CITY OF MONTGOMERY

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March 4, 2016

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

From: Wayne S. Davis, City Manager WSD

Subject: Financial Planning Committee Meeting March 7, 2016

As a reminder, the Financial Planning Committee is scheduled to meet on Monday, March 7 at 4:30 p.m. in City Hall. The agenda for this meeting is as follows:

1. Cemetery Fees Update – Staff would like to provide the Committee with an update on Hopewell Cemetery operations and finances, including Cemetery Fees.

2. 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 February 1, 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

CITY OF MONTGOMERY
FINANCIAL PLANNING COMMITTEE OF CITY COUNCIL
10101 Montgomery Road • Montgomery, Ohio 45242 • (513) 891-2424 • Fax (513) 891-2498

AGENDA

March 7, 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. Cemetery Fees Update
5. Approval of Minutes: February 1, 2016
6. Other Business
7. Adjournment

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
February 1, 2016

Present
Wayne Davis, City Manager
Michelle Greis, Finance Director
Kelly Beach, Assistant Finance Director/Tax Commissioner
Connie Gaylor, Clerk of Council

Council Committee Members Present
Ken Suer, Chair
Ann Combs
Mike Cappel

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

Guests and Residents
Vivian Chaulvet- Sycamore High School Senior

Financial Statements for the Montgomery Community Improvement Corporation (CIC)

Ms. Greis reviewed the 2015 financial statements and corporation tax return for the Montgomery Community Improvement Corporation (CIC). Ms. Greis explained the following:

- The Statement of Financial Position reflects that the corporation had $220,646 in a demand deposit account for the year ending December 31, 2015.
- The Statement of Financial Activity reflects the $527.22 in interest income received for the year ending December 31, 2015.
- The Statement of Cash Flows reflects the CIC increased its cash position from $39,361.72 in 2014 to $120,472 in 2015 as a result of investing activities of $100,985.
- In 2015, the Corporation entered into a contract with DSD Advisors to support the Corporation's goal of developing the Gateway Redevelopment Area (GRA) Project. The Corporation agreed to pay $3,000 per month for the term of the contract (September 1, 2105- September 1, 2016).

Ms. Greis informed the Committee that a 990 Corporation Tax Return was required to be filed for 2015 since the CIC had over $100,000 in income. Ms. Greis reviewed the return that was compiled and notified the Committee that the return would need to be reviewed at the next CIC Board meeting.

2015 December Income Tax Report

Ms. Beach, Assistant Finance Director/Tax Commissioner indicated that income tax revenues for the year 2015 were $8,468,541 which is an increase of 4.8% compared to collections of $8,082,734 for the year 2014. In addition, the year-to-date revenues exceed estimated revenues by 3.5%.

January 2016 Income Tax Report

Ms. Beach explained that for the month of January 2016, the City's total income tax receipts were $524,444, which is a decrease of $304,834 or 36.7% compared to the actual amount collected in January 2015. Ms. Beach further explained that approximately 75% of the variance, $230,000, is attributed to a timing difference of lockbox payments that posted to the bank at the very end of the month, but were not available for the City to post to tax

accounts until February. For the month of January, year-to-date revenues were under estimated revenues by 35.2%.

Review of 2015 Revenues and Expenditures

Ms. Greis noted the Finance Department had closed the books for 2015 and reported on the revenue and expenditure variances for the year ended December 31, 2014. The following points were discussed:

- 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.

- 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.

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

- 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.

- 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%.

- 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.

- 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.

- 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.

- 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.

- 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.

- 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.

- 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.

- 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.

- Targeted fund balances were reviewed for the General Fund, Capital Improvement Fund, General Bond Retirement Fund and Arts & Amenities Fund.

- Additional fund balances were discussed for the Fire Levy, Street Construction Maintenance and Repair Fund, Downtown Improvement Fund and Vintage Club Tax Increment Financing Fund. It was noted the Fire Levy fund currently has approximately 23 months of operating expenses and a replacement levy does not need to be addressed currently.

Mr. Suer inquired about the Arts and Amenities Fund and the use of the bequeathed amount in the fund.

Mr. Davis stated that the core amount of the donation is to be held in the fund but any interest earnings can be used at the discretion of the City.

MINUTES

Mrs. Combs moved to adopt the minutes of the January 4, 2016 meeting of the Financial Planning Committee. Mr. Cappel seconded. The Committee unanimously agreed.

Adjournment

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

The Financial Planning Committee of Council was adjourned at 5:20 p.m.

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Chair

DRAFT