

City of Montgomery  
Financial Planning Committee Meeting  
February 3, 2020

**Present**

Brian Riblet, City Manager  
Katie Smiddy, Finance Director  
Connie Gaylor, Clerk of Council

**Council Committee Members Present**

Ken Suer, Chair  
Mike Cappel  
Lee Ann Bissmeyer

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The Financial Planning Committee of Council meeting was called to order at 4:30 p.m. by Chairman Suer.

**January 2020 Income Tax Report**

Ms. Smiddy reported for the month of January 2020, the City's total income tax receipts were \$915,879, which is an increase of \$33,914 or 3.8% compared to the actual amount collected in January 2019 of \$881,965. She stated the increase is largely attributable to two large payments remitted on January 1 for back taxes and a large withholding payment.

Ms. Smiddy reported in January 2020, net profits from businesses located within or doing business within Montgomery were \$28,440. This is an increase of \$5,079, or 21.7% when compared to January 2019 collections of \$23,261. This increase is partly due to a distribution from the State of Ohio Centralized Collections that posted in January.

Ms. Smiddy reported that revenues of \$128,068 were collected in January 2020 from residents living in Montgomery, which is a decrease of \$49,449 or (27.8) % compared to January 2019 collections of \$177,517. In January 2019, a large estimated tax payment was remitted by a single resident, which accounts for a large part of this variance.

**Financial Statements for the Community Improvement Corporation**

Ms. Smiddy reported to the Committee that the 2019 financial statements and corporation tax return for the Montgomery Community Improvement Corporation (CIC) have been completed and reviewed. Ms. Smiddy explained the following:

- The Statement of Net Position reflects that the corporation had \$37,715 in a demand deposit account at Fifth Third Bank as of December 31, 2019.
- The Statement of Financial Activities reflects Interest Income of \$212, Grants Awarded of \$7,706 and Professional Fees paid in the amount of \$36,000 for the year ended December 31, 2019.
- The Statement of Cash Flow reflects the corporation reduced its cash position from \$133,624 in 2018 to \$81,209 in 2019 as a result of expenses associated with grants awarded and professional fees.

Ms. Smiddy stated that the Corporation's tax return would be on the agenda for the CIC meeting scheduled for February 5, 2020.

Mr. Cappel moved to approve the Financial Statements for the CIC. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

### **Review of 2019 Revenues and Expenditures**

Ms. Smiddy reported on the revenue and expenditure variances for the year ending December 31, 2019. The following points were discussed:

- In 2019, the City experienced another positive year with income tax revenues exceeding the estimate. General Fund revenues, because of increases in the income tax, were up \$84,337 or 2.7% from 2018. Income tax, the City's primary source of funding for general operations accounted for 83.0% of the General Fund's operating revenues and 39.0% of the City's total operating revenues in 2019. Total City expenditures were under appropriations for the year. The same was true for the General Fund, enabling the City to continue to operate within its budgeted resources. Both the total and the General Fund expenditures and commitments were well within the target for managed spending and appropriations.
- The City's total property tax receipts (combined general and fire levy) are 4.3% less than the budget estimate for 2019.
- The millage in the General Fund is made up of 3 mills of inside millage and 1.5 mills of voted charter millage. The City's two Fire levies are continuous (5.55 and 6.0 mills) and because of the reduction factor, they do not receive increases based on reappraisals, as the General Fund does on its inside millage. Both Fire levies, however, do receive increases from new construction.
- The pool's operations resulted in receipts of \$264,101 with \$15,000 being transferred into the fund from the General Fund. This is a decrease in revenues of \$14,035 or (5.04%) less than 2018 revenues. Total expenses for pool operations in 2019 were \$217,191 compared to \$226,392 spent in 2018; this is a decrease of \$9,201. Total attendance was 27,298 in 2019, 28,659 in 2018, and 27,424 in 2017. The addition of a heater in 2014 is one of the reasons for the increasing attendance trend.
- The Capital Improvement Fund received 25% of the City's income tax in years 2007 through 2012. In 2013, this percentage was reduced to 20%. Compared to 2018, the 2019 Capital Improvement Fund receipts were (\$747,692) or 34.17% less, with \$250,000 in grant funds received in 2019 from Hamilton County Transportation Improvement District (HCTID) for continued work on the Montgomery Quarter roundabout project.
- The revenues of the Triangle Tax Increment Financing Fund, after County expenses are deducted, are shared 50% with Sycamore schools. The agreement with the developer requires that annual service payments of \$81,859 must be paid from TIF revenues, any deficit is to be made up by the developer. As of December 31, 2019, there exists a cumulative deficit of \$159,843.16. The reason for this deficit is attributed to the reduction in value for the building on the corner which went from a TIF value of \$1,119,520 to \$235,980 in 2011. An agreement has been entered into for the developer repay the deficit over the remaining 7-year life of the TIF (expires 2025). The first payment was made by the Developer in August of 2015.
- The revenues of the Vintage Club Tax Increment Financing Fund, after county expenses are deducted, are shared 50% with Sycamore schools. The bond schedule requires that annual service payments made from TIF revenues. The original 2013 bond issue was refinanced in fourth quarter 2019 and as of December 31, 2019, the bonds outstanding totals \$11,550,000. The amortization schedule runs through 2037.

- General Fund expenditures including outstanding encumbrances totaled 91.86% of the revised appropriations for 2019. The 2019 General Fund expenditures were \$971,289 or 10.7% higher than actual 2018 expenditures. Total General Fund expenditures with transfers and encumbrances in 2019 were \$10,167,067 which includes a transfer of \$1,000,000 to the Montgomery Quarter Roundabout Fund. The following chart graphically depicts total revenues and expenditures, as well as, General Fund revenues and expenditures for the years 2009 through 2019.
- General Obligation Debt – As of December 31, 2015 the City has no General Obligation Debt outstanding.
- Special Assessment Debt – As of December 31, 2019 the City has \$224,880 outstanding with a final maturity of 2021. Debt service payments for this debt are made through property tax assessments to the property owners. Below is the remaining amortization schedule for this debt.
- Special Obligation Debt – As of December 31, 2019 the City has \$23,596,551 outstanding with a final maturity of 2037. Debt service payments for this debt are made as payments in lieu of taxes to property owners located in the Vintage Club phase I and phase II developments. Below is the remaining amortization schedule for this debt.

Targeted fund balances were reviewed for the General Fund, Fire Levy Fund, Capital Improvement Fund, General Bond Retirement Fund and Arts and Amenities Fund.

- General Fund - The unencumbered cash balance of the General Fund as of December 31, 2019 was \$14,701,306, which represents a reserve of approximately 16 months, when using the total General Fund expenditures of \$10,736,178 (total General Fund expenditures net of transfers of \$650,000 to Street Maintenance and Repair Fund and the Environmental Impact Area Funds plus year-end encumbrances of \$113,889) as the basis for determining the reserve.
- Fire Levy Fund - The unencumbered cash balance of the Fire Levy Fund as of December 31, 2019 was \$6,569,609 which represents a reserve of approximately 26 months, when using the total Fire Levy Fund expenditures and outstanding encumbrances of \$10,644, as the basis for determining the reserve.
- Capital Improvement Fund - The unencumbered cash balance of the Capital Improvement Fund as of December 31, 2019 was \$3,298,125 which is well above the targeted balance of \$1,000,000.
- General Bond Retirement Fund - The unencumbered cash balance of the General Bond Retirement Fund as of December 31, 2019 was \$709,689.
- Arts & Amenities Fund - The unencumbered cash balance of the Arts & Amenities Fund as of December 31, 2019 was \$644,797, which is well above the targeted balance of \$376,237.

Additional fund balances were discussed for the Downtown Improvement Fund, Street Construction Maintenance and Repair Fund and the Vintage Club Tax Increment Financing Fund.

- Street Construction Maintenance & Repair Fund - The unencumbered cash balance of the Street Construction Maintenance & Repair Fund as of December 31, 2019 was \$962,086, which represents a reserve of approximately 12 months, when using the total Street Construction Maintenance & Repair Fund expenditures and outstanding encumbrances of \$34,556, as the basis for determining the reserve.

- Downtown Improvement Fund - The unencumbered cash balance of the Downtown Improvement Fund as of December 31, 2019 was \$4,227,923.
- Vintage Club (Phase I) Tax Increment Financing Fund - The unencumbered cash balance of the Vintage Club TIF Fund as of December 31, 2019 was 2,576,573. The outstanding bonded debt against this fund is \$15,021,426.

Mrs. Bissmeyer asked if the goal was for the municipal pool to be self-sustaining.

Ms. Smiddy replied that it is and that usually there is a transfer of \$15,000, however this year that transfer was not made.

Mrs. Bissmeyer stated that she had shared her thoughts on additional programming of the pool with Mr. Riblet.

Mr. Suer stated that he felt the targeted fund balances were good to have and reflect the City's sound fiscal position.

Mr. Cappel stated that since the State of Ohio has been in the practice of holding income tax payments from the Ohio Gateway site, that the targeted fund balances help to protect the City from deficits while waiting for the State to issue those payments to the City.

Mrs. Bissmeyer asked Ms. Smiddy if there has been an indication that the State will require individual returns to be filed through the Gateway site.

Ms. Smiddy replied there has been no indication of that at this time.

Mr. Suer stated he thought that this review provided great insight into the City's fiscal position. He asked the Committee members if they had any concerns.

Mr. Cappel asked why the number of teardowns are declining.

Mr. Riblet stated that typically there are lulls in this type of construction as builders tend to focus on certain areas until that area is built out and then they shift their focus onto new areas.

Mrs. Bissmeyer asked if the City invests in other municipal bonds.

Ms. Smiddy replied that we can, but they are required to have a AAA rating.

Mrs. Bissmeyer asked if this information is included in the 5/3 portfolio.

Ms. Smiddy stated that yes, it is, and she receives notifications when those types of bonds are issued.

### **Other Business**

Mrs. Bissmeyer asked if the new software was still functioning well.

Ms. Smiddy replied that it was and that the latest module for fixed assets was being utilized without any complications.



Ms. Smiddy informed the Committee that Derek Morgan, the newest hire to the Finance Department would be starting with the City on Monday, February 10. She stated the department is happy to have this fulltime finance specialist position filled and the department running at full capacity once again.

Ms. Smiddy stated that the Bank Depository Request for Proposal will be sent out on Friday, February 7 to the nine banks located in Montgomery.

### **Minutes**

Mr. Cappel moved to accept the minutes of the December 2, 2019 meeting of the Financial Planning Committee as written. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

### **Adjournment**

Mr. Cappel moved for adjournment. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

The Financial Planning Committee of Council was adjourned at 5:08 p.m.

  
Chair