



2011 Budget in Brief

City of Montgomery, Ohio

Gerri Harbison, Mayor

Ken Suer, Vice Mayor

Chris Dobrozsi, Council Member

Todd Steinbrink, Council Member

Barry Joffe, Council Member

Lynda Roesch, Council Member

Craig Margolis, Council Member

Cheryl A. Hilvert, City Manager

Wayne Davis, Assistant City Manager

James A. Hanson, Finance Director

TOTAL 2011 BUDGET

EST BEG BALANCE	\$ 25,698,951
ESTIMATED REVENUES	\$ 17,051,432
REQUESTED APPROPRIATIONS	\$ 18,903,930
EST END BALANCE	\$ 23,846,452

Total 2011 Appropriations represent an increase of \$1,530,816 or 9% over 2010 Revised Appropriations of \$17,373,114.

TOTAL REVENUES & EXPENDITURES

2010 ESTIMATE COMPARED TO 2011 PROPOSED BUDGET

	2011 Budget	2010 Estimate	Change
Total Revenues	\$ 17,051,432	\$ 16,886,448	\$ 164,984
Total Expenditures	\$ 18,903,930	\$ 17,373,114	\$ 1,530,816

- The increase in total revenues can be attributed to marginal increases in Earnings Tax, Building Permits and Court Fines.
- The increase in the total expenditures are in both operating and capital spending:
 - Increased Personnel Costs both in salary, leave payouts and health care benefits,
 - Anticipated increase in the solid waste collection and recycling contract, and
 - “Stepped Up” road overlay program, and other capital improvements.

Accomplished in the 2010 Budget

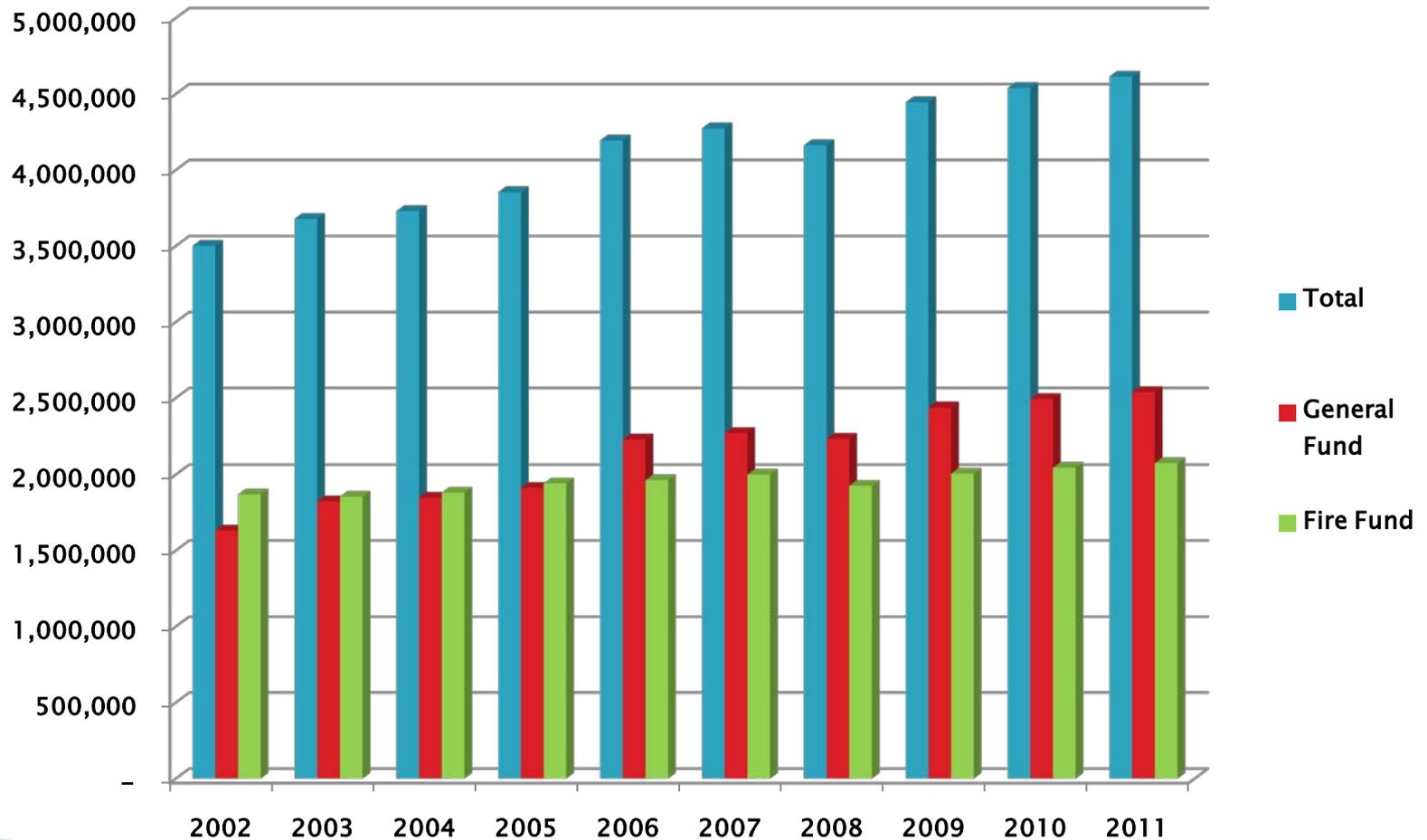
- ▶ The communication and citizen engagement programs of “Connect Montgomery” and “Montgomery Citizens Leadership Academy” were successfully implemented and continued, respectively.
- ▶ The fountain at Neully–Plaisance Plaza in the Heritage District was completed.
- ▶ The continued program to fund park improvements with the installation of the walk in Montgomery Park. The planning of additional events programmed through the 2010 budget.
- ▶ The General Fund balance exceeded its target fund balance, resulted in an additional \$1M being programmed in the 2010 budget for road overlay. This program of “stepping up” the City’s investment in infrastructure is programmed to continue in 2011.
- ▶ The City’s credit rating was recalibrated by Moody’s Investor Service from a “Aa1” to an “Aaa”.

REVENUE ASSUMPTIONS

- ▶ Earnings Taxes are estimated at \$6.7M: 2% over the amount estimated for 2010 estimated collections.
- ▶ Real Estate Property taxes are estimated to increase 2% from 2010.
- ▶ Total Local Gov't Fund (LGF) revenues are estimated at \$253,250, approximately the same actual amount collected in 2009.
- ▶ Inheritance Taxes are budgeted at \$300k in 2011 due to the uncertainty of actual collections.
- ▶ Investment Income is estimated to generate a 1.5% return on investment.
- ▶ All other revenue sources, including the Gasoline Tax and Motor Vehicle Registration Fees, are estimated to remain flat.

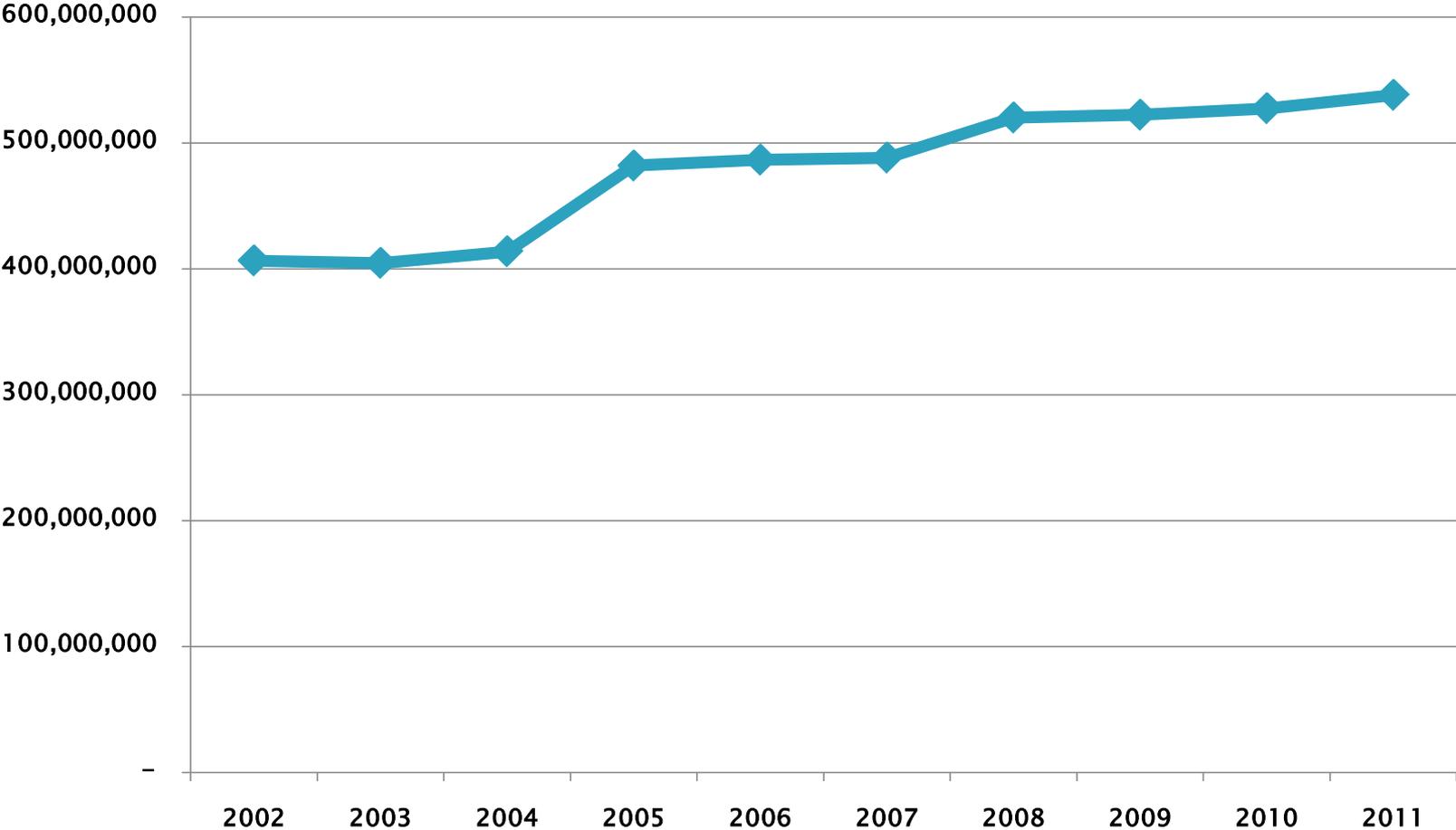
PROPERTY TAX COLLECTIONS

ACTUAL 2002-09 & ESTIMATED 2010-11



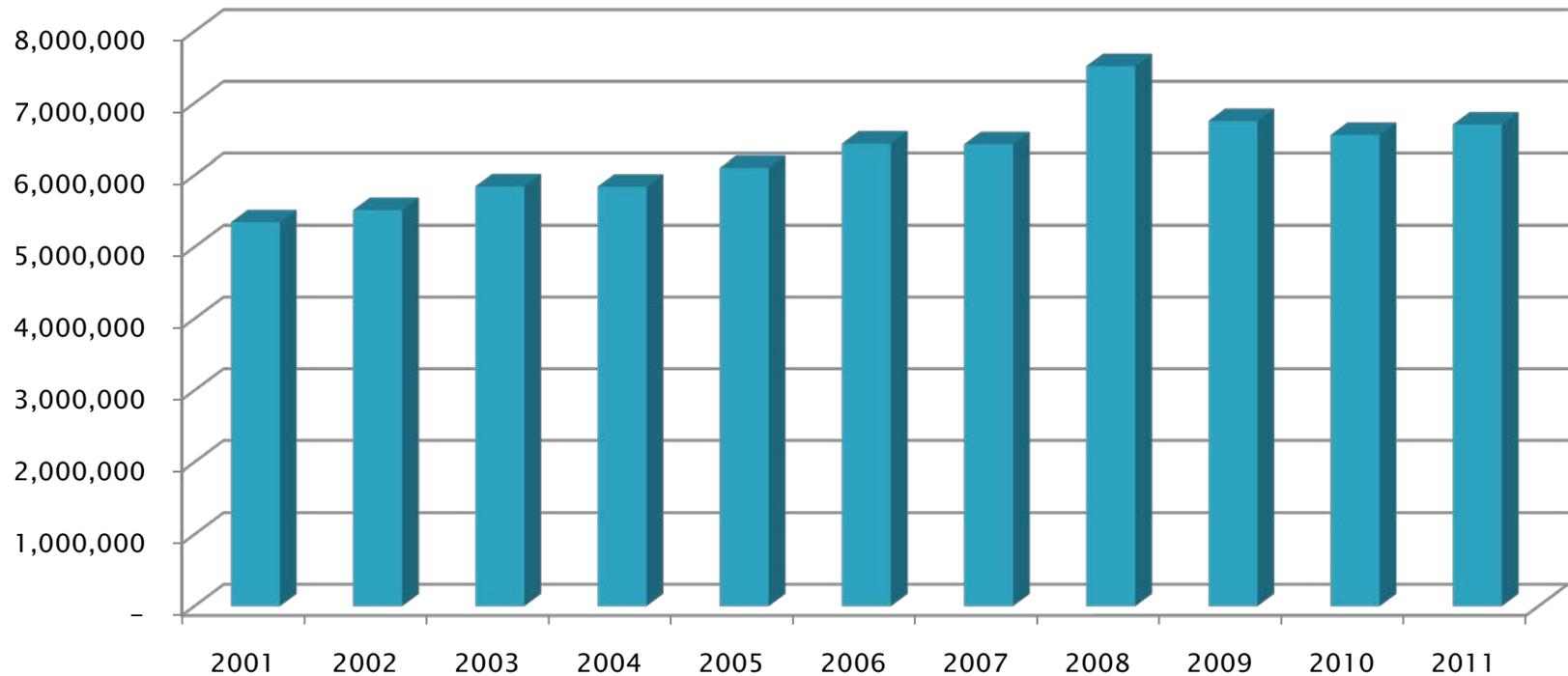
ASSESSED VALUATION

ACTUAL 2002-09 & ESTIMATED 2010-11

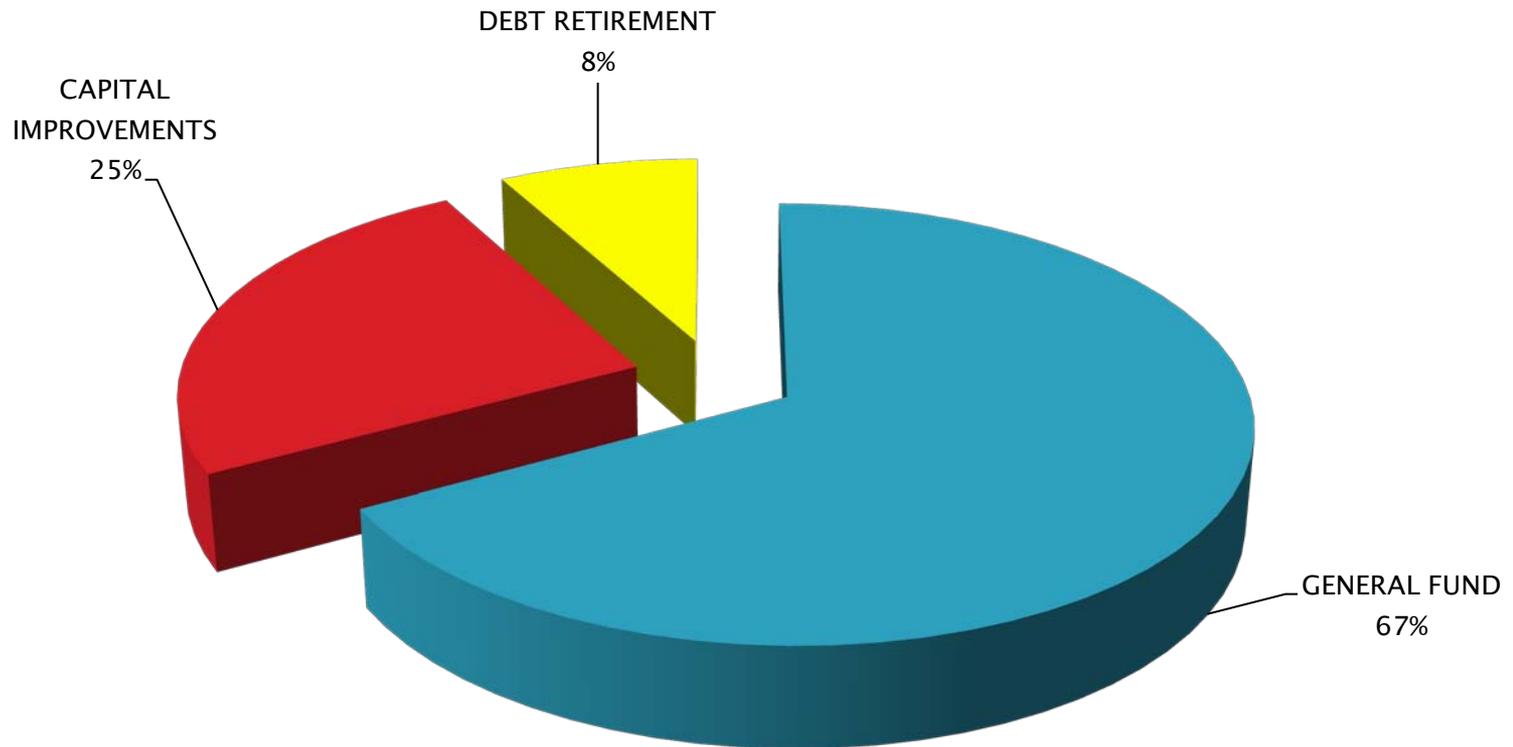


EARNINGS TAXES ACTUAL & ESTIMATED

Income Tax Revenues
Actual 2001–09 Estimated 2010–2011

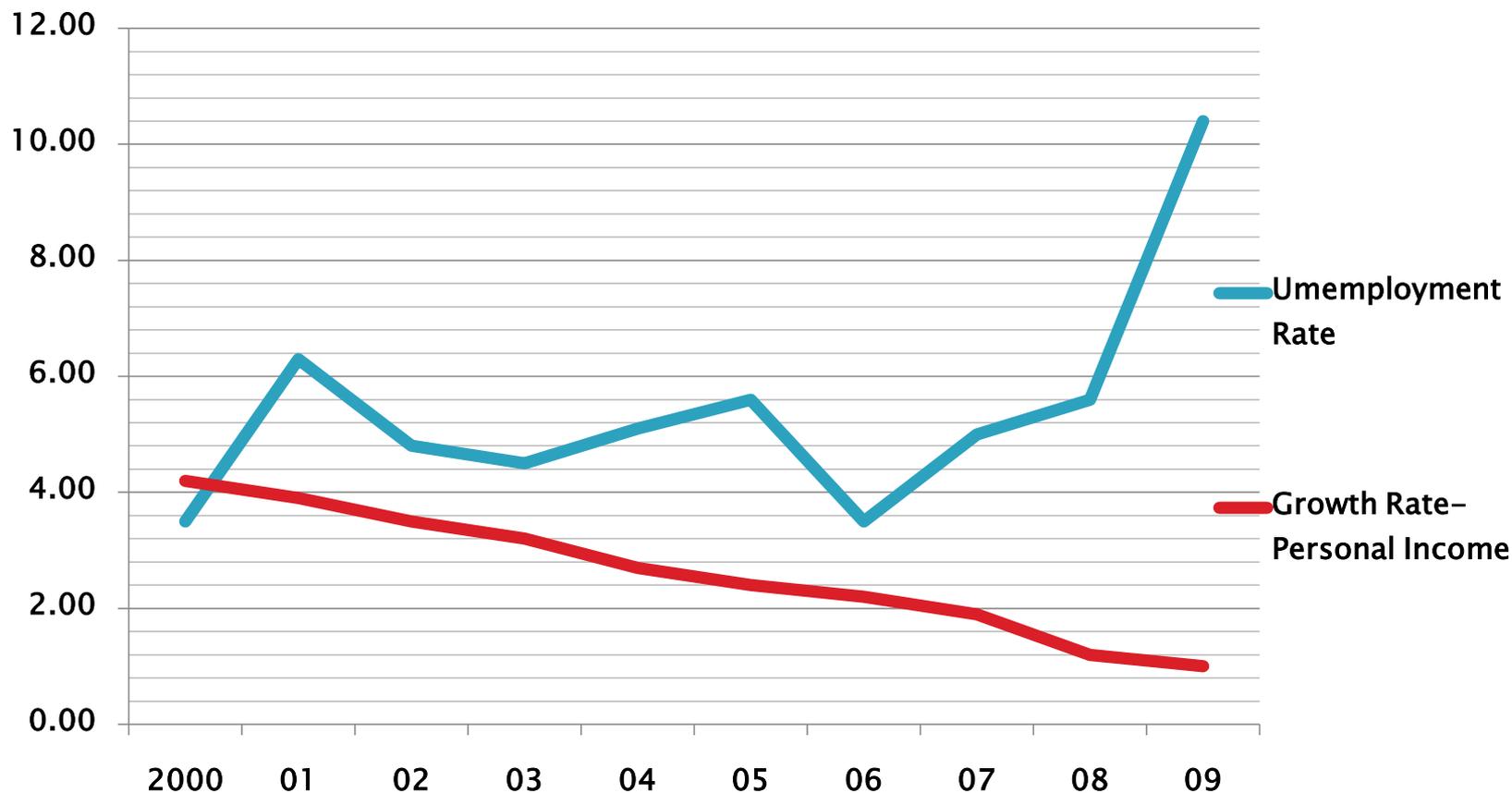


HOW IS THE EARNINGS TAX EARMARKED?



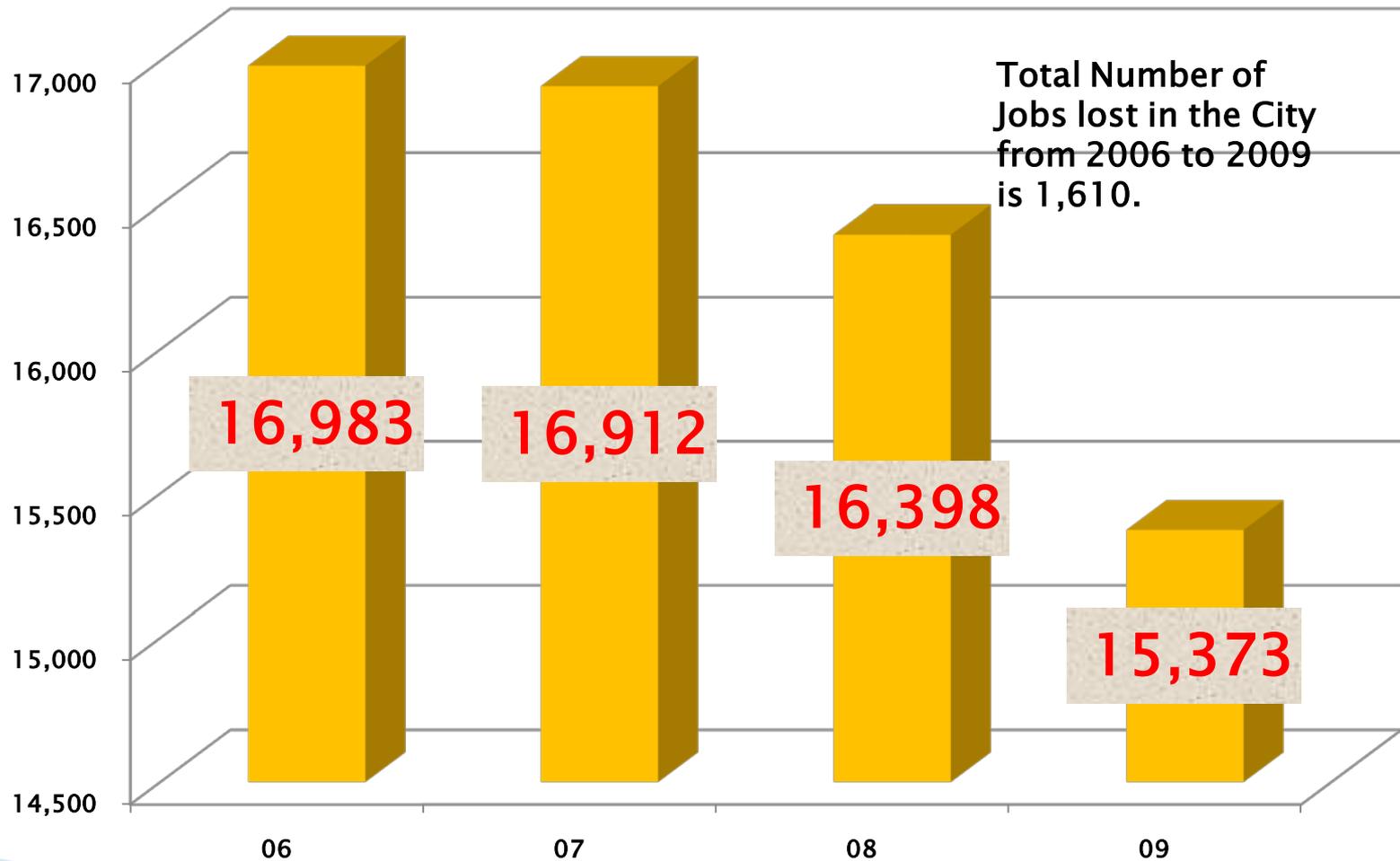
INCOME & UNEMPLOYMENT RATES

Hamilton County



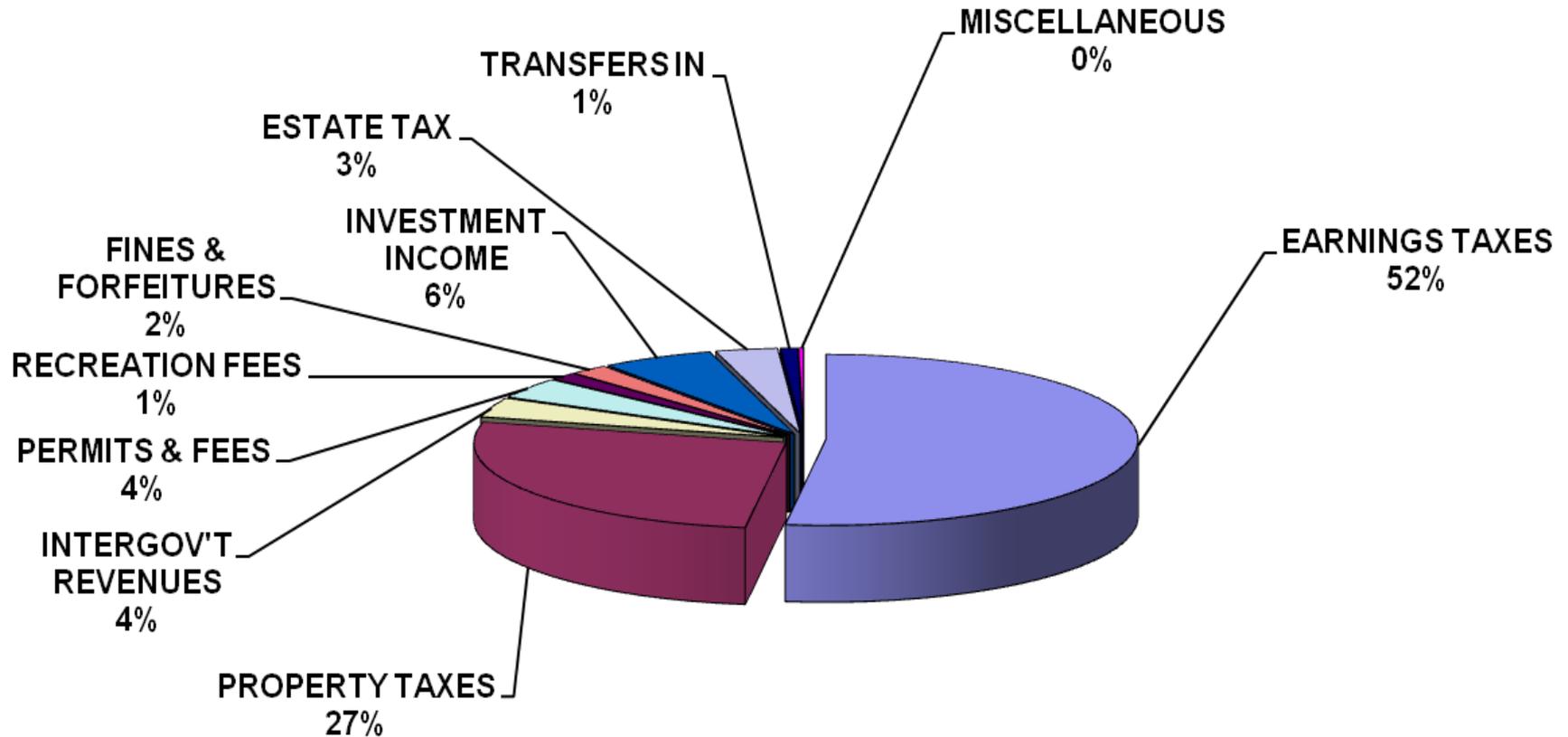
Source: US Dept of Commerce, Bureau of Economic Analysis

JOBS IN MONTGOMERY

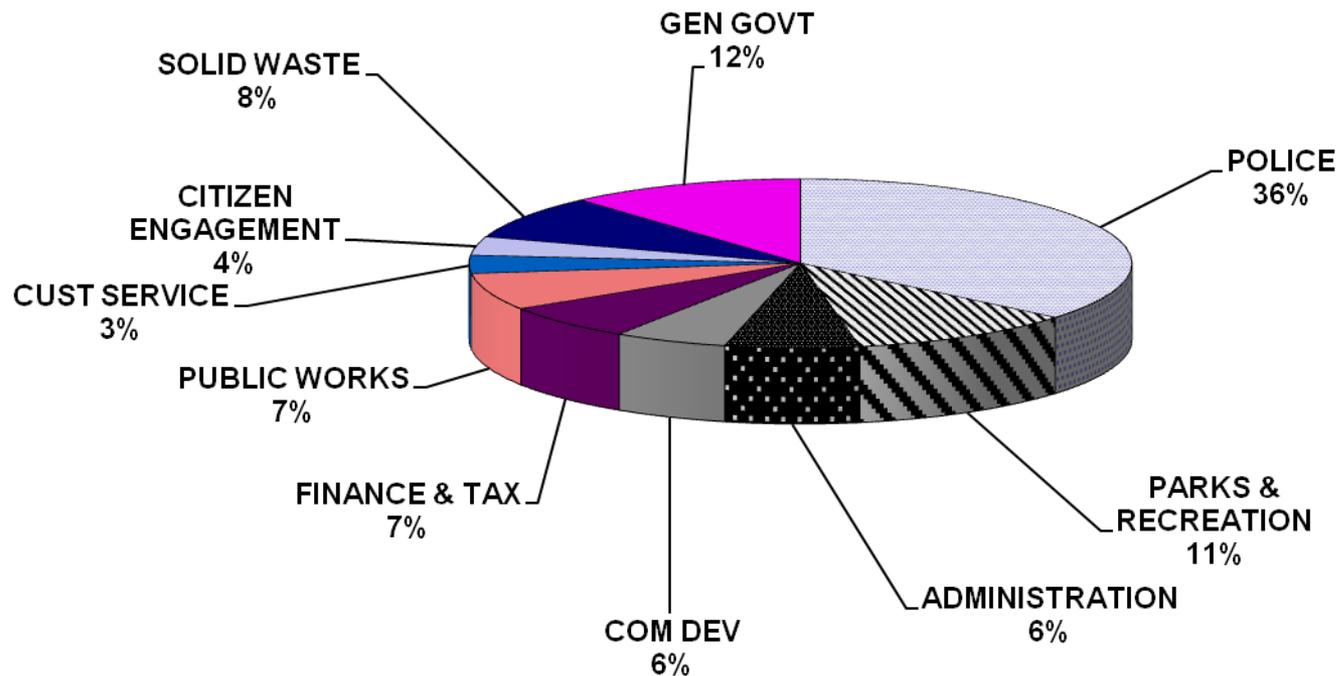


Source: Montgomery Annual Financial Reports 2006-2009

2011 GENERAL FUND REVENUES BY CATEGORY



2011 GENERAL FUND EXPENDITURES BY CATEGORY



Targeted Fund Balances

- ▶ **General Fund – established as 6–12 months of operating expenditures.**
- ▶ **Capital Improvement Fund – established as \$1 million.**
- ▶ **General Bond Retirement Fund – established as one year of debt service payments for principal and interest.**
- ▶ **Arts & Amenities Fund – established at \$376,237, the corpus of original donation.**

GENERAL FUND for 2011

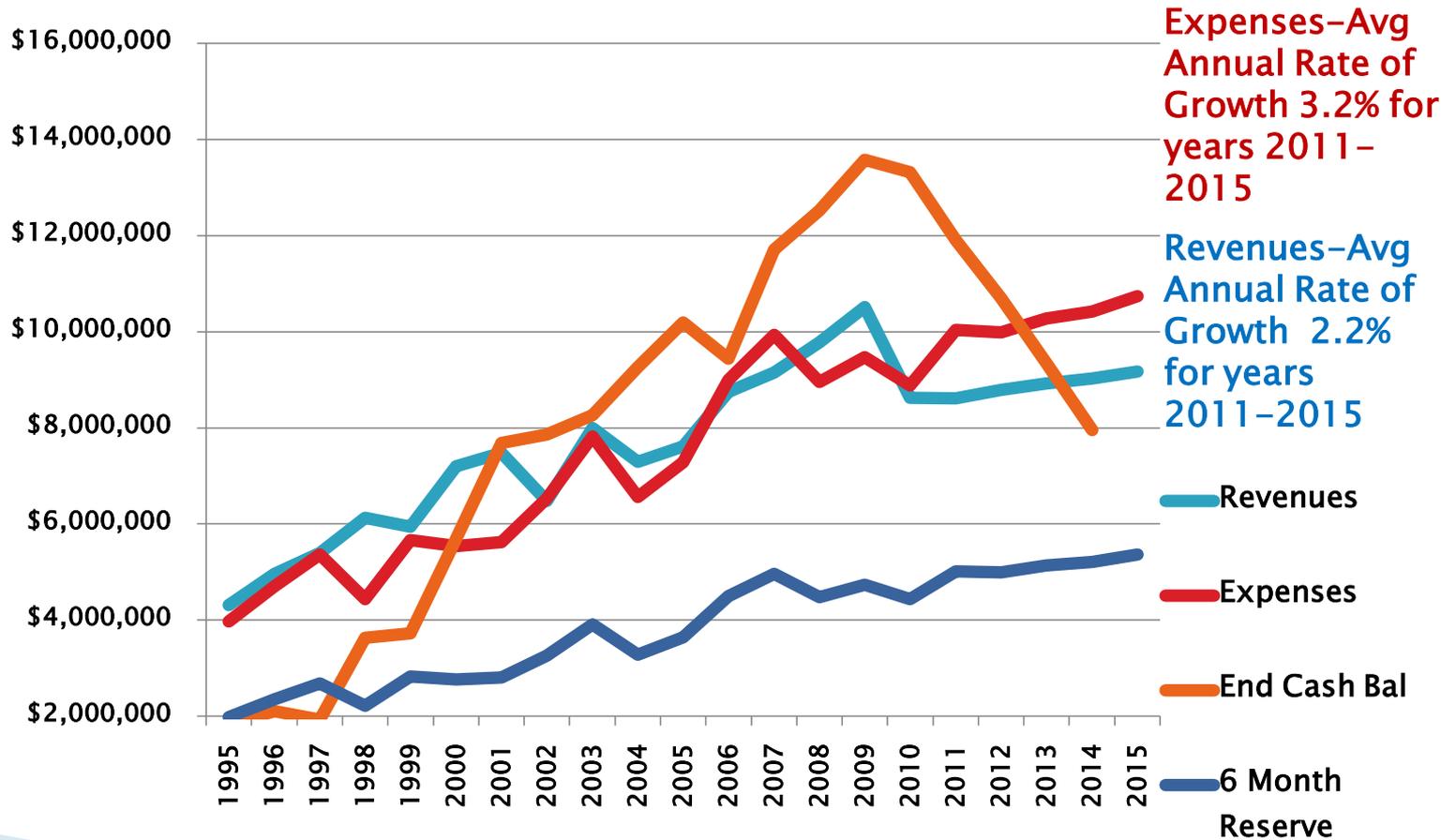
EST BEG BALANCE	\$ 13,223,615
BUDGETED REVENUES	\$ 8,642,863
BUDGETED EXPENDITURES	\$ 9,874,378
EST END BALANCE	\$ 11,992,099
RESERVE BALANCE	\$ 9,874,378
NET RESERVE VARIANCE	\$ 2,117,720
Months in Reserve Fund Balance 14	

General Fund Appropriations represent an increase of \$999,672 or 11% over 2010 Revised Estimate of \$8,874,707.

Estimated revenues represent an decrease of \$113,691 or 1% over 2010 Revised Estimate of \$8,529,172.

GENERAL FD CASHFLOW 1995-2015

General Fund Revenues, Expenses & Cash Balances
Actual 1995-2009 and Budget 2010-2015



CHARTER LEVY

- ▶ **Article IX, Sections 9.01 “Taxes” and 9.02 “Extra Levy” provide that Council by Resolution may increase the Charter Levy up to 5 mills.**
- ▶ **Current total is 4.5 mills, 1.5 mills authorized under the charter and 3 mills from inside millage. Council can authorize an additional .5 mill.**
- ▶ **An additional .5 mill would generate approximately \$250,000 for the General Fund.**

DEPTS REQUIRING TRANSFERS FROM THE GENERAL FD

- ▶ For the years 2011–15 approx \$2.3M will be transferred from the Gen Fund to support the PW Dept (\$1.9M) for street repair (Fund 261), and \$360,000 for Municipal Pool Operations (Fund 275).
- ▶ Possible Options:
 - For SCM&R Fund–reducing costs or the implementation of an additional license registration fee of \$5 per license (Estimate \$50,000/year).
 - For Pool Fund–reducing operational costs, increasing fees or alternative revenue sources.

PERSONNEL COSTS

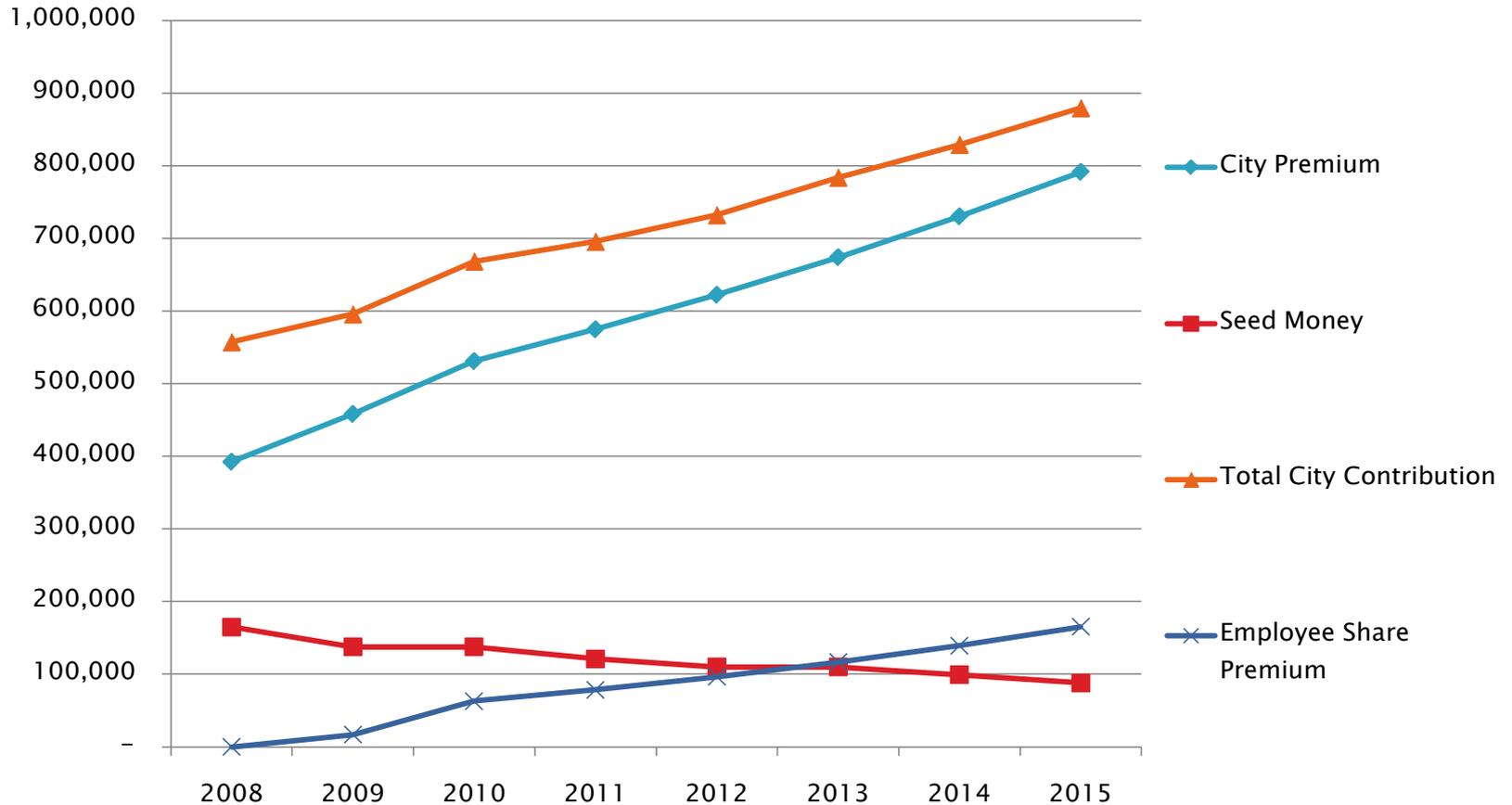
- ▶ FOP (Police) labor agreement runs thru 2013 with increases of 2%, 1.75% and 1.75%.
- ▶ AFSCME (Public Works) agreement runs thru 2011: 3% increase for 2010.
- ▶ IAFF (Fire) agreement runs thru 2012: 2.25% increase in 2010 and 2% increase in 2011.
- ▶ Exempt employees were granted increases of 2% in July 2010 and 1.75% in July, 2011 and 2012.

HEALTH CARE COSTS

- ▶ Total health care premiums have increased over past 2 years by 18% and 25%. Caps and reductions in HSA in 2009 has kept City's portion of medical costs at increases of 7% and 15% over the 2 years.
- ▶ City's total contributions to fund medical costs is budgeted at \$695K in 2011, increasing to \$879K in 2015.
- ▶ Employee contributions have increased dramatically over the last year. EE's share for Family plan increased from \$39/mo to \$123/mo.

HEALTH CARE COSTS

Annual Total Premium Increase of 10%
Years 2011-2015



SOLID WASTE/RECYCLING COSTS

- ▶ In September of this year, the City will rebid the City solid waste/recycling contract. The current cost of services is approximately \$600,000/year.
- ▶ The City anticipates that the new contract may increase 20%–25% over the current budget.
- ▶ \$3.6M has been programmed over 5 years: \$715,000 in 2011, increasing to \$758,764 in 2015, to fund the cost of this service.

Fund 324 – General Bond Retirement

EST BEG BAL	\$1,109,714
ESTIMATED REVENUES	\$536,000
TOTAL AVAILABLE	\$1,645,714
DEBT EXPENDITURES	\$542,602
EST END BAL	\$1,103,112
RESERVE BALANCE	\$542,602
VARIANCE	\$560,510

- ▶ **8% of Earnings Tax Revenues are allocated to this fund.**
- ▶ **GO Debt Outstanding 12/2010 was \$2,335,000; reduces to \$525,000 by 2015.**
- ▶ **In future years, consideration should be given to reducing the amount of income taxes apportioned to general debt retirement.**

Fund 410 – Capital Improvement Fund

EST BEG BAL	\$2,280,049
ESTIMATED REVENUES	\$1,750,000
TOTAL AVAILABLE	\$4,030,049
CAPITAL EXPENDITURES	\$2,789,200
EST END BAL	\$1,240,849
RESERVE BALANCE	\$1,000,000
VARIANCE	\$240,849

- ▶ **25% of Earnings Tax Revenues are allocated to this fund.**
- ▶ **An additional \$1 M is programmed for the annual street overlay program in 2011.**
- ▶ **See CIP for complete list of projects budgeted in 2011**
- ▶ **In future years, consideration should be given to reducing the amount of income taxes apportioned to capital outlay.**

Fund 485 – Arts & Amenities Fund

- ▶ Revenues generated from Sister City sales and Investment Income.
- ▶ A public art project at the corner of Montgomery and Hopewell Roads is planned for 2012.

EST BEG BAL	\$602,645
ESTIMATED REVENUES	\$21,700
TOTAL AVAILABLE	\$624,345
EST EXPENDITURES	\$35,300
EST END BAL	\$589,045
RESERVE BALANCE	\$376,237
VARIANCE	\$212,808

Fund 223 – Fire Levy Fund

EST BEG BAL	\$3,940,688
ESTIMATED REVENUES	\$2,257,293
TOTAL AVAILABLE	\$6,197,981
EST EXPENDITURES	\$2,321,455
EST END BAL	\$3,876,526
MONTHS IN EXPENDITUES	20

- ▶ **Not a Targeted Cash Balance Fund but requires review to determine the need for levy renewal or levy replacement.**
- ▶ **Revenues generated from Property Taxes.**
- ▶ **Property taxes for real estate estimated to remain flat from 2010 to 2011.**

Fund 261 -Street Construction, Maintenance & Repair Fund

EST BEG BAL	\$983,498
ESTIMATED REVENUES	\$903,080
TOTAL AVAILABLE	\$1,886,578
EST EXPENDITURES	\$988,769
EST END BAL	\$897,809
MONTHS IN EXPENDITUES	11

- ▶ **Not a Targeted Cash Balance Fund but requires review to determine the need for adequate sources of funding to maintain City roads and highways.**
- ▶ **Revenues generated from Gasoline Tax , Vehicle Registration Fees, transfers from General and Environmental Impact Funds.**
- ▶ **The personnel allocated to this cost center was realigned in the 2010 budget to truly reflect the cost associated with road maintenance.**

PARK IMPROVEMENTS

▶ Programmed over 5 years.

▶ Projects for 2011:

Asphalt Path Repairs	\$10,000.00
Poured in Place Safety Surface*	\$35,000.00
Parking Lot Repairs & Striping	\$10,000.00
Installation & Relocation of Playground Equipment*	\$25,000.00
Johnson Nature Preserve Enhancements*	\$8,000.00
Resurface Basketball Courts*	\$15,000.00
Resurface Tennis Courts*	\$12,000.00
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	\$115,000.00

* Recommendation of 2008 Park Improvement Study

HISTORIC TRUST

- ▶ **City Rental Property:** Beginning in 2011, all rental income generated from these buildings will be deposited into the General Fund; expenses related to rental income, such as the payment of property taxes and utilities, has been budgeted to be paid from the General Fund.
- ▶ There was concern that the cash balance of the Historic Trust Fund to maintain and care for these structures would be depleted, which would violate the Trust Agreement adopted by City Council.
- ▶ Revenues deposited into the Historic Trust will come from donations, charges for walking tours, and ornament sales in hopes of building up cash reserves in the trust fund.

CITIZEN ENGAGEMENT

- ▶ A separate cost center has been established to fund the position of Assistant Director of Communications/Citizen Engagement and the activities of this office.
- ▶ The position is responsible to oversee the Citizen Engagement and Outreach Program and the continuation of the Montgomery Citizen Leadership Academy, as well as serving as the City's public information officer.

VINTAGE CLUB

- Programmed in the 2012 budget is the construction of a public parking garage at the Vintage Club. The cost is estimated to be approximately \$8M.
- Short-term notes would be issued to initially fund the project; when completed, bonds would be issued to permanently finance the project.
- There is a concern that the delay of the commercial development may impact the time period to pay back the cost of improvements.

COMPENSATED ABSENCES FUND

- ▶ This fund was programmed in the 2010 budget in anticipation of earmarking monies and setting aside funds for the payment of accrued vacation and sick leave due to employees at retirement.
- ▶ The 2011 Budget programs \$319,435, (\$310,957 from the General Fund) to be transferred into this fund.
- ▶ The cash balance of this fund as of 12/31/10 is estimated to be \$38,657. The 2009 annual financial report disclosed long-term liability associated with compensated absences to be \$779,658.

DOWNTOWN IMPROVEMENT FUND

- ▶ This fund has been re-introduced in the 2009 Budget in anticipation of earmarking monies for the redevelopment of the City's Gateway or Heritage District.
- ▶ The 2009 Budget programmed \$1M to be transferred into this fund from the General Fund.
- ▶ The \$1M cash balance in this fund may be programmed for land acquisition for improvements in the Gateway or Heritage Districts of the City.

2011 Annual Budget Time Line

- ▶ **October 6th–1st Reading**
- ▶ **November 3rd– 2nd Reading**
- ▶ **December 1st–3rd Reading**
- ▶ **December 15th–Supplemental Appropriations to amend 2010 Budget.**