

RUSSELL TOWNSHIP: NAVIGATING OUR FISCAL FUTURE

Jim Dickinson – Chairman, Board of Trustees

Justin Madden – Board of Trustees

Jim Mueller – Board of Trustees

Chuck Walder – Fiscal Officer

Why Are We Here?

- **Significant outside factors have changed Russell Township's funding.**
- **These changes have specific, far reaching ramifications.**
- **We wish to identify the effects of these changes, obtain resident input, and identify a course of action.**
- **We ask for the support and help of the community.**

In The News...

- “The economy is improving but cuts are deepening in this the second year of the state budget. A 25 percent cut to Local Government Funds deepened to 50 percent at the start of the second year of this budget period. The loss of hundreds of million more looms as the estate tax, levied on just 8 percent of the wealthiest Ohio estates, is eliminated next year.”

-Policy Matters Ohio, Budget November 2012

In The News...

- “Kasich signs \$62 billion, two-year budget... The budget also draws the line on its subsidization of local property tax bills, saying the state will no longer pay the first 12.5 percent on any new levies that voters approve beginning with those on the ballot this November.”

-The Toledo Blade, July 2013

Also, In The News,

- **“Detroit files for largest municipal bankruptcy in US history.”**

-Fox News, July 18, 2013

- **“Merger for East Side suburbs off the table for now.”
(Moreland Hills, Orange, Woodmere, Pepper Pike)**

-Cleveland Plain Dealer July 18, 2013

So...

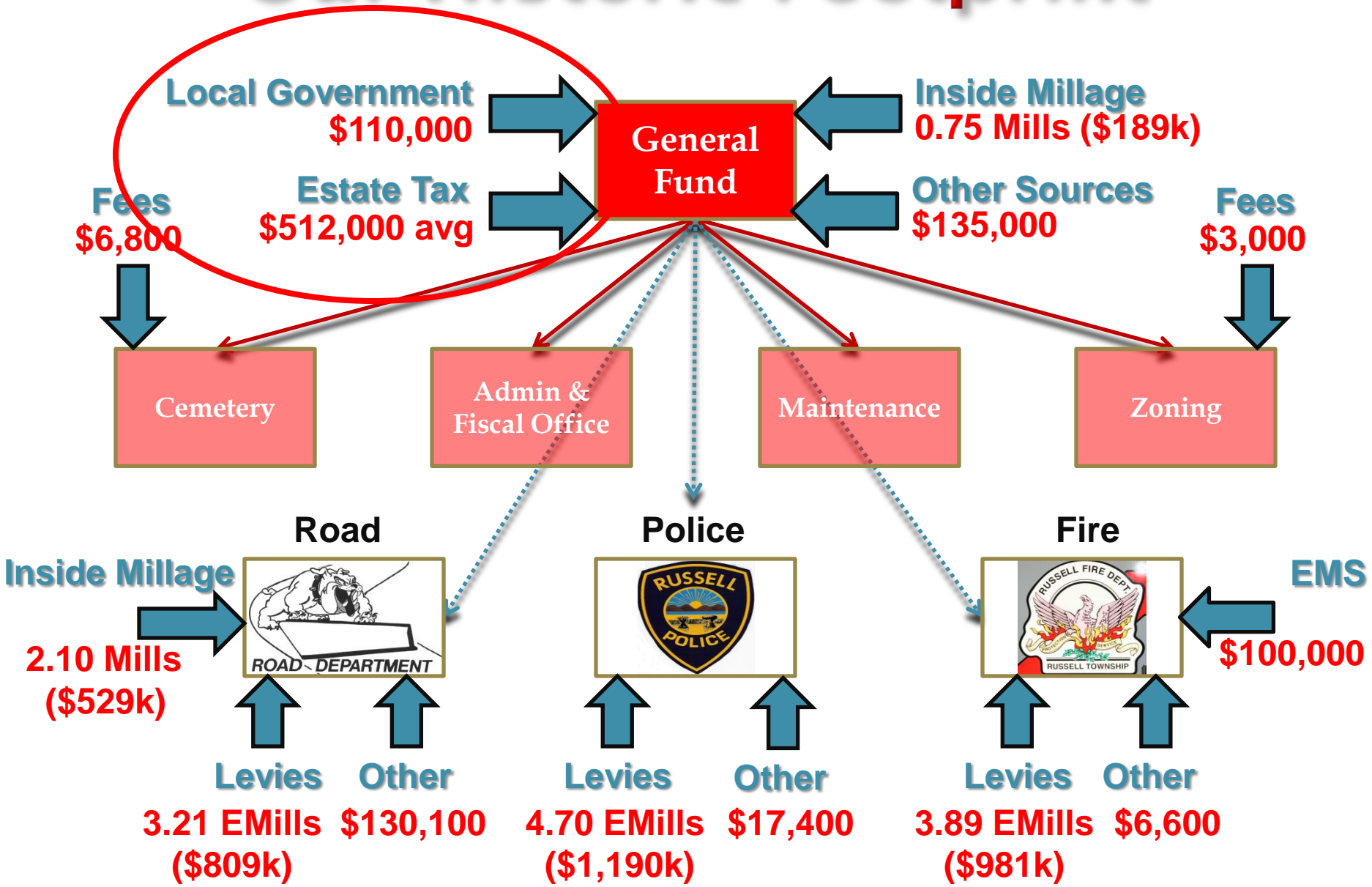
What's The Point?

- **All of these events effect, directly or indirectly, Russell's revenue, operations, and/or expenditures.**
- **This is not partisan. There is enough blame to go around, focusing on that would be fruitless.**
- **Russell is currently not in "trouble", however we must avoid the pitfall of doing nothing.**
- **We want to focus on how these issues effect us and what we have done, plan to do, and can do to offset their effect.**

Definitions:

- **For 2013, 1.0 Mill (new or additional):**
Yields \$252,100 @ 100% collection and....
costs the owner of a single family owner-occupied home with a market value of \$100,000 approximately \$34.46 per year.
- **EMills or Effective millage:**
Is that millage which reflects what property owners are currently paying. Ex: In 1976, 1 Mill yielded \$64,400, therefore in 2013 it is valued at .26 EMills.
- **Inside millage:**
Inside millage is the millage provided by the Constitution of the State of Ohio and is levied without the vote of the people.

Our Historic Footprint



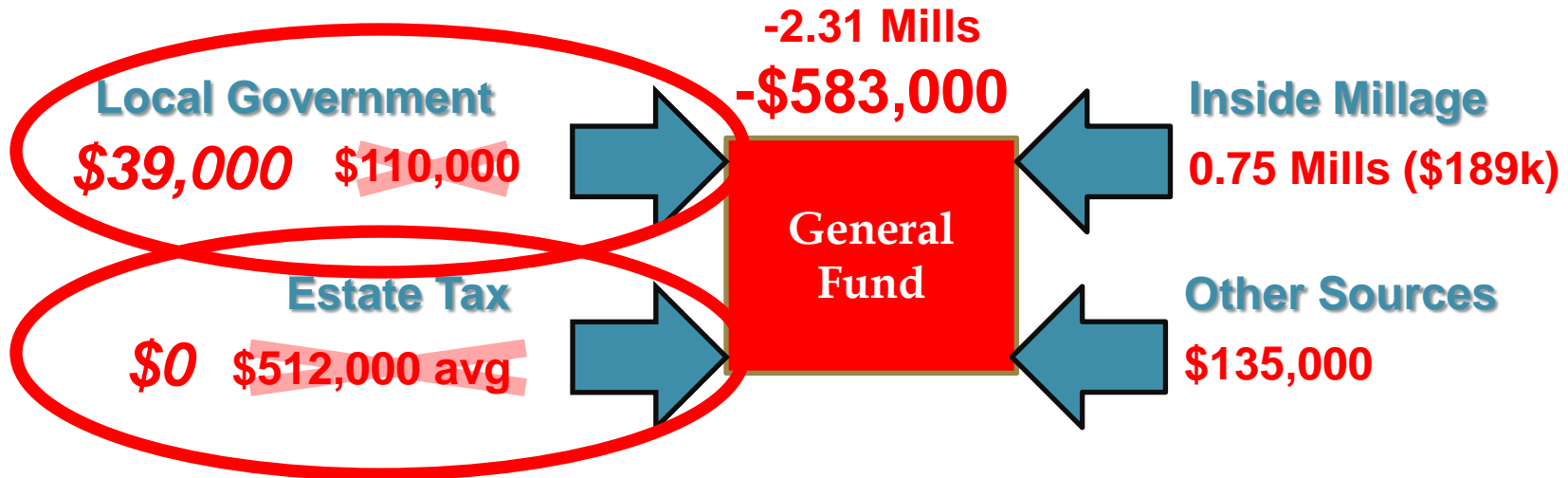
General Fund: Revenue

Russell Township Revenue Analysis

YEAR	PERSONAL PROPERTY TAX	ESTATE TAX	INTER-GOV	TOTAL REVENUE PER YEAR	ROLLING AVERAGE OF REVENUE PER YEAR
2005	\$611	\$90,392	\$109,605	\$200,608	
2006	\$545	\$1,485,316	\$109,666	\$1,595,527	\$797,763
2007	\$1,127	\$135,120	\$109,662	\$245,910	\$680,681
2008	\$568	\$201,372	\$107,401	\$309,341	\$587,846
2009	\$284	\$369,766	\$89,901	\$459,951	\$562,267
2010	\$112	\$624,737	\$91,241	\$716,090	\$587,904
2011	\$1	\$683,686	\$91,671	\$775,358	\$565,185
2012	\$0	\$214,567	\$57,759	\$272,326	\$571,889
2013	\$0	\$8,262	\$13,009	\$21,271	
TOTALS	\$3,248	\$3,813,219	\$779,914	\$4,575,110	Excludes 2013
	0.07%	83%	17%		
2013-As of 3/16/13 - Assumption of \$39,024 for the year in Inter-Gov Revenue generated (\$3,232/mo).					
64% DECREASE of Inter-Governmental Funds from 2005-2013.					

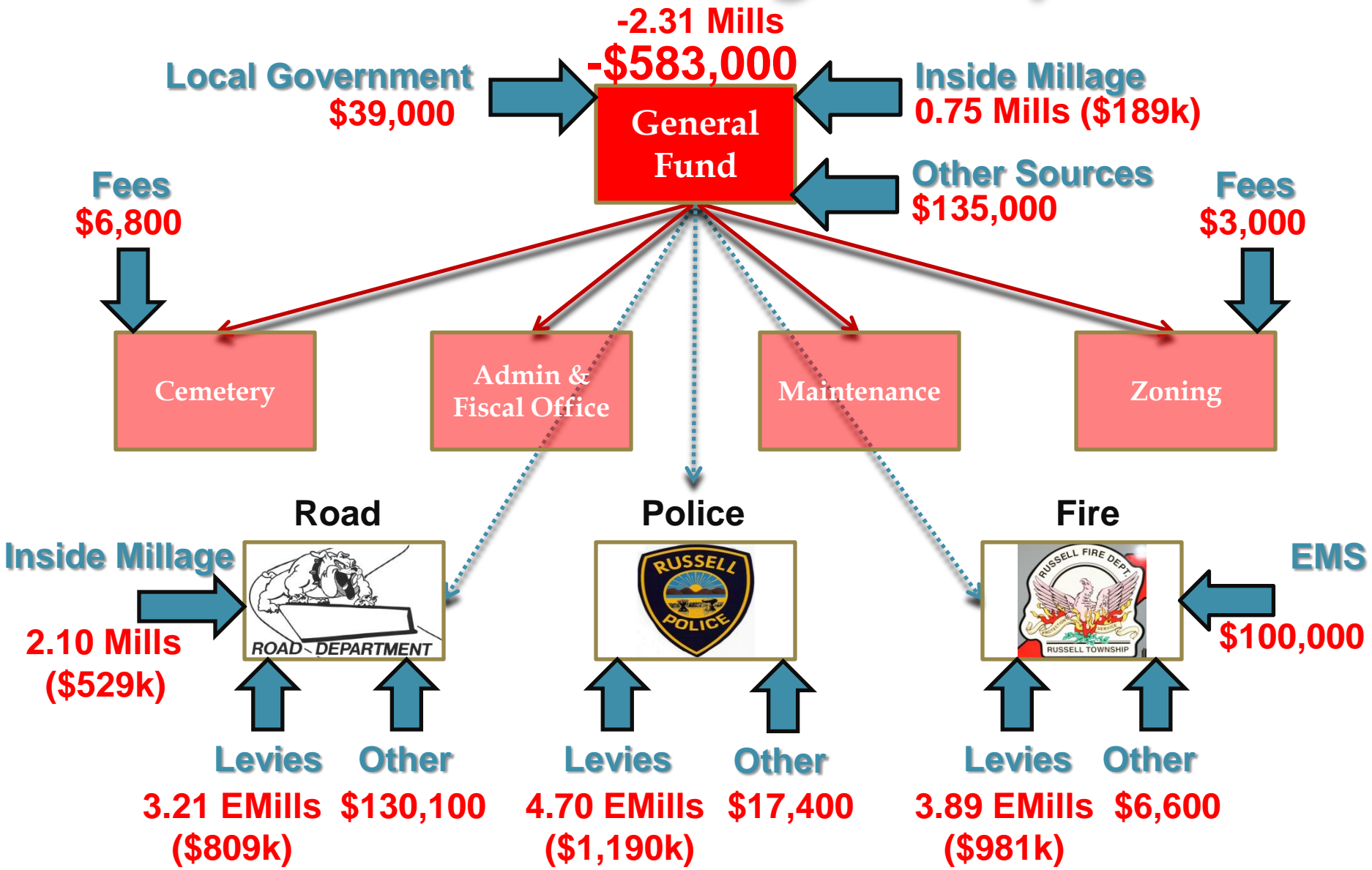
Average of the Rolling Average
\$622,000

General Fund: Revenue



- 2009: Local Government Cut 25%
- 2012: Local Government Cut an additional 50%
- 2013: Local Government Revenue Estimate is \$39,000
- 2013: Estate Tax Eliminated
- 2014: \$0 Estimated Estate Tax Revenue

Our Do Nothing Footprint



If No Action ?

- **We will consume the bulk of our carryover balances in the General & Police Funds by December 2014.**
- **By January 2015, there would not be enough carryover cash for 1Q 2015 expenses.**
- **Services would have to be cut drastically and quickly.**
- **We would be in a total reactionary mode of operation.**

If No Action ?

General Fund Starting/Ending Balance Analysis

Fund Balance as of:	2011	2012	2013	2014
January 1	\$1,737,420	\$1,861,632	\$1,604,545	\$732,149
December 31	\$1,825,871	\$1,570,187	\$732,149	\$5,022



Our Solution Philosophy

- **There is no “silver bullet”, “brass ring” or one answer solution.**
- **Solutions need to be long term.**
- **We can not simply move the problem from department to department.**
- **Solutions require a change of thinking from past practices... the scenario has changed.**
- **Each Department must move towards fiscal self-sufficiency... the General Fund bank has closed!**

Way Forward Plan

- **Over the next 18 months, implement a series of cost cutting initiatives designed to reduce expenses, streamline the organization, and provide more efficient services to taxpayers.**
- **Redistribute Inside Millage Revenue in line with other Townships while still providing necessary services to taxpayers.**
- **Prepare realistic, precise Levy requirements for voter approval.**
- **Perform iterative evaluation of changes, revenue, and operation to ensure future success.**

Organizational Initiatives

- Merge Maintenance into Road Department. 11/16/2013
- Pursue intelligent Regionalization opportunities. Ongoing
- Investigate the potential of selling or repurposing Township owned property. To Be Done
- Enact procedural checks & opportunities (\$2,500 req approval, early pay discounts, etc). Enacted
- Move toward Departmental burden center accountability. In Process
- Reduce operational costs (gas, electric, phones, cleaning, trash, etc.) In Process (\$10,000/yr savings so far)

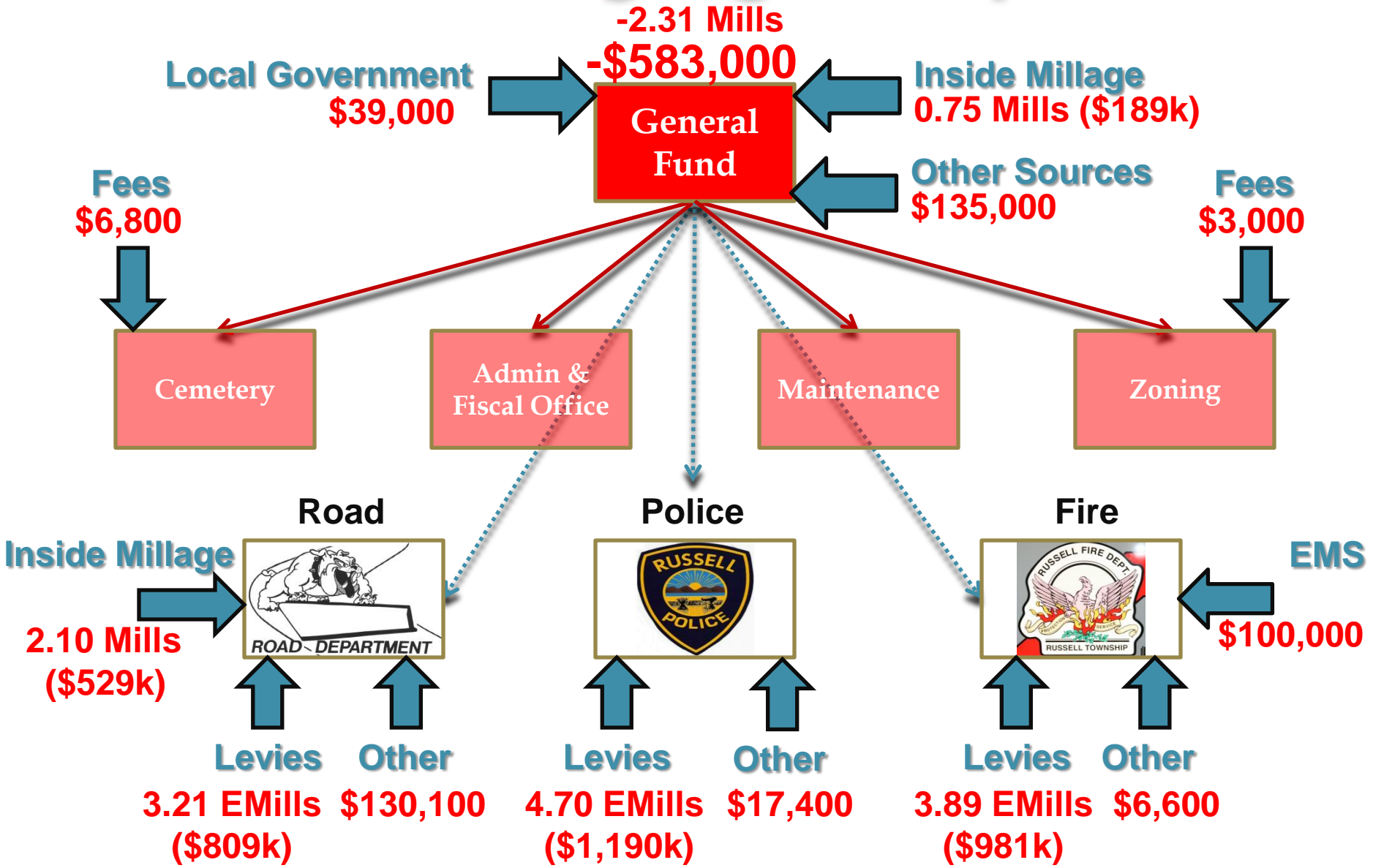
Specific Fiscal Cuts Made

- **Cut 12 phone lines, eliminated cleaning services & reduced trash service.** Enacted
- **Cease all but emergency overtime.** Enacted
- **Elected officials compensation voluntarily reduced by 10%.** Saved \$3,600
- **Suspend reimbursement of elected officials attending GTA events.** Enacted
- **Suspend employee pay raises, except as required under contract.** Enacted
- **Increase health insurance premium contribution by 50% (From 10% to 15%).** 2014
- **Investigate longevity pay.** To Be Done

Additional Items Worked

- **Negotiated lower natural gas purchases through an energy broker.** \$4k/yr Savings
- **Re-evaluated recycling opportunities.** \$4k/yr Savings
\$6k/yr Income

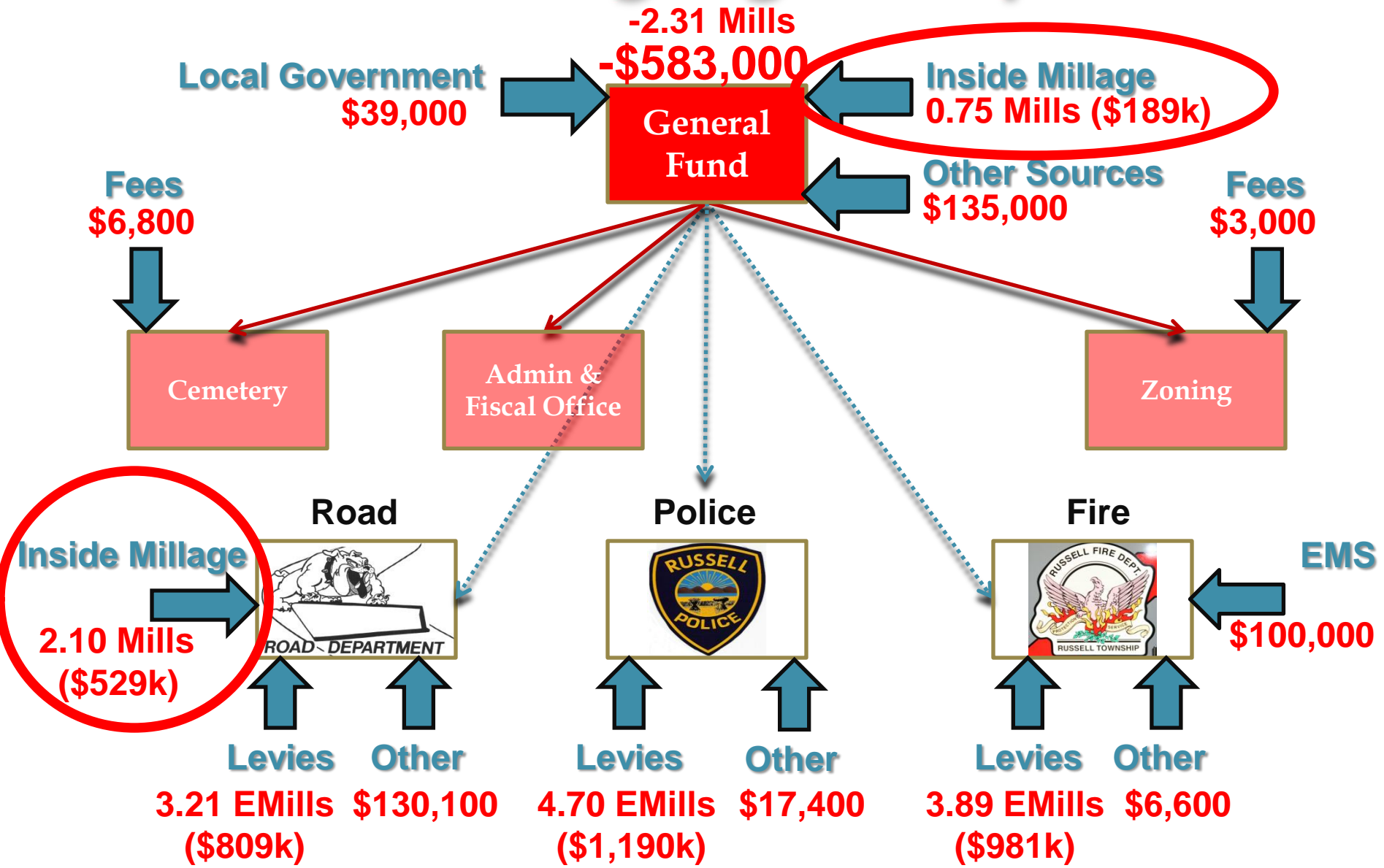
Our Emerging Footprint



Maint -> Road Advantages

- **Reduces resource requirements by eliminating departmental redundancies.**
- **Lessens administrative overhead.**
- **Removes direct fiscal burden on the General Fund.**

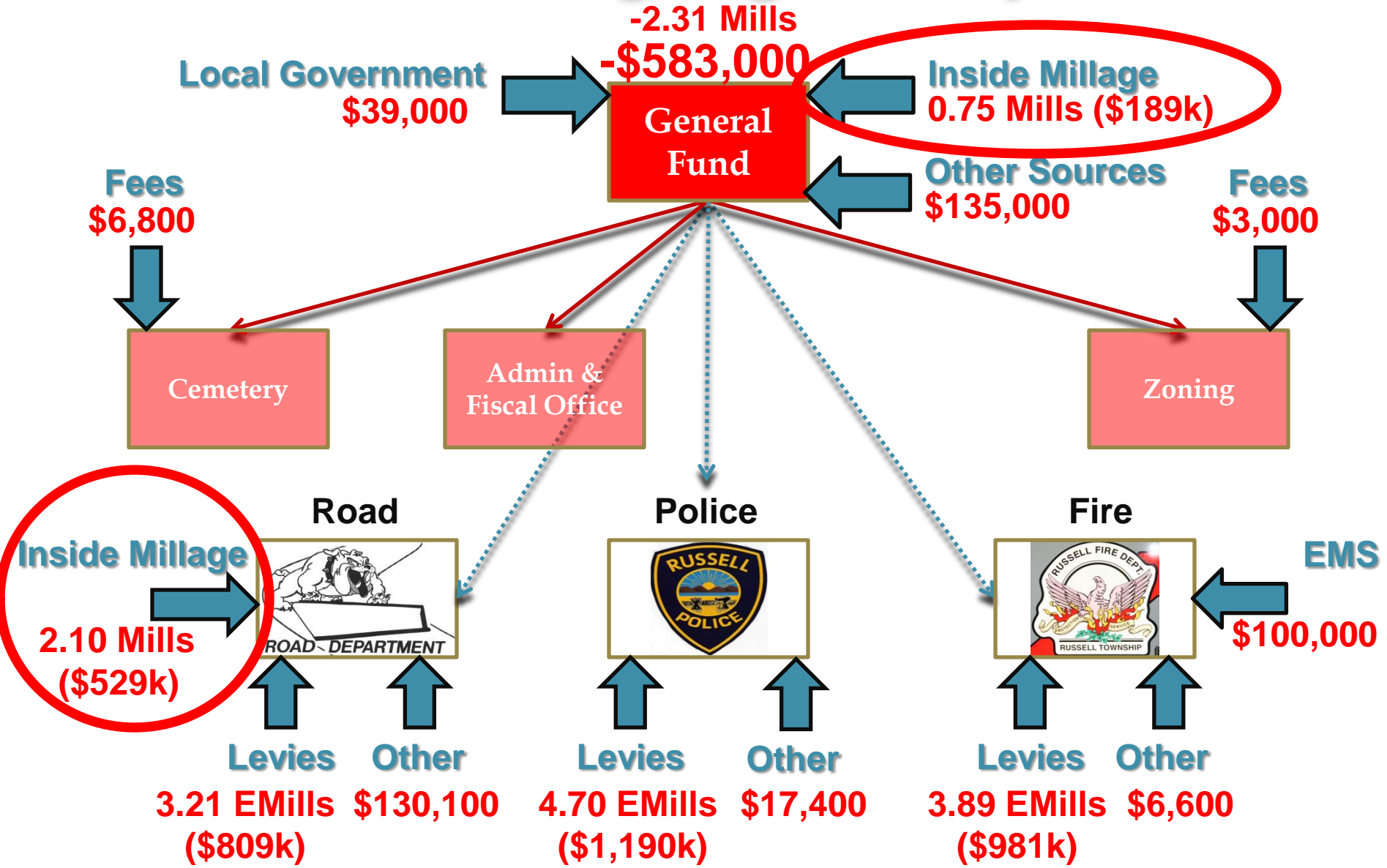
Our Emerging Footprint



Specific Revenue Initiatives

- **Redirect inside millage in line with other Townships and replace millage with new Road & Bridge Levy.**

Our Emerging Footprint



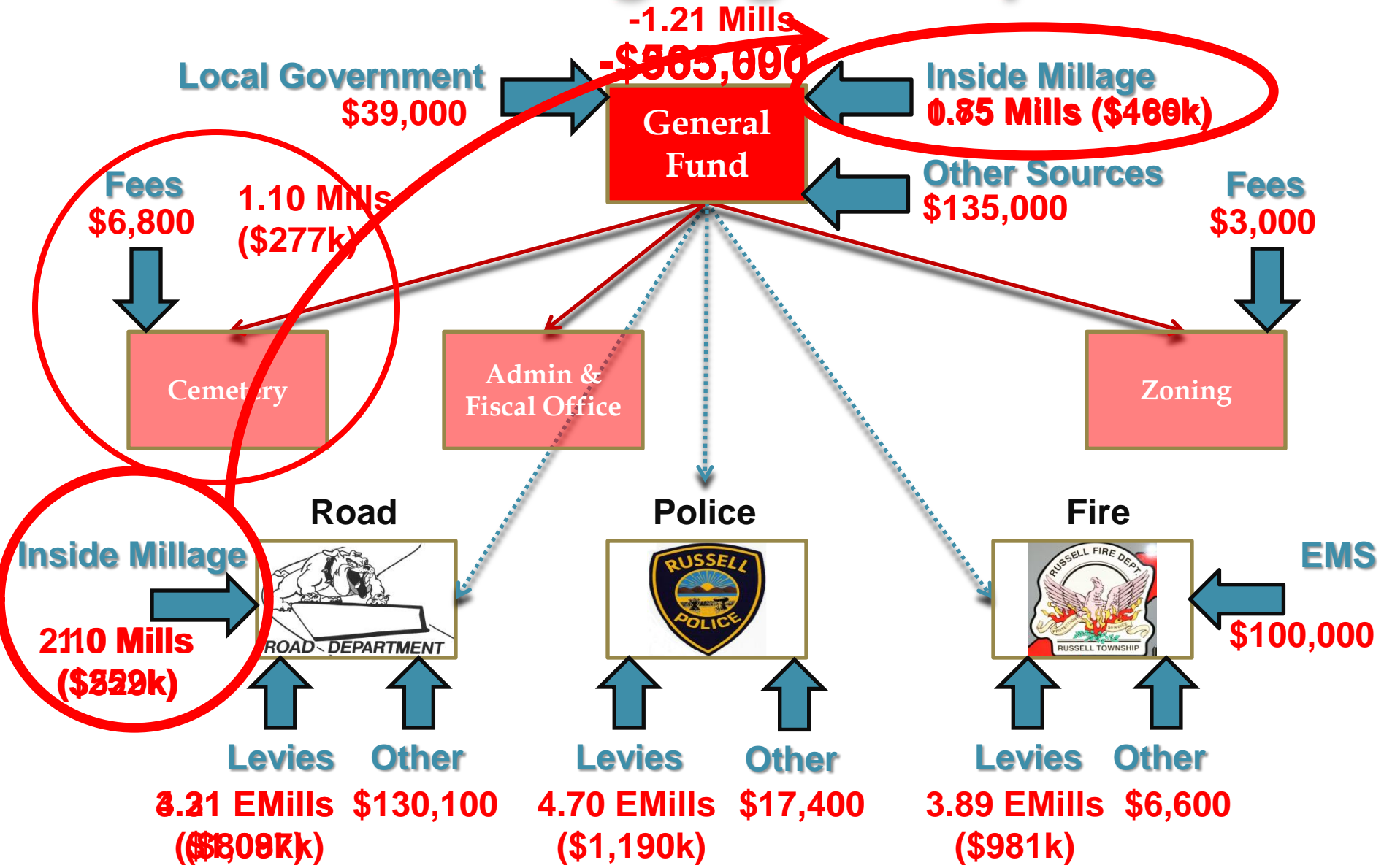
Inside Millage Allocation

Inside Millage Allocations					
Tax Year 2007 Collection Year 2008					
	General Fund	Road and Bridge	Police Pension	Park District	Total
Auburn Township	1.40	1.60			3.00
Bainbridge Township	1.30	1.70			3.00
Burton Township	2.00	1.00			3.00
Chardon Township	1.00	1.70			2.70
Chester Township	1.00	2.00			3.00
Claridon Township	1.10	1.90			3.00
Hambden Township	1.30	1.70			3.00
Huntsburg Township	1.70	1.30			3.00
Middlefield Township	1.30	1.70			3.00
Montville Township	1.20	1.80			3.00
Munson Township	2.00	1.00			3.00
Newbury Township	0.80	1.60			2.40
Parkman Township	1.70	1.30			3.00
Russell Township	0.75	2.10		0.15	3.00
Thompson Township	1.50	1.20			2.70
Troy Township	2.00	1.00			3.00
Aquila Villag	1.90				1.90
Burton Village	3.00				3.00
City of Chardon	2.70		0.30		3.00
Hunting Valley Villag	1.80		0.30		2.10
Middlefield Villag	3.00				3.00
South Russell Villag	3.00				3.00

Inside Millage Reallocation & Replacement

- Reallocate 1.10 Mills Inside from Road Department to the General Fund. **\$277,310**
- Replace Road Department Revenue with new continuing Road & Bridge Levy of 1.10 Mill. **\$277,310**
- This redirection will help slow the bleeding of the General Fund yet allow the Road Department to continue at its current level of work.
- It is important to note that this new Road & Bridge Levy is NOT additional revenue for the Road Department, it is merely replacing funds redirected to the General Fund.

Our Emerging Footprint



Specific Revenue Initiatives

- Redirect inside millage in line with other Townships and replace millage with new Road & Bridge Levy.
- **Present a new Cemetery Levy to create a near self-sustaining entity.**
- **Update Cemetery and Zoning fee structure.**

Cemetery

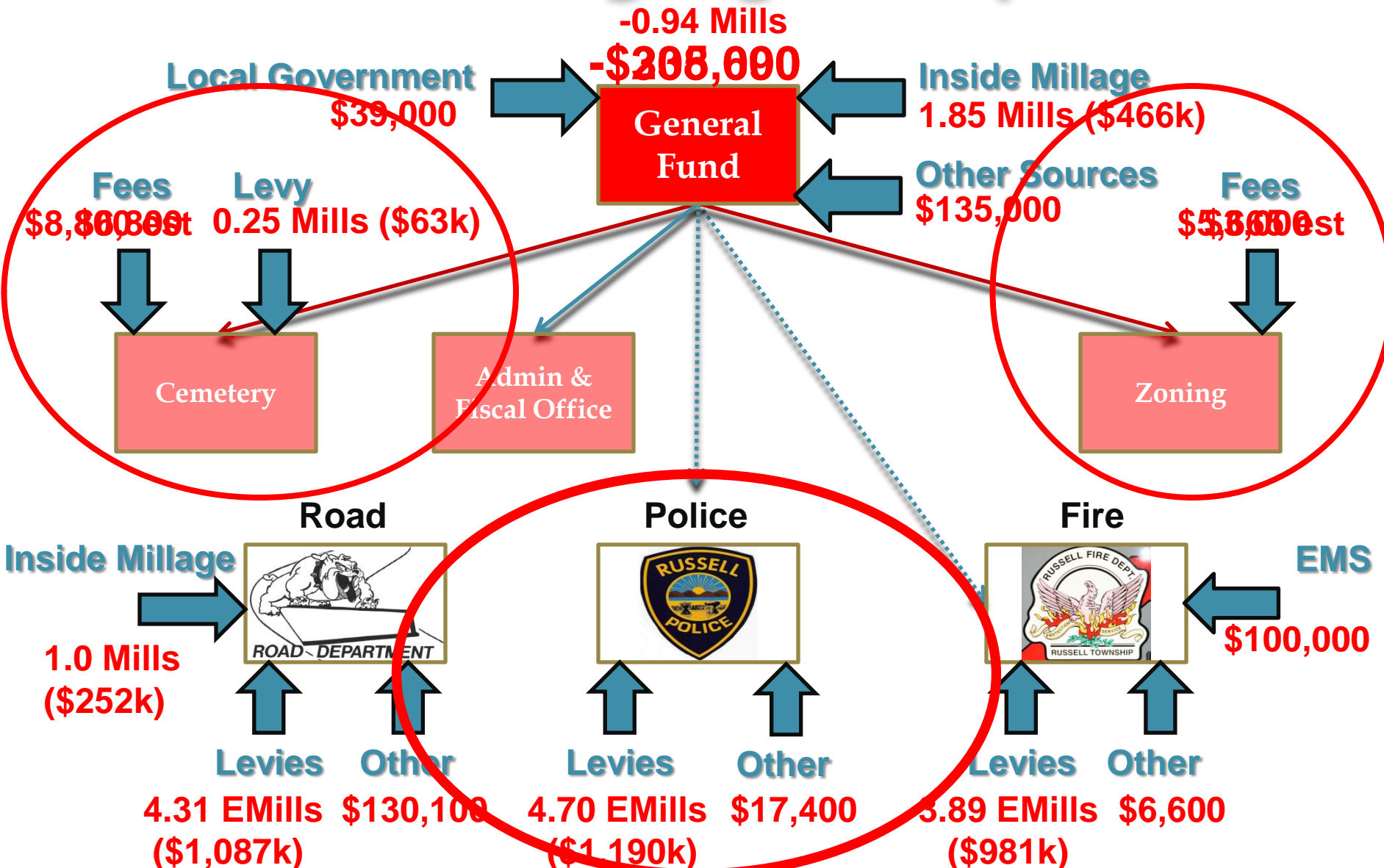
CEMETERY - 2014 FORECASTED P/L USING 2012 ACTUAL 2014 ESTIMATED FISCAL DATA

				NOTES
Revenue:				
2012 - From 2041 Special Revenue Fund (Cemetery)		\$4,550		
2012 - From 1000 General Fund		\$2,285		
Total		\$6,835		
Expenses:				
2012 - From 2041 Special Revenue Fund (Cemetery)	Salaries-Direct	\$5,902		Mary
2012 - From 2041 Special Revenue Fund (Cemetery)	Direct	\$2,906		Flowers, etc
2012 - From 1000 General Fund (Salaries-Trustee/FO)	Pro-rate	\$723		Estimate 1%=(20.8hrs/yr)
2012 - From 1000 General Fund (Fringe-Trustee/FO)	Pro-rate	\$362		Estimate 1%?-50%Salary
2012 - From 1000 General Fund (Salaries-Jack/Vince 1000-410-190-0000)	Direct	\$13,917		Mowing, Repairs, Plowing,etc.-278.3hrs*2men=13.38%
2012 - From 1000 General Fund (Fringe-Jack/Vince)	Pro-rate	\$6,958		Mowing, Repairs, Plowing,etc.-50%Salary
2012 - From Roads (Salaries+Fringe-Road)	Gene-Est	\$6,630		Opening & Closing=9Burials+5Cremations Burial=4men+mach(30/60)*2hrs, Cremation=1man(30)*1hr
2012 - From 1000 General Fund (Capital Equipment Costs)	Rate*Hrs	\$13,915		Pro-rate Maint Equip=trucks/mowers/weeders/etc.-25/hr
From 1000 General Fund (Supplies 1000-410-490-0000)	Direct	\$5,650		Stone/Trucking/GAR Paving/etc.
From 1000 General Fund (Supplies 1000-410-599-0000)	Direct	\$180		Other Expenses
From 1000 General Fund (Fuel)	Pro-rate	\$749		Estimate for Mowing & Trucks to Plow-13.38%*Direct
From 1000 General Fund (Equipment Costs)	CEW-Est	\$720		Mary's Computer/SW/Copies/phone/etc.
From 1000 General Fund (Utilities & Fire Protection)	Susan-Calc	\$1,728		Windstream & Service Bills?
From 1000 General Fund (Repairs&Maint Exp from Direct)	Pro-rate	\$12,582		Jack & Vince-GF Pro-rated 13.38%
From 1000 General Fund (Uniforms, Tools, etc. from Direct)	Pro-rate	\$201		Jack & Vince-GF Pro-rated 13.38%
From 1000 General Fund (Prop Insurance)	CEW-Est	\$403		Pro-rated
Adjustment for Inflation from 2014-2014 (2%)	Budget Est	\$1,471		2% Adjustment
Forecasted (Mary Equipment)	Budget Est	\$750		Computer&Printer Upgrade/Desk/etc.
Forecasted (Services)	Budget Est	\$7,500		Organ Work/Furnace/Tree Cutting/etc.
Forecasted Capital (Grounds & Building)		\$11,500		Signs/Lighting/Aprons/Fence/etc.
Total		\$94,746		
Profit/(Loss):		(\$87,911)		Requires .35 mills, requesting .25 mills

Cemetery Self-Sustainability

- Cemetery is estimated to cost the General Fund just under \$88,000 in 2014.
- The new 5-year, 0.25 Mill Cemetery Levy will generate approximately \$63,025/yr in Cemetery Revenue.
- We anticipate making up the balance with increased fees and cost reductions.

Our Emerging Footprint



Specific Revenue Initiatives

- Redirect inside millage in line with other Townships and replace millage with new Road & Bridge Levy.
- Present a new Cemetery Levy to create a near self-sustaining entity.
- Update Cemetery and Zoning fee structure.
- **Replace an old 1975 Police Levy to eliminate General Fund dependence.**

Police Statistics

- The rate of full-time law enforcement employees (civilian and sworn) per 1,000 inhabitants in the Nation was 3.5; the rate of sworn officers was 2.4 per 1,000 inhabitants (Based on Table 74)

Source: 2009 US Department of Justice
- Federal Bureau of Investigation

City	State	Population	All Law Enforcement Employees	Total Officers	Employees / 10K Pop.	Officers / 10K Pop.
Cleveland	Ohio	426,042	1,805	1,559	42.4	36.6

Source: 2010 Federal Bureau of Investigation
- Uniform Crime Reporting Program

Police

	Moreland Hills	Orange	Pepper Pike	Woodmere	Four city total	University Heights
Population	3,320	3,323	5,979	884	13,506	13,539
Police	13 full-time 2 part-time	13 full-time	15 full-time	15 full-time 12 part-time	56 full-time 15 part-time	26 full-time
Police per 1,000 residents*	4.2	3.9	2.5	15.8	4.7	1.92
Police chief salary	\$80,000	\$95,000	\$99,157	\$51,987	\$326,744	\$90,280
Firefighters	0	26 part-time	10 full-time 30 part-time	30 part-time	26 full-time 40 part-time	29 full-time
Fire chief salary	N/A	\$83,500	\$104,915	\$34,318	\$222,733	\$90,280
Law director	Contract	\$6,000	\$32,700	\$18,999	\$57,699	\$40,000
Mayor	\$46,751	\$38,000	\$55,000	\$32,000	\$172,651	\$70,025
Treasurer	\$32,364	\$30,000	\$87,984	\$18,540	\$168,888	\$70,000
Total city employees	39	56	88	74	257	104
Total payroll	\$2,029,479	\$2,591,517	\$4,420,880	\$1,432,687	\$10,474,563	\$4,772,892
Income tax	1.0%	2.0%	1.0%	2.5%		2.5%
Credit	0	0.90%	0.50%	2.5%		1.0%
Residential property tax**	\$224	\$217	\$291	\$132		\$404

* Part-time officers/firefighters count as half full-time.

**Property tax shown is the amount per \$100,000 of market value, for municipal taxes. Total tax bills are higher, as they include taxes for schools, the county and others.

SOURCE: The municipalities

LAURA JOHNSTON AND KEN MARSHALL | THE PLAIN DEALER

Police

Community	South Russell	Russell
Population	3810	5190
Police	9 full-time 5 part-time	8 full-time 2 part-time
Police per 1,000 Residents	3.0	1.7
Police chief salary	\$83,193	\$80,094

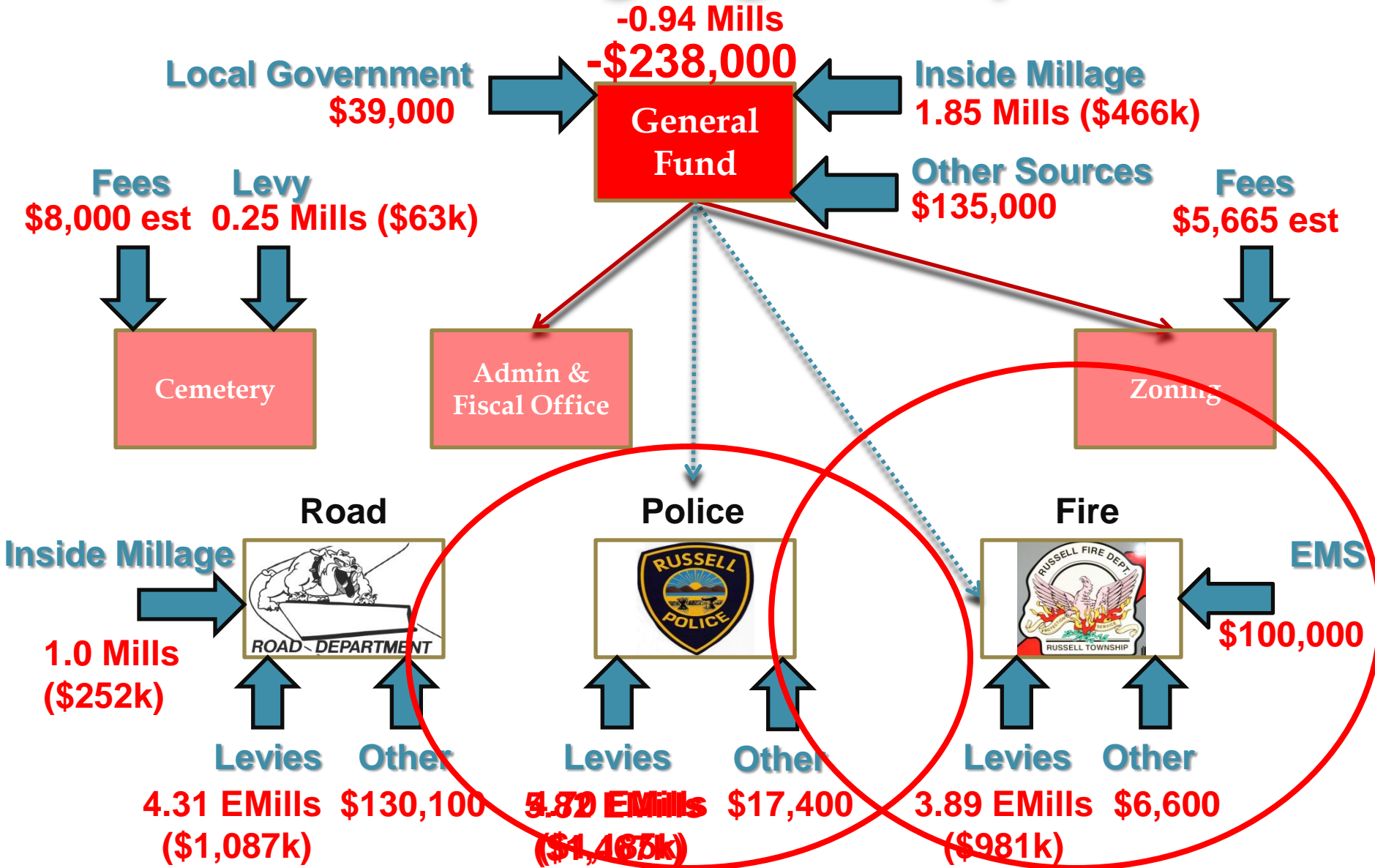
South Russell Village: 5-year, 2-mill renewal levy for police

Russell Township: Continuing, 1.5-mill replacement levy for police

Police Self-Sustainability

- The national average is 2.4 police officers per 1,000 residents. For Russell, at 5,190 residents, that equates to 10.4 officers.
- We currently have 8 full-time and 2 part-time officers which yields 1.7 police officers per 1,000 residents, well below the national average and well below neighboring communities.
- For Budget Year 2014, the Police Department is under funded by approximately \$160,000 and would require significant General Fund fiscal assistance.
- Replacement of the 1975, 1.50 Mill continuing Levy would provide Russell Police with the necessary Revenue to be self sufficient into the near future.

Our Emerging Footprint



Summary

- **The General Fund has lost approximately \$583,000 of funding due to Local Government cuts and Estate Tax elimination.**
- **We are asking for \$340,335 (<60%) in new Cemetery and Road & Bridge Levy revenue to lessen the shock to the General Fund.**
- **Merging Maintenance into Roads, adjusting Cemetery & Zoning fees, and implementing cost cutting measures will be leverage to further reduce the short fall.**
- **Passing the Police Replacement Levy will establish fiscal independence for the Police Department and thereby relieving the General Fund.**

Road & Bridge Continuing Levy

- This new continuing 1.10 Mill Levy is designed to replace the previously directed 1.10 Inside Millage for Road & Bridge use. This is NOT additional revenue to Road & Bridge, it is to replace that which is being redirected to the General Fund.
- The Road Department has a long history of prudently spending revenue, curbing expenses, and operating within budget. **For example: The 2013 Road Paving project was completed on time, >\$11,000 under budget, and received no formal resident complaints.**
- This Levy will cost the owner of a single family owner-occupied home with a market value of \$100,000 approximately \$37.90 per year.

5-Year Cemetery Levy

- This new 5-year, 0.25 Mill Levy is designed to fund the operation and maintenance of the Township's Cemeteries.
- This Levy will permit the Cemetery functions to be fiscally independent of significant General Fund support.
- Russell's Cemeteries represent incredible historical significance. They are both our responsibility and our heritage.
- This Levy will cost the owner of a single family owner-occupied home with a market value of \$100,000 approximately \$8.61 per year.

Police Replacement Continuing Levy

- **This replacement of the 1975 1.50 Mill Continuing Levy is designed to fund the operations of the Police Department.**
- **This Levy will permit the Police Department to become self-sustaining in its operation without the need for General Fund revenue support.**
- **Russell's Police Department provides superior service while utilizing fewer than the national average of officers per 1,000 residents.**
- **This Levy will cost the owner of a single family owner-occupied home with a market value of \$100,000 approximately \$41.76* additional per year.**

Summarizing

DEPARTMENT/TYPE	ORIGINAL YEAR	LEVY EXPIRES	RAW MILLAGE	2013 EFFECTIVE MILLAGE INCREASE	ADDITIONAL REVENUE COLLECTED @98%	ESTIMATED ADDITIONAL COST per \$100k VALUE
POLICE - Replacement Levy	1976	Continuing	1.50	1.12	\$276,705	\$41.76
ROAD & BRIDGE - New Continuing	2013	Continuing	1.10	1.10	\$271,764	\$37.90
CEMETERY - New 5-Year	2013	TY 2018	0.25	0.25	\$61,765	\$8.61
TOTAL - 2013 Levies			2.85	2.47	\$610,233	\$88.27


Geauga County Tax Rates

GEAUGA COUNTY Rates of Taxation for Tax Year 2012 (2013 Collection)

Full Tax Rates

LOCAL TAXING DISTRICT	Effective Agri/Resid	Tax Rates Other	Full Tax Rates							Total 2012	Previous Year
			Total County	Total Township	Total School	Total JVSD	Special District	Total Village	Total Library		
01. Auburn Twp-Kenston LSD	64.382964	73.579052	15.10	9.50	86.48	1.50			2.00	141.58	114.79
02. Bainbridge Twp-Kenston LSD	71.307664	82.629449	15.10	25.60	86.48	1.50			2.00	130.68	130.89
03. Bainbridge Twp-Chagrin Falls EVSD	84.602226	94.814249	15.10	25.60	115.60				2.00	158.30	150.40
04. Burton Twp-Berkshire LSD	41.903177	44.032723	15.10	7.25	52.30	1.50			1.20	77.35	76.45
05. Burton Village-Berkshire LSD	44.112606	46.793265	15.10		52.30	1.50		9.75	1.20	79.85	79.85
06. Chardon Twp-Chardon LSD	54.858321	60.514761	15.10	7.20	70.88	1.50			2.00	96.68	96.68
07. Chardon Twp-Riverside LSD	55.701830	57.189192	15.10	7.20	54.75	1.50	4.90		2.00	85.45	84.99
08. Chardon Twp-Kirtland LSD	66.047814	65.525198	15.10	7.20	78.69	1.50			1.00	102.49	96.86
09. Chardon Twp-Mentor EVSD	59.172704	69.225860	15.10	7.20	77.80				2.00	102.00	100.36
10. City of Chardon-Chardon LSD	56.225183	63.047485	15.10		70.88	1.50		12.00	2.00	101.48	100.48
11. Chester Twp-West Geauga LSD	60.902681	62.593005	15.10	17.97	55.70		.20		2.00	90.97	91.11
12. Claridon Twp-Berkshire LSD	43.476191	45.028401	15.10	9.15	52.30	1.50			1.20	79.25	79.50
13. Claridon Twp-Chardon LSD	55.289266	61.217748	15.10	9.15	70.88	1.50			2.00	98.63	98.88
14. Aquilla Village-Chardon LSD	57.798353	67.931149	15.10	5.25	70.88	1.50		9.50	2.00	108.23	100.48
15. Hambden Twp-Chardon LSD	57.479959	62.440399	15.10	10.35	70.88	1.50			2.00	99.83	99.83
16. Huntsburg Twp-Cardinal LSD	49.727614	56.493777	15.10	9.00	54.63	1.50			2.00	82.23	82.96
17. Huntsburg Twp-Ledgemont LSD	45.208131	49.013145	15.10	9.00	51.20	4.11			2.00	81.41	81.41
18. Middlefield Twp-Cardinal LSD	47.765275	56.251424	15.10	6.62	54.63	1.50	2.80		2.00	82.65	83.06
19. Middlefield Village-Cardinal LSD	46.384145	55.174870	15.10		54.63	1.50	2.80	5.43	2.00	81.46	81.76
20. Montville Twp-Ledgemont LSD	44.371855	48.532323	15.10	10.40	51.20	4.11			2.00	82.81	82.81
21. Munson Twp-Chardon LSD	57.417502	63.910932	15.10	12.25	70.88	1.50			2.00	101.73	101.73
22. Munson Twp-West Geauga LSD	58.560788	60.138382	15.10	12.25	55.70		.20		2.00	85.23	85.39
23. Newbury Twp-Newbury LSD	60.502841	61.420343	15.10	7.90	66.59	1.50			2.00	93.09	93.09
24. Newbury Twp-Kenston LSD	62.822749	71.921433	15.10	7.90	86.48	1.50			2.00	112.98	113.19
25. Parkman Twp-Cardinal LSD	48.106288	56.705487	15.10	8.80	54.63	1.50			2.00	82.98	82.76
26. Russell Twp-West Geauga LSD	64.035947	68.358882	15.10	22.85	55.70		.20		2.00	95.85	95.99
27. Hunting Valley/W. Geauga LSD	53.972077	55.239123	15.10		55.70		.20	5.10	2.00	78.20	78.24
28. Russell Twp-Chagrin Falls EVSD	83.414137	94.631111	15.10	22.85	115.60				2.00	155.55	147.65
29. S Russell Village-Chagrin Falls EVSD	75.656695	84.591472	15.10		115.60			11.95	2.00	144.65	136.75
30. Thompson Twp-Ledgemont LSD	46.796777	51.447502	15.10	12.50	51.20	4.11			2.00	84.91	84.91
31. Thompson Twp-Madison LSD	57.959731	63.070652	15.10	12.50	58.58	1.50	4.90			92.58	88.04
32. Troy Twp-Berkshire LSD	44.252059	44.961828	15.10	11.00	52.30	1.50			1.20	81.10	81.10
33. Troy Twp-Cardinal LSD	49.382706	55.844333	15.10	11.00	54.63	1.50			2.00	84.23	84.96

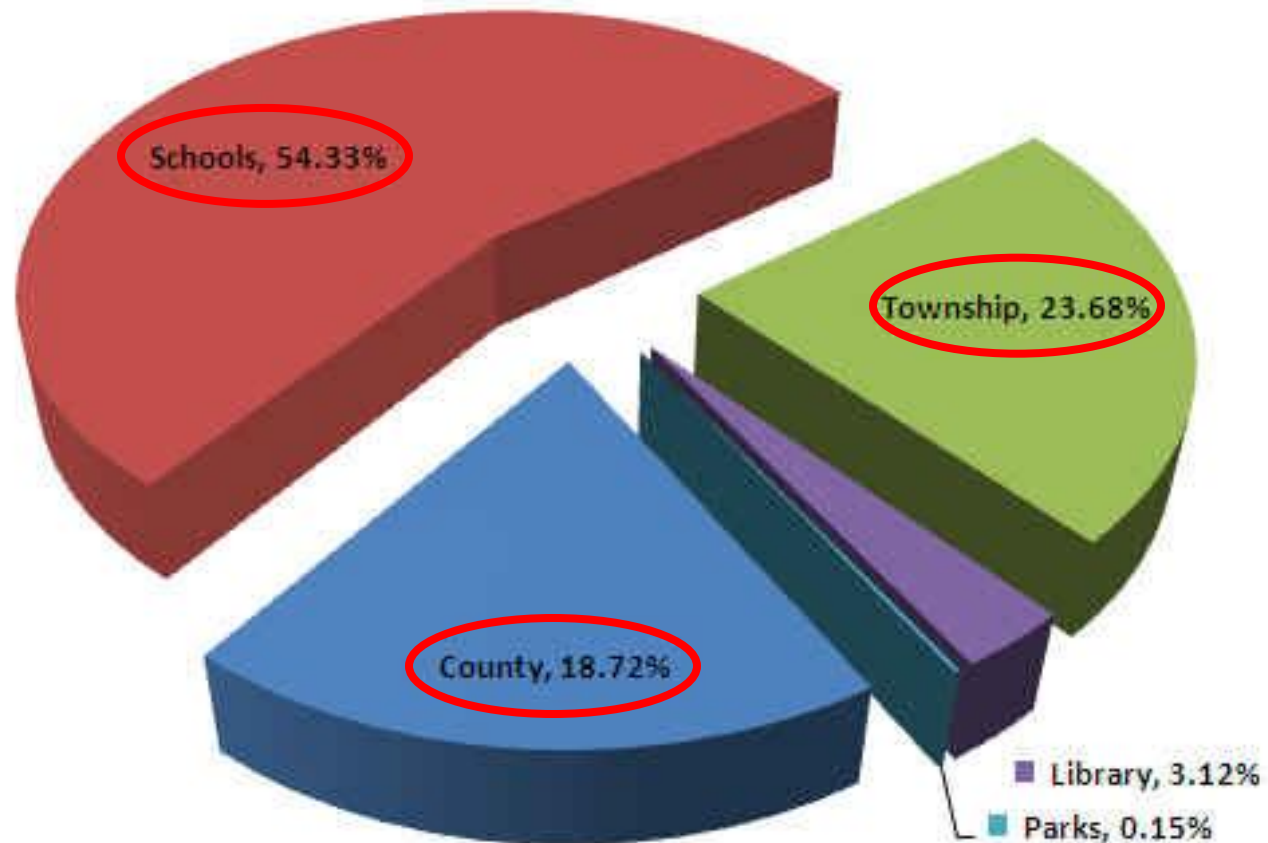
I hereby certify that these are the tax rates for tax year 2012 as approved by the Geauga County Budget Commission, certified by each taxing district to the County Auditor, with the effective tax rates as certified by the Department of Tax Equalization applied.


Frank J. Gliha, Geauga County Auditor

1-2-13/W
(Date)

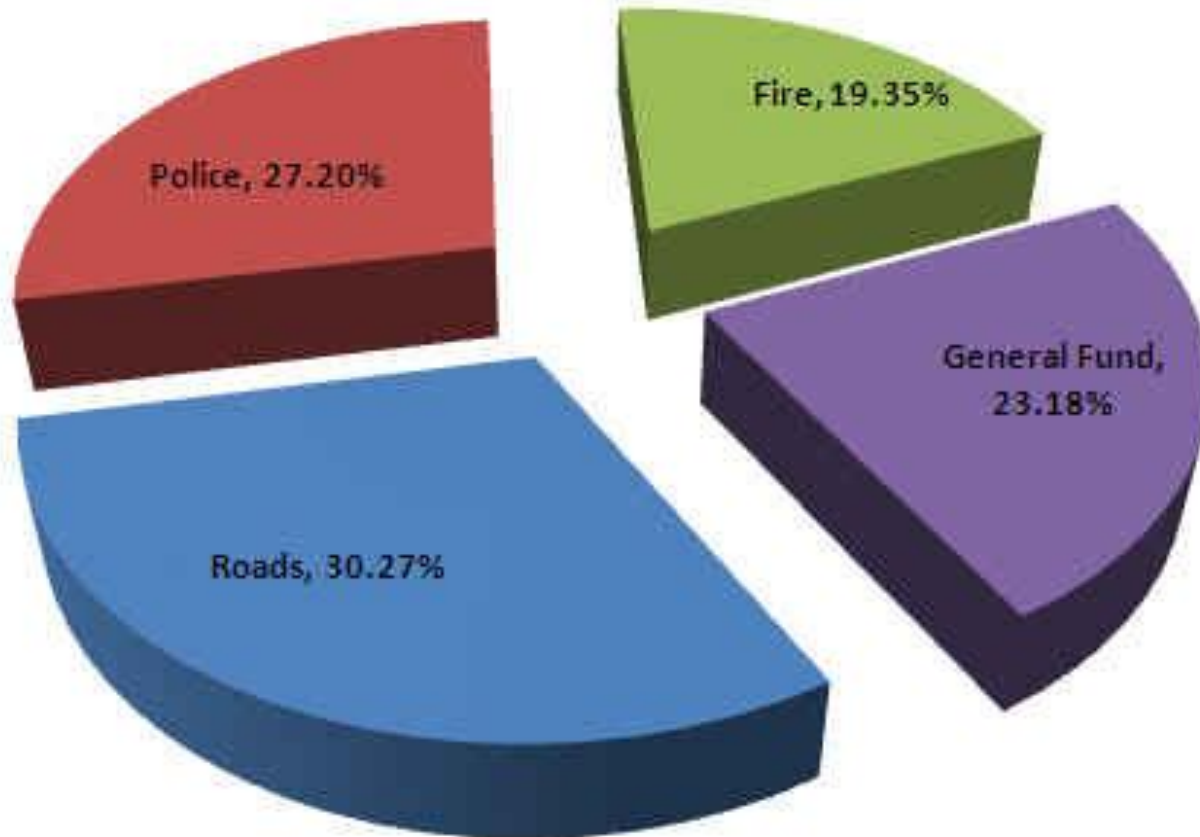
Where do your tax dollars go?

WHERE DO YOUR TAX DOLLARS GO?

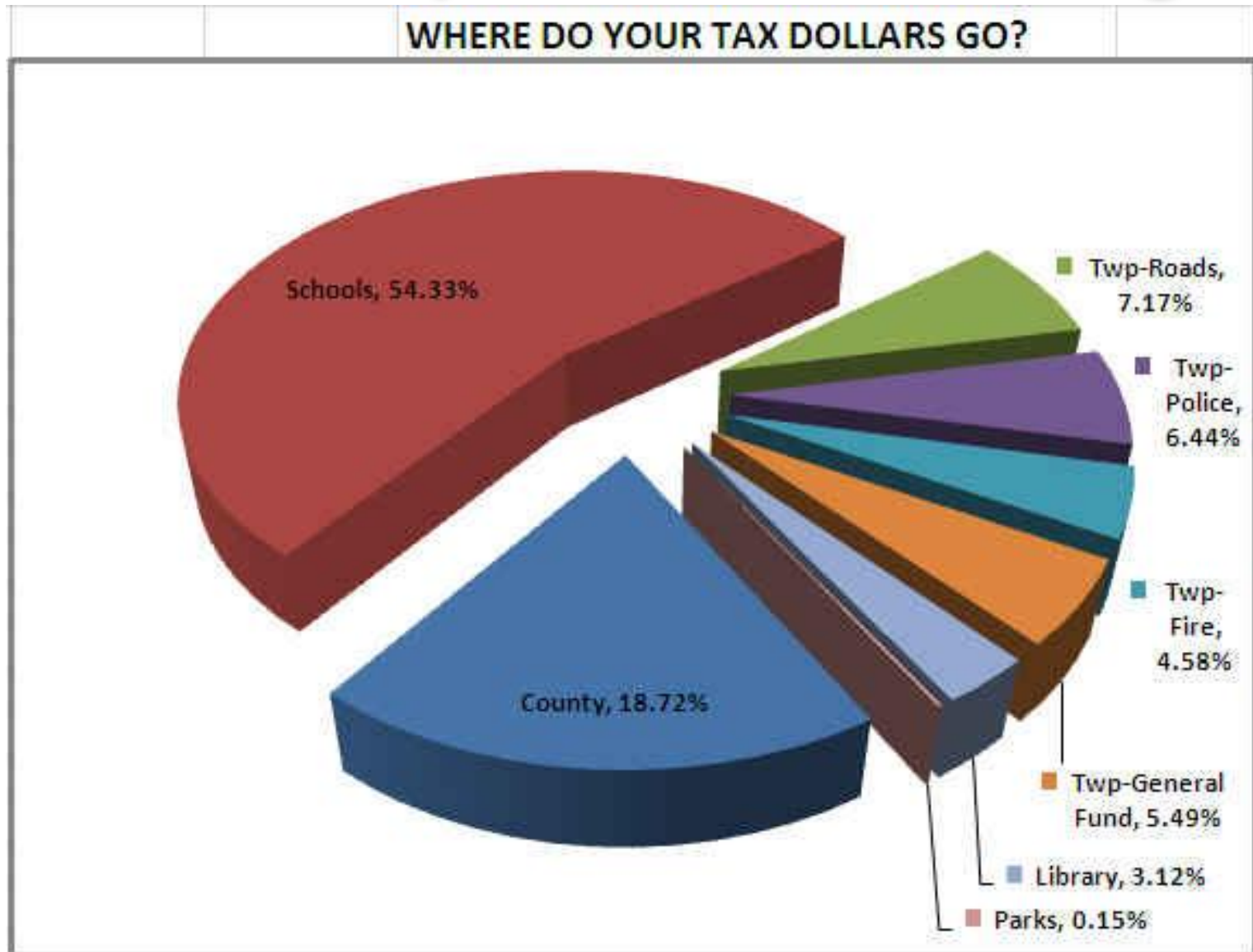


Where do your Twp dollars go?

WHERE DO YOUR TOWNSHIP DOLLARS GO?



Where do your Tax dollars go?



Questions, Suggestions, & Comments?

We Welcome Your Input:

Suggestions? BoardOfTrustees@RussellTownship.us

or

CWalder@RussellTownship.us

Please Support Our Initiative
Thank You