

Washington Township, Ohio  
Community Taxation Philosophy

ADOPTED: 2/25/2025

**Purpose of this Document**

The primary aim of this taxation philosophy is to set clear targets and guidelines for generating tax revenue to support Township activities. It also aims to create a long-term plan to minimize the need for frequent requests for new funds from taxpayers.

**Objectives**

The primary objectives of the taxation philosophy for Washington Township are as follows, in order of priority:

- 1) To identify sufficient operating, maintenance, capital improvement and debt service revenue. Ensure adequate revenue for operations, maintenance, facilities and debt service to uphold community standards and maintain the Township's financial stability and if applicable, credit quality (bond rating).
- 2) To determine at what point new tax requests are necessary. Establish transparent indicators for determining when new tax requests are necessary for both operational and capital needs.
- 3) To define what is a surplus in certain funds. Set targets for maximum limits on the General, Fire and EMS fund balance to assist in determining the ability to redirect the excess towards priority areas.
- 4) To determine the use of surplus funds that may exist from time to time in the General, Fire and EMS funds. Set priorities for the use of surplus funds in various Township funds to prevent the over accumulation of taxpayer dollars.
- 5) To ensure that the Township can sustain its financial operations with little or no need for additional tax revenue from taxpayers. Implement revenue generation methods that sustain financial operations without continually relying on new tax revenue.

**Review Process and Disclosure**

Each year, the Trustees shall be provided with a summary of the Township's performance against various benchmarks and measurements (the Benchmark Report) by the Township Administrator.

If the Trustees determine there are material concerns present in the Benchmark Report, the Administrator shall provide the Trustees with responses to their concerns and/or questions within 90 days.

The Trustees shall take into consideration the results of the Benchmark Report and the Administrator's responses before making any final decisions regarding the request for any new tax, the reduction of any existing tax, the renewal, or replacement of any existing tax, the extension or shortening of the term of any existing tax levy, the agreement to any tax incentive (TIFs) or compensation agreements requiring Township approval, or the use of any surplus funds.

The Trustees shall document, as it deems appropriate, the rationale for any action taken because of the above. Such documentation shall be made available to the public via the Township's website prior to any Board action.

## **Benchmarks Report**

The Administrator shall prepare the Benchmark Report for submittal to the Trustees annually and may determine the format for such report. The Report should contain the most recently available data for the following:

- 1) General and Fire fund sensitivity analysis.
- 2) The five-year forecast for the General and Fire funds.
- 3) Taxpayer affordability (tax cost) analysis comparison for the Fire fund.
- 4) General and Fire fund balance as % of expenditure (or Days of Cash) comparison.
- 5) Current property tax rates.
- 6) Year end balances.
- 7) Key historical and current demographics of the Township including, but not limited to:
  - a. Total population
  - b. Population under 18
  - c. Population 65 and over
  - d. Population receiving social security and/retirement income
  - e. Median home value and median family income
- 8) Assessed valuation history by specific category.
- 9) The annual transfer recommendation from the General to other funds.

## **Benchmarks and Measurements Targets**

The Trustees hereby establish the following targets and benchmarks to be used to direct actions related to the use of surplus funds, requests for new property tax revenues, or the reduction of taxes:

- 1) Minimum and maximum fund balance targets for the General, Fire, and EMS fund shall be established by the Administrator.
- 2) A taxpayer affordability index rank of 15 or lower out of the 20 Townships in the comparison group.
- 3) Establish a period of at least 15 years from the last new money levy before requesting a new tax levy.
- 4) All new levies should be, if possible, for continuing periods of time.

## **Key actions and guidelines**

Trustees hereby set guidelines to improve financial sustainability and fairness in taxation. These include considerations for property values, income demographics, tax structures, expenditure minimization, and revenue growth:

- 1) The Administrator will use her or his best efforts to seek ways to minimize expenditures and maximize revenue growth opportunities. The Administrator shall report on these efforts on a regular basis.
- 2) If the five-year forecast shows a general, fire, or EMS fund balance deficit within three years of the current date the Trustees shall decide, with guidance from the Administrator, the type of actions necessary to match the objectives of this philosophy, including, but not limited to, reductions in spending, disposition of unused or underused assets, and/or adding additional taxes.
- 3) If a new money levy is determined to be necessary, the amount of such levy shall be determined by the Administrator and recommended to the Trustees for consideration. The Trustees reserve the right to adjust or reject such recommendations but must assure that the final decision preserves the Township's ability to remain solvent (maintaining a positive General and Fire fund balance) for at least a three-year period following the passage of such new money levy.
- 4) The Township may use General Fund revenue to support financing for capital projects, as well as supporting the operations and/or capital needs of the Fire and EMS department.
- 5) If the General Fund maintains a year-end balance that exceeds 90 days of operating cash, the Trustees may transfer an amount at least equal to that year's operating surplus to the Fire and/or EMS funds.
- 6) The Fire Fund should maintain a year-end balance of at least 270 days of operating cash.
- 7) Operating cash is defined as the prior year's operating expenditures for the General and Fire funds divided by 365, times either 90 for the General fund or 270 for the Fire fund respectively.

## **Use of Surplus Fund Balances**

The Trustees will use their best efforts to follow these guidelines to direct the prioritization of the use of any surplus balances accumulated in the General, Fire and EMS Funds:

- 1) First, to fund a Capital Projects fund under 5705.13 of the Ohio Revised Code for the purposes of accumulating resources for the acquisition, construction, and/or improvement of fixed assets (within the meaning of Ohio Revised Code Section 5705.13(C)) necessary to meet the future capital needs of the Township.
- 2) Second, to support the operations of the Fire and EMS department to the extent such support lowers or eliminates the need to request additional taxes from the community for those services.
- 3) Third, to provide for enhancement of the existing programs or services provided to the community.
- 4) Fourth, to reduce the amount of taxes collected by the Township from taxpayers by any means available to the Trustees at the time of such decision.

- 5) Last, to retain such remaining balances to eliminate the need for future taxation of the Township's residents and to contribute to the long-term financial sustainability of the Township.

### **Tax Incentive Proposals**

The Trustees hereby establish the following guidelines to direct the participation in any tax incentive proposals related to economic development using tax abatements and/or Tax Incremental Financings (TIFs) requiring Trustees approval:

- 1) First, the Trustees hereby establish that it will be supportive of economic development proposals, subject to its review.
- 2) The Trustees will require a 90-day waiting period after the Trustees are given a formal written proposal before acting on such proposal.
- 3) The Trustees will retain the assistance of an outside consultant, at their discretion, to assist in any negotiations regarding a proposal.

### **Community Taxation Philosophy Adoption**

The Community Taxation Philosophy shall take effect upon approval by the Trustees.