

August 11, 2023

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

From: Brian K. Riblet, City Manager *BKR*

Subject: Financial Planning Committee Meeting August 14, 2023

As a reminder, the Financial Planning Committee is scheduled to meet on Monday, August 14 at 4:30 p.m. at City Hall. The agenda for this meeting is as follows:

1. July 2023 Income Tax Report - Please see the attached July 2023 Income Tax Reports for the Committee's review and discussion. Staff will be prepared to answer any questions on this report at Monday's meeting.
2. 2024 Budget Update - Staff will be present to update the Committee on the 2024 Budget process.
3. RITA Update - Staff will be present to update the Committee on the transition to RITA.
4. 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 June 2, 2023 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)
Maura Gray, Finance Director
Connie Gaylor, Clerk of Council/Executive Assistant
File



FINANCIAL PLANNING COMMITTEE OF CITY COUNCIL

10101 Montgomery Road • Montgomery, Ohio 45242
(513) 891-2424 • Fax (513) 891-2498

AGENDA

August 14, 2023
City Hall
4:30 P.M.

1. Call to Order
2. Guests and Residents
3. Communications
4. New Business
 - a. July 2023 Income Tax Report
 - b. 2024 Budget Update
 - c. RITA Update
5. Approval of Minutes: June 2, 2023
6. Other Business
7. Adjournment

AUGUST 1, 2023

To: Brian Riblet, City Manager

From: Maura Gray, Finance Director/Tax Commissioner *MG*

Subject: 2023 July Income Tax Variance Report

Year to Date

For the month of July, the City's total income tax receipts were \$855,885. This is an increase of \$179,531 or 26.5% when compared to the 2022 July collections of \$676,354. The majority of the 2022 returns that have been received to date have all been entered in the system. Collections are up 17% when compared to 2022.

	2023	2022	% Change
MTD July Actuals	855,885	676,354	26.5%
YTD Collections	9,041,423	7,701,196	17.4%
	YTD Actual	YTD Estimate	% Change
2023 Estimated Collections	9,041,423	7,018,318	28.8%

A breakdown by category for July 2023 and an explanation of the variance is as follows:

Business- In July 2023, net profits from businesses located within or doing business within Montgomery were \$16,209. This is an increase of \$3,963 or 32% when compared to July 2022 collections of \$12,246. This increase is attributed to a larger volume of payments received for the month. Overall, collections are up for the year by 127.5%.

Resident- Revenues of \$81,089 were collected in July 2023 from residents living in Montgomery, which is a decrease of (\$10,047) or (11%) when compared to July 2022 collections of \$91,136. Although collections are down 11% for the month, the year to date total is a 5.04% increase. In 2022, an individual taxpayer remitted a very large payment which was due to a large salary increase. This same resident has not yet filed for 2022 as they have an extension.

Withholding- July 2023 withholding collections were \$758,587; an increase of \$185,615 or 32% when compared to July 2022 collections of \$572,972. Reports show a higher volume of payments in 2022 versus 2023. Year-to-date collections are up 4.93%.

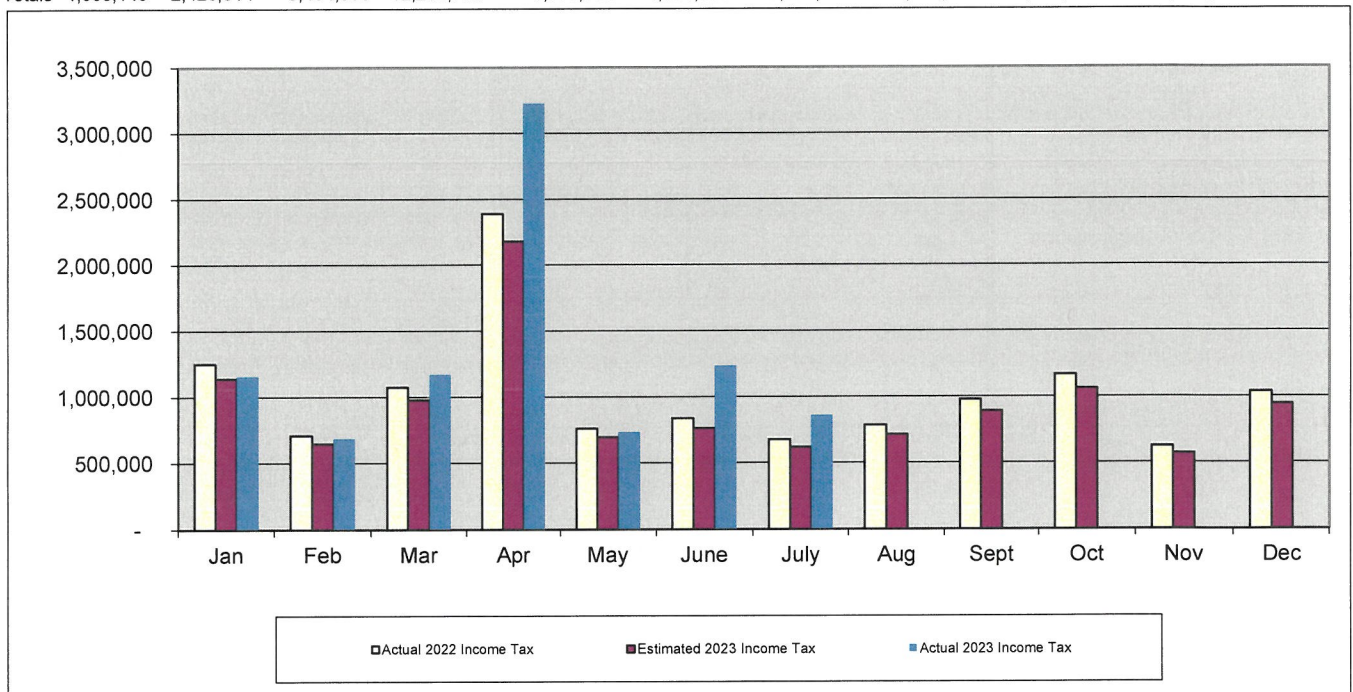
The following schedule breaks down collections by source and provides a graph comparing actual and estimated income tax revenues for 2022 and 2023. There is also an End of Month report attached showing the comparison between month-to-date and year-to-date.

c: Financial Planning Committee Members (2)
Mayor and City Council Members (3)
Connie Gaylor, Administrative Coordinator
Laura Braun, Finance Specialist

**Schedule of Income Tax Collections by Source
Actual 2022 Compared to 2023 Estimate & Actual**

	Actual 2022				Actual 2023				2023 budget vs actual		
	Business	Resident	Withholding	Total	Business	Resident	Withholding	Total	Estimate	Variance	%
Jan	25,330	151,267	1,074,100	1,250,697	24,107	188,553	940,527	1,153,187	1,139,796	13,391	1.17%
Feb	17,997	23,418	668,609	710,024	9,089	44,494	627,795	681,378	647,065	34,313	5.30%
Mar	66,619	114,578	892,841	1,074,039	96,344	172,013	899,790	1,168,147	978,802	189,345	19.34%
Apr	568,375	1,040,677	780,953	2,390,006	1,156,923	1,090,134	975,929	3,222,986	2,178,080	1,044,906	47.97%
May	22,090	127,402	612,765	762,257	25,532	62,415	640,777	728,724	694,666	34,058	4.90%
June	69,320	226,107	542,392	837,819	450,898	225,305	554,911	1,231,115	763,528	467,587	61.24%
July	12,246	91,136	572,972	676,354	16,209	81,089	758,587	855,885	616,381	239,505	38.86%
Aug	33,056	52,495	699,103	784,654				-	715,077		0.00%
Sept	112,706	235,796	629,894	978,396				-	891,640		0.00%
Oct	48,071	243,660	873,532	1,165,264				-	1,061,938		0.00%
Nov	15,448	41,968	566,427	623,843				-	568,526		0.00%
Dec	376,886	78,110	581,406	1,036,401				-	944,502		0.00%

Totals 1,368,145 2,426,614 8,494,995 12,289,753 1,779,103 1,864,003 5,398,316 9,041,422 11,200,000 2,023,104 28.8%



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	22,114.25	25,330.08	24,107.24	(4.83%)	22,114.25	25,330.08	24,107.24	(4.83%)
INDIVIDUAL	272,632.66	151,266.85	188,552.63	24.65%	272,632.66	151,266.85	188,552.63	24.65%
WITHHOLDING	754,152.23	1,074,100.32	940,526.74	(12.44%)	754,152.23	1,074,100.32	940,526.74	(12.44%)
01 JANUARY	1,048,899.14	1,250,697.25	1,153,186.61	(7.80%)	1,048,899.14	1,250,697.25	1,153,186.61	(7.80%)
BUSINESS	14,944.67	17,996.86	9,089.18	(49.50%)	37,058.92	43,326.94	33,196.42	(23.38%)
INDIVIDUAL	20,729.39	23,418.17	44,493.95	90.00%	293,362.05	174,685.02	233,046.58	33.41%
WITHHOLDING	658,419.74	668,609.25	627,794.92	(6.10%)	1,412,571.97	1,742,709.57	1,568,321.66	(10.01%)
02 FEBRUARY	694,093.80	710,024.28	681,378.05	(4.03%)	1,742,992.94	1,960,721.53	1,834,564.66	(6.43%)
BUSINESS	53,010.61	66,619.40	96,343.65	44.62%	90,069.53	109,946.34	129,540.07	17.82%
INDIVIDUAL	126,857.39	114,578.45	172,013.13	50.13%	420,219.44	289,263.47	405,059.71	40.03%
WITHHOLDING	627,421.17	892,840.87	899,790.03	0.78%	2,039,993.14	2,635,550.44	2,468,111.69	(6.35%)
03 MARCH	807,289.17	1,074,038.72	1,168,146.81	8.76%	2,550,282.11	3,034,760.25	3,002,711.47	(1.06%)
BUSINESS	215,061.10	568,375.14	1,156,922.82	103.55%	305,130.63	678,321.48	1,286,462.89	89.65%
INDIVIDUAL	368,989.92	1,040,677.36	1,090,134.39	4.75%	789,209.36	1,329,940.83	1,495,194.10	12.43%
WITHHOLDING	706,378.28	780,953.20	975,929.42	24.97%	2,746,371.42	3,416,503.64	3,444,041.11	0.81%
04 APRIL	1,290,429.30	2,390,005.70	3,222,986.63	34.85%	3,840,711.41	5,424,765.95	6,225,698.10	14.76%
BUSINESS	64,003.47	22,090.21	25,532.50	15.58%	369,134.10	700,411.69	1,311,995.39	87.32%
INDIVIDUAL	496,275.64	127,401.77	62,414.69	(51.01%)	1,285,485.00	1,457,342.60	1,557,608.79	6.88%
WITHHOLDING	727,813.14	612,764.69	640,777.26	4.57%	3,474,184.56	4,029,268.33	4,084,818.37	1.38%

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	1,288,092.25	762,256.67	728,724.45	(4.40%)	5,128,803.66	6,187,022.62	6,954,422.55	12.40%
BUSINESS	61,638.95	69,320.31	450,898.46	550.46%	430,773.05	769,732.00	1,762,893.85	129.03%
INDIVIDUAL	294,465.69	226,106.70	225,305.48	(0.35%)	1,579,950.69	1,683,449.30	1,782,914.27	5.91%
WITHHOLDING	496,220.60	542,392.22	554,911.23	2.31%	3,970,405.16	4,571,660.55	4,639,729.60	1.49%
06 JUNE	852,325.24	837,819.23	1,231,115.17	46.94%	5,981,128.90	7,024,841.85	8,185,537.72	16.52%
BUSINESS	13,905.44	12,246.00	16,208.84	32.36%	444,678.49	781,978.00	1,779,102.69	127.51%
INDIVIDUAL	43,207.80	91,135.53	81,089.26	(11.02%)	1,623,158.49	1,774,584.83	1,864,003.53	5.04%
WITHHOLDING	609,130.69	572,972.07	758,587.12	32.40%	4,579,535.85	5,144,632.62	5,398,316.72	4.93%
07 JULY	666,243.93	676,353.60	855,885.22	26.54%	6,647,372.83	7,701,195.45	9,041,422.94	17.40%
BUSINESS	15,163.58	33,055.96	0.00	(100.00%)	459,842.07	815,033.96	1,779,102.69	118.29%
INDIVIDUAL	44,606.38	52,495.02	0.00	(100.00%)	1,667,764.87	1,827,079.85	1,864,003.53	2.02%
WITHHOLDING	711,115.45	699,102.81	0.00	(100.00%)	5,290,651.30	5,843,735.43	5,398,316.72	(7.62%)
08 AUGUST	770,885.41	784,653.79	0.00	(100.00%)	7,418,258.24	8,485,849.24	9,041,422.94	6.55%
BUSINESS	74,070.41	112,705.72	0.00	(100.00%)	533,912.48	927,739.68	1,779,102.69	91.77%
INDIVIDUAL	249,154.53	235,795.77	0.00	(100.00%)	1,916,919.40	2,062,875.62	1,864,003.53	(9.64%)
WITHHOLDING	577,699.78	629,894.07	0.00	(100.00%)	5,868,351.08	6,447,3629.50	5,398,316.72	(16.61%)
09 SEPTEMBER	900,924.72	978,395.56	0.00	(100.00%)	8,319,182.96	9,464,244.80	9,041,422.94	(4.47%)

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	56,672.48	48,071.43	0.00	(100.00%)	590,584.96	975,811.11	1,779,102.69	82.32%
INDIVIDUAL	163,223.09	243,660.18	0.00	(100.00%)	2,080,142.49	2,306,535.80	1,864,003.53	(19.19%)
WITHHOLDING	744,639.05	873,532.02	0.00	(100.00%)	6,612,990.13	7,347,161.52	5,398,316.72	(26.53%)
10 OCTOBER	964,534.62	1,165,263.63	0.00	(100.00%)	9,283,717.58	10,629,508.43	9,041,422.94	(14.94%)
BUSINESS	15,109.72	15,447.63	0.00	(100.00%)	605,694.68	991,258.74	1,779,102.69	79.48%
INDIVIDUAL	28,823.95	41,967.89	0.00	(100.00%)	2,108,966.44	2,348,503.69	1,864,003.53	(20.63%)
WITHHOLDING	638,614.13	566,426.53	0.00	(100.00%)	7,251,604.26	7,913,588.05	5,398,316.72	(31.78%)
11 NOVEMBER	682,547.80	623,842.05	0.00	(100.00%)	9,966,265.38	11,253,350.48	9,041,422.94	(19.66%)
BUSINESS	44,872.03	376,885.65	0.00	(100.00%)	650,566.71	1,368,144.39	1,779,102.69	30.04%
INDIVIDUAL	269,806.15	78,109.81	0.00	(100.00%)	2,378,772.59	2,426,613.50	1,864,003.53	(23.18%)
WITHHOLDING	554,129.78	581,405.91	0.00	(100.00%)	7,805,734.04	8,494,993.96	5,398,316.72	(36.45%)
12 DECEMBER	868,807.96	1,036,401.37	0.00	(100.00%)	10,835,073.34	12,289,751.85	9,041,422.94	(26.43%)
	10,835,073.34	12,289,751.85	9,041,422.94	(26.43%)	72,762,688.49	84,706,709.70	81,604,658.75	(3.66%)

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
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

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reevaluation 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.

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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.

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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