

City of Montgomery  
Financial Planning Committee Meeting  
October 3, 2022

**Present**

Brian Riblet, City Manager  
Tracy Henao, Asst. City Manager  
Chris Bigham, Interim Finance Director  
Connie Gaylor, Clerk of Council  
Laura Braun, Finance Specialist

**Council Committee Members Present**

Ken Suer, Chair  
Mike Cappel  
Lee Ann Bissmeyer

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The Financial Planning Committee of Council convened its meeting for October 3, 2022 at 4:30 p.m. at City Hall with Mr. Suer presiding.

**September 2022 Income Tax Report**

Mr. Bigham explained that for the month of September, the City's total income tax receipts were \$978,396, which is an increase of \$77,471 or 8.6% when compared to the 2021 September collections of \$900,925. Collections for September are consistent with the prior two years. Year-to-date revenue is up 13.76%.

Mr. Bigham stated that the month of September 2022 withholding collections were \$629,894; an increase of \$52,194 or 9.03% when compared to September 2021 collections of \$577,700. Staff believes the variance is attributable to one sizable payment received as a courtesy withholding payment for one or more residents. Year-to-date revenue remains up at 10.31% over the prior year.

Mr. Bigham stated in September 2022, net profits from businesses located within or doing business within Montgomery were \$112,706. This is an increase of \$38,635 or 52.16% when compared to September 2021 collections of \$74,070. Year-to-date business revenue is 73.76% over 2021 collections; however, the percentage may change once all returns on extension have been posted.

Mr. Bigham stated in September 2022, Revenues of \$235,796 were collected in September 2022 from residents living in Montgomery, which is a decrease of \$13,359 or (5.36)% when compared to September 2021 collections of \$249,155. Typically, residents begin filing returns that are on extension toward the end of September; however, staff noticed a lower volume of mail in the last month compared to prior years. The volume will likely increase in October for the deadline on the 15<sup>th</sup>. Year-to-date resident revenue is up 7.61%.

**Regional Income Tax Agency (RITA)**

Mr. Riblet explained that since the original presentation by RITA at the June 6 2022 Committee meeting, staff has continued to discuss the benefits of RITA's services. He stated that when Mr. Bigham came on board, they researched it more in depth and found that it would be financially beneficial which was not the case when originally presented. Mr. Riblet stated that customer service was a big component in the consideration of using their services. He stated that the City would continue to have a staff member here at City Hall to provide service locally.

Mr. Bigham explained that he has not personally worked with RITA, but he had gone through all the notes made from the previous meetings with their representatives and then reached out to some of their local clients to obtain feedback. He explained that the City of Loveland has utilized

their services for 10 years without issues. He stated that their Finance Director Mark Medlar had very positive feedback. Mr. Medlar stated that the City of Loveland still retains control over tax laws and the service provided to their residents. Mr. Bigham explained that he also reached out to the Finance Director Dave Jones of the City of Hamilton who explained that they just entered into a contract with RITA this year after switching to RITA from a different contractor of the same services and stated that overall, the transition went well. Mr. Jones did highlight that RITA shares information from the federal income tax which makes it more streamlined in capturing information on residents filing. Mr. Bigham explained that he participated in a conference call with Brian Thunberg and Angela Veazey of RITA and feels confident in their technical abilities.

Mr. Bigham explained that RITA's fees are 3% of collections with a reconciliation of fees and a refund for savings in May of the following collection year. Based on information received from RITA and various municipalities, the cost of RITA services ranges from 1.4% to 2.5% of collections. The proposed cost of RITA is similar to the current budget, with the budget neutral rate of 1.9%. In other words, if RITA charges the City 1.9% or less, there is no additional expense for the service. There will be a collection delay during the first year of RITA services. RITA collects earnings taxes and remits the revenue in the following month. For the first year of operation, the City would collect only 11 months of earnings tax. If the contract were cancelled or not renewed, the last year would include an additional month of collections. As a result, this is a timing issue and not an additional cost of RITA. Mr. Bigham closed by stating that entering into a contract with RITA would be a service focus and not necessarily a savings model as the of hiring qualified personnel has been increasingly difficult.

Mrs. Bissmeyer stated that she felt due to the electronic filing feature not working on our website that she thought it was a crucial component that RITA has the FTI compliance program to be able to verify that residents have filed their federal tax returns as well.

Mr. Bigham asked the Committee to consider a motion to authorize staff to obtain a formal quote from RITA.

Mr. Riblet reminded the Committee that during busy times, residents could still come to City Hall to meet with staff as that personal service will still be available.

Mr. Bigham added that while the electronic filing issues have still not been resolved, the City did renew a license to utilize it if it is needed and working.

Mr. Cappel stated that he was uncomfortable contracting out City jobs and would still support electronic filing if it worked. He asked what the percentage of residents use a CPA.

Mrs. Bissmeyer replied she felt it was a large portion. Staff confirmed that she was correct.

Mr. Cappel stated that he felt the electronic filing needs to be available but supports moving to RITA due to hiring challenges.

Mrs. Bissmeyer asked Mr. Bigham for clarification on who RITA was.

Mr. Bigham replied that for general purposes they are third party contractor.

Mr. Riblet added that they are considered an entity of the State as their Board of Trustees is authorized by the State to administer and enforce income tax laws for any of the municipalities, they represent by the Ohio Revised Code Chapter 167.

Mrs. Bissmeyer asked if the issue with electronic filing was fixed if that would negate the need for RITA.

Ms. Braun stated that the problems with the CMI electronic filing program were very large and at this time they cannot offer a fix for them.

Mr. Bigam added that all used of the CMI software experienced the same issues.

Mrs. Bissmeyer asked if the percentage of collections that would go to RITA would be smaller since the city is smaller.

Mr. Riblet replied that the percentage would be negotiated but that staffing is the determining factor behind the consideration of this service.

Ms. Henao explained that she viewed this service similar to the building permitting contract with National Inspection Service. She stated it is how you manage the contractual relationship that makes it work for the City and the residents.

Ms. Gaylor added that staff strives to be innovative and to be current with the industry in the services they provide to the City so if this would provide those types of services then it may be a good choice.

Mr. Suer explained that in the past there was negative talk about RITA among people who had to deal with them, however he realizes they are now improved and more efficient. He added that he strongly feels that there needs to be a personal touch as it is what the City prides themselves in. Mr. Suer stated that Mr. Bigam's report was very comprehensive. He stated that a key factor is that since RITA is quasi-governmental, they have resources and can do more than our small staff is able to do due to their access to federal documents. He stated that it was good to hear that Loveland has had a positive experience for 10 years as there are a lot of small communities who could benefit from this type of service. Mr. Suer stated that it was important to maintain in-house customer service but that adding staff to the finance department was unlikely so this could be an answer to staffing challenges. He stated that he now feels this is something the City should pursue.

Mr. Cappel made a motion to authorize staff to request a proposal from RITA. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

### Other Business

There was no other business to discuss.

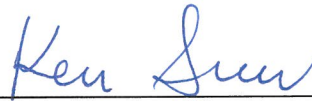
### Minutes

Mr. Cappel moved to accept the minutes of the August 1, 2022 meeting of the Financial Planning Committee as written. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

Adjournment

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

The Financial Planning Committee of Council was adjourned at 5:36 p.m.



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Chair