

City of Montgomery  
Financial Planning Committee Meeting  
February 4, 2019

**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 2019 Income Tax Report**

Ms. Smiddy explained that for the month of January 2019, the City's total income tax receipts were \$881,965, which is an increase of \$151,614 or 20.7% compared to the actual amount collected in January 2018 of \$730,351. She stated the increase is largely attributable to the timing of residents' estimated tax payments. She explained that taxpayers who typically paid large estimated payments prior to year-end did not remit payments until January.

**Financial Statements for the Community Improvement Corporation**

Ms. Smiddy reported to the Committee that the 2018 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 \$81,209 in a demand deposit account at Fifth Third Bank as of December 31, 2018.
- The Statement of Financial Activities reflects Interest Income of \$739, Grants Awarded in \$2,132 and Professional Fees paid in the amount of \$36,022 for the year ended December 31, 2018.
- The Statement of Cash Flow reflects the corporation reduced its cash position from \$133,624 in 2017 to \$81,209 in 2018 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 6, 2019.

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

**Review of 2018 Revenues and Expenditures**

Ms. Smiddy explained that the Finance Department closed the City's 2018 financial books on January 11, 2019 and reported on the revenue and expenditure variances for the year ending December 31, 2018. The following points were discussed:

- In 2018, 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 \$351,850 or 7.3% from 2017. Income tax, the City's primary source of funding for general operations, accounted for 64.0% of the General Fund's operating revenues and 34.0% of the City's total operating revenues in 2018.

- The pool's operations resulted in receipts of \$278,136 with \$15,000 being transferred into the fund from the General Fund. This is an increase in revenues of \$18,335 or 7% more than 2017 revenues. Total expenses for pool operations in 2018 were \$226,392 compared to \$221,917 spent in 2017; this is an increase of \$4,475. Total attendance was 28,659 in 2018, 27,424 in 2017, and 23,070 in 2016. 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 2017, the 2018 Capital Improvement Fund receipts were \$313,397 or 12% higher, with \$250,000 in grant funds received in 2018 from Hamilton County Transportation Improvement District (HCTID) for design of the Gateway Redevelopment Area Roundabout.
- 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, 2017, there exists a cumulative deficit of \$130,285.44. 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 to have the developer repay the deficit over the remaining 11-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. As of December 31, 2018, the bonds outstanding totals \$12,665,000. The amortization schedule runs through 2037.
- General Fund expenditures including outstanding encumbrances totaled 86.53% of the revised appropriations for 2018. The 2018 General Fund expenditures were \$861,032 or 8.6% less than actual 2017 expenditures. Total General Fund expenditures with transfers and encumbrances in 2018 were \$12,829,989 which consists of transfers out of \$3,748,100 which includes a transfer of \$3,000,000 to the Downtown Improvement Fund. The following chart graphically depicts total revenues and expenditures, as well as, General Fund revenues and expenditures for the years 2008 through 2018.
- General Obligation Debt – As of December 31, 2015 the City has no General Obligation Debt outstanding.
- Special Assessment Debt – As of December 31, 2018 the City has \$584,520 outstanding with a final maturity of 2021. Debt service payments for this debt are made through property tax assessments to the property owners.
- Special Obligation Debt – As of December 31, 2018 the City has \$28,208,863 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.
- Additional fund balances were discussed for the Downtown Improvement Fund, Street Construction Maintenance and Repair Fund and the Vintage Club Tax Increment Financing Fund.

**Other Business**

Ms. Smiddy updated the Committee on the status of the HB49 regarding centralized municipal tax collection. She informed the Committee that Judge David E. Cain of the Franklin County Court of Common Pleas ruled the centralized collection provisions were constitutional and terminated the case. She stated she was waiting to hear the status of an appeal and would inform the Committee when she had additional information.

Ms. Smiddy stated that the State Audit team are beginning the process of the 2018 audit. She anticipated a post audit meeting with the Committee in late summer to review the conclusion of the process.

Ms. Smiddy updated the Committee on the continued effort to fill the Finance Specialist position. She explained that the position would be posted again after the tax season has ended.

Mr. Riblet reported that he, Ms. Smiddy and Mr. Donnellon were meeting with the Sycamore School Board regarding the GRA and the school compensation agreement. He stated that this issue is on the School Board agenda for February 20 for approval.

Mr. Riblet reported that staff was securing proposals for a facility assessment of City Hall and the Safety Center, as well as the analysis of the uses of the GRA, to secure recommendations for future enhancements to the facilities and possible staffing changes. He explained that this would aid staff in forecasting budgetary and staff needs for the future.

**Minutes**

Mr. Cappel moved to accept the minutes of the December 3, 2018 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 5:30 p.m.

  
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Chair