

June 3, 2022

To: Ken Suer, Chairman
Financial Planning Committee of City Council

From: Brian K. Riblet, City Manager 

Subject: Financial Planning Committee Meeting June 3, 2022

As a reminder, the Financial Planning Committee is scheduled to meet on Monday, June 6 at 4:30 p.m. at City Hall. The agenda for this meeting is as follows:

1. Regional Income Tax Agency (RITA) Presentation - Representatives Brian Thunberg and Angela Veazey with the Regional Income Tax Agency (RITA) will be present to provide information about their municipal tax administration services.
2. May 2022 Income Tax Report - The Income Tax Report for the month of May will be presented at the meeting for the Committee's review. Staff will be prepared to answer any questions on this report at Monday's meeting.
3. Other Business - The purpose of this agenda item is to provide an opportunity to discuss any issue or ask questions.

Also, attached are the minutes from the May 2, 2022 meeting of the Financial Planning Committee for review and approval at Monday's meeting.

Should you have questions or concerns regarding the above agenda items or have additional items to be discussed at the meeting, please do not hesitate to contact me.

c: Financial Planning Committee Members (2)
Mayor and City Council Members (3)
Katie Smiddy, Finance Director
Connie Gaylor, Administrative Coordinator
File

AGENDA

June 6, 2022
4:30 P.M.
City Hall

1. Call to Order
2. Guests and Residents
3. Communications
4. New Business
 - a. Regional Income Tax Agency (RITA) Presentation
 - b. May 2022 Income Tax Report
5. Approval of Minutes: May 2, 2022
6. Other Business
7. Adjournment

June 3, 2022

To: Brian Riblet, City Manager
From: Katie Smiddy, Finance Director
Subject: 2022 May Income Tax Variance Report

Year to Date

For the month of May, the City's total income tax receipts were \$762,257, which is a decrease of \$525,835 or (40.82)% when compared to the 2021 May collections of \$1,288,092. The variance is due to the extended filing deadline in 2021. The decrease was anticipated as collections were up 85.21% in April.

| | 2022 | 2021 | % Change |
|----------------------------|------------|--------------|----------|
| MTD May Actuals | 762,257 | 1,288,092 | (40.82)% |
| YTD Collections | 6,187,023 | 5,128,804 | 20.63% |
| | YTD Actual | YTD Estimate | % Change |
| 2022 Estimated Collections | 6,187,023 | 4,733,520 | 30.7% |

A breakdown by category for May 2022 is as follows:

Withholding- May 2022 withholding collections were \$612,765; a decrease of \$115,048 or (15.81)% when compared to May 2021 collections of \$727,813. Reports showed a decrease in revenue from several of our larger employers; possibly due to changes in withholding for work-from-home employees. In addition, one of our larger employers failed to remit a significant withholding payment in May which staff is investigating. Despite the decrease in May, year-to-date collections are up 15.98%.

Business- In May 2022, net profits from businesses located within or doing business within Montgomery were \$22,090. This is a decrease of \$41,913 or (65.49)% when compared to May 2021 collections of \$64,003. The majority of the business returns were posted in April, and very few were posted in May as staff is focusing on finishing individual returns. However, year-to-date business collections are up 89.74%.

Resident- Revenues of \$127,402 were collected in May 2022 from residents living in Montgomery, which is a decrease of \$368,874 or (74.33)% when compared to May

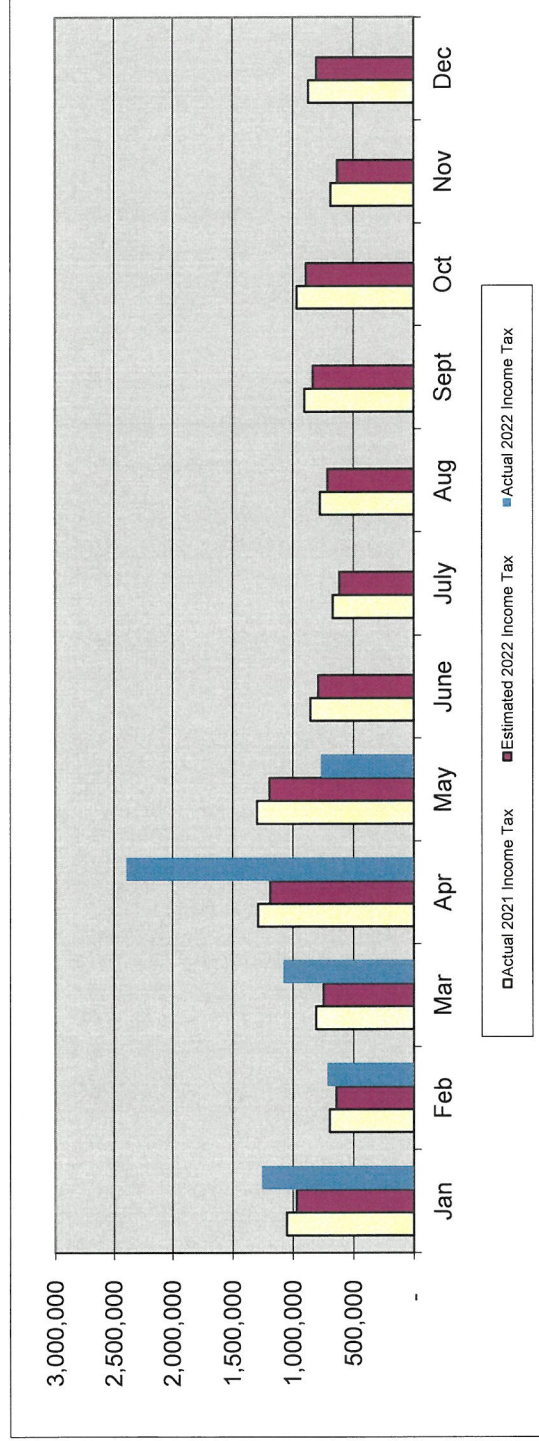
2021 collections of \$496,276. The decrease in May is due to the April filing deadline; and the majority of returns, extensions, and first quarter estimated taxes were posted in the system prior to the end of last month. Year-to-date Individual collections remain up at 13.37%.

The following schedule breaks down collections by source and provides a graph comparing actual and estimated income tax revenues for 2020 and 2021. There is also an End of Month report attached showing the comparison between month-to-date and year-to-date.

c: Financial Planning Committee Members (2)
Mayor and City Council Members (3)
Katie Smiddy, Finance Director
Connie Gaylor, Administrative Coordinator
File

Schedule of Income Tax Collections by Source
Actual 2021 Compared to 2022 Estimate & Actual

| | Actual 2021 | | | Actual 2022 | | | 2022 | | | Estimate | | | Actual | | | |
|---------------|----------------|------------------|------------------|-------------------|----------------|------------------|------------------|------------------|-------------------|------------------|--------------|-------------------|------------------|--------------|----------|----------|
| | Business | Resident | Withholding | Total | Business | Resident | Withholding | Total | Estimate | Variance | % | Estimate | Variance | % | Estimate | Variance |
| Jan | 22,114 | 272,633 | 754,152 | 1,048,899 | 25,330 | 151,267 | 1,074,100 | 1,250,697 | 968,059 | 282,638 | 29.20% | 968,059 | 201,798 | 19.24% | | |
| Feb | 14,945 | 20,729 | 658,420 | 694,094 | 17,997 | 23,418 | 668,609 | 710,024 | 640,600 | 69,425 | 10.84% | 640,600 | 15,930 | 2.30% | | |
| Mar | 53,011 | 126,857 | 627,421 | 807,289 | 66,619 | 114,578 | 892,841 | 1,074,039 | 745,070 | 328,969 | 44.15% | 745,070 | 266,750 | 33.04% | | |
| Apr | 215,044 | 364,009 | 706,378 | 1,285,431 | 568,375 | 1,040,677 | 780,953 | 2,390,006 | 1,186,361 | 1,203,645 | 101.46% | 1,186,361 | 1,104,575 | 85.93% | | |
| May | 64,004 | 501,273 | 727,813 | 1,293,090 | 22,090 | 127,402 | 612,765 | 762,257 | 1,193,430 | (431,173) | -36.13% | 1,193,430 | (530,833) | -41.05% | | |
| June | 61,639 | 294,466 | 496,221 | 852,326 | - | - | - | - | 786,636 | - | 0.00% | 786,636 | - | 0.00% | | |
| July | 13,905 | 43,208 | 609,131 | 666,244 | - | - | - | - | 614,896 | - | 0.00% | 614,896 | - | 0.00% | | |
| Aug | 15,164 | 44,606 | 711,115 | 770,885 | - | - | - | - | 711,472 | - | 0.00% | 711,472 | - | 0.00% | | |
| Sept | 74,070 | 249,155 | 577,700 | 900,925 | - | - | - | - | 831,490 | - | 0.00% | 831,490 | - | 0.00% | | |
| Oct | 56,672 | 163,223 | 744,639 | 964,534 | - | - | - | - | 890,196 | - | 0.00% | 890,196 | - | 0.00% | | |
| Nov | 15,110 | 28,824 | 638,614 | 682,548 | - | - | - | - | 629,943 | - | 0.00% | 629,943 | - | 0.00% | | |
| Dec | 44,872 | 269,806 | 554,130 | 868,808 | - | - | - | - | 801,848 | - | 0.00% | 801,848 | - | 0.00% | | |
| Totals | 650,551 | 2,378,789 | 7,805,734 | 10,835,074 | 700,411 | 1,457,343 | 4,029,268 | 6,187,023 | 10,000,000 | 1,453,503 | 30.7% | 10,000,000 | 1,058,219 | 20.6% | | |



END OF MONTH REPORT - City of Montgomery

| | MTD TWO YRS AGO | MTD LAST YR | MTD | THIS YR VS LAST YR MONTH % | YTD TWO YRS AGO | YTD LAST YR | YTD | THIS YR VS LAST YEAR % |
|--------------------|--------------------|---------------------|---------------------|----------------------------------|---------------------|---------------------|---------------------|------------------------------|
| BUSINESS | 28,439.59 | 22,114.25 | 25,330.08 | 14.54% | 28,439.59 | 22,114.25 | 25,330.08 | 14.54% |
| INDIVIDUAL | 128,068.27 | 272,632.66 | 151,266.85 | (44.52%) | 128,068.27 | 272,632.66 | 151,266.85 | (44.52%) |
| WITHHOLDING | 759,371.18 | 754,152.23 | 1,074,100.32 | 42.42% | 759,371.18 | 754,152.23 | 1,074,100.32 | 42.42% |
| 01 JANUARY | 915,879.04 | 1,048,899.14 | 1,250,697.25 | 19.24% | 915,879.04 | 1,048,899.14 | 1,250,697.25 | 19.24% |
| BUSINESS | 12,992.01 | 14,944.67 | 17,996.86 | 20.42% | 41,431.60 | 37,058.92 | 43,326.94 | 16.91% |
| INDIVIDUAL | 60,206.99 | 20,729.39 | 23,418.17 | 12.97% | 188,275.26 | 293,362.05 | 174,685.02 | (40.45%) |
| WITHHOLDING | 709,427.46 | 658,419.74 | 668,609.25 | 1.55% | 1,468,798.64 | 1,412,571.97 | 1,742,709.57 | 23.37% |
| 02 FEBRUARY | 782,626.46 | 694,093.80 | 710,024.28 | 2.30% | 1,698,505.50 | 1,742,992.94 | 1,960,721.53 | 12.49% |
| BUSINESS | 47,700.67 | 53,010.61 | 66,619.40 | 25.67% | 89,132.27 | 90,069.53 | 109,946.34 | 22.07% |
| INDIVIDUAL | 44,426.18 | 126,857.39 | 114,578.45 | (9.68%) | 232,701.44 | 420,219.44 | 289,263.47 | (31.16%) |
| WITHHOLDING | 737,930.53 | 627,421.17 | 892,840.87 | 42.30% | 2,206,729.17 | 2,039,993.14 | 2,635,550.44 | 29.19% |
| 03 MARCH | 830,057.38 | 807,289.17 | 1,074,038.72 | 33.04% | 2,528,562.88 | 2,550,282.11 | 3,034,760.25 | 19.00% |
| BUSINESS | 87,593.71 | 215,061.10 | 568,375.14 | 164.29% | 176,725.98 | 305,130.63 | 678,321.48 | 122.31% |
| INDIVIDUAL | 192,504.10 | 368,989.92 | 1,040,677.36 | 182.03% | 425,205.54 | 789,209.36 | 1,329,940.83 | 68.52% |
| WITHHOLDING | 616,697.91 | 706,378.28 | 780,953.20 | 10.56% | 2,823,427.08 | 2,746,371.42 | 3,416,503.64 | 24.40% |
| 04 APRIL | 896,795.72 | 1,290,429.30 | 2,390,005.70 | 85.21% | 3,425,358.60 | 3,840,711.41 | 5,424,765.95 | 41.24% |
| BUSINESS | 40,919.24 | 64,003.47 | 22,090.21 | (65.49%) | 217,645.22 | 369,134.10 | 700,411.69 | 89.74% |
| INDIVIDUAL | 86,096.86 | 496,275.64 | 127,401.77 | (74.33%) | 511,302.40 | 1,285,485.00 | 1,457,342.60 | 13.37% |
| WITHHOLDING | 580,622.96 | 727,813.14 | 612,764.69 | (15.81%) | 3,404,050.04 | 3,474,184.56 | 4,029,268.33 | 15.98% |

END OF MONTH REPORT - City of Montgomery

| | MTD TWO YRS AGO | MTD LAST YR | MTD | THIS YR VS LAST YR MONTH % | YTD TWO YRS AGO | YTD LAST YR | YTD | THIS YR VS LAST YEAR % |
|--------------|--------------------|--------------|------------|----------------------------------|--------------------|--------------|--------------|------------------------------|
| 05 MAY | 707,639.06 | 1,288,092.25 | 762,256.67 | (40.82%) | 4,132,997.66 | 5,128,803.66 | 6,187,022.62 | 20.63% |
| BUSINESS | 82,209.98 | 61,638.95 | 0.00 | (100.00%) | 299,855.20 | 430,773.05 | 700,411.69 | 62.59% |
| INDIVIDUAL | 116,457.51 | 294,465.69 | 0.00 | (100.00%) | 627,759.91 | 1,579,950.69 | 1,457,342.60 | (7.76%) |
| WITHHOLDING | 487,086.54 | 496,220.60 | 0.00 | (100.00%) | 3,891,136.58 | 3,970,405.16 | 4,029,268.33 | 1.48% |
| 06 JUNE | 685,754.03 | 852,325.24 | 0.00 | (100.00%) | 4,818,751.69 | 5,981,128.90 | 6,187,022.62 | 3.44% |
| BUSINESS | 119,339.82 | 13,905.44 | 0.00 | (100.00%) | 419,195.02 | 444,678.49 | 700,411.69 | 57.51% |
| INDIVIDUAL | 779,989.39 | 43,207.80 | 0.00 | (100.00%) | 1,407,749.30 | 1,623,158.49 | 1,457,342.60 | (10.22%) |
| WITHHOLDING | 522,443.24 | 609,130.69 | 0.00 | (100.00%) | 4,413,579.82 | 4,579,535.85 | 4,029,268.33 | (12.02%) |
| 07 JULY | 1,421,772.45 | 666,243.93 | 0.00 | (100.00%) | 6,240,524.14 | 6,647,372.83 | 6,187,022.62 | (6.93%) |
| BUSINESS | 15,371.57 | 15,163.58 | 0.00 | (100.00%) | 434,566.59 | 459,842.07 | 700,411.69 | 52.32% |
| INDIVIDUAL | 74,312.99 | 44,606.38 | 0.00 | (100.00%) | 1,482,062.29 | 1,667,764.87 | 1,457,342.60 | (12.62%) |
| WITHHOLDING | 675,636.40 | 711,115.45 | 0.00 | (100.00%) | 5,089,216.22 | 5,290,651.30 | 4,029,268.33 | (23.84%) |
| 08 AUGUST | 765,320.96 | 770,885.41 | 0.00 | (100.00%) | 7,005,845.10 | 7,418,258.24 | 6,187,022.62 | (16.60%) |
| BUSINESS | 149,021.75 | 74,070.41 | 0.00 | (100.00%) | 583,588.34 | 533,912.48 | 700,411.69 | 31.18% |
| INDIVIDUAL | 253,568.65 | 249,154.53 | 0.00 | (100.00%) | 1,735,630.94 | 1,916,919.40 | 1,457,342.60 | (23.97%) |
| WITHHOLDING | 560,997.16 | 577,699.78 | 0.00 | (100.00%) | 5,650,213.38 | 5,868,351.08 | 4,029,268.33 | (31.34%) |
| 09 SEPTEMBER | 963,587.56 | 900,924.72 | 0.00 | (100.00%) | 7,969,432.66 | 8,319,182.96 | 6,187,022.62 | (25.63%) |

END OF MONTH REPORT - City of Montgomery

| | MTD TWO YRS AGO | MTD LAST YR | MTD | THIS YR VS LAST YR MONTH % | YTD TWO YRS AGO | YTD LAST YR | YTD | THIS YR VS LAST YEAR % |
|--------------------|----------------------|----------------------|---------------------|----------------------------------|----------------------|----------------------|----------------------|------------------------------|
| BUSINESS | 27,610.66 | 56,672.48 | 0.00 | (100.00%) | 611,199.00 | 590,584.96 | 700,411.69 | 18.60% |
| INDIVIDUAL | 146,112.59 | 163,223.09 | 0.00 | (100.00%) | 1,881,743.53 | 2,080,142.49 | 1,457,342.60 | (29.94%) |
| WITHHOLDING | 620,619.06 | 744,639.05 | 0.00 | (100.00%) | 6,270,832.44 | 6,612,990.13 | 4,029,268.33 | (39.07%) |
| 10 OCTOBER | 794,342.31 | 964,534.62 | 0.00 | (100.00%) | 8,763,774.97 | 9,283,717.58 | 6,187,022.62 | (33.36%) |
| BUSINESS | 15,490.83 | 15,109.72 | 0.00 | (100.00%) | 626,689.83 | 605,694.68 | 700,411.69 | 15.64% |
| INDIVIDUAL | 34,315.08 | 28,823.95 | 0.00 | (100.00%) | 1,916,058.61 | 2,108,966.44 | 1,457,342.60 | (30.90%) |
| WITHHOLDING | 656,377.41 | 638,614.13 | 0.00 | (100.00%) | 6,927,209.85 | 7,251,604.26 | 4,029,268.33 | (44.44%) |
| 11 NOVEMBER | 706,183.32 | 682,547.80 | 0.00 | (100.00%) | 9,469,958.29 | 9,966,265.38 | 6,187,022.62 | (37.92%) |
| BUSINESS | 59,566.52 | 44,872.03 | 0.00 | (100.00%) | 686,256.35 | 650,566.71 | 700,411.69 | 7.66% |
| INDIVIDUAL | 107,472.62 | 269,806.15 | 0.00 | (100.00%) | 2,023,531.23 | 2,378,772.59 | 1,457,342.60 | (38.74%) |
| WITHHOLDING | 509,621.67 | 554,129.78 | 0.00 | (100.00%) | 7,436,831.52 | 7,805,734.04 | 4,029,268.33 | (48.38%) |
| 12 DECEMBER | 676,660.81 | 868,807.96 | 0.00 | (100.00%) | 10,146,619.10 | 10,835,073.34 | 6,187,022.62 | (42.90%) |
| | 10,146,619.10 | 10,835,073.34 | 6,187,022.62 | (42.90%) | 67,116,209.63 | 72,762,688.49 | 61,167,125.94 | (15.94%) |

These Minutes are a draft of the proposed minutes from the Financial Planning Committee of City Council meeting. They do not represent the official record of proceedings until formally adopted by the Government Affairs Committee of City Council.

City of Montgomery
Financial Planning Committee Meeting
May 2, 2022

Present

Brian Riblet, City Manager
Tracy Henao, Asst. City Manager
Katie Smiddy, Finance Director
Connie Gaylor, Clerk of Council
Matthew Vanderhorst, Community and Information Services Director

Council Committee Members Present

Ken Suer, Chair
Mike Cappel
Lee Ann Bissmeyer

The Financial Planning Committee of Council convened its meeting for May 2, 2022 at 4:30 p.m. at City Hall with Mr. Suer presiding.

Cyber Security Protocol

Matthew Vanderhorst, Community and Information Services Director updated the Committee on the current cyber security measures taken to protect the City from various threats being experienced in the industry.

April 2022 Income Tax Report

Ms. Smiddy explained that for the month of April, the City's total income tax receipts were \$2,390,006, which is an increase of \$1,099,576 or 85.21% when compared to the 2021 April collections of \$1,290,429. The May extended filing deadline in 2021 coupled with the increase in transactions for the month of April 2022 explains the variance.

Ms. Smiddy stated that the April 2022 withholding collections were \$780,953; an increase of \$74,575 or 10.56% when compared to April 2021 collections of \$706,378. Staff has been monitoring the increase of new withholding accounts established for residents who are working from home. Since January 2022 staff reports there has been 140 additional withholding accounts created as many employers are now withholding for employees residing in Montgomery rather than the physical location of the company.

In April 2022, net profits from businesses located within or doing business within Montgomery were \$568,375. This is an increase of \$353,314 or 164.29% when compared to April 2021 collections of \$215,061. The increase is attributable to the April filing deadline in 2022; and the large volume of extension and 2022 estimated tax payments.

Revenues of \$1,040,677 were collected in April 2022 from residents living in Montgomery, which is an increase of \$671,687.44 or 182.03% when compared to April 2021 collections of \$368,990. This increase is due to the earlier filing deadline and a higher volume of transactions posted in April. Reports also show an increase in the number of 2022 extensions and estimated tax payments that were over the \$5,000 threshold.

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Financial Planning Committee Minutes
May 2, 2022
Page 2

Review of the 1st Half Real Estate Settlement

Ms. Smiddy explained that the first half property tax collections have been received from the County Auditor and below is a tabulation of total property tax collected for 2021 compared to 2022. Total collections for 2022 of \$6,029,134 are up \$444,804 or 7.97% compared to 2021 collections of \$5,584,330. General Fund property tax collections are down (\$30,893) or 2.33%. Fire Levy collections are down (\$64,672) or 2.31% and Tax Increment Financing Districts are up \$534,825 or 39.28%.

2023 Tax Budget

Ms. Smiddy explained that in accordance with ORC Section 5705.28, each taxing authority must pass a resolution adopting a tax budget prior to July 15 and submit such tax budget to the County Auditor. It is necessary for City Council to consider a Resolution approving the Tax Budget for the fiscal year beginning January 1, 2023 and submit the said tax budget to the Hamilton County Auditor.

Ms. Smiddy explained that the Tax Budget requires the City to estimate revenues and expenditures for funds which derive revenues from real and personal property taxes. The City of Montgomery has two (2) funds which derive money from property taxes: the General Fund and Fire Levy Fund. Detailed schedules for these funds have been included in the 2022 tax budget.

It is estimated that the total assessed valuation for the year 2022 collected in 2023 for the City of Montgomery is estimated to be \$662 million. This is an estimated .15% increase property values from the assessed valuation for tax year 2020 of \$661 million.

The General Fund collects 4.5 mills (3 mills inside, 1.5 mills outside) on real property. It is estimated that \$2,335,984 will be collected in property taxes in 2023 for the General Fund; this is an increase of 1% over the 2022 anticipated collections.

Income tax collections in the General Fund are estimated to be \$8,080,000 of the total income tax collection of \$10.6 million estimated for 2023; the assumption is that total income tax revenues are estimated to increase 1% over the amount collected in 2022. The amount of income tax revenues allocated to the General Fund is 75% in 2022. It is estimated that the General Fund will have a cash balance of approximately \$12.1 million at the end of fiscal year 2023.

Other General Fund revenues are estimated to remain relatively flat due to the economy. Total revenues of the General Fund for 2023 are estimated at \$12,161,468 as compared to \$11,583,659 estimated for 2022. This is an increase of \$1,426,492 or approximately 5% which is attributed to the estimated increase in income and property tax revenues.

Expenditures of the General Fund are estimated to be \$12,982,352 in 2023, as compared to \$17,021,739 in 2022. This is a decrease of \$4,039,387 which can be attributed to decreased allocations to capital outlay.

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Financial Planning Committee Minutes
May 2, 2022
Page 3

The Fire Fund consists of two permanent levies with no expiration date. The 5.55 mill levy was passed in 1999 and a 6.0 mill levy was approved by the voters in May of 2018. Total revenues in the Fire Levy Fund are estimated to be \$5,730,000 in 2023 keeping estimated revenues at 2022 levels.

Total expenditures for the 2023 Fire Levy Fund are estimated at \$5,709,867 as compared to \$4,223,056 estimated for 2022. This is an increase of \$1,486,811.

The estimated ending cash balance for the Fire Levy Fund for 2023 is \$13,542,485. This is \$20,436 higher than the estimated 2022 ending cash balance. This is an operating reserve of 27 months, which meets the City's fund balance reserve policy of 6 to 12 months.

Capital spending is projected at \$3,205,100 being spent on permanent improvements. These projects were taken from the 2022-2026 Capital Improvement Program and are projects which were reviewed and approved by Council on an individual basis. The presentation of these projects in this Tax Budget is intended to indicate a level of spending for capital outlay.

A schedule of Outstanding Debt is presented in the 2023 Tax Budget. It is estimated that the City will have approximately \$63.5 million outstanding in debt as of January 1, 2023, for Special and General Obligation debt. Debt service payments for this debt in 2023 will be \$1,025,000 for principal repayment and \$1,847,801 for interest expense.

Ms. Smiddy stated that a Public Hearing is requested to be held on June 22, prior to the Work Session.

Mr. Cappel made a motion to hold a Public Hearing prior to the Work Session at 6:45 p.m. on June 22. Mrs. Bissmeyer seconded. The Committee unanimously agreed,

Minutes

Mr. Cappel moved to accept the minutes of the April 4, 2022 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 5:27 p.m.

Chair