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News Release

CITY TO HOLD SPECIAL MEETING TO DISCUSS BUDGET

WEST CARROLLTON, Ohio – The West Carrollton City Council will hold a special session at 6 p.m. on Thursday, Feb. 14 to discuss the city budget.

“This is going to be a difficult budget year for the city,” said Tom Reilly, finance department director. “Revenues have not kept pace with expenditures,” he said.

Reilly said that revenues have increased by about 2 percent, while expenditures have increased by about 4 percent. “As with most businesses and governments, a large component of those expenditure increases has been health care costs,” he said.

This situation has forced the city to use reserve balances or “rainy day funds” to cover general operating expenses during the past six years.

The current projected general fund deficit for 2008 is approximately \$600,000. Last year’s general fund deficit was \$424,701 representing a 21 percent decline in the reserve balance. The reserve fund balance is \$1.6 million, down from approximately \$4 million in 2001.

City Manager Brad Townsend and department directors are researching ways to cut costs without cutting personnel. “However, these cuts alone will not balance the budget,” Townsend said. “Revenue enhancements are going to need to be considered in order to maintain the same level of service that citizens have come to expect,” he said.

Two of the revenue enhancements that city council will consider are a sewer rate increase and a property tax increase. “It should be noted that these are not the only steps that we are considering,” Townsend said.

According to Reilly, the city of West Carrollton currently has the lowest sewer rate in Montgomery County. “And the rate hasn’t been increased since 1993.”

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In addition to potential sewer rate increases, the council may also consider a property tax increase. The city's current property tax is 2.74 mills or approximately \$84 per \$100,000 home value. "That millage has essentially remained the same over the past three decades keeping the city's portion of the tax one of the lowest city millages in the county."

Reilly explained that only a small portion of the total residential property taxes paid goes to the city. "Just under a nickel, or 4.8 percent, comes to the city for every \$1 paid in real estate tax," he said.

According to the city charter, the council has the option to increase the operating levy rate an additional 3.51 mills without a general election.

"That extra millage has always been considered a safety net, which would not be used unless, absolutely necessary," Reilly said. "We are now at that point."

The decline in revenues can also be attributed to erosion of the commercial tax base due to the closing of local businesses such as Woody's Market, Fraser Papers and Roberds Furniture.

In 2005, residents voted for ¼ percent income tax increase to help offset the losses. "However, this only helped slow the decline in the reserve balance," Reilly said.

Reilly said that any property tax increases would not go into effect until 2009. "Anything we do now concerning property tax would not affect the budget until next year," he said.

City officials also explained that the past improvements to the police department and fire department buildings were not paid out of the general fund. Those improvements were paid out of the capital improvement projects fund.

Of the 2 percent city income tax collected, 1½ percent goes into the general fund and ½ percent goes into a capital improvements projects fund, Reilly explained. "Those capital improvements did not affect the balance of general operating fund," he said.

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For media interviews, call **Tom Reilly**, finance director, at (937) 859-8288. Call **Brad Townsend**, city manager, (937) 859-5183.