\$2,713,091	-\$2,713,091
D	Replace 1996 and 2008 Levies	\$3,312,043	\$3,312,043	\$484,852	\$484,582
E	Replace 1988, 1996 & 2008	\$7,321,579	\$7,321,579	\$4,494,388	\$4,494,388

## ADDITIONAL ANNUAL COST TO HOMEOWNER – REPLACEMENT LEVIES

<u>HOME VALUE</u>	<u>\$150,000</u>	<u>\$200,000</u>	<u>\$250,000</u>	<u>\$300,000</u>	<u>\$350,000</u>	<u>\$400,000</u>	<u>\$450,000</u>	<u>\$500,000</u>
OPTION A	\$174	\$231	\$289	\$347	\$405	\$463	\$521	\$579
OPTION B	\$141	\$188	\$236	\$283	\$330	\$377	\$424	\$471
OPTION C	\$121	\$161	\$201	\$241	\$281	\$321	\$362	\$402
OPTION D	\$149	\$199	\$249	\$299	\$349	\$398	\$448	\$499
OPTION E	\$186	\$248	\$309	\$371	\$433	\$495	\$557	\$619
<b>Current Owner Cost<sup>(1)</sup></b>	<b>\$157</b>	<b>\$209</b>	<b>\$261</b>	<b>\$313</b>	<b>\$366</b>	<b>\$418</b>	<b>\$470</b>	<b>\$522</b>

Option A - Replace the 1976 and 1980 Levies

Option B - Replace the 1980 and 1988 Levies

Option C - Replace the 1988 and 1996 Levies

Option D - Replace the 1996 and 2007 Levies

Option E - Replace the 1988, 1996 and 2007 Levies



<sup>(1)</sup> Includes Rollback & Owner-occupied credit

## ADDITIONAL ANNUAL COST TO HOMEOWNER – NEW LEVY

<u>HOME VALUE</u>	<u>\$150,000</u>	<u>\$200,000</u>	<u>\$250,000</u>	<u>\$300,000</u>	<u>\$350,000</u>	<u>\$400,000</u>	<u>\$450,000</u>	<u>\$500,000</u>
New Levy - 1.0	\$53	\$70	\$88	\$105	\$123	\$140	\$158	\$175
New Levy - 1.5	\$79	\$105	\$131	\$158	\$184	\$210	\$236	\$263
New Levy - 2.0	\$105	\$140	\$175	\$210	\$245	\$280	\$315	\$350
New Levy - 2.25	\$118	\$158	\$197	\$236	\$276	\$315	\$354	\$394
New Levy - 2.5	\$131	\$175	\$219	\$263	\$306	\$350	\$394	\$438
New Levy - 2.75	\$144	\$193	\$241	\$289	\$337	\$385	\$433	\$481
New Levy - 3.0	\$158	\$210	\$263	\$315	\$368	\$420	\$473	\$525
<b>Current Owner Cost<sup>(1)</sup></b>	<b>\$157</b>	<b>\$209</b>	<b>\$261</b>	<b>\$313</b>	<b>\$366</b>	<b>\$418</b>	<b>\$470</b>	<b>\$522</b>

<sup>(1)</sup> Includes Rollback & Owner-occupied credit

# LEVY DECISIONS

- Timing for Voter Ballot
- Replacement or new Levy
- Funding Target – Added/New Facility Debt Service and/or Additional Staffing

