

January 25, 2016

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

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

Subject: Financial Planning Committee Meeting February 1, 2016

As a reminder, the Financial Planning Committee is scheduled to meet on Monday, February 1 at 4:30 p.m. in City Hall. The agenda for this meeting is as follows:

1. 2015 Income Tax Report – The Income Tax Report for 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. Financial Statements for the Montgomery Community Improvement Corporation (CIC) – The Finance Department has compiled the financial statements which will be submitted to the State of Ohio and presented to the Montgomery CIC on February 3. Michelle Greis, Finance Director, will be prepared to discuss the reports with the Committee.
3. Review of 2015 Revenues and Expenditures – The Finance Department has completed the year end budgetary review for 2015. Attached for your review is a recap of variances for the major revenues and expenditures for the fiscal year ending December 31, 2015. Michelle Greis will be prepared to explain estimated to actual revenue and expenditure variances, and other noteworthy financial trends.
4. 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 January 4, 2016 meeting of your 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)  
Michelle Greis, Finance Director  
Kelly Beach, Assistant Finance Director/Tax Commissioner  
Connie Gaylor, Administrative Coordinator  
File



## **AGENDA**

**February 1, 2016  
Montgomery City Hall  
10101 Montgomery Road**

**4:30 P.M.**

1. Call To Order
2. Guests and Residents
3. Communications
4. New Business
  - a. 2015 Income Tax Report
  - b. Financial Statements for the Community Improvement Corporation
  - c. Review of 2015 Revenues and Expenditures
5. Approval of Minutes: January 4, 2016
6. Other Business
7. Adjournment

**COMMUNITY IMPROVEMENT CORPORATION OF  
THE CITY OF MONTGOMERY, OHIO**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2015 and 2014**

**MONTGOMERY COMMUNITY IMPROVEMENT CORPORATION**  
**Statement of Net Position**  
**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 120,472.00	\$ 39,361.72
Investments	100,000.00	200,000.00
Interest Receivable	174.00	631.51
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 220,646.00</b>	<b>\$ 239,993.23</b>
 <b>CURRENT LIABILITES</b>		
Accounts Payable	\$ 3,000.00	\$ -
Grants Payable	1,120.00	13,694.50
<b>TOTAL CURRENT LIABILITES</b>	<b>\$ 4,120.00</b>	<b>\$ 13,694.50</b>
 <b>NET POSITION</b>		
Unrestricted	\$ 216,526.00	\$ 226,298.73
<b>TOTAL NET POSITION</b>	<b>\$ 216,526.00</b>	<b>\$ 226,298.73</b>

The notes to the financial statements are an integral part of these statements.

**MONTGOMERY COMMUNITY IMPROVEMENT CORPORATION**  
**Statement of Financial Activities and Changes in Net Position**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>PUBLIC SUPPORT AND REVENUE</b>		
Interest Income	\$ 527.22	\$ 710.11
<b>TOTAL REVENUE</b>	<u>527.22</u>	<u>710.11</u>
<b>EXPENSES:</b>		
Grants Awarded	-	36,696.00
Professional Fees	10,300.00	-
<b>TOTAL EXPENSES</b>	<u>10,300.00</u>	<u>36,696.00</u>
<b>CHANGE IN NET POSITION</b>	(9,772.78)	(35,985.89)
<b>NET POSITION BEGINNING OF YEAR</b>	<u>226,299.00</u>	<u>262,284.62</u>
<b>NET POSITION END OF YEAR</b>	<u>\$ 216,526.22</u>	<u>\$ 226,298.73</u>

The notes to the financial statements are an integral part of these statements.

**MONTGOMERY COMMUNITY IMPROVEMENT CORPORATION**  
**Statement of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Payments to Vendors	\$ (7,300.00)	\$ -
Cash Payments to Grantees	<u>(12,575.00)</u>	<u>(23,001.50)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(19,875.00)</u>	<u>(23,001.50)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on Investments	985.00	78.60
Purchase of Investments	<u>100,000.00</u>	<u>(200,000.00)</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>100,985.00</u>	<u>(199,921.40)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	\$ 81,110.00	\$ (222,922.90)
<b>NET CASH AT BEGINNING OF YEAR</b>	<u>39,362.00</u>	<u>262,284.62</u>
<b>NET CASH AT END OF YEAR</b>	<u>\$ 120,472.00</u>	<u>\$ 39,361.72</u>

The notes to the financial statements are an integral part of these statements.

**Community Improvement Corporation of the City of Montgomery, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015 and 2014*

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**Note 1 - Reporting Entity**

The Community Improvement Corporation of Montgomery, Ohio (the Corporation) was created in accordance with Chapter 1702 of the Ohio Revised Code.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Corporation have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental unites. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Corporation's accounting policies.

***Basis of Presentation***

The Corporation's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the Corporation at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operation of capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflow of resources and in the presentation of expenses versus expenditures.

***Federal Income Tax***

The Corporation is exempt from federal income tax under Section 115 of the Internal Revenue Code.

# Community Improvement Corporation of the City of Montgomery, Ohio

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2015 and 2014*

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## *Cash and Investments*

The Corporation's funds are maintained in an interest bearing checking account. These funds are insured by the financial institution up to \$250,000. The Corporation invested in certificates of deposit and Federal Agency Securities during 2015 and 2014.

## *Net Position*

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2015 and 2014.

## *Fund Balance*

Fund balance is divided into five classifications based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable Fund Balance* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid amounts and property acquired for resale, unless the use of the proceeds from the collection of the sale of those properties is restricted, committed or assigned.

*Restricted Fund Balance* - The restricted classification is used when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned Fund Balance* - Assigned fund balance includes amounts that are constrained by the Corporation's intent to be used for specific purposes, but are neither restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Directors. The Board of Directors have by resolution authorized the Treasurer to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The Corporation applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly,

**Community Improvement Corporation of the City of Montgomery, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2015 and 2014*

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within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits and Investments**

*Deposits with Financial Institutions*

At December 31, 2015 and 2014, the carrying amount of all Corporation deposits was \$120,472 and \$39,362, respectively. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2015 and 2014, all of the Corporation’s bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

*Investments*

As of December 31, 2015, the Corporation had \$100,000 in a Federal Agency Security with a six month maturity.

At December 31, 2014, the Corporation held two certificates of deposit purchased through and held in safekeeping through Fifth Third Bank. The certificates of deposit are reported as cost and are FDIC insured with maturity dates of 2/17/15 and 8/6/15.

**Note 4 – Current Liabilities**

*Accounts Payable*

In 2015, the Corporation entered into a contract with DSD Advisors to support the Corporation’s goal of developing the Gateway Redevelopment Project. The Corporation agreed to pay \$3,000 per month for the term of the contract (September 1, 2015 – September 1, 2016) in exchange for the agreed upon services.

*Grants Payable*

In 2014, the Corporation initiated a program to promote the preservation of historic buildings in the City of Montgomery. The Board allocated \$40,000 to the program whereby eligible structures would be given a 50% matching grant up to a maximum of \$15,000 and a minimum of \$2,000 per grantee. The Corporation has awarded \$36,696 for the program.

<b>Date Awarded</b>	<b>Buildings</b>	<b>Awarded</b>	<b>Amount Paid</b>	<b>Balance at 12/31/2015</b>
6/4/2014	Arstingstall May Landmark	\$ 6,248	\$ 6,200	\$ 48
8/20/2014	Wooley-Kelsh Landmark	10,920	10,920	0
10/1/2014	Pure Oil Gas Station Landmark	10,000	10,000	0
10/22/2014	Grover Kjellenberg House	9,528	8,456	1,072
	Total	<u>\$ 36,696.00</u>	<u>\$ 35,576.00</u>	<u>\$ 1,120.00</u>

January 25, 2016

To: Wayne S. Davis, City Manager

From: Michelle Greis, Finance Director *mg*

Subject : Review of 2015 Revenue and Expenditure Variances

### Introduction

In 2015, the City experienced another positive year with income tax revenues exceeding the estimate. General Fund revenues, because of the accelerated lease payments on the Williams property received in 2014, were down \$259,402 or 2.5% from 2014. Income tax, the City's primary source of funding for general operations accounted for 64.7% of the General Fund's operating revenues and 46.8% of the City's total operating revenues in 2015.

Total City expenditures were under appropriations for the year. The same was true for the General Fund, enabling the City to continue to operate within its budgeted resources. Both the total and the General Fund expenditures and commitments were well within the target for managed spending and appropriations.

### 2015 Revenue Variances

#### Total City Revenues

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2011	\$17,230,049	\$17,354,732	\$ 124,683
2012	\$20,644,496	\$20,265,054	\$ (379,442)
2013*	\$16,782,032	\$19,495,995	\$ 2,713,963
2014**	\$17,764,656	\$18,156,566	\$ 391,910
2015***	\$18,123,463	\$18,070,399	\$ (53,064)

\*Net of bond sale and transfers to Downtown Improvement Fund

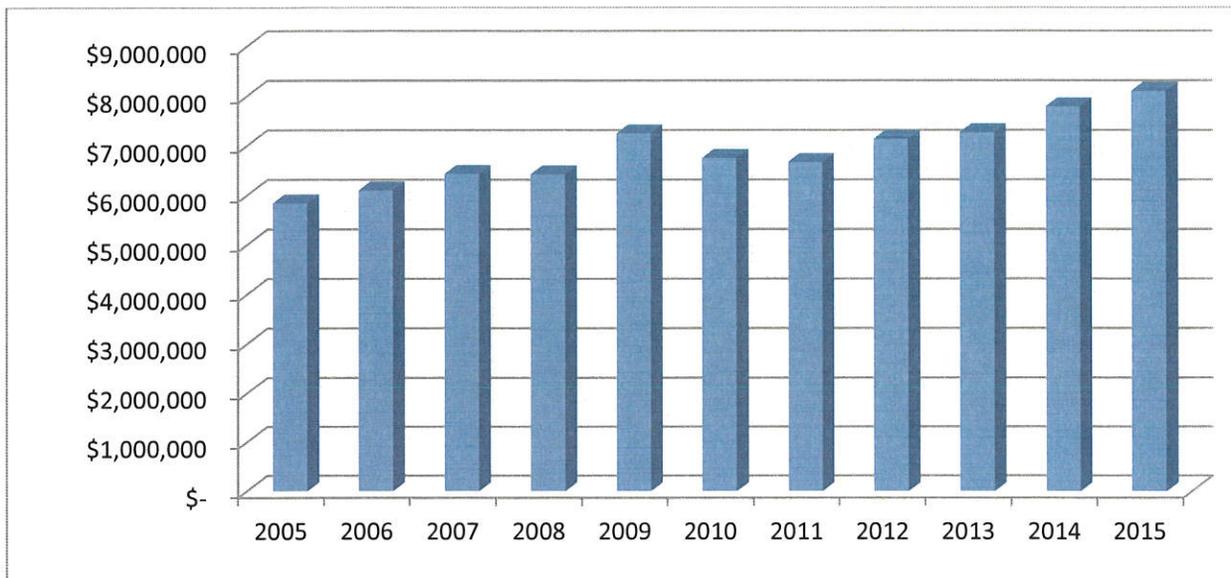
\*\*Net of note sale and transfer to General Bond Retirement Fund

\*\*\*Net of transfer to Downtown Improvement Fund

#### Income Tax

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2011	\$6,700,000	\$7,135,086	\$ 435,086
2012	\$7,100,000	\$7,268,646	\$ 168,646
2013	\$7,265,517	\$7,791,153	\$ 525,636
2014	\$7,704,533	\$8,108,709	\$ 404,176
2015	\$7,858,624	\$8,453,212	\$594,588

Total income tax receipts for 2015 exceeded the estimate by 7.6%. The 2015 income tax collections represent the highest collections since 2008 when the City collected \$7,514,726 in income tax revenues. Below is a graph depicting actual collections for the years 2005-2015:



**Property Tax-General Fund**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2011	\$2,539,729	\$2,373,763	\$ (165,966)
2012	\$2,236,000	\$2,181,400	\$ (54,600)
2013	\$2,279,540	\$2,163,801	\$ (115,739)
2014	\$2,328,796	\$2,184,492	\$ (144,304)
2015	\$2,259,947	\$2,317,971	\$ 58,024

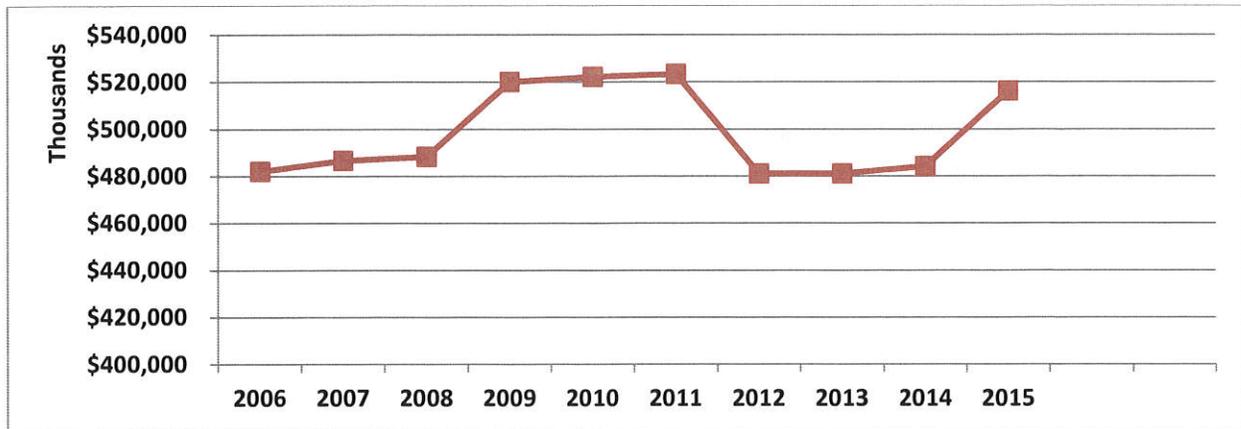
**Property Tax-Fire Levy Fund**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2011	\$2,075,533	\$1,920,750	\$(154,783)
2012	\$1,987,000	\$1,918,899	\$ (68,101)
2013	\$1,915,970	\$1,906,359	\$ (9,611)
2014	\$1,935,130	\$1,925,259	\$ (9,871)
2015	\$1,959,692	\$1,959,237	\$ (455)

The City's total property tax receipts (combined general and fire levy) are 1.4% more than the budget estimate for 2015.

The millage in the General Fund is made up of 3 mills of inside millage and 1.5 mills of voted charter millage. The Fire Levy is a continuous levy of 5.55 mills and because of the reduction factor, does not receive increases based on reappraisals, as the General Fund does on its inside millage. It does, however, receive increases from new construction.

The graph below reflects the assessed valuation of the City over the last ten years.



**Estate Tax**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2009	\$300,000	\$2,208,362	\$1,908,362
2010	\$300,000	\$1,070,186	\$ 770,186
2011	\$300,000	\$ 854,095	\$ 554,095
2012	\$500,000	\$1,682,237	\$1,182,237
2013	\$ 0	\$2,125,415	\$2,125,415
2014	\$ 0	\$ 0	\$ 0
2015	\$ 0	\$ 17,062	\$ 17,062

This source of revenue was eliminated with the 2012-2013 state budget. As a result, no revenues were estimated in the 2015 budget. The money received in 2015 was from a case that settled during 2015.

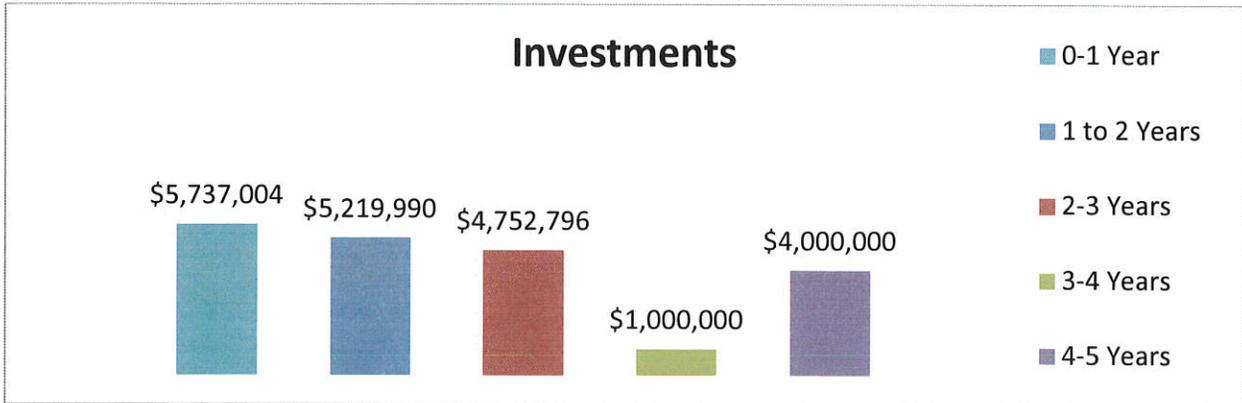
**Investment Income**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2009	\$761,479	\$ 275,673	\$(485,806)
2010	\$512,130	\$ 195,345	\$(316,785)
2011	\$253,625	\$ 198,786	\$ (54,839)
2012	\$319,700	\$ 190,766	\$(128,934)
2013*	\$270,000	\$ 154,023	\$(115,977)
2014*	\$178,300	\$ 168,542	\$ (9,758)
2015	\$177,500	\$ 198,257	\$ 20,757

\*Net of interest earned on Vintage Club Construction Fund

The City's investment policy calls for the return on the entire portfolio to meet the rate on a six month Treasury bill. **STAR's interest rates began at .07% in January and ended at .30% in December. The six month T-Bill's comparable rates were .11% and .49%, respectively.** Keep in mind, the City's investment policy's "foremost objective" is the preservation of capital. All City investments are backed by the credit of the federal government, FDIC, pooled collateral by depository banks or in the case of StarOHIO carry a Standard & Poor's highest credit rating of AAA.

A portion of the City's investments are STAR Ohio, which is a money market fund operated by the State Treasurer's Office, and the remaining investments are in a laddered maturity plan consisting of securities of several federal agencies and certificates of deposits. The maturity dates for the laddered portfolio range from one year to five years. The chart below shows the maturities of the \$20,709,790 investment portfolio as of December 31, 2015:



**Building Permits**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2010	\$100,000	\$116,283	\$ 16,283
2011	\$165,000	\$151,329	\$ (13,671)
2012	\$149,500	\$144,648	\$ (4,912)
2013	\$147,860	\$301,555	\$153,695
2014	\$275,000	\$292,231	\$ 17,231
2015	\$275,000	\$269,379	\$ (5,621)

The City's building permit collections were less than 1% lower than the revenue estimate. **The City had 22 teardowns in 2015 following a record number of 30 in 2014. Over the past 10 years since teardowns began in the City, there have been 123 teardowns or approximately 3% of the City's residential units. In this same time period, the assessed property valuation in the City has gone from \$486,557,560 to \$516,228,830, an increase of 6%.**

**General Fund Revenues**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2009	\$9,333,461	\$10,511,668	\$1,178,207
2010	\$8,682,659	\$ 9,445,895	\$ 763,236
2011	\$8,642,863	\$ 9,214,412	\$ 571,549
2012	\$9,185,088	\$10,012,541	\$ 827,453
2013	\$9,004,804	\$11,623,832	\$2,619,028
2014	\$9,435,814	\$10,187,683	\$ 751,869
2015	\$9,460,492	\$ 9,928,281	\$ 467,789

Total general fund revenue for 2015 exceeded the estimate by 5% but was 2.5% below 2014 actual revenue. The increase over estimated revenues was primarily due to increase in income tax.

**Municipal Pool Fund**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2011	\$209,155	\$213,162	\$ 4,007
2012	\$207,500	\$195,847	\$(11,653)
2013	\$221,675	\$206,960	\$(14,715)
2014	\$227,550	\$247,854	\$ 20,304
2015	\$207,850	\$252,898	\$ 45,048

The pool's operations resulted in receipts of \$252,898 with **no money being transferred into the fund from the General Fund**. This is an increase in revenues of \$5,044 or 2% over 2014 revenues. Total expenses for pool operations in 2015 were \$224,604, compared to \$204,238 spent in 2014; this is an increase of \$20,366. **Total attendance was 20,576 in 2015, 19,763 in 2014 and 10,434 in 2013.** The addition of a heater in 2014 is one of the reasons for the increasing attendance trend.

**Capital Improvement Fund**

	<u>Estimate</u>	<u>Actual Receipts</u>	<u>Variance</u>
2011	\$1,750,000	\$1,947,555	\$ 197,555
2012	\$2,957,670	\$2,587,468	\$(370,202)
2013	\$1,760,139	\$1,635,757	\$(124,382)
2014	\$2,085,187	\$2,083,590	\$ (1,597)
2015	\$2,441,167	\$1,806,000	\$(635,167)

The Capital Improvement Fund received 25% of the City's income tax in years 2007 through 2012. In 2013, this percentage was reduced to 20%. Compared to 2014, the 2015 Capital Improvement Fund receipts were \$277,590 or 13.3% lower, with \$361,417 in grant funds received in 2014 from JobsOhio (\$217,720) and ODOT (\$143,696) for the Pfeiffer Road Resurfacing.

**Triangle TIF Fund**

	<u>TIF Value</u>	<u>Net TIF Receipts</u>	<u>Deficit</u>
2009	\$6,136,170	\$ 12,640	\$(228,934)
2010	\$6,136,170	\$ 154,238	\$(156,554)
2011	\$5,234,170	\$ 79,079	\$(159,334)
2012	\$5,234,170	\$ 55,065	\$(186,128)
2013	\$5,234,170	\$ 66,681	\$(201,306)
2014	\$5,247,970	\$ 67,118	\$(216,047)
2015	\$5,551,210	\$ 160,521	\$(206,653)

The revenues of the Triangle Tax Increment Financing Fund, after County expenses are deducted, are shared 50% with Sycamore schools. The agreement with the developer requires that annual service payments of \$81,859 must be paid from TIF revenues, any deficit is to be made up by the developer. As of December 31, 2015, there exists a cumulative deficit of \$206,653. The reason for this deficit is attributed to the reduction in value for the building on the corner which went from a TIF value of \$1,119,520 to \$235,980 in 2011. An agreement has been entered into to have the developer repay the deficit over the remaining 11 year life of the TIF (expires 2025). The first payment was made by the Developer in August of 2015.

**Vintage Club TIF Fund**

	<u>TIF Value</u>	<u>Net TIF Receipts</u>	<u>Debt Service</u>
2009	\$56,979,650	\$ 287,929	\$
2010	\$56,090,900	\$ 513,549	\$
2011	\$58,199,890	\$ 664,562	\$
2012	\$57,971,840	\$ 597,240	\$
2013	\$64,113,286	\$ 702,297	\$ 532,045
2014	\$67,620,371	\$ 561,693	\$ 523,329
2015	\$83,401,086	\$1,410,259	\$ 622,103

The revenues of the Vintage Club Tax Increment Financing Fund, after county expenses are deducted, are shared 50% with Sycamore schools. The bond schedule requires that annual service payments made from TIF revenues. As of December 31, 2015, the bonds outstanding totals \$13,165,000. The amortization schedule runs through 2037.

**2014 Expenditure Variances**

**Total City Expenditures**

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Encumbrances</u>	<u>Variance</u>
2011	\$20,371,630	\$16,544,663	\$1,625,656	\$(2,201,311)
2012	\$21,233,742	\$17,534,700	\$ 506,300	\$(3,192,742)
2013	\$21,004,776 (see note)	\$18,255,167	\$ 735,969	\$(2,013,640)
2014	\$20,276,693 (see note)	\$16,407,980	\$1,037,308	\$(2,831,405)
2015	\$22,409,843	\$18,571,234	\$ 543,837	\$(3,294,772)

The 2013 appropriation listed above does not include \$13,542,224 for the Vintage Club public improvements and the \$2,900,000 for the purchase of the Williams property. The 2014 appropriation shown above does not include the \$2,800,000 for the purchase of the Gateway Redevelopment Area or the \$2,450,000 transfer to the General Bond Retirement Fund. The 2015 appropriation and actual does not include the \$2,000,000 transfer to the Downtown Improvement Fund. The numbers below reflect these amounts combined with the appropriations above:

2013	\$36,947,000	\$25,119,729	\$10,261,049	\$(1,566,222)
2014	\$25,526,693	\$21,657,980	\$ 2,531,039	\$(1,337,674)
2015	\$24,409,843	\$20,571,234	\$ 543,837	\$(3,294,772)

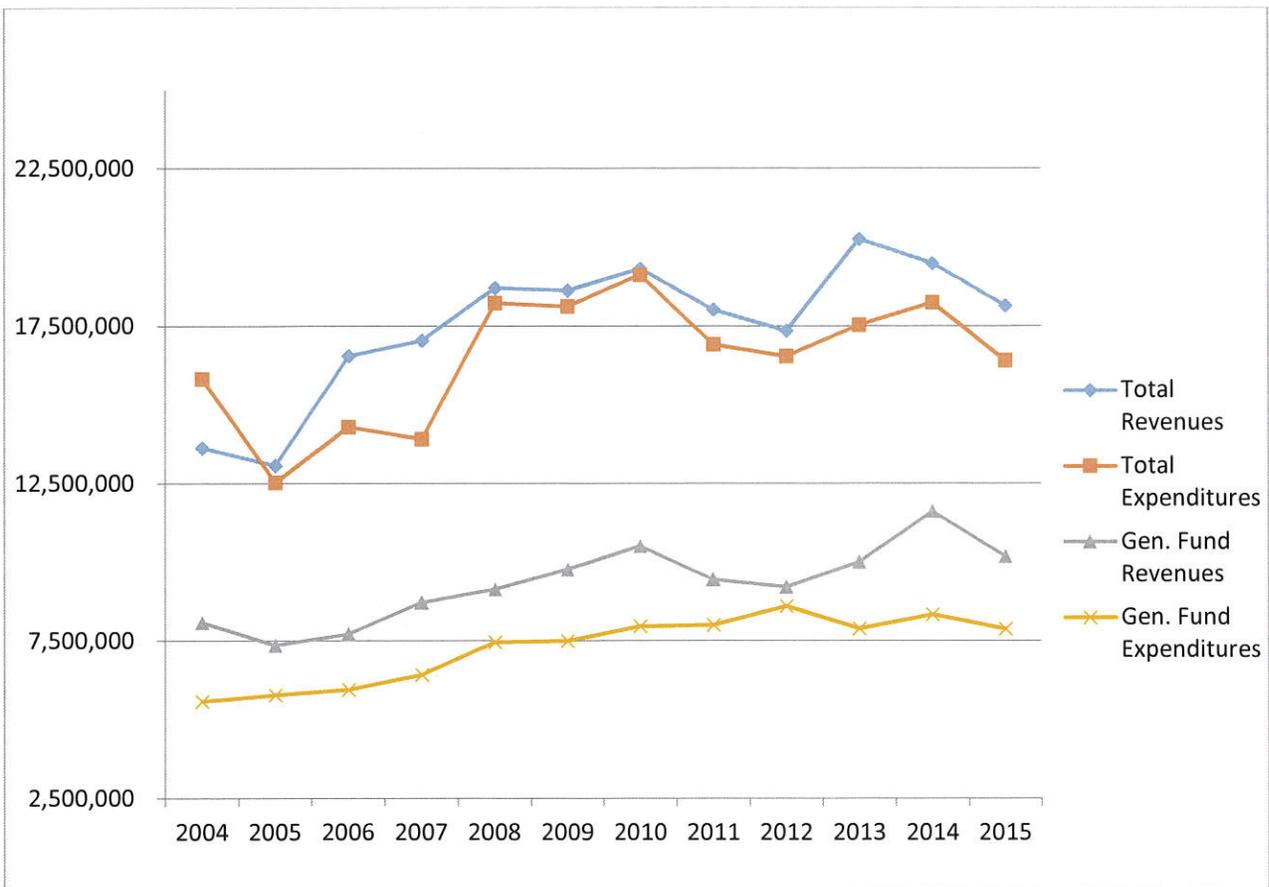
Outstanding encumbrances at year-end represent commitments of the current year budget resources.

**General Fund Expenditures excluding Transfers and Advances**

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Encumbrances</u>	<u>Variance</u>
2011	\$9,651,926	\$8,609,684	\$191,741	\$ (850,501)
2012	\$9,241,771	\$7,893,781	\$137,843	\$(1,210,147)
2013	\$9,275,617	\$8,343,374	\$124,210	\$ (808,033)
2014	\$9,148,969	\$7,888,056	\$156,133	\$(1,104,780)
2015	\$9,298,465	\$8,091,042	\$149,171	\$(1,058,252)

General Fund expenditures including outstanding encumbrances totaled 88.6% of the revised appropriations for 2015. The 2015 General Fund expenditures were \$202,986 or 2.6% higher, compared to actual 2014 expenditures.

**Total General Fund expenditures with transfers and encumbrances in 2015 were \$10,585,042, which consists of transfers out of \$2,494,000 which includes a transfer of \$2,000,000 to the Downtown Improvement Fund.** The following chart graphically depicts total revenues and expenditures, as well as, General Fund revenues and expenditures for the years 2004 through 2015.



**Bonded Debt**

**General Obligation Debt** – As of December 31, 2015 the City has no General Obligation Debt outstanding.

**Special Assessment Debt** – As of December 31, 2015 the City has \$871,516 outstanding with a final maturity of 2021. Debt service payments for this debt are made through property tax assessments to the property owners. Below is the remaining amortization schedule for this debt.

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 155,883	\$ 34,842	\$ 190,725
2017	\$ 165,883	\$ 29,552	\$ 195,435
2018	\$ 164,883	\$ 23,767	\$ 188,650
2019	\$ 169,867	\$ 21,574	\$ 191,441
2020-21	\$ 215,000	\$ 9,880	\$ 224,880

**Special Obligation Debt** – As of December 31, 2015 the City has \$13,165,000 outstanding with a final maturity of 2037. Debt service payments for this debt are made as payments in lieu of taxes by property owners located in the Vintage Club development. Below is the remaining amortization schedule for this debt.

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 200,000	\$ 521,353	\$ 721,353
2017	\$ 300,000	\$ 519,153	\$ 819,153
2018	\$ 450,000	\$ 514,803	\$ 964,803
2019	\$ 460,000	\$ 506,928	\$ 966,928
2019-37	\$11,755,000	\$ 5,601,008	\$17,356,008

**Targeted Fund Balances**

**General Fund** - The unencumbered cash balance of the General Fund as of December 31, 2015 was \$13,043,662, which represents a reserve of approximately **19 months**, when using the total General Fund expenditures of \$8,044,189 (total General Fund expenditures net of transfers of \$2,000,000 to Downtown Improvement Fund plus year-end encumbrances of \$156,133) as the basis for determining the reserve.

**Fire Levy Fund** - The unencumbered cash balance of the Fire Levy Fund as of December 31, 2015 was \$4,278,672, which represents a reserve of approximately **23 months**, when using the total Fire Levy Fund expenditures and outstanding encumbrances of \$2,213,505, as the basis for determining the reserve.

**Capital Improvement Fund** - The unencumbered cash balance of the Capital Improvement Fund as of December 31, 2015 was \$3,551,239, which is well above the targeted balance of \$1,000,000.

**General Bond Retirement Fund** - The unencumbered cash balance of the General Bond Retirement Fund as of December 31, 2015 was \$308,724.

**Arts & Amenities Fund** - The unencumbered cash balance of the Arts & Amenities Fund as of December 31, 2015 was \$617,556, which is well above the targeted balance of \$376,237.

**Additional Fund Balances**

**Street Construction Maintenance & Repair Fund** - The unencumbered cash balance of the Street Construction Maintenance & Repair Fund as of December 31, 2015 was \$681,182, which represents a reserve of approximately **8 months**, when using the total Street Construction Maintenance & Repair Fund expenditures and outstanding encumbrances of \$1,032,578, as the basis for determining the reserve.

**Downtown Improvement Fund** - The unencumbered cash balance of the Downtown Improvement Fund as of December 31, 2015 was \$3,995,185. The General Fund transferred \$2,000,000 into this fund at the end of 2015 in anticipation of expenses associated with the GRA project.

**Vintage Club Tax Increment Financing Fund** - The unencumbered cash balance of the Vintage Club TIF Fund as of December 31, 2015 was \$2,230,310. The outstanding bonded debt against this fund is \$13,165,000.

Please advise if you have any questions or wish additional information.

c: Kelly Beach, Assistant Finance Director  
Connie Gaylor, Administrative Coordinator

*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  
January 4, 2016

**Present**

Michelle Greis, Finance Director  
Wayne Davis, City Manager  
Kelly Beach, Assistant Finance Director/Tax Commissioner

**Council Committee Members Present**

Ken Suer, Chair  
Ann Combs  
Mike Cappel

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The Financial Planning Committee of Council meeting was called to order at 4:30 p.m. by Chairman Suer.

**Update on the Gateway Redevelopment Area (GRA) Underwriting and Financial Planning Services RFP**

Ms. Greis explained to the Committee that on November 9, 2015, the City in cooperation with the CIC invited qualified firms to submit a written proposal to serve as Underwriter for the Gateway Redevelopment Area Project (GRA). On November 30, 2015, the City received five (5) proposals as a result of the Request for Proposals (RFP) for Underwriting services and four (4) proposals for Financial Advising services.

Mr. Davis stated that the internal team reviewed the proposals, called references and interviewed three of the five firms with a focus on their long term commitment to the City and this project.

Ms. Greis explained that after review of the Financial Advising proposals, staff felt that the fees were not consistent for comparison and a decision was made to reject all four proposals.

Ms. Greis explained that the Underwriter will work with the City's internal team to develop a financing plan for the project and will provide ongoing market assessment. She stated that the Underwriter is not paid until debt is issued, therefore the City will not have an immediate financial impact.

Mr. Davis stated that the internal team is recommending the City hire The Huntington Investment Company as Underwriter for the GRA project.

Ms. Greis asked the Committee if legislation would be required as there would be no compensation made to the firm until debt is issued, which is not anticipated to be issued for several years.

Mr. Suer stated that a Notice of Award letter could be issued in lieu of legislation.

Mrs. Combs asked if staff could speak with Huntington to inquire about their interest in providing Financial Advising services.

**Update on Recommended Appointment to the Board of Tax Review**

Ms. Beach stated that due to the passage of Substitute House Bill (H.B.) 5 and § 44.1.18 of the new Municipal Income Tax Code, changes to the Board of Tax Review members and terms will be required. Ms. Beach explained that according to the Code the Board will be made of two members that will be appointed by City Council with two year terms running concurrently and the third member will be appointed by the City Manager with no term expiration date. She further explained that City Council can appoint an alternate member to serve in case of conflict or in the absence of a current member.

Ms. Beach explained to the Committee that current member Ed Steinebrey's term will expire on January 31,

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**Financial Planning Committee Minutes**

January 4, 2016

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2016 and will need to be reappointed. She stated that the proposed legislation that addresses the required changes to the Municipal Tax Code will not be presented To City Council for a third reading until the March 2 City Council Business Session meeting.

The Committee discussed the reappointment of all current members after the passage of the legislation that would rename their concurrent expiration dates. They also discussed the City Manager's appointment of the member whose term would be ongoing.

Mrs. Combs made a motion to reappoint Ed Steinebrey to the Board of Tax Review. Mr. Cappel seconded. The Committee unanimously agreed.

**MINUTES**

Mr. Cappel moved to adopt the minutes of the December 7, 2015 meeting of the Financial Planning Committee. Mrs. Combs seconded. The Committee unanimously agreed.

**OTHER BUSINESS**

Mr. Davis discussed a request by Jim Cohen and Rusty Meyers to address the Montgomery Community Improvement Corporation (CIC) at their next meeting, regarding the Gateway Redevelopment Area (GRA) project. The next meeting of the CIC is anticipated to be scheduled for February 3, 2016, prior to the City Council Business Session.

**Adjournment**

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

The Financial Planning Committee of Council was adjourned at 5:12 p.m.

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Chair