

City of Montgomery
Financial Planning Committee Meeting
June 2, 2023

Present

Brian Riblet, City Manager
Maura Gray, Finance Director
Connie Gaylor, Clerk of Council

Council Committee Members Present

Ken Suer, Chair
Mike Cappel
Lee Ann Bissmeyer

The Financial Planning Committee of Council convened its meeting for June 2, 2023 at 4:30 p.m. at City Hall with Mr. Suer presiding.

May 2023 Income Tax Report

Ms. Gray reported that for the month of May, the City's total income tax receipts were \$728,724 which is a decrease of \$33,533 or (4.40%) when compared to the 2022 May collections of \$762,257. May collections are slightly lower; however, year-to-date revenue is up by 12.40%.

Ms. Gray explained that in May 2023, net profits from businesses located within or doing business within Montgomery were \$25,532. This is an increase of \$3,442 or 15.58% when compared to May 2022 collections of \$22,090. Year-to-date business revenue is up 87%; however, business collections fluctuate throughout the year and should level out by year end.

Ms. Gray closed by reporting that revenues of \$62,415 were collected in May 2023 from residents living in Montgomery, which is a decrease of (\$64,987) or (51.01%) when compared to May 2022 collections of \$127,402. 100% of resident income was posted in April of 2023 which accounts for a lower amount of revenue in May.

2024 Tax Budget

Ms. Gray 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, 2024 and submit the said Tax Budget to the Hamilton County Auditor.

Ms. Gray explained that the Tax Budget requires the City to estimate revenues and expenditures for funds which derive revenues from real and personal property taxes. There are many variables affecting the 2024 Tax Budget. This is a biennium Budget year for the State and the passage of the new State Budget on July 1 could affect both property tax and income tax projections.

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 2024 Tax Budget.

It is estimated that the total assessed valuation for the year 2023 collected in 2024 for the City of Montgomery is estimated to be \$659 million. It is important to note that 2023 is a six-year revaluation year. At the time of our Tax Budget, property valuations have not been released for

2023 to be collected in 2024, however, it is anticipated that significant property improvements will be included in the 2023 valuation.

The General Fund collects 4.5 mills (3 mills inside, 1.5 mills outside) on real property. It is estimated that \$2,300,000 will be collected in property taxes in 2023 for the General Fund; it is expected that this number will increase in 2024.

Income tax collections in the General Fund are estimated to be \$8.4 million of the total income tax collection of \$11.2 million estimated. It is anticipated that City Council will pass an Ordinance at the June 7 Business Session authorizing the City to enter into an agreement with RITA to administer tax collections on behalf of the City. Income Tax collections are trending higher than originally projected for 2023. This increase in collections will absorb the one month of Rita tax collections held in arrears. No budgetary adjustments should be necessary for 2023. The 2024 tax collections are estimated at \$12 million. The General Fund allocation of 2024 revenue is 9 million. It is estimated that the General Fund will have a cash balance of approximately \$16.3 million at the end of fiscal year 2024.

Other General Fund revenues are estimated to remain relatively flat. Total revenues of the General Fund for 2024 are estimated at \$12,980,287 as compared to \$13,761,775 estimated for 2023. It is also important to note that the 2023 Revenues include \$600,000 in reimbursable grant funding received in the General Fund.

Expenditures of the General Fund are estimated to be \$ 13,396,487 in 2024, as compared to \$13,227,605 in 2023.

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 \$5,829,000 in 2024 keeping estimated revenues at 2023 levels.

Total expenditures for the 2024 Fire Levy Fund are estimated at \$4,884,138 as compared to \$6,205,992 estimated for 2023. The decrease in 2024 is due to the Quint Fire vehicle expenditure in 2023.

The estimated ending cash balance for the Fire Levy Fund for 2024 is \$14,461,412. This is \$994,862 higher than the estimated 2023 ending cash balance. This is an operating reserve of 36 months, which exceeds the City's fund balance reserve policy of 6 to 12 months.

Capital spending is projected at \$4,620,085 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 an estimated level of spending for capital outlay.

A schedule of Outstanding Debt is presented in the 2024 Tax Budget. It is estimated that the City will have approximately \$62.6 million of outstanding debt as of January 1, 2024, for Special and General Obligation debt. Debt service payments for this debt in 2024 will be \$1,025,000 for principal repayment and \$1,847,801 for interest expense.

Ms. Gray stated that a Public Hearing is requested to be held on June 21, prior to the Work Session to present the 2024 Tax Budget to the full Council.

Mr. Cappel made a motion to place the 2024 Tax Budget legislation on the June 21 Work Session agenda. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

Mr. Suer advised Ms. Gray to move forward with the requested Public Hearing on June 21 prior to the Work Session at 6:00 p.m.

Mrs. Bissmeyer asked when the \$62 million in debt would be substantially renewed.

Mr. Riblet added that with the \$7.5 million that was renewed this year, \$1 million will be paid down this year. He stated that it is targeted that 5% or \$500,000 would be paid each year. He stated that revenue bonds are depicted on values.

Minutes

Mr. Cappel moved to accept the minutes of the April 3, 2023 and May 1, 2023 meetings of the Financial Planning Committee as written. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

Other Business

Mr. Suer asked for an update on pending grant funding projects.

Mr. Riblet explained that he is currently working on an application for an OKI 70/30% matching grant for a Cornell/Valley Stream road roundabout. He stated that he will be requesting \$1.6 million in grant funding although the project is three to four years from construction. He added that he should know in the upcoming months if the City will be awarded grant funding for that project.

Mr. Riblet reported that as included in Phase II of the Montgomery Quarter, he is investigating Hamilton County Revitalization funding to help with the cost of putting the roadway in later this year.

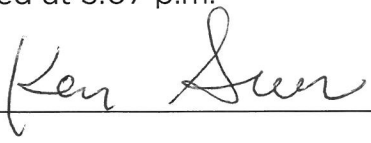
Mrs. Bissmeyer asked for an update on the apartments at the Montgomery Quarter.

Mr. Riblet replied that they are continuing pre-leasing now with an anticipated opening in August.

Adjournment

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

The Financial Planning Committee of Council was adjourned at 5:07 p.m.



Chair