

December 4, 2015

To: Ken Suer, Committee Member
Craig Margolis, Committee Member
Financial Planning Committee of City Council

From: Wayne S. Davis, City Manager *WSI*

Subject: Financial Planning Committee Meeting December 7, 2015

As a reminder, the Financial Planning Committee is scheduled to meet on Monday, December 7 at 4:00 p.m. in City Hall. The agenda for this meeting is as follows:

1. 2015 November Income Tax Report – The Income Tax Report for the first eleven months of 2015 will be presented at the meeting for the Committee's review and discussion. Staff will be prepared to answer any questions on this report at Monday's meeting.
2. Investment Policy – The City's investment policy has not been revised in several years. The proposed revisions make our policy consistent with Ohio Revised Code (ORC) Section 135.14. There are two notable changes: Section 7.0 Authorized Financial Dealers and Institutions and Section 8.0 E Authorized and Suitable Investments. The wording in Section 7.0 is updated to include certificate of deposit investment pools such as STAROhio and Certificate of Deposit Account Registry Service (CDARS). Both of these programs purchase certificates of deposit on behalf of the City from various banks and hold the investments in an account in the City's name and the ORC allows investments in certificates of deposit without a depository agreement. The changes to Section 8.0 E just updates the wording to match the Ohio Revised Code.
3. Supplemental Appropriations to the 2015 Budget – Attached for your information is a memorandum from Michelle Greis, Finance Director, requesting year-end supplemental appropriations to the 2015 Budget. The year-end supplemental appropriations are necessary to reconcile various accounts which need additional appropriations due to unplanned expenditures or are required to be reduced by law.
4. Board of Tax Review Members: The passage of Substitute House Bill (H.B.) 5 and § 44.1.18 of the new Municipal Income Tax Code restructures the make-up of the Board of Tax Review. The new code requires that two members of the Board be appointed by City Council and one member of the Board be appointed by the City Manager. The new code also allows City Council to appoint an alternate member who can serve as a result of a conflict, illness or absence. Kelly Beach will be prepared to discuss these changes and answer any questions the Committee may have.
5. Other Business – The purpose of this agenda item is to provide an opportunity to discuss any issue or ask questions that may be on your mind.

Also attached are the minutes from the September 15, 2015 meeting of your 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)
- Michelle Greis, Finance Director
- Kelly Beach, Assistant Finance Director/Tax Commissioner
- Connie Gaylor, Administrative Coordinator
- File



AGENDA

**December 7, 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. 2015 November Income Tax Report
 - b. Investment Policy
 - c. Supplemental Appropriations to the 2015 Budget
 - d. Board of Tax Review Members
5. Approval of Minutes: September 15, 2015
6. Other Business
7. Adjournment



December 1, 2015

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

Month-to-Date

For the month of November 2015, the City's total income tax receipts were \$661,699, which is an increase of \$58,492 or 9.6% compared to the actual amount collected in November 2014.

	2015	2014	% Change
November Actual	\$ 661,699	\$ 603,207	9.6%
YTD	\$7,878,484	\$7,481,348	5.3%

Year-to-Date

Year-to-date actual income tax receipts show an increase of 5.3% over the year-to-date receipts received through November 2015 compared to the same period in 2014. In addition, year-to-date revenues exceeded estimated revenues by 4.1%.

	YTD		%
	YTD Actual	Estimate	Change
2015	\$ 7,878,484	\$ 7,571,377	4.1%

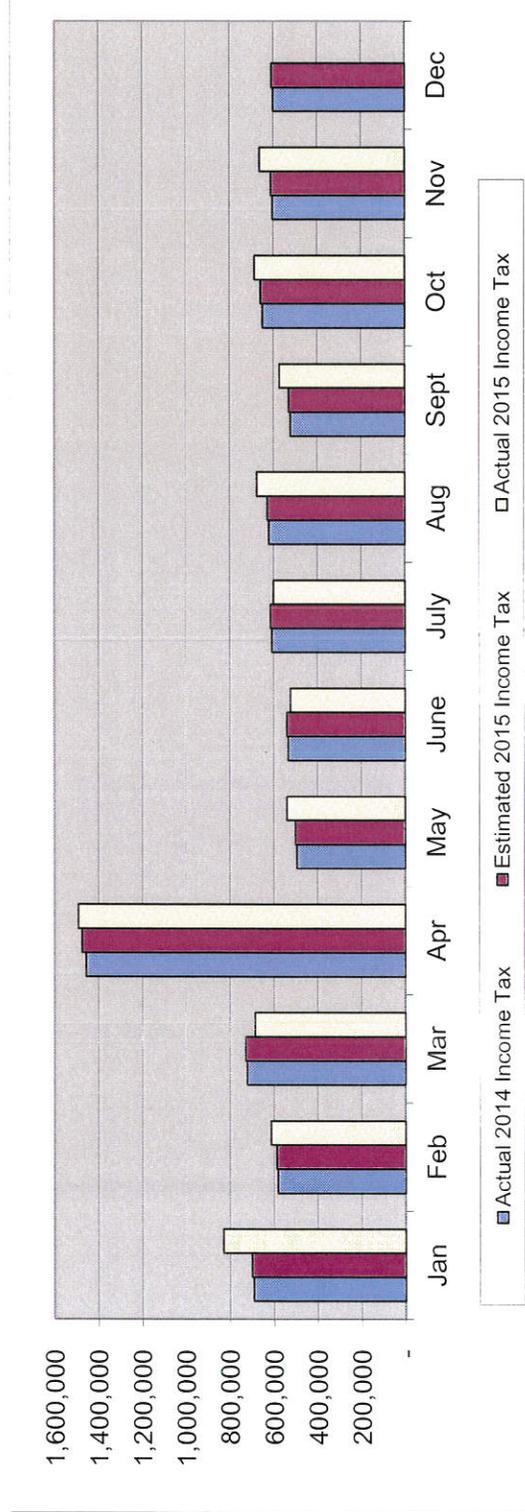
A breakdown by category for November 2015 is as follows:

- *Withholding*- November withholding collections were \$571,953, which is an increase of \$31,441, or 5.8%, when compared to November 2014 collections of \$540,512.
- *Business*- In November 2015, net profits from businesses located within or doing business within Montgomery were \$22,469. This is an increase of \$12,807 or 132.5% compared to November 2014 collections of \$9,662. Half of this increase is attributable to a specific business whose tax liability was \$6,438 for tax year 2014 as compared to a loss in the previous tax year.
- *Resident*- Revenues of \$67,277 were collected in November 2015 from residents living in Montgomery, which is an increase of \$14,243, or 26.8%, compared to November 2014 collections of \$53,034.

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	698,792	130,486	18.67%	138,795	20.10%
Feb	19,555	35,972	23,144	35,600	554,901	588,647	24,998	4.25%	31,998	5.50%
Mar	65,548	93,913	32,625	59,799	591,955	729,101	(44,721)	-6.13%	(36,052)	-5.00%
Apr	162,578	871,032	200,522	809,884	483,267	1,474,691	18,983	1.29%	36,518	2.51%
May	12,931	27,158	4,704	46,282	489,079	502,115	37,950	7.56%	43,921	8.85%
June	57,580	70,483	53,215	45,207	425,373	540,527	(16,732)	-3.10%	(10,304)	-1.93%
July	39,265	98,569	43,778	119,709	436,938	614,277	(13,852)	-2.26%	(6,548)	-1.08%
Aug	19,420	93,554	11,565	65,336	597,442	627,646	46,697	7.44%	54,160	8.73%
Sept	53,690	64,101	72,931	95,947	403,803	528,846	43,834	8.29%	50,123	9.59%
Oct	50,812	191,017	49,494	202,143	432,864	656,270	28,230	4.30%	36,034	5.56%
Nov	9,662	53,034	22,469	67,277	571,953	610,466	51,233	8.39%	58,492	9.70%
Dec	37,624	169,962	-	-	-	608,623	-	0.00%	-	0.00%
Totals	558,753	1,867,230	537,960	1,655,034	5,685,490	8,180,000	307,107	4.06%	397,136	5.31%



CITY OF MONTGOMERY
 END OF MONTH REPORT
 30 NOV 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
September							
Business	58,039.08	53,690.32	72,931.34	35.8	465,998.25	460,654.99	1.1
Resident	54,096.22	64,101.49	95,946.78	49.6	1,385,613.38	1,453,216.37	-4.6
Withholding	450,391.01	404,765.95	403,802.50	-0.2	4,680,673.54	4,315,803.01	8.4
Non-resident							
TOTAL	562,526.31	522,557.76	572,680.62	9.5	6,532,285.17	6,229,674.37	4.8
October							
Business	56,969.76	50,811.99	49,493.62	-2.5	515,491.87	511,466.98	0.7
Resident	205,611.06	191,017.25	202,142.90	5.8	1,587,756.28	1,644,233.62	-3.4
Withholding	410,816.58	406,636.90	432,863.59	6.4	5,113,537.13	4,722,439.91	8.2
Non-resident							
TOTAL	673,397.40	648,466.14	684,500.11	5.5	7,216,785.28	6,878,140.51	4.9
November							
Business	13,197.32	9,662.33	22,468.50	132.5	537,960.37	521,129.31	3.2
Resident	62,612.47	53,033.62	67,277.38	26.8	1,655,033.66	1,697,267.24	-2.4
Withholding	432,607.66	540,511.53	571,953.31	5.8	5,685,490.44	5,262,951.44	8.0
Non-resident							
TOTAL	508,417.45	603,207.48	661,699.19	9.6	7,876,484.47	7,481,347.99	5.3
December							
Business	43,175.51	37,623.56		-100.0	537,960.37	558,752.87	-3.7
Resident	146,122.99	169,962.24		-100.0	1,655,033.66	1,867,229.48	-11.3
Withholding	415,958.33	393,799.81		-100.0	5,685,490.44	5,656,751.25	0.5
Non-resident							
TOTAL	605,256.83	601,385.61	0.00	-100.0	7,878,484.47	8,082,733.60	-2.5

City of Montgomery Investment Policy

1.0 Policy:

It is the policy of the City of Montgomery to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope:

This investment policy applies to all financial assets of the City of Montgomery. These funds are accounted for in the City of Montgomery's Annual Financial Report and include:

2.1 Funds:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Trust and Agency Funds

3.0 Prudence:

Investments shall be made with judgment and care--under circumstances then prevailing--which persons of prudence; discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.1:

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action taken to control adverse developments.

4.0 Objective:

The primary objectives, in priority order, of the City of Montgomery investment activities shall be:

4.1 Safety:

Safety of principal is the foremost objective of the investment program. Investments of the City of Montgomery shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity:

The City of Montgomery's investment portfolio will remain sufficiently liquid to enable the City of Montgomery to meet all operating requirements which might be reasonably anticipated.

4.2 Return on Investment:

The City of Montgomery's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City of Montgomery's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

Authority to manage the City of Montgomery's investment program is derived from the Ohio Revised Code, Section 135. Management responsibility for the investment program is hereby delegated to the Finance Director, who shall establish procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interest in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Montgomery's portfolio.

7.0 Authorized Financial Dealers and Institutions:

~~For Certificates of Deposit, the Finance Director may purchase Certificates of Deposit from financial institutions located within the State of Ohio which have a current depository agreement with the City of Montgomery.~~

The Finance Director will maintain a list of financial institutions authorized to provide investment services (with depository agreements). In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of Ohio. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by Ohio state law.

All financial institutions and brokers/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following: audited financial statements, proof of National Association of Security Dealers certification, trading resolution, proof of state registration, completed broker/dealer questionnaire, certification of having read entity's investment policy, depository contracts.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City of Montgomery invests.

8.0 Authorized and Suitable Investments:

The City of Montgomery is empowered by Section 135.14 of the Ohio Revised Code to invest in the following types of securities.

A) Repurchase agreements with eligible institutions having a signed master repurchase agreement on file with the Finance Director. Repurchase agreements shall have as collateral items B or C of this section.

B) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

C) Bonds, notes, debentures or other obligations, instruments or securities issued by any federal government agency, or the Export-Import Bank of Washington, which are backed by the full faith and credit of the U.S. Government.

D) Certificates of Deposit.

E) Bonds or other obligations of the State of Ohio, or the political subdivisions of the State, provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:

- a. The bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision.
- b. The bonds or other obligations are rates at the time of purchase in the three highest classifications established by at least on nationally recognized standard rating service and purchased through a registered securities broker or dealer.
- c. The aggregate value of the bonds or other obligations does not exceed twenty percent of interim moneys available for investment at the time or purchase.
- d. The treasurer or governing board is not the sole purchaser of the bonds or other obligations at original issuance.
- e. No investment shall be made under division (B)(4) of this section unless the treasurer or governing board has completed additional training for making the investments authorized by division (B)(4) of this section. The type and amount of additional training shall be approved by the treasurer of state and may be conducted by or provided under the supervision of the treasurer of state.

F)The State Treasurer's investment pool (STAR OHIO), as provided in Section 135.45, of the Ohio Revised Code.

9.0 Collateralization:

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest.

The City of Montgomery chooses to limit collateral to federal deposit insurance, surety company bonds, specific pledged securities, or a public depository's established pool of collateral.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

The right of collateral substitution is granted.

10.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the City of Montgomery shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director and evidenced by safekeeping receipts.

11.0 Diversification:

The City of Montgomery will diversify its investments by security type and institution. With the exceptions of U.S. Treasury securities and the State Treasurer's investment pool, no more than 30% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution.

12.0 Maximum Maturities:

The Finance Director may invest public moneys of the City of Montgomery in authorized securities which mature within five years from the date the investment was purchased except as follows:

A) Repurchase agreements shall not exceed thirty days

13.0 Internal Control:

The Finance Director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14.0 Performance Standards:

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City of Montgomery's investment risk constraints and cash flow needs.

14.1 Market Yield (Benchmark):

The entity's investment strategy is active. Given this strategy, the basis used by the Finance Director to determine whether market yields are being achieved shall be the six-month U.S. Treasury Bill.

15.0 Reporting:

The Finance Director is charged with the responsibility of including a market report on investment activity and returns in the City of Montgomery's Financial Reports.

16.0 Investment Policy Adoption:

The City of Montgomery's investment policy shall be adopted by resolution of the City of Montgomery's legislative authority. The policy shall be reviewed on an annual basis by the Finance Committee and any modifications made thereto must be approved by the Council.

December 4, 2015

TO: Wayne S. Davis, City Manager
FROM: Michelle Greis, Finance Director *MG*
SUBJECT: Legislation Request Amending the Current Year Appropriations

Request

It is necessary for the City Council to amend the 2015 Appropriation Ordinance to appropriate and reduce appropriations in various funds.

Financial Impact

The proposed supplemental appropriations are necessary to reconcile accounts for the year 2015. The aggregate effect of the supplemental appropriations is to increase total appropriations by \$2,005,500. Most of the increase is the result of transfers to the Downtown Improvement Fund. Furthermore, there are reductions in appropriations as the result of actual revenues that were less than estimated. Under Ohio Revised Code, appropriations should be reduced in these funds.

Background

The year-end supplemental appropriations are necessary to reconcile various accounts which either have been overdrawn or need reduction for various reasons. A brief recap of the proposed appropriations is detailed below:

Fund	Net Change	Reason
General Fund	\$2,005,500	2 Million to be transferred out to Downtown Improvement and 5,500 to contractual services for Civil Service Commission to cover cost of testing for new employees
Memorial Fund	\$11,000	City received a donation in 2015 for trees
Law Enforcement	\$10,000	Payment to County for seized items
Environmental Impact Funds (227,229,230)	(\$21,000)	Reduce appropriations to total amount available

Staff Recommendation

It is recommended that Council place this item on the agenda which amends the 2015 Appropriation Ordinance which increases or decreases appropriations in various funds for the year.

If there are any questions or if additional information is required please do not hesitate to contact me.

ORDINANCE NO. , 2015

**AN ORDINANCE TO AMEND APPROPRIATIONS FOR
CURRENT EXPENSES AND OTHER EXPENDITURES OF THE
CITY OF MONTGOMERY, STATE OF OHIO,
DURING THE FISCAL YEAR ENDING DECEMBER 31, 2015**

WHEREAS, the 2014 Appropriation Ordinance No. 18, 2014 passed December 3, 2014, appropriated a total of \$19,454,343 for the year 2015; and the supplemental Appropriation Ordinance No. 6, 2015, appropriated an additional amount of \$2,950,000;

WHEREAS, appropriations within a certain fund are insufficient to meet the obligations of the City;

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Montgomery, Ohio, that the appropriation ordinance be amended as below:

SECTION 1. There be an increase of \$2,005,500 in the appropriation balance of the following accounts of the General Fund 101:

Account Number 101.708.5365	Contractual Services	+ \$	5,500
Account Number 101.715.5474	Transfer Out	+ \$	2,000,000

SECTION 2. There be an increase of \$11,000 in the appropriation balance in the Memorial Fund 209 to:

Account Number 209.000.5326	Memorials	+ \$	11,000
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SECTION 3. There be an increase of \$10,000 in the appropriation balance in the Law Enforcement Fund 215 to:

Account Number 215.000.5350	Refunds and Reimb	+ \$	10,000
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SECTION 4. There be a reduction of \$7,000 in the appropriation balance in the Environmental Impact Tax Fund 227 to:

Account Number 227.000.5401	Special Projects	- \$	7,000
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SECTION 5. There be a reduction of \$5,500 in the appropriation balance in the Environmental Impact Tax Fund 229 from:

Account Number 229.000.5401	Special Projects	- \$	5,500
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SECTION 6. There be a reduction of \$8,500 in the appropriation balance in the Environmental Impact Tax Fund 230 to:

Account Number 230.000.5401 Special Projects - \$ 8,500

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

PASSED: _____

ATTEST: _____
Connie Gaylor, Clerk of Council

, Mayor

APPROVED AS TO FORM

Terrence M. Donnellon, Law Director

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
September 15, 2015

Present

Jim Hanson, Finance Director
Wayne Davis, City Manager
Kelly Beach, Assistant Finance Director/Tax Commissioner
Terry Donnellon, Law Director
Julie Kipper, Customer Service Representative

Council Committee Members Present

Chris Dobrozsi, Chair
Ken Suer
Craig Margolis

The Financial Planning Committee of Council meeting was called to order at 4:32 p.m. by Chairman Chris Dobrozsi.

2015 August Income Tax Report

Ms. Beach presented a report on the August 2015 Income Tax collections. She explained that for the month of August 2015, the City's total income tax receipts were \$674,343 which is an increase of \$54,160 or 8.7% compared to the actual amount collected in August 2014. Ms. Beach further explained that year-to-date actual income tax receipts show an increase of 4.4% over the year-to-date receipts received through August 2015 compared to the same period in 2014. In addition, year-to-date revenues exceeded estimated revenues by 3.2%.

Ms. Beach explained the category breakdown of tax collections for August 2015 shows that the August withholding collections increased by approximately 18% compared to the August 2014.

Mr. Hanson stated that the final payment on the Vintage Club/Christ Hospital project came in under budget with a net savings of approximately \$400,000 thanks in part to a great team led by Mr. Brian Riblet, Public Works Director.

Review of the 2016 Operating and Capital Budget

Ms. Beach and Mr. Hanson presented the Committee members with a copy of the 2016 Operating and Capital Budget and Four-Year Forecast, and the 2016-2020 Five-Year Capital Improvement Program. Ms. Beach explained that City Council is scheduled to meet on October 6 to conduct its formal review of the 2016 Operating and Capital Budget and the 2016-2020 Capital Improvement Program. She explained that the 2016 Operating and Capital Budget continues the current level of services with some minor modifications.

2016 Budget accomplishes these key objectives:

- Continues stewardship of City resources in a prudent manner while delivering superior services;
- Follows priorities from 2011-2016 strategic plan for new initiatives;
- Provides adequate resources to maintain current service levels and provide for the City's capital assets; infrastructure maintenance, capital improvements and asset acquisition over the life of the budget and four-year expenditure forecast.

Ms. Beach explained that some of the highlights of the 2016 Budget include revenue for technology improvements, infrastructure improvements to include drainage, street, sidewalk and curb maintenance, improvements to the Public Works facility, and enhancements to the City's parks.

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Financial Planning Committee Minutes

September 15, 2015

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Ms. Beach noted that over the next year, staff is recommending that City Council and its Committees discuss these options to address revenue shortages in the City's budget:

- Additional Motor Vehicle Registration Fees: Consideration of a license fee tax
- Gateway Redevelopment Area (GRA): A development plan has not been selected, so currently nothing has been programmed for the GRA project moving forward, however TIF funding is a possibility.
- 2016-2021 Strategic Plan: In finalizing the goals and priorities for the next five years, plan for future budgets based on the Strategic Plan currently being developed.
- Fire/EMS Levy: Projected status of the Fire/EMS fund in 2020, City Council may need to consider a continuation levy in 2017 or 2018 in order to maintain operations in fire and emergency services.

General Fund:

Ms. Beach explained that the General Fund's 2016 ending fund balance is projected to be \$14,133,973 which is \$236,281 or 1.64% less than the 2015 budgeted ending balance of \$14,370,252. She noted that the 2016 estimated ending fund balance equates to about 17 months of operating reserves for the City.

Capital Improvements Fund:

Mr. Hanson explained that the Capital Improvement Fund is used for the City's Capital Improvement Program, which funds projects for the maintenance of the City's assets including buildings, land and infrastructure. The 2015 ending balance in this fund is projected at \$3,856,591, and along with the estimated revenues for 2016 of approximately 3 million, this will provide more than adequate resources to support the proposed capital spending of \$3,790,556, while maintaining an ending cash balance of \$3,150,597 in 2016. The reserved fund balance target of \$1,000,000 will be maintained in 2016 through 2020, with the total cash balance in the fund projected at \$3.1 million in 2020.

Fire/EMS Levy Department Fund

Ms. Beach explained that this fund is generated from a property tax levy to support the City's fire and emergency services, and has a reserve balance target of approximately six to twelve months of operating expenses. She stated that in the 2016 Operating budget, the estimated cash balance of this fund is approximately \$3.6 million by the end of the year, which represents about 17 months of reserve operating expenses. She noted that based on the current staffing levels, a replacement levy for fire and emergency medical services may need to be proposed around 2017 or 2018.

Vintage Club Tax Increment Financing (TIF) Fund

Ms. Beach explained that the debt associated with the Christ Hospital Medical Building project will be paid from tax increment revenues associated with the residential and commercial development and improvements on the south portion of the Vintage Club property. In 2016, \$721,353 is budgeted for debt service for the payment of principal and interest on the bonds for the project.

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Financial Planning Committee Minutes

September 15, 2015

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After the Committee had some additional discussion of the 2016 budget, Ms. Beach stated that it is necessary for City Council to pass this annual appropriation Ordinance for 2016 and recommended that it be added to the October 7 Business Session Agenda for first reading that evening.

Real Estate Tax Collections for 2015

Mr. Hanson explained that total collections for 2015 have increased \$231,840, or 4.3% compared to 2014. He stated that the General Fund property tax collections have increased \$101,684, or approximately 5.1% and the Fire Levy Fund increased 1.93%, or \$33,357. He explained that the Tax Increment Financing Districts had an overall increase of \$105,114 or 7.15 %, mostly as a result of the property values in the Vintage Club. He noted that there was a slight decrease in the Special Assessment collections of \$8,315 which is approximately 4.26%.

Income Tax Ordinance

Mr. Donnellon presented an Ordinance to Adopt Chapter 44.1 of the Codified Ordinances of the City of Montgomery regarding Municipal Income Tax.

Mr. Donnellon stated that the State legislature in enacting House Bill 5 mandates that all municipal income tax codes are in compliance with the new legislation effective January 1, 2016. He explained that if a community does not enact a new Ordinance by January 1, they will lose their ability to impose a local earnings tax. He stated that this Tax Code prepared for the City, is drawn upon the model Ordinance prepared in cooperation with the Ohio Municipal League and Frost Brown Todd. Mr. Donnellon stated that there are not any significant changes from our current Tax Code other than defining the authority of the Tax Commissioner to compromise claims and restructuring the Board of Tax Review to be appointed in cooperation with City Council and the City Manager.

Mr. Donnellon explained that the Ordinance grants the Tax Commissioner authority to compromise interest and penalties, however the Tax Commissioner must be consistent with the guidelines established by the Board of Tax Review. Mr. Donnellon stated that the new Code also requires that two members of the Board be appointed by City Council and one member of the Board be appointed by the City Manager. He stated that on certain occasions when there is a scheduling or other conflict, the new Code allows City Council to appoint an alternate member who can serve as a result of a conflict. The same authority is granted to the City Manager to appoint a substitute Board Member when a conflict would occur. He stated that the member must be a resident of the City and may not be a City employee.

Mr. Donnellon stated that the new Code allows for the option for a diversion program when a taxpayer is cited to the Mayor's Court. He explained that this would mean rather than creating a criminal record for an individual, we would give them the opportunity to pay an administrative fee and to work through a payment schedule after which the case would be dismissed.

Ms. Beach added that there will be some procedural changes. She stated that it is necessary that the legislation be in place by January 1, 2016. She stated that in order to have this Ordinance in place prior to the January 1, 2016 deadline, she recommends three consecutive readings with the first reading held at the October 7 Business Session. The second reading of the Ordinance will be held at the October 21 Work Session. The third reading will be held at the November 4 Business Session with adoption of the Ordinance requested at that meeting.

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.

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Mr. Suer moved to add the Income Tax Ordinance to the October 7 Business Session Agenda. Mr. Margolis seconded. The Committee unanimously agreed.

Resolution Accepting Amounts & Rates

Mr. Hanson presented a Resolution to the Committee and explained that it is necessary for City Council to pass a Resolution that will accept the rates and amounts determined by the Hamilton County Budget Commission. He further explained that as a State of Ohio taxing authority and pursuant to the Ohio Revised Code, the City is required to adopt an annual tax budget. Mr. Hanson stated that the 2016 estimated amounts for the General Fund is 4.5 mils or \$2,263,050 and the Fire/EMS Levy Fund is \$1,897,338 for a total of \$4,160,388. Mr. Hanson recommended that the Resolution be added to the October 7 Business Session agenda for approval that evening. He stated that the Resolution must be submitted to the County Auditor no later than October 19.

Minutes

Mr. Margolis moved to adopt the minutes of the July 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 5:35 PM.

Chair