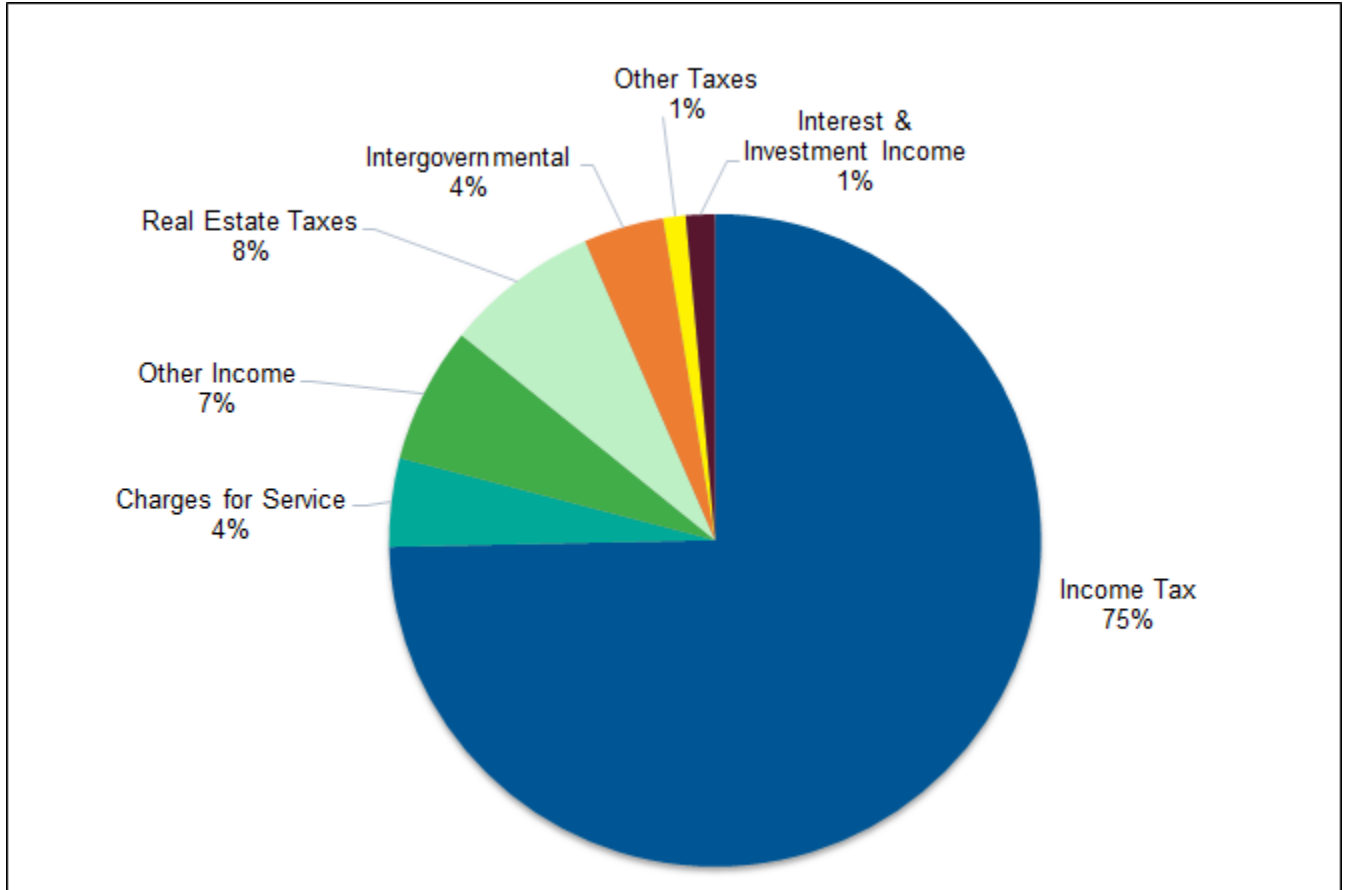


GENERAL FUND OVERVIEW

General Fund Revenue Estimate.....\$22,062,535

General Fund resources in 2021 are estimated to total \$22,062,535, which is a decrease of \$2,663,280 over 2020 revised planned revenue. Planned revenue for 2020 was revised as a result of COVID-19 with anticipated lost income tax revenue of 10%.



Other Income includes Miscellaneous Income, Fines & Fees, Licenses & Permits and Advances
Other Taxes includes Hotel/Motel Tax, and Cigarette Tax.

Projections for 2021 General Fund revenue are impacted by several factors. The most significant is the impact of the pandemic on the economy, which has a direct impact on income tax revenue. As of the date of this publication, COVID-19 numbers are rising across Ohio and around the nation and may have a significant impact on the already fragile economy. However, the impact of this is difficult to predict, as some sectors of the economy have adjusted their business models to weather the pandemic and have remained profitable, while other sectors (such as those that provide medical supplies and perform deep cleaning services) are growing and thriving during the pandemic. Conversely, the hospitality, retail, lodging, and health and beauty sectors continue to struggle, and many are closing their doors. With so many unknown factors, we referenced the 2008 recession and what occurred during that time. Initially, there was a modest drop of 2.17%, with 2009 experiencing the largest decline of 6.93%, and the final decline in 2010 at 4.62%. Based on collections through the end of September, we are currently at a 9.5% loss, with a total expected loss at 10% by year end. In addition, current Federal Reserve policy was taken into consideration. The Federal Reserve interest rates will remain at 0% for the next three years. This indicates the Federal Reserve is not expecting any growth or recovery for at least three years. An 8% reduction in income tax revenue was planned after reviewing and

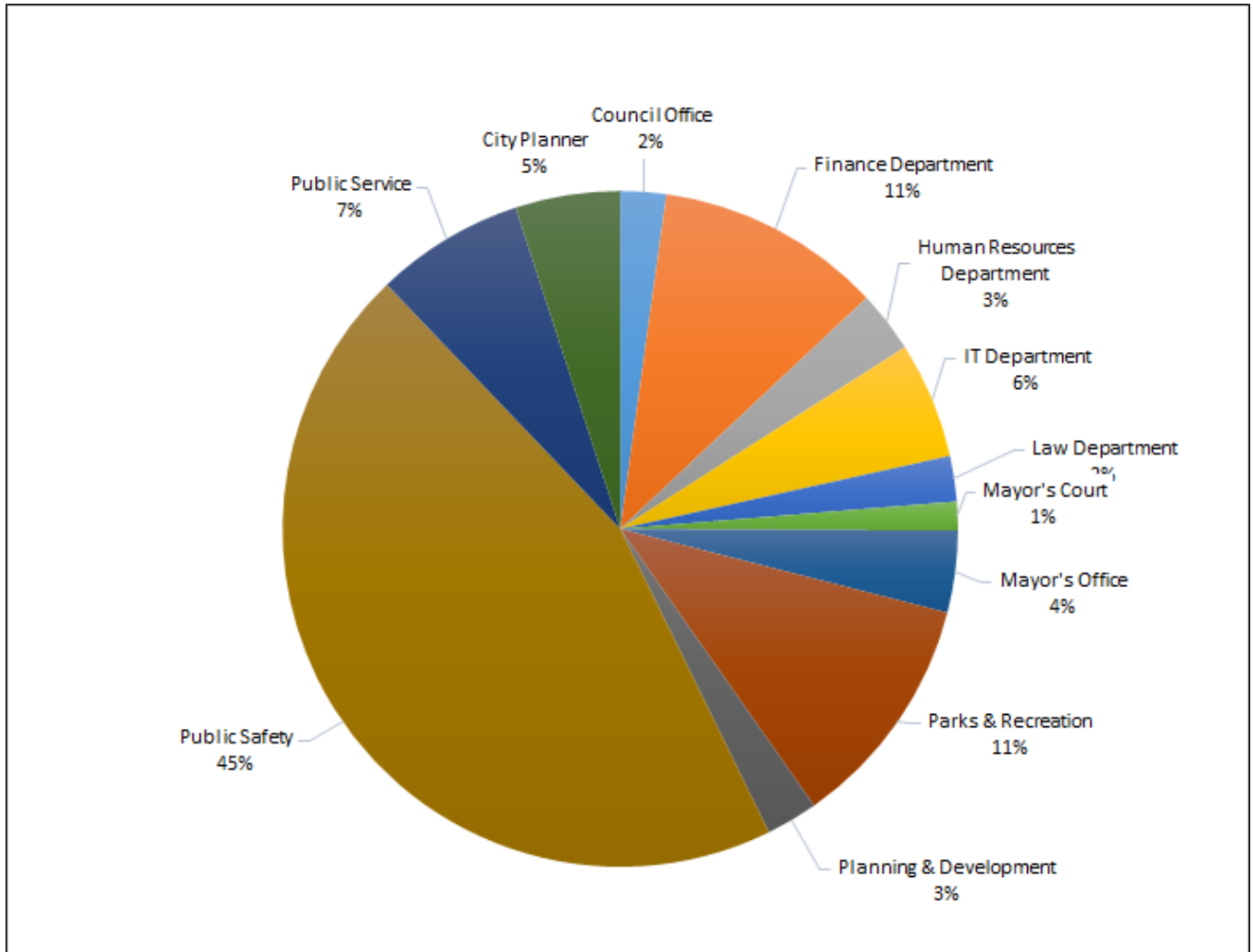
analyzing all relevant information. No growth or recovery would indicate 0%, but we are still uncertain of the full economic impact for 2020. Also, the 2008 recession reflected less of a decrease following the largest decrease in 2009. While the 2008 recession was different, many economists are referring to what occurred during that time as the most recent significant economic downturn to model what possible outcomes may occur. The 8% reduction equates to a \$1.2M decrease. Over the two year period, this is a decline of \$3.1M from 2019.

The next largest decline is in investment income. The City utilizes the services of an investment advisor and we requested estimates based on the City's current portfolio, maturities, yields and possibilities for re-investment. Based on current market conditions, Federal Reserve policy, and lack of inventory for re-investment, \$567K reduction in investment income was estimated.

Additionally, the movement of approximately \$778K of operational activities into the special revenue funds reflects a change in accounting for specific activities rather than a loss of revenue for the City.

General Fund Expenditure Appropriation.....\$24,293,452

2021 planned General Fund expenditures totaled \$24,293,452, which is a slight increase of \$288,357 over amended 2020 appropriations.



Obj Description	2018 Actuals	2019 Actuals	2020 Revised Appropriations	2021 Request	2020 vs 2021
Salaries & Benefits	15,990,546	15,024,021	15,658,528	17,165,160	1,506,632
Contract Services	4,830,713	13,810,169	4,310,895	4,121,564	-189,331
Materials & Supplies	2,268,271	2,110,755	2,158,791	1,669,820	-488,971
Interest & Fiscal Charges	0	0	176,669	63,063	-113,606
Capital Outlay	1,401,442	891,588	39,022	0	-39,022
Debt Service	0	0	0	455,000	455,000
Advance Out	630,000	0	0	0	0
Transfer Out	8,286,280	4,718,190	1,661,190	818,845	-842,345
Grand Total	33,407,252	36,554,723	24,005,095	24,293,452	288,357

General Fund Appropriations Request

Sustainable Operating Model

Before the passage of the income tax levy in May 2019, the City did not have a dedicated stream of funding for capital maintenance or improvements beyond unreserved General Fund balance. The Sustainable Operating Model, or SOM, was adopted to provide assurance that at a minimum, the City could maintain current capital assets and possibly fund new improvements. The intent of this model was to maintain current operations within current revenue projections and to only use unreserved fund balance for one-time costs. While this model worked in previous years, it is not possible to maintain for 2021 and possibly through 2025 due to COVID-19. In addition, this model may no longer be necessary, as there now is a dedicated funding source for capital maintenance and improvements. The fundamental purpose of government is to return taxpayer dollars to the community in the form of services. While the City has incurred significant revenue loss that is anticipated to continue into 2021 and beyond, the need for services has and will continue to increase as the population continues to grow and unfunded mandates remain, such as ADA compliance for sidewalks.

2021 General Fund Operations	
Planned Revenue	\$ 22,062,535
Planned Operating Expenditures	\$(24,293,452)
Balance	\$ (2,230,917)

The above reflects a funding gap between ongoing revenue sources and expenditures of \$2.2M. Referring to the table on the previous page, the request for 2021 represents a modest 1% increase from 2020. Except for salaries and benefits and debt service, reductions were identified in every other category of expenditures to have the least amount of impact on unreserved fund balance as possible. The City, as a service organization, must recruit and maintain the appropriate level of staffing to keep up with the ever-growing demand for services. The following tables identify the General Fund request for salaries and benefits, justification and associated anticipated cost for each.

Salary & Benefit Increases	Justification	Cost
FOP Increase of 3.34%	Required by Contract	\$ 257,230
Dispatcher Increase of 3%	Required by Contract	31,850
USW Increase of 3%	Required by Contract. (Note: Most USW employees are paid from other funds)	29,250
Unclassified increase. 1.5% Jan 1 and 1.5% July 1 and mid-point increase.	Needed to maintain comparability in wages for non-union employees and cost of living adjustments.	93,760
Insurance Increases	5.5% increase for all union members and life insurance is based on salary by contracts and ordinances. The City provides two times an employees salary in life insurance. It should be noted this is not a costly benefit and the majority of the increase is health insurance cost.	309,662
	Total	\$ 721,752

The following table outlines positions that were appropriated for 2020 but were not filled and removed from appropriations earlier in the year with the onset of COVID-19 and uncertainties of immediate impact:

2020 Vacant Positions to Fill	Department	Employee Status	Justification	Cost
Economic Development Coordinator	Development	Full-time	This position replaces the Economic Development Manager. This is necessary to manage the various economic development contracts and obtain economic development data.	\$ 97,340
Facilities Maintenance Coordinator	Parks & Recreation	Full-time	The City's pools require an employee with specialized skills in pool maintenance. This represents 40% of the position. In the off season this position will be assist with other Parks & Facilities maintenance.	39,070
Parks Superintendent	Parks & Recreation	Full-time	This position is necessary to manage all staff in the Parks Division.	130,500
Team Member (2)	Public Service & Engineering	Part-time	These positions will assist the Streets/Utilities Divisions with maintenance activities throughout the City. Transfer to Special & Proprietary Funds reduction of \$42,160.	-
			Total	\$ 266,910

The below table identifies new positions that are being requested in order to support requested programs and required projects:

New Staffing Requests for 2021	Department	Employee Status	Justification	Cost
Administrative Assistant	Development	Full-Time	The current Administrative Assistant in Development is being reassigned to the Planning Department. This position is necessary to support the Development Department. Eliminate for 2021 reduction of \$83,650.	\$ -
Director of Administrative Services	Mayor	Full-Time	Creation of Director of Administrative Services to manage internal facing departments, Human Resources, Information Technology and Finance. Eliminates two Director positions and backfills with an IT Manager and Human Resources Administrator.	46,690
Community Liaison	Mayor	Part-Time	This position is necessary to provide a consistent contact for external organizations to allow for coordination in community and economic support programs.	36,510
MORPC Intern	Mayor	Part-Time	MORPC intern to provide City-wide support for various initiatives. Eliminate for 2021 reduction of \$19,890.	-
Maintenance Worker (4)	Parks & Recreation	Full-Time	Replace 14 part-time employees with 4 full-time Maintenance Workers. Allows for consistency in service and less strain on Human Resources and the Division due to high turnover in this area. The transition to full-time employees will result in net savings and a better continuity of services.	(6,000)
Horticulturist	Parks & Recreation	Full-Time	With over 700 acres of parkland this position is necessary to cultivate and manage the various plants throughout the City. There is currently no employee assigned to these responsibilities. Transfer to Special Fund reduction of \$97,670.	-
Management Analyst (reclassification of Office Support Worker)	Planning	Part-Time	This position requires more responsibility by requiring an employee who can answer technical questions about City code and do preliminary plan reviews.	9,990
Code Enforcement Officer	Planning	Full-Time	This position will assist with the enforcement of the new rental and nuisance codes.	90,710
911 Dispatcher	Public Safety	Full-Time	The current staffing level results in significant overtime due to shift staffing requirements. Overtime and staffing will increase with the associated move to the new communications center. Hiring mid-year is anticipated to be in alignment with the move to the new center.	63,910
Management Analyst (reclassification of Administrative Assistant)	Public Safety & Law	Full-Time	This position will assist the Law Department with victim advocate services that are required by ORC. This position will require on-call hours in the evening and weekends. 25% of this position will be funded by the Law Department and 75% Public Safety.	11,710
Team Member (1)	Public Service & Engineering	Part-Time	This position will assist the Facilities Maintenance Foreman with various maintenance activities for City owned property.	21,080
			Total	\$274,600

Impact to Fund Balance

For 2021, total General Fund expenses, including transfers, are expected to exceed revenue by \$2.2M. This difference will be offset by the General Fund unreserved fund balance. The Emergency Reserve will remain untouched and intact for 2021. Unreserved fund balance will be equivalent to 2.66 months of unreserved fund balance after using the \$2.2M. It is also important to note that additional Coronavirus Relief Funds are available to reimburse the General Fund for expenditures related to the pandemic. This will increase the anticipated ending fund balance by the amount of the reimbursements made. Through September 30, 2020, there were more than \$500K in reimbursements made with the potential for more than \$1M additional.in

reimbursements. This would equate ending fund balance to approximately 3.5 months of unreserved fund balance after using the \$2.2M.

General Fund Analysis Unassigned Fund Balance	
Total General Fund Appropriations 2021	24,293,452
Less Debt Service	<u>1,087,000</u>
Total Operating Appropriations 2021	23,206,452
25% of Operating Appropriations for Emergency Reserve	5,801,613
Rounded Reserve to be set aside	5,805,000
Projected Ending Fund Balance	13,181,368
Less Emergency Reserve	<u>5,805,000</u>
Remaining Projected Unassigned Fund Balance	7,376,368
Use of Unreserved Fund Balance Due to Economic Conditions	<u>2,230,917</u>
Remaining Unreserved Fund Balance	5,145,451
Total Operating Appropriations 2021	23,206,452
Divide by 12 for approximately 1 month	1,933,871
Times 2 for 2 months of operations	3,867,742
Amount of Projected Unassigned in Excess of 2 Months	1,277,709

As stated earlier in this section, the fundamental purpose of the City is to return taxpayer dollars in the form of services. Using the unreserved fund balance is returning to the community previously received taxpayer dollars in a time when forces outside of the City's control are resulting in a significant loss of General Fund revenue. Ohio Revised Code Section 5705 defines resources for budgeting as estimated revenue for the upcoming year plus anticipated unreserved fund balance carried forward.