

## From the Desk of the Director of Finance...

Over the past five years, the City of Munroe Falls has continued to improve their financial position, while at the same time, forecasting known capital asset costs. The City has numerous aging assets which have been providing services to the community but will need to be replaced in the near future.

Our Municipal Income Tax is the primary source of revenue for the City's general operating fund. Currently ten percent (10%) of the tax revenue, approximately \$150,000, is annually allocated toward capital improvements in the Capital Improvement Fund. As the cost of equipment, supplies and materials have significantly increased, the projected needs outweigh the current revenue stream. A new capital levy will be proposed in May to help finance the City's capital assets needed to continue servicing the community. This levy will cost the homeowner of \$100,000 home, an average of \$63.50 a year, and will generate an estimated \$250,000 per year for the next ten years to help cover future capital expenditures.



The City's two fire engines, Engine 1 purchased in 1995, and Engine 2 in 2005, are the city's most expensive capital assets to replace. Although very well maintained, the engines are approaching the end of their useful life with aging electronics and increasing maintenance repair costs. The replacement for Engine 1 has an estimated cost of \$630,000 plus financing, if ordered by the end of this year. The Fire department's total capital needs are estimated to be \$1.4 million over the next ten years. The existing Fire Levy can only be used for Fire department salaries and related personnel costs and cannot be used to purchase fire equipment or vehicles.

The general operating fund also supports 75% of the police operational and capital budget in addition to administrative costs, and general services provided to the community. The current Police levy provides the remaining 25% of operational and capital costs, approximately \$314,000 a year. The total Police budget for 2022 is \$1.4 million. The current Police levy costs a homeowner of a \$100,000 home, an average of \$77.50 a year and will expire in 2023 unless renewed.

Other departments, such as the Service/Street Department, also rely on the Capital Improvement Fund for financing capital equipment. Currently the department operates with a 2004 5-ton dump truck, a 2002 1-ton dump truck, and a 22-year-old backhoe. These assets will need to be replaced over the next 1-5 years. The Road and Bridge levy is a restricted fund and can only be used for the construction, maintenance and repairs of city streets and does not provide any funding toward capital equipment or vehicles.

Other funds of the City, such as the Water Fund, which generates its revenues from water utility payments, contributes toward improving water infrastructure, maintenance of the water towers, and debt servicing of the waterlines.

The items mentioned above are only a few of the City's future capital needs necessary to continue the delivery of public safety, fire, street, and general government services to the residents of Munroe Falls. Many of the capital purchases, and projects have been postponed to future years due to the limited resources and focus on balancing the budget. However, the future is here and the necessity for financing a capital asset program cannot be delayed any longer. For the City's complete financial picture, visit the City's website: [www.munroefalls.com](http://www.munroefalls.com) under Finance Department



Best regards,

*Karen F. Reynolds*