

July 2, 2015

To: Chris Dobrozi, Chairman  
Financial Planning Committee of City Council

From: Wayne S. Davis, City Manager

Subject: Financial Planning Committee Meeting Monday, July 6, 2015

As a reminder, the Financial Planning Committee is scheduled to meet on Monday, July 6 at 4:00 p.m. in City Hall. The agenda for this meeting is as follows:

1. 2014 Annual Audit – Ms. Staci Reiley from the State Auditor's Office will be present at the meeting to discuss the 2014 audit and answer any questions the committee may have regarding the City's audited financial statements.
2. Permissive Tax Fund – As a result of the 2014 audit it is recommended that the City Council authorize the use of the Permissive Tax (Street Improvement) Fund which was established by ordinance in 1993. It will necessary for City Council to authorize and direct the preparation of legislation to make an appropriation adjustment from the Street Construction, Maintenance & Repair Fund for \$73,226.58 and from the State Highway Fund for \$5,937.28 to the Permissive Tax Fund.
3. June 2015 Income Tax Report – The Income Tax Report for the first half of 2015 is attached for the Committee's review and discussion. Staff will be prepared to answer any questions on this report at Monday's meeting.
4. Other Business- The purpose of this agenda item is to provide an opportunity to discuss any issue that may be on your mind, give feedback and insight into the team's performance, ask questions and provide constructive suggestions to enhance the team's performance in the future.

Also attached are the minutes from the June 1, 2015 meeting of Financial Planning Committee for review and approval at Monday's meeting.

Should you have questions or concerns regarding the above agenda item, 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)  
James Hanson, Finance Director  
Connie Gaylor, Administrative Coordinator  
Kelly Beach, Assistant Finance Director/Tax Commissioner  
file

**AGENDA**

**July 6, 2015  
Montgomery City Hall  
10101 Montgomery Road**

**4:00 P.M.**

1. Call To Order
2. Guests and Residents
3. Communications
4. New Business
  - a. 2014 Annual Audit May
  - b. Permissive Tax Fund
  - c. June 2015 Income Tax Report
5. Approval of Minutes: June 1, 2015
6. Other Business
7. Adjournment

May 26, 2015

To: Wayne S. Davis, City Manager

From: James A. Hanson, Finance Director 

SUBJECT: Audit Adjustment for Motor Vehicle Tax

**Request**

It is recommended that the City Council authorize the use of a Permissive Tax Fund to account for motor vehicle registration monies received from the County and to appropriate funds for road improvement purposes.

**Background**

As the result of the financial audit it has been brought to our attention that City Council passed an ordinance enacting section 94.21 of the Montgomery Code of Ordinances providing for an additional motor vehicle tax and appropriating monies raised for road improvements. A copy of Ordinance Number 4, 1993 is attached for your information. The motor vehicle taxes which were collected under this ordinance were deposited into the Street Construction, Maintenance & Repair Fund 261 and the State Highway Improvement Fund 265. The monies spent from Funds 261 and 265 are for the same purpose as that of the Permissive (Street Improvement) Fund created in Section 94.21 of the City code.

The auditors have prepared a schedule (attached) which reflects the amount of \$79,163.86 which should have been deposited into the Permissive Tax Fund for 2014. It will be necessary to make this adjustment in 2015 to avoid adjustments in the future years.

**Recommendation**

It is recommended that the City Council authorize the use of the Permissive Tax (Street Improvement) Fund which was established by ordinance in 1993. It will necessary for City Council to authorize and direct the preparation of legislation to make an appropriation adjustment from the Street Construction, Maintenance & Repair Fund for \$73,226.58 and from the State Highway Fund for \$5,937.28 to the Permissive Tax Fund.

I would also request that an appropriation be made from the Permissive Tax (Street Improvement) Fund in the same amount to capture expenses associated with street improvements for 2015.

ORDINANCE NO. 4 , 1993

AN ORDINANCE ENACTING SECTION 94.21 OF THE  
MONTGOMERY CODE OF ORDINANCES PROVIDING FOR  
AN ADDITIONAL MOTOR VEHICLE TAX AND APPROPRIATING  
MONIES RAISED FOR ROAD IMPROVEMENT PURPOSES

WHEREAS, Hamilton County, Ohio is currently holding public hearings for the purpose of determining whether or not to levy an additional \$5.00 motor vehicle tax which would be levied against motor vehicles in all unincorporated areas of Hamilton County and also in all incorporated areas in which the municipalities have not previously enacted this \$5.00 tax; and

WHEREAS, should the City of Montgomery not adopt this legislation then any taxes enacted by Hamilton County, Ohio for each motor vehicle registered within the City of Montgomery will be paid to Hamilton County, rather than to the City of Montgomery;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Montgomery, Ohio:

SECTION 1: Section 94.21 of the Montgomery Code of Ordinances is hereby enacted as follows:

**§94.21 CREATION AND APPROPRIATION OF MONIES  
FOR MOTOR VEHICLE TAX**

(A) There is hereby levied an additional \$5.00 license tax under the provisions of Section 4504.171 of the Ohio Revised Code to take effect at the earliest time allowed by State law. The revenue derived from said tax will be used for the purposes authorized pursuant to Section 4504.171, including to supplement costs and expenses associated with the maintenance of public roads within the City of Montgomery.

(B) There is hereby created a separate fund to be maintained by the City of Montgomery known as the Montgomery Street Improvement Fund. All monies raised by the imposition of the \$5.00 motor vehicle tax shall be paid into this fund which shall have as its purpose the expenditure of these monies pursuant to the provisions of Section 4504.171 of the Ohio Revised Code.

**SECTION 2:** The Clerk of Council is directed to immediately send a certified copy of this Ordinance to the Registrar of Motor Vehicles in Ohio as is directed by Section 4504.08 of the Ohio Revised Code.

**SECTION 3:** This Ordinance shall be in full force and effect from and after the earliest period allowed by law.

PASSED: Jan 20, 1993

ATTEST: Joan I. Silberman  
Mayor

Janet Koraal  
Clerk of Council

City of Montgomery  
2014  
Permissive MVL Allocation

per E.8.6 & E.8.4

Month Paid	ORC 4504.15	ORC 4504.171	Interest	Total
Jan	\$1,890.00	\$3,780.00	\$0.00	\$5,670.00
Feb	\$2,402.50	\$4,805.00	\$0.00	\$7,207.50
Mar	\$2,031.25	\$4,062.50	\$0.00	\$6,093.75
Apr	\$2,057.50	\$4,115.00	\$6.47	\$6,178.97
May	\$1,898.75	\$3,797.50	\$0.00	\$5,696.25
Jun	\$2,075.00	\$4,150.00	\$0.00	\$6,225.00
Jul	\$2,470.00	\$4,940.00	\$2.96	\$7,412.96
Aug	\$2,201.25	\$4,402.50	\$0.00	\$6,603.75
Sep	\$2,641.25	\$5,282.50	\$0.00	\$7,923.75
Oct	\$2,596.00	\$5,190.00	\$4.44	\$7,789.44
Nov	\$2,368.33	\$4,736.66	\$0.00	\$7,104.99
Dec	\$1,752.50	\$3,505.00	\$0.00	\$5,257.50
<b>Total</b>	<b>\$26,383.33</b>	<b>\$52,756.66</b>	<b>\$13.87</b>	<b>\$79,163.86</b>

Total Before Interest: \$79,149.99  
Allocation: 1/3, 2/3, State Confirmation

Fund Revenue for Permissive Motor Vehicle Tax create

4504.15 (County Levied) - Interd. 171 (Municipal Levied) - Taxes	Total
\$1,890.00	\$3,780.00
\$2,402.50	\$4,805.00
\$2,031.25	\$4,062.50
\$2,059.86	\$4,119.31
\$1,898.75	\$3,797.50
\$2,075.00	\$4,150.00
\$2,470.99	\$4,941.97
\$2,201.25	\$4,402.50
\$2,641.25	\$5,282.50
\$2,596.48	\$5,192.96
\$2,368.33	\$4,736.66
\$1,752.50	\$3,505.00
<b>\$26,387.95</b>	<b>\$52,775.91</b>

1/3, 2/3, \$79,163.86

Based on 92.5% and 7.5% Intergov Revenue Split B

Fund 261 (92.5%)	Fund 266 (7.5%)
\$5,244.75	\$425.25
\$6,666.94	\$540.56
\$5,636.72	\$457.03
\$5,715.55	\$463.42
\$5,269.03	\$427.22
\$5,758.13	\$466.87
\$6,856.99	\$555.97
\$6,108.47	\$495.28
\$7,329.46	\$594.29
\$7,205.24	\$584.20
\$6,572.12	\$532.87
\$4,863.18	\$394.32
<b>\$73,226.58</b>	<b>\$5,937.28</b>

92.5%, 7.5%, \$79,163.86



July 1, 2015

To: Wayne Davis, City Manager  
 From: Kelly J. Beach, Assistant Finance Director/Tax Commissioner *KJB*  
 Subject: 2015 June Income Tax Variance Report

**Month-to-Date**

For the month of June 2015, the City's total income tax receipts were \$523,795, which is a decrease of \$10,305 or 1.9% compared to the actual amount collected in June 2014.

	2015	2014	% Change
June Actual	\$523,795	\$534,100	(1.9)%
YTD	\$4,684,836	\$4,479,961	4.5%

**Year-to-Date**

Year-to-date actual income tax receipts show an increase of 4.5% over the year-to-date receipts received through June 2015 compared to the same period in 2014. In addition, year-to-date revenues exceeded estimated revenues by 7.6%.

	YTD Actual	YTD Estimate	% Change
2015	\$4,684,836	\$4,355,745	7.6%

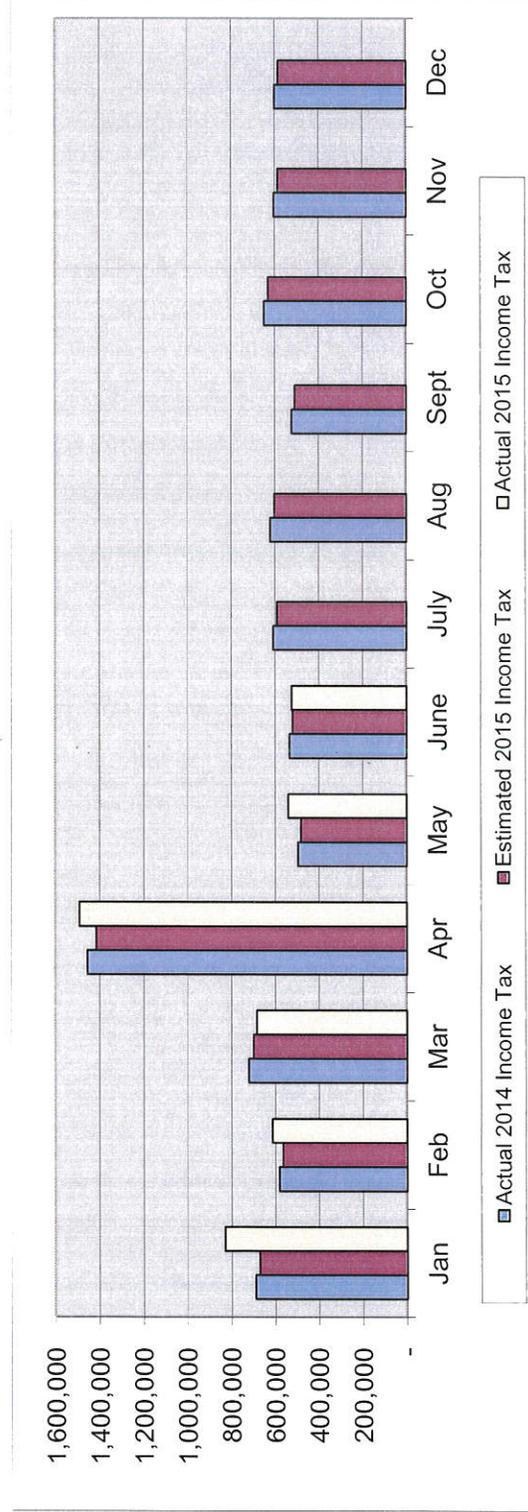
A breakdown by category for June 2015 is as follows:

- *Withholding*- June withholding collections were \$425,373, which is an increase of \$19,337, or 4.7%, when compared to June 2014 collections of \$406,036.
- *Business*- In June 2015, net profits from businesses located within or doing business within Montgomery were \$53,215. This is a decrease of \$4,365 or 7.5% compared to June 2014 collections of \$57,580.
- *Resident*- Revenues of \$45,207 were collected in June 2015 from residents living in Montgomery, which is a decrease of \$25,276, or 35.8%, compared to June 2014 collections of \$70,483.

The following schedule breaks down collections by source and provides a graph comparing actual and estimated income tax revenues for 2014 and 2015. There is also an End-of-Month report attached showing the comparison between month-to-date and year-to-date.

**Schedule of Income Tax Collections by Source  
Actual 2014 Compared to 2015 Estimate & Actual**

	Actual 2014		Actual 2015		Total	2015 Estimate	Estimate Variance	%	Actual Variance	%
	Business	Resident	Business	Resident						
Jan	30,088	98,434	23,513	107,848	697,917	671,338	157,940	23.53%	138,795	20.10%
Feb	19,555	35,972	23,144	35,600	554,901	565,520	48,125	8.51%	31,998	5.50%
Mar	65,548	93,913	32,625	59,799	591,955	700,456	(16,076)	-2.30%	(36,052)	-5.00%
Apr	162,578	871,032	200,522	809,884	483,267	1,416,753	76,920	5.43%	36,518	2.51%
May	12,931	27,158	4,704	46,282	489,079	482,388	57,677	11.96%	43,921	8.85%
June	57,580	70,483	53,215	45,207	425,373	519,291	4,505	0.87%	(10,304)	-1.93%
July	39,265	98,569	606,973	-	-	590,143	-	0.00%	-	0.00%
Aug	19,420	93,554	620,183	-	-	602,987	-	0.00%	-	0.00%
Sept	53,690	64,101	404,766	-	-	508,069	-	0.00%	-	0.00%
Oct	50,812	191,017	406,637	-	-	630,486	-	0.00%	-	0.00%
Nov	9,662	53,034	540,512	-	-	586,482	-	0.00%	-	0.00%
Dec	37,624	169,962	393,800	-	-	584,711	-	0.00%	-	0.00%
<b>Totals</b>	<b>558,753</b>	<b>1,867,230</b>	<b>337,724</b>	<b>1,104,621</b>	<b>3,242,492</b>	<b>7,858,624</b>	<b>329,091</b>	<b>7.56%</b>	<b>204,875</b>	<b>4.57%</b>



CITY OF MONTGOMERY  
 END OF MONTH REPORT  
 30 JUN 2015

	2013	2014	2015	2015 vs 2014	2015	2014	2015 vs 2014
	Month-to-date	Month-to-date	Month-to-date	Month percent	Year-to-date	Year-to-date	Year percent
<b>May</b>							
Business	13,310.59	12,930.75	4,704.39	-63.6	284,508.80	290,699.62	-2.1
Resident	54,670.56	27,158.29	46,281.83	70.4	1,059,413.48	1,126,508.18	-5.9
Withholding	387,344.83	456,055.64	489,079.05	7.2	2,817,118.80	2,528,653.94	11.4
Non-resident							
TOTAL	455,325.98	496,144.68	540,065.27	8.8	4,161,041.08	3,945,861.74	5.4
<b>June</b>							
Business	28,959.95	57,579.92	53,214.95	-7.5	337,723.75	348,279.54	-3.0
Resident	67,751.43	70,483.42	45,207.48	-35.8	1,104,620.96	1,196,991.60	-7.7
Withholding	400,626.99	406,036.16	425,372.81	4.7	3,242,491.61	2,934,690.10	10.4
Non-resident							
TOTAL	497,338.37	534,099.50	523,795.24	-1.5	4,684,836.32	4,479,961.24	4.5
<b>July</b>							
Business	18,181.88	39,265.30		-100.0	337,723.75	387,544.84	-12.8
Resident	93,122.34	98,568.92		-100.0	1,104,620.96	1,295,560.52	-14.7
Withholding	396,199.36	469,138.51		-100.0	3,242,491.61	3,403,828.61	-4.7
Non-resident	88.58						
TOTAL	507,592.16	606,972.73	0.00	-100.0	4,684,836.32	5,086,933.97	-7.9
<b>August</b>							
Business	22,832.21	19,419.83		-100.0	337,723.75	406,964.67	-17.0
Resident	49,365.17	93,554.36		-100.0	1,104,620.96	1,389,114.88	-20.4
Withholding	492,187.96	507,208.45		-100.0	3,242,491.61	3,911,037.06	-17.0
Non-resident							
TOTAL	564,385.34	620,182.64	0.00	-100.0	4,684,836.32	5,707,116.61	-17.9

CITY OF MONTGOMERY  
 END OF MONTH REPORT  
 30 JUN 2015

	2013	2014	2015	2015 vs 2014	2015	2014	2015 vs 2014
January	Month-to-date	Month-to-date	Month-to-date	Month Percent	Year-to-date	Year-to-date	Year Percent
Business	27,562.55	30,088.07	23,512.73	-21.8	23,512.73	30,088.07	-21.8
Resident	148,796.03	98,433.64	107,848.39	9.5	107,848.39	98,433.64	9.5
Withholding	714,637.19	561,961.06	697,916.73	24.1	697,916.73	561,961.06	24.1
Non-resident							
TOTAL	890,995.77	690,482.77	829,277.85	20.1	829,277.85	690,482.77	20.1
February							
Business	20,950.34	19,554.96	23,143.93	18.3	46,656.66	49,643.03	-6.0
Resident	52,632.13	35,972.00	35,599.97	-1.0	143,448.36	134,405.64	6.7
Withholding	482,559.03	526,120.56	554,901.24	5.4	1,252,817.97	1,088,081.62	15.1
Non-resident							
TOTAL	556,141.50	581,647.52	613,645.14	5.5	1,442,922.99	1,272,130.29	13.4
March							
Business	58,064.79	65,548.31	32,625.34	-50.2	79,282.00	115,191.34	-31.1
Resident	96,187.62	93,912.57	59,799.20	-36.3	203,247.56	228,318.21	-10.9
Withholding	433,380.74	560,970.14	591,954.77	5.5	1,844,772.74	1,649,051.76	11.8
Non-resident							
TOTAL	587,633.15	720,431.02	684,379.31	-5.0	2,127,302.30	1,992,561.31	6.7
April							
Business	170,541.62	162,577.53	200,522.41	23.3	279,804.41	277,768.87	0.7
Resident	735,314.96	871,031.68	809,884.09	-7.0	1,013,131.65	1,099,349.89	-7.8
Withholding	480,882.18	423,546.54	483,267.01	14.1	2,328,039.75	2,072,598.30	12.3
Non-resident							
TOTAL	1,386,738.76	1,457,155.75	1,493,673.51	2.5	3,620,975.81	3,449,717.06	4.9

*These minutes are a draft of the proposed minutes from the Financial Planning Committee of the City Council meeting. They do not represent the official record of proceedings until formally adopted by the Financial Planning Committee of City Council. Formal adoption is noted by signature of the Chair within the minutes.*

City of Montgomery  
Financial Planning Committee Meeting  
June 1, 2015

**Present**

Jim Hanson, Finance Director  
Wayne Davis, City Manager  
Connie Gaylor, Clerk of Council

**Council Committee Members Present**

Chris Dobrozsi, Chair  
Ken Suer  
Craig Margolis

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The Financial Planning Committee of Council meeting was called to order at 3:30 p.m. by Chairman Chris Dobrozsi.

**May 2015 Income Tax Report**

Mr. Hanson explained that for the month of May 2015, the City's total income tax receipts were \$540,065, which is an increase of \$43,920 or 8.8% compared to the actual amount collected in May 2014. Mr. Hanson further explained that year-to-date actual income tax receipts show an increase of 5.4% over the year-to-date receipts received through May 2015 compared to the same period in 2014. In addition, year-to-date revenues exceeded estimated revenues by 8.5%.

**Review of the 1st Half Real Estate Settlement**

Mr. Hanson reviewed the 1<sup>st</sup> Half Real Estate Settlement Report with the Committee. Mr. Hanson reported that total collections for 2015 are up \$106,846 or 3.88% compared to 2014. General Fund property tax collections are up \$70,878 or 6.85%, as a result of the county reappraisal which occurred for tax year 2014; Fire Levy Collections are up \$9,910 or 1.12%; and Tax Increment Financing Districts are up \$28,600 or 3.9%. Mr. Hanson pointed out that most of the increase is the result of the property values at the Vintage Club as of the tax assessment date of January 1, 2014. Special Assessment collections are down \$2,542 or 2.5% which is attributed to reductions in debt service payments that are supported by assessment collections.

**2016 Tax Budget**

Mr. Hanson 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 2016 tax budget.

It is estimated that the total assessed valuation for the year 2015, collected in 2016, for the City of Montgomery is estimated to be \$525 million. This is an estimated 2% increase in property values from the assessed valuation for tax year 2014 of \$516 million.

The General Fund collects 4.5 mills (3 mills inside, 1.5 mills outside) on real property. It is estimated that approximately \$2,050,000 million will be collected in property taxes in 2016 for the General Fund; this is an increase of 2% that is expected to be collected in 2015.

Income tax collections in the General Fund will be approximately \$6,232,000 of the total income tax collection of \$8.2 million estimated for 2016; the assumption is that total income tax revenues are estimated to increase 1% over the amount collected in 2015. The amount of income tax revenues allocated to the General Fund is

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## Financial Planning Committee Minutes

June 1, 2015

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76% in 2016. It is estimated that the General Fund will have a cash balance of approximately \$13.6 million at the end of fiscal year 2016.

Other General Fund revenues are estimated to remain relatively flat due to the continued economic uncertainty. Total revenues of the General Fund for 2016 are estimated at \$9,774,752 as compared to \$9,687,938 estimated for 2015. This is an increase of \$86,514 or approximately 1% which is attributed to the estimated increase in income and property tax revenues.

The Fire Levy is a 5.55 mill permanent levy with no expiration date. Total revenues in the Fire Levy Fund are estimated to be \$2,157,437 in 2016 as compared to \$2,129,272 in 2015; this is an increase of \$28,165.

Total expenditures for the 2016 Fire Levy Fund are estimated at \$2,562,561, as compared to \$2,454,355 estimated for 2015. This is an increase of \$108,206 or 4.4%, which can be attributed to \$80,870 proposed for capital equipment.

The estimated ending cash balance for the Fire Levy Fund for 2016 is \$3,609,659. This is \$405,124 less than estimated 2015 ending cash balance. This is an operating reserve of 16.8 months, well within the targeted balance of 6 to 12 months.

Capital spending is projected at \$2,834,700 being spent on permanent improvements. The permanent improvement projects. These projects were taken from the 2015-2019 Capital Improvement Program and are projects which were reviewed and approved by City Council on an individual basis.

Mr. Hanson explained that part of the preparation work required for the 2016 annual operating and capital budget is the approval by Council and the submission of the City's tax budget. In accordance with the Ohio Revised Code it is necessary for City Council to pass a resolution approving the tax budget for the fiscal year beginning January 1, 2016 and submitting the said tax budget to the Hamilton County Auditor. Failure to pass a tax budget before July 15<sup>th</sup> and submit a tax budget to the County Auditor before July 20<sup>th</sup> of each year may jeopardize the City's share of Local Government and Local Government Assistance Funds. It is recommended that the City Council hold a Public Hearing on June 17, 2015 on the 2016 Tax Budget prior to its passage on July 1, 2015.

### **Update on 2014 Financial Audit**

Mr. Hanson explained to the Committee that as a result of the 2014 financial audit it has been brought to his attention that City Council previously passed an ordinance enacting section 94.21 of the Montgomery Code of Ordinances providing for an additional motor vehicle tax and appropriating monies raised for road improvements. The motor vehicle taxes which were collected under this Ordinance were deposited into the Street Construction, Maintenance and Repair Fund (261) and the State Highway Improvement Fund (265). The monies spent from Funds 261 and 265 are for the same purpose as that of the Permissive (Street Improvement) Fund created in Section 94.21 of the City Code.

Mr. Hanson explained that it will be necessary to make an adjustment into the Permissive Tax Fund to avoid adjustments in future years. He stated that it will be necessary for City Council to authorize and direct the preparation of legislation to make an appropriation adjustment from the Street Construction, Maintenance and Repair Fund for \$73,226.58 and from the State Highway Fund for \$5,937.28 to the Permissive Tax Fund. Mr. Hanson also stated that an appropriation be made from the Permissive Tax (Street Improvement) Fund in the same amount to capture expenses associated with street improvements for 2015.

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**Financial Planning Committee Minutes**

June 1, 2015

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Mr. Hanson stated that if authorized by the Committee, the legislation would be prepared and placed on the July 22 Work Session agenda.

Mr. Suer moved to authorize the preparation of the legislation that would make the appropriations necessary to transfer funds from the Street Construction, Maintenance and Repair Fund for \$73,226.58 and from the State Highway Fund for \$5,937.28 to the Permissive Tax Fund and to appropriate the same amount associated with street improvements for 2015.

Mr. Margolis seconded. The Committee unanimously agreed.

**Other Business**

Mr. Dobrozsi asked for an update on the progress of the purchase of financial software for the finance department.

Mr. Hanson, explained that a decision to wait to purchase anything until after a new Finance Director is hired has been made. This will enable the new Director to be involved in the selection of the software.

**Minutes**

Mr. Margolis moved to adopt the minutes of the April 6, 2015 meeting of the Financial Planning Committee. Mr. Suer seconded. The Committee unanimously agreed.

**Adjournment**

Mr. Margolis moved to adjourn. Mr. Suer seconded. The Committee unanimously agreed.

The Financial Planning Committee of Council was adjourned at 4:07 PM.

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Chair