



2012 Budget in Brief

City of Montgomery, Ohio

Ken Suer, Mayor

Todd Steinbrink, Vice Mayor

Chris Dobrozsi, Council Member

Gerri Harbison, Council Member

Barry Joffe, Council Member

Lynda Roesch, Council Member

Craig Margolis, Council Member

Wayne S. Davis, Interim City Manager

James A. Hanson, Finance Director

TOTAL 2012 BUDGET

EST BEG BALANCE	\$ 26,748,440
ESTIMATED REVENUES	\$ 18,869,495
REQUESTED APPROPRIATIONS	\$ 18,034,878
EST END BALANCE	\$ 27,599,258

Total 2012 Appropriations represent an decrease of \$1,043,669 or 5.5% under 2011 Appropriations of \$19,078,547.

TOTAL REVENUES & EXPENDITURES

2011 ESTIMATE COMPARED TO 2012 PROPOSED BUUDGET

	2012 Budget	2011 Budget	Change
Total Revenues	\$ 18,869,495	\$ 17,051,432	\$ 1,818,063
Total Expenditures	\$ 18,034,878	\$ 19,078,547	\$ (1,043,669)

- The increase in total revenues can be attributed to marginal increases in Earnings Tax, Inter-fund Transfers and Grant Proceeds of \$1.1M .
- The decrease in the total expenditures are in both operating and capital spending:
 - Reduction in General expenses and contributions to employee health savings accounts,
 - Elimination of recycling bank contract, and
 - Phase-out of the “Stepped Up” road overlay program, and other capital improvements.

IMPACT OF STATE BUDGET & COUNTY REAPPRAISAL

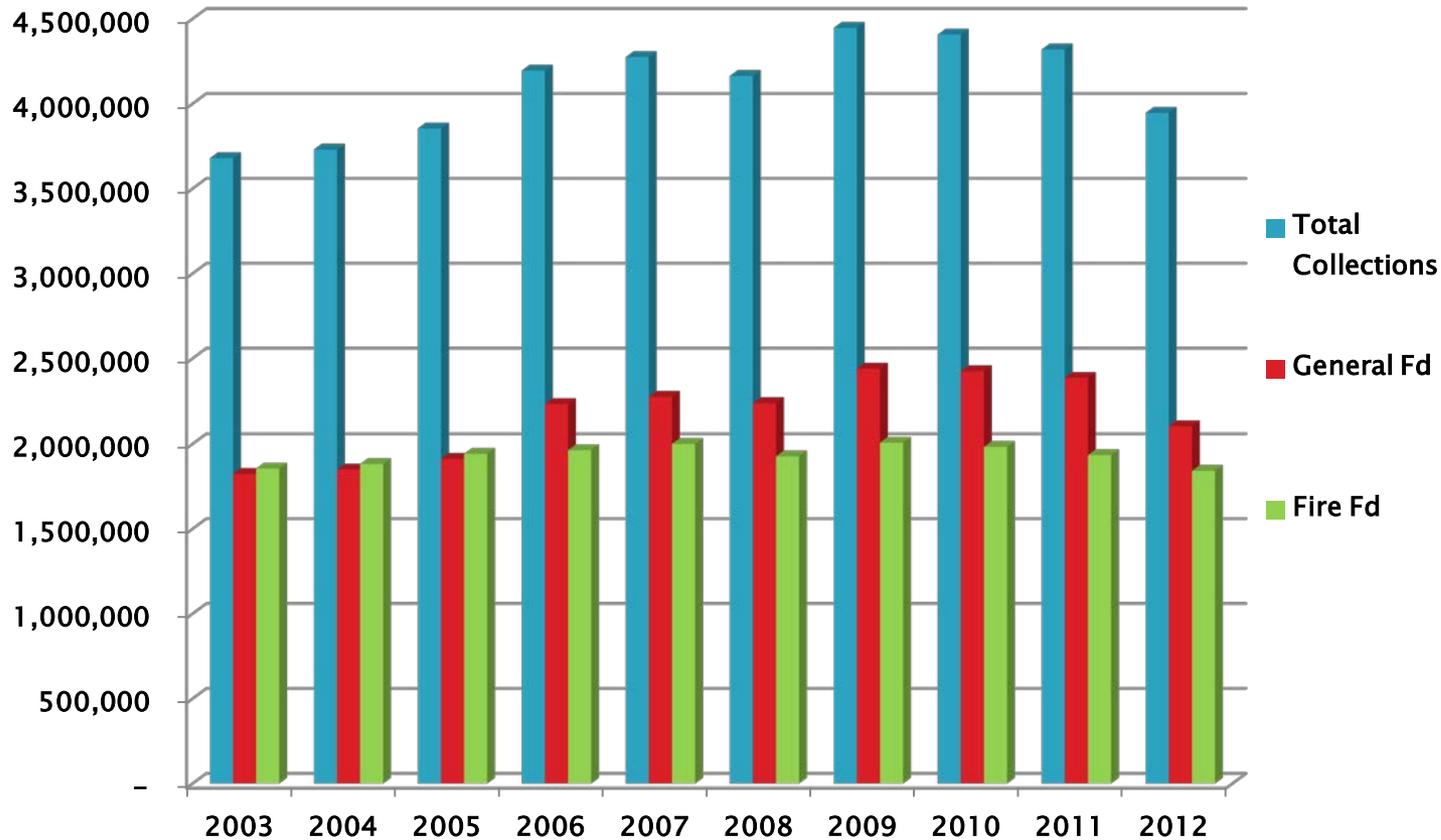
- ▶ 2012-2013 State Budget;
 - ▶ Accelerated the elimination of the Tangible Personal Property Tax Reimbursement in 2011,
 - ▶ Reduce the Local Government Fund initially 15% for the 1st year of the state budget then 50% in the 2nd year, and
 - ▶ Eliminated the Estate Tax beginning in 2013.
- ▶ The 2011 reappraisal by the Hamilton County reduced the City's assessed valuation from \$538 M to \$498M.
- ▶ Cumulative effect is a loss of General Fund revenues of approx \$371K in 2012 and an additional \$492K in 2013. Total anticipated revenue loss from 2011 levels to 2013 is approx. \$863K or 9.6% of General Fund revenues

GENERAL FD REVENUE ASSUMPTIONS

- ▶ Earnings Taxes are estimated at \$7.1M, 1.5% over the amount estimated for 2011 estimated collections.
- ▶ Real Estate Property tax are estimated to be 9% less from 2011, as a result of the 2011 reappraisal.
- ▶ Total Local Gov't Fund (LGF) revenues are estimated at \$177,600, approximately 32% less than the amount to be collected in 2010.
- ▶ Inheritance Taxes budgeted at \$500k in 2012, \$0 for future years.
- ▶ 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.

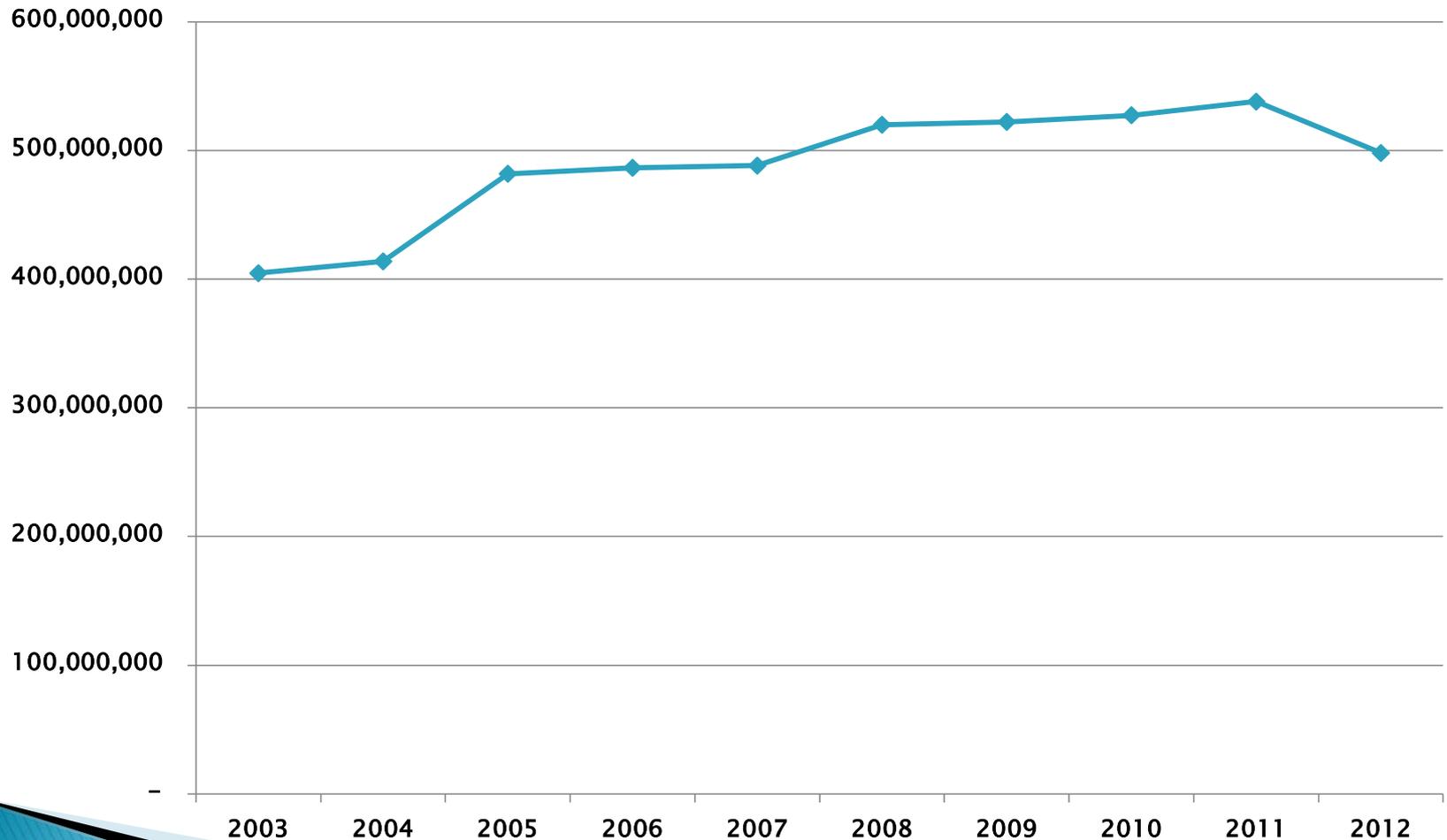
PROPERTY TAX COLLECTIONS

ACTUAL 2003-10 & ESTIMATED 2011-12



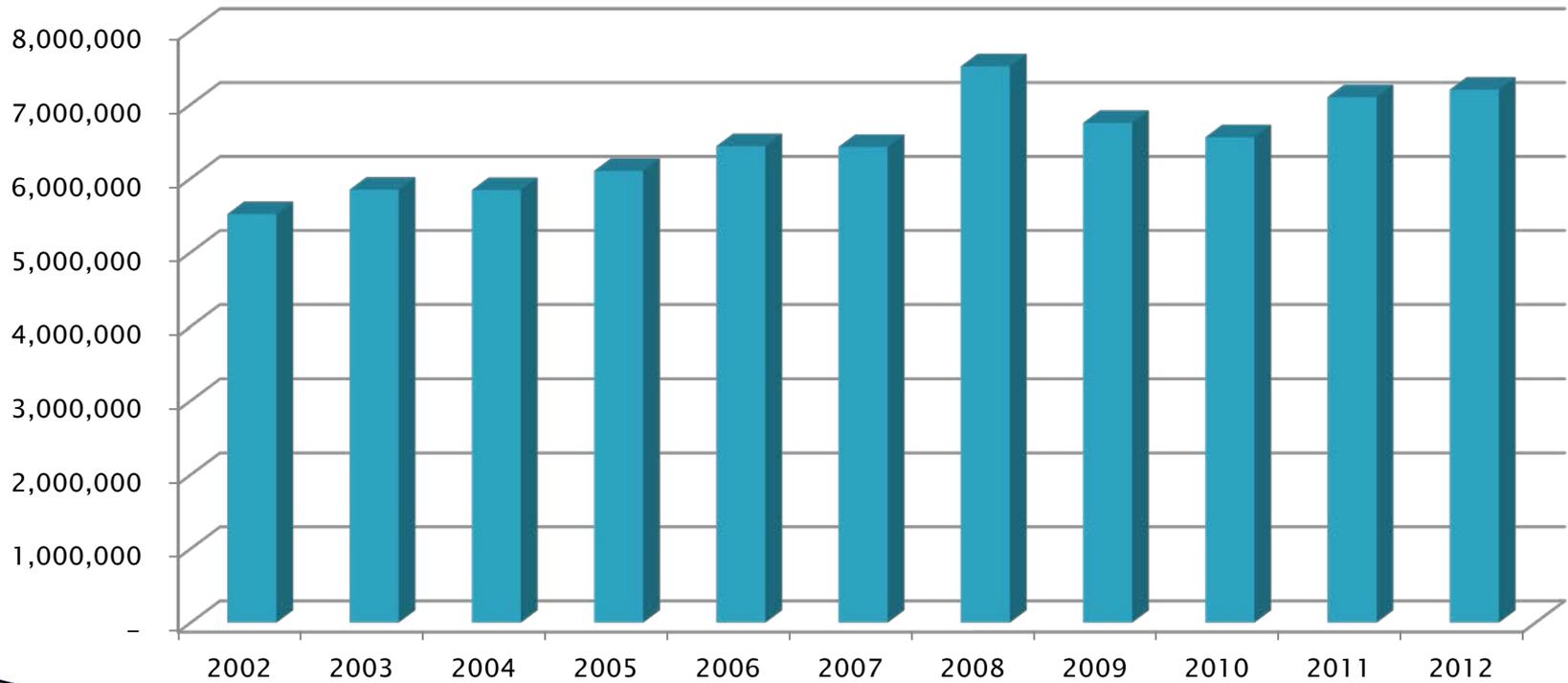
ASSESSED VALUATION

ACTUAL 2003-10 & ESTIMATED 2011-12



EARNINGS TAXES ACTUAL & ESTIMATED

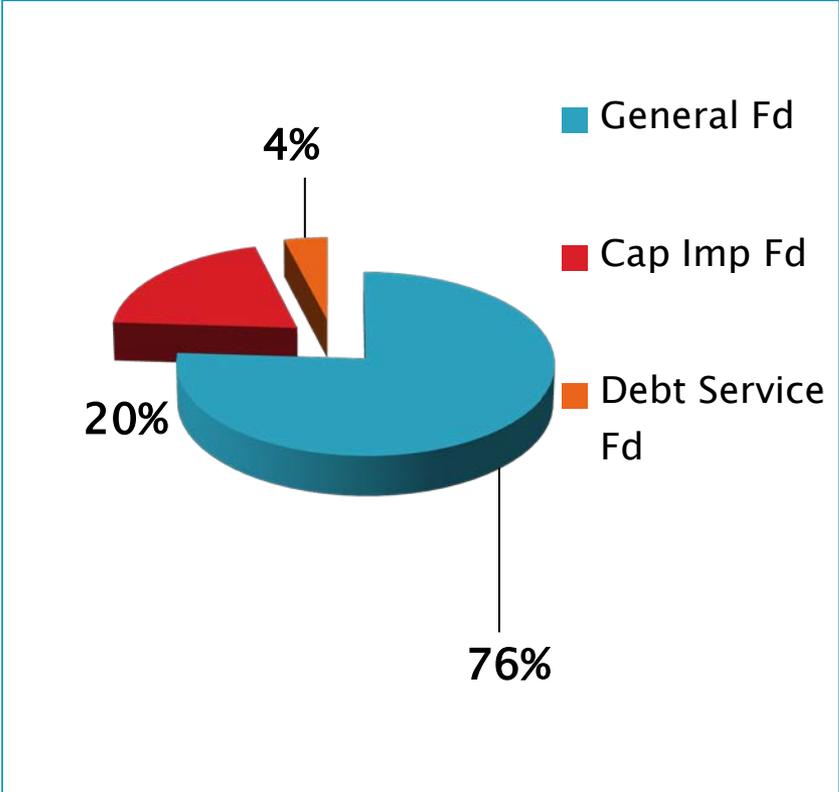
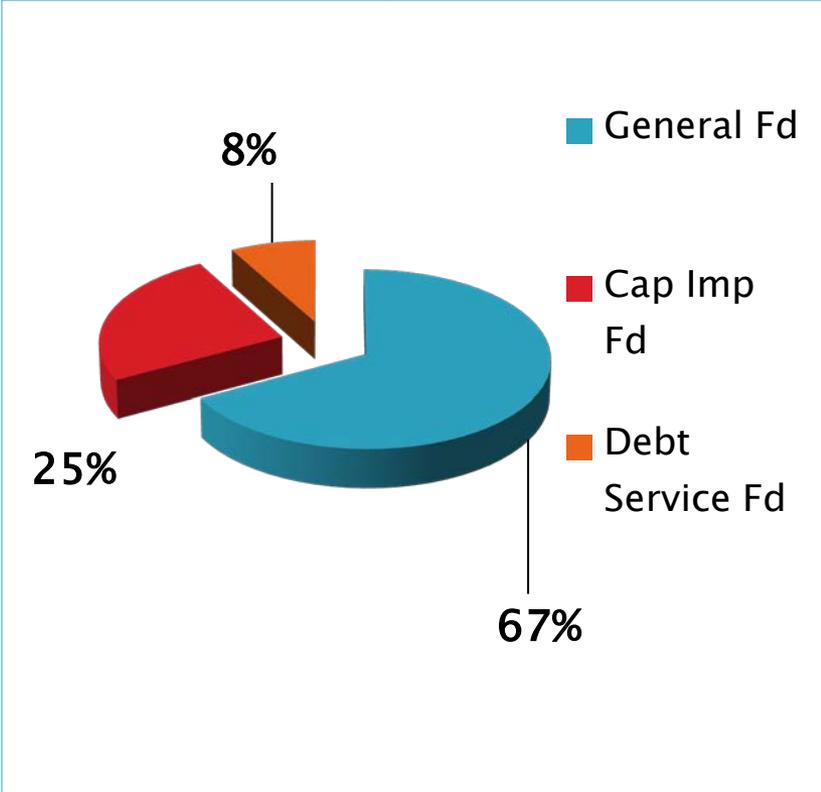
Income Tax Revenues
Actual 2002-10 Estimated 2011-2012



PROPOSED EARNINGS TAX EARMARKED

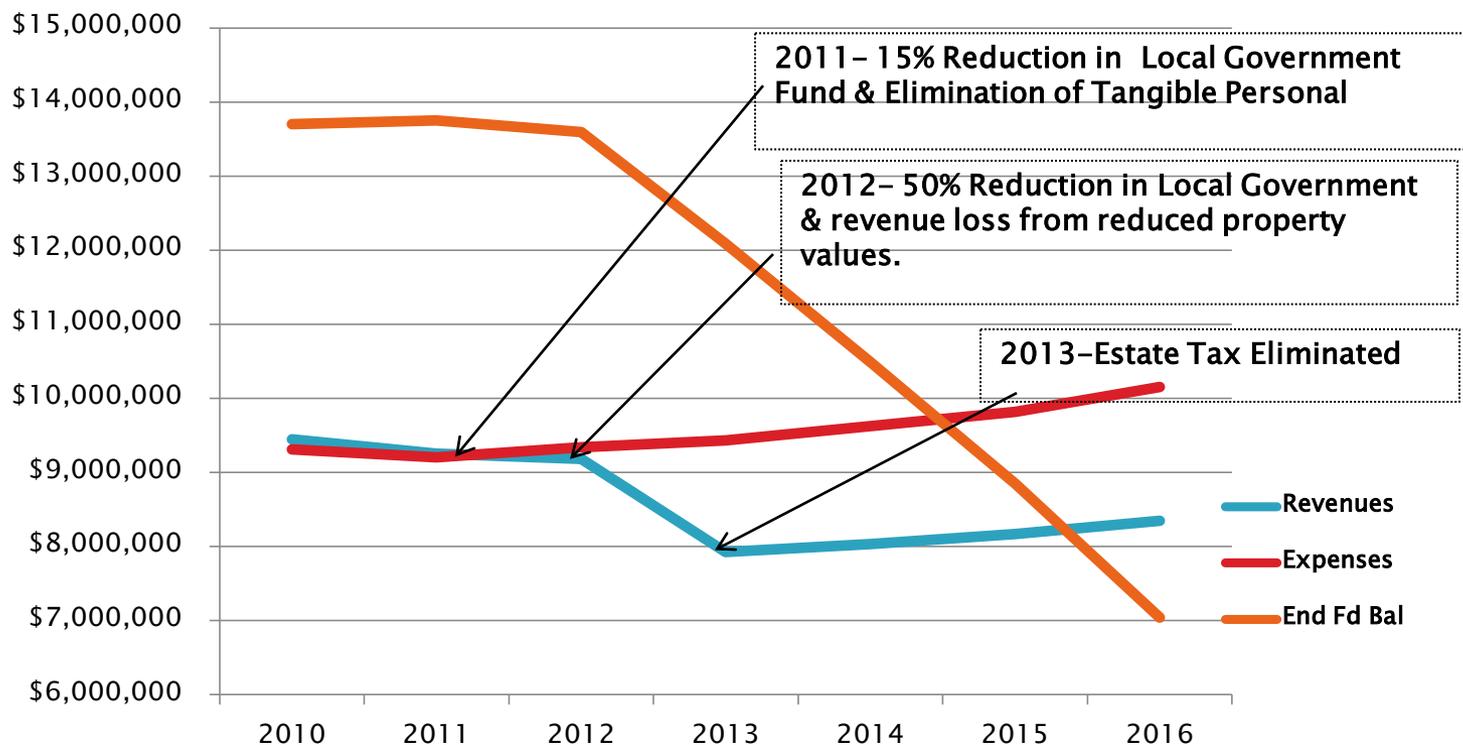
2012

2013



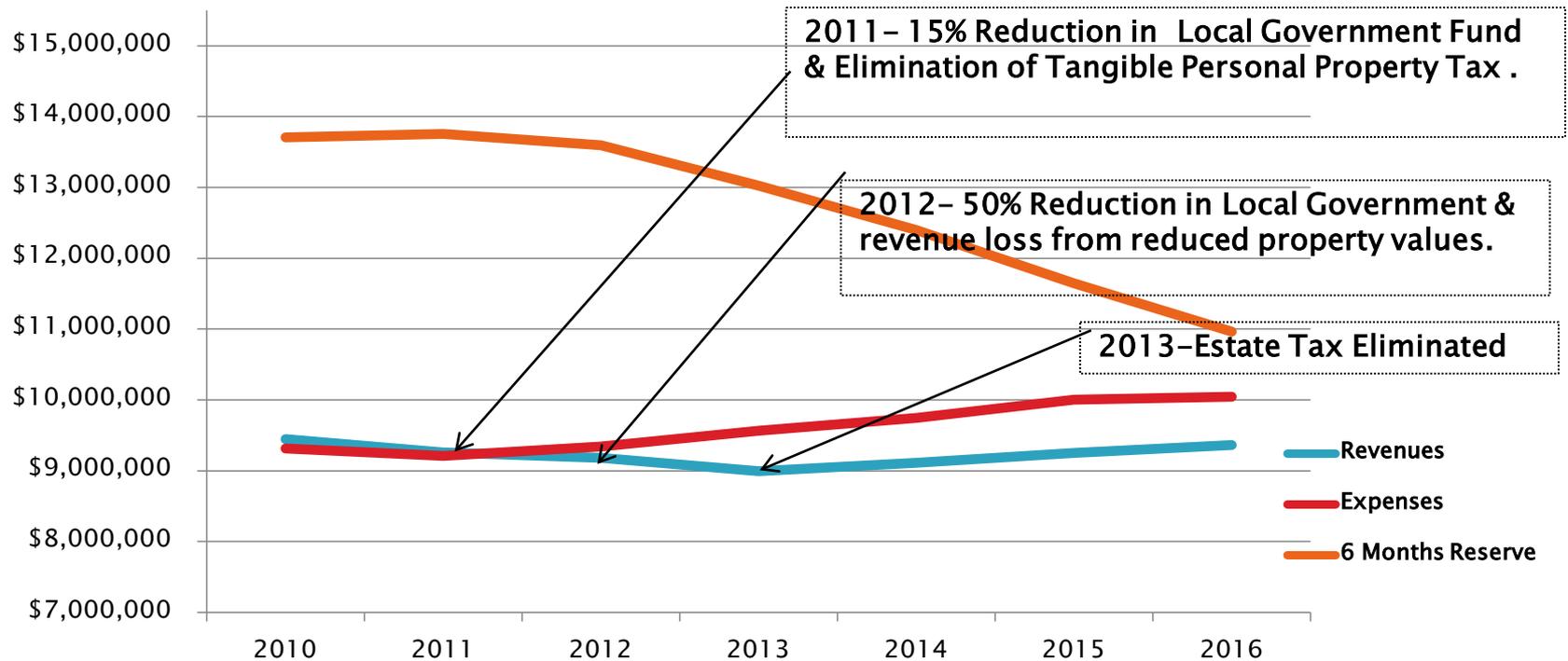
GENERAL FD WITHOUT REALLOCATION

General Fund Revenues, Expenses & Personnel Costs
Budget 2010-2015



GENERAL FD WITH REALLOCATION

General Fund Revenues, Expenses & Personnel Costs
Budget 2010-2015



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.
- ▶ **The proposed Earnings Tax Reallocation would maintain all targeted fund balances thru 2016.**
- ▶ Arts & Amenities Fund – established at \$376,237, the corpus of original donation.

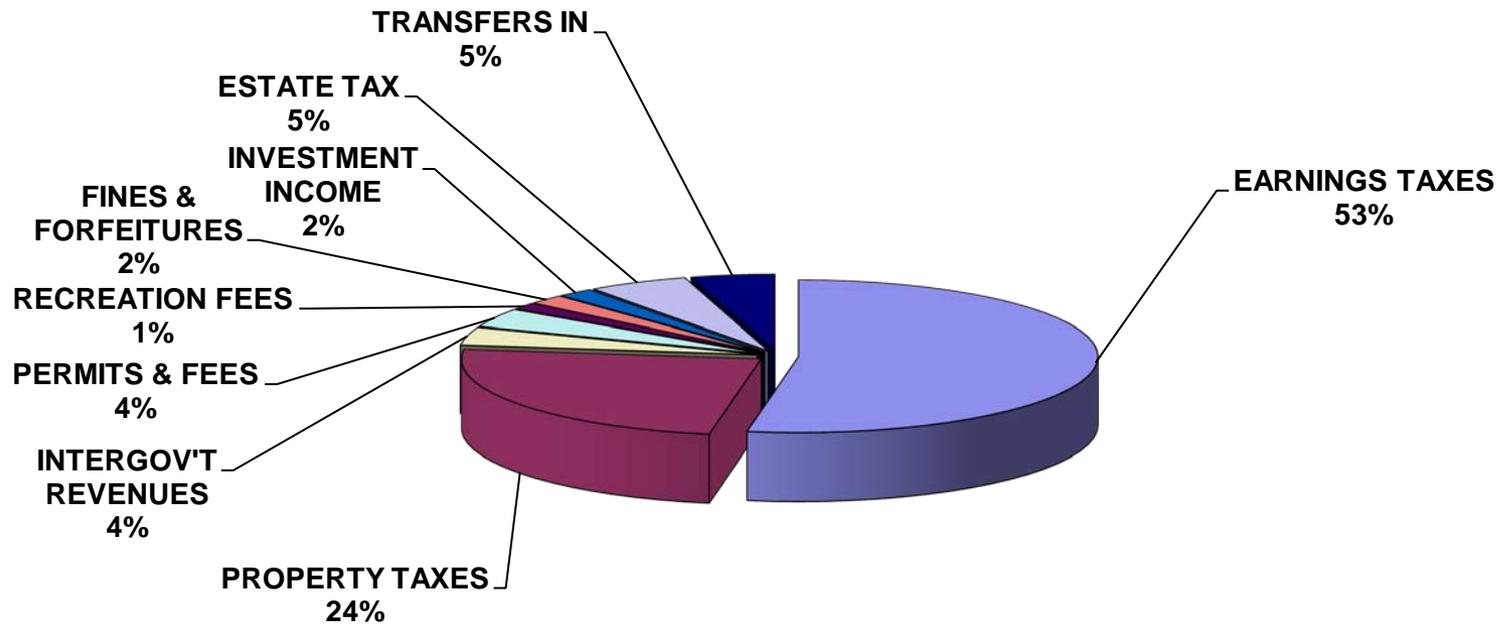
GENERAL FUND for 2012

EST BEG BALANCE	\$ 13,523,186
BUDGETED REVENUES	\$ 9,185,088
BUDGETED EXPENDITURES	\$ 9,252,897
EST END BALANCE	\$ 13,455,377
RESERVE BALANCE -12 months	\$ 9,252,897
NET RESERVE VARIANCE	\$ 4,202,480
Months in Reserve Fund Balance 19	

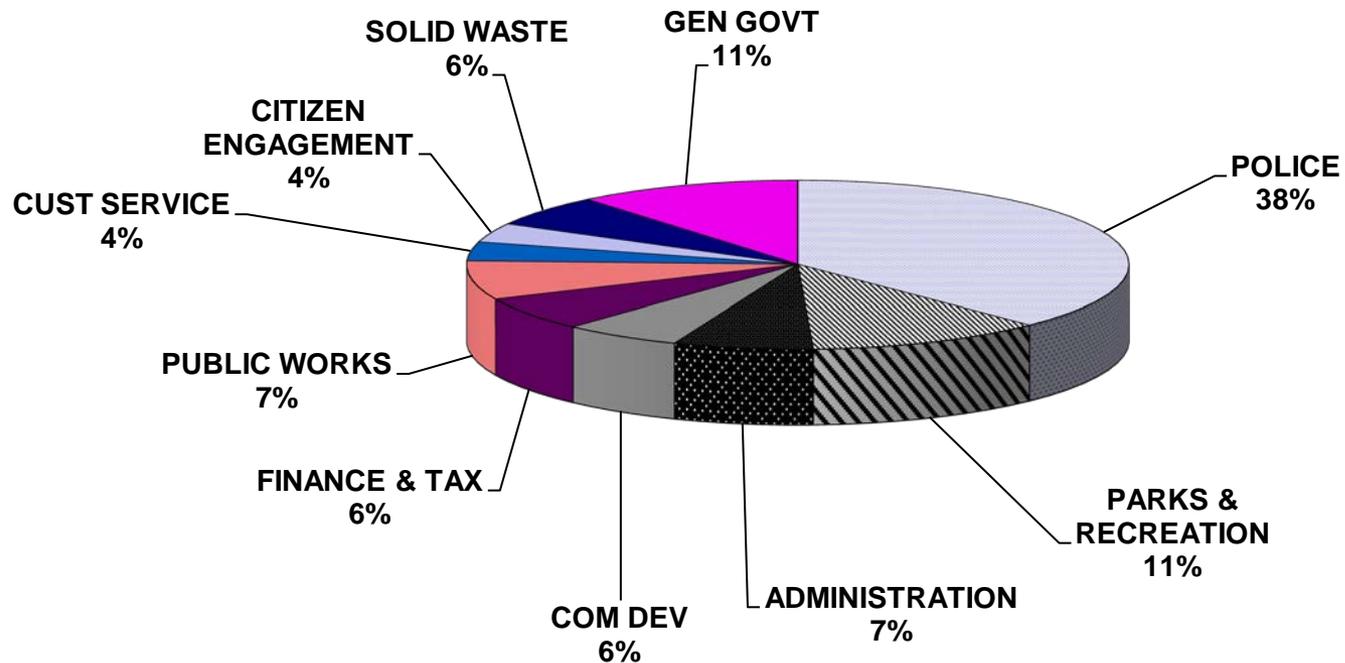
General Fund Appropriations represent a decrease of \$621,482 or 6.3% under 2011 Appropriations of \$9,874,379.

Estimated revenues represent an increase of \$542,225 or 6.3% over 2011 Estimate of \$8,642,863, as a result of closing out \$416,563 from the Ohio National TIF to the General Fund.

2012 GENERAL FUND REVENUES BY CATEGORY



2012 GENERAL FUND EXPENDITURES BY CATEGORY



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.
- ▶ The current millage authorized under the charter is 4.5 mills, Council can authorize an additional .5 mills.
- ▶ An additional .5 mill would generate approximately \$250,000 for the General Fund.

DEPTS REQUIRING TRANSFERS FROM THE GENERAL FD

- ▶ For the years 2012–16 approx \$2.1M will be transferred from the Gen Fund to support the PW Dept (\$1.9M) for street repair (Fund 261) and \$219,000 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

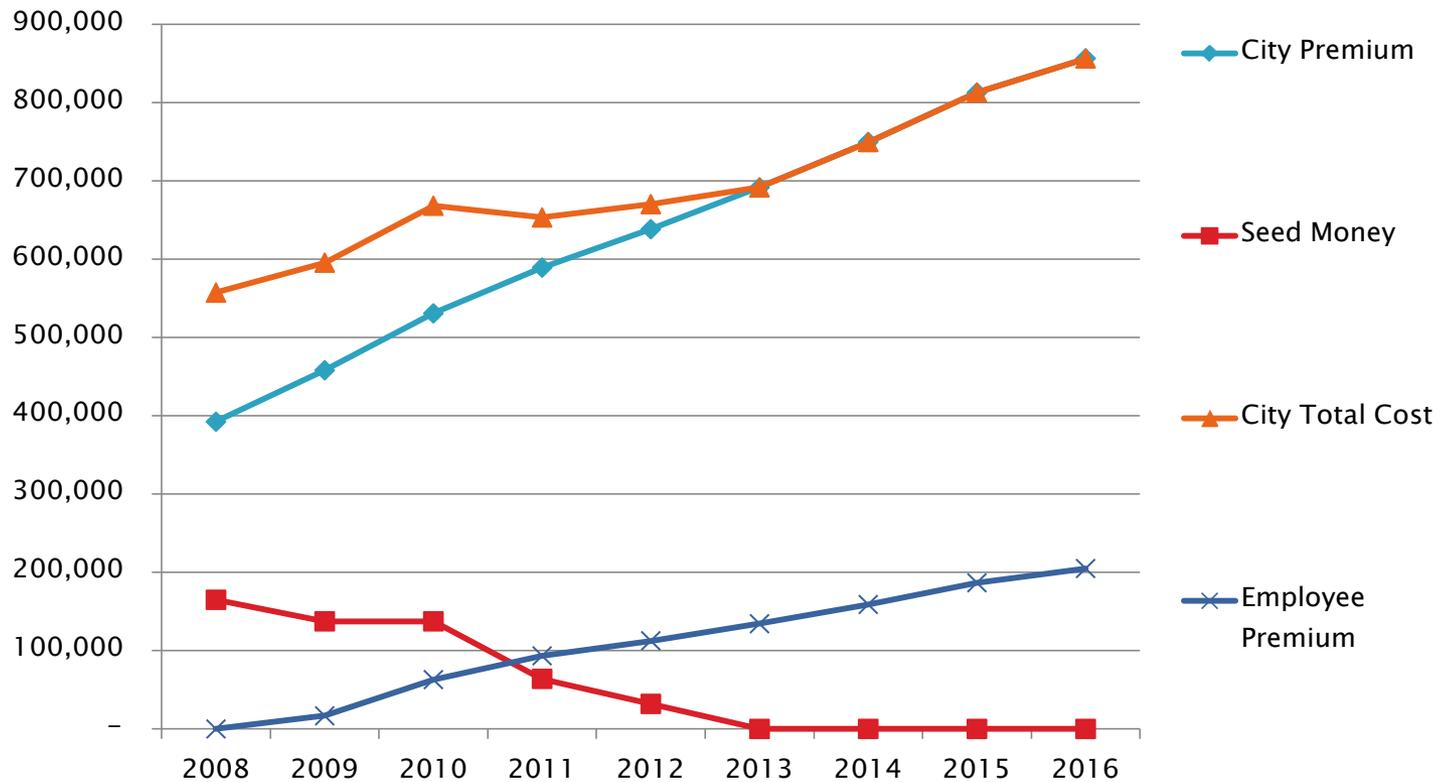
- ▶ FOP (Police) labor agreement runs thru 2013 with increases of 1.75% and 1.75%,
- ▶ AFSCME (Public Works) agreement runs thru 2013: 1.75% increase for 2012 and 0% in 2013, with a “Me Too” clause,
- ▶ IAFF (Fire) agreement expires in 2012,
- ▶ Exempt employees were granted increases of 1.75% in 2012.

HEALTH CARE COSTS

- ▶ Total health care premiums have increased over past 2 years by 25% and 15%. Caps & reduction in HSA in 2011 has kept City's portion of medical costs at increases of 15% and 3% over the 2 years.
- ▶ City's total contributions to fund medical costs is budgeted at \$695K in 2012, increasing to \$879K in 2016.
- ▶ Employee contributions have increased over the last year. EE's share for Family plan from \$123/mo to \$179/mo.

HEALTH CARE COSTS

Projected Health Care Costs 2012-2016



SOLID WASTE/RECYCLING COSTS

- ▶ City entered into multi-year waste/recycling contract with Rumpke. The current cost of services is approximately \$552,319/year.
- ▶ The RecycleBank agreement will be eliminated in 2012, which amounts to approximately \$25,000 annually.
- ▶ \$2.8M has been programmed over 5 years, \$552,319 in 2012 increasing to \$593,587 in 2016, to fund cost of this service.

Fund 324 – General Bond Retirement

EST BEG BAL	\$1,124,150
ESTIMATED REVENUES	\$572,654
TOTAL AVAILABLE	\$1,696,804
DEBT EXPENDITURES	\$520,239
EST END BAL	\$1,176,565
RESERVE BALANCE	\$508,239
VARIANCE	\$668,326

- ▶ Currently, 8% of Earnings Tax Revenues are allocated to this fund. In 2013, reduce the amount of income taxes to 4% allocated to debt retirement.
- ▶ Debt Service in 2013 reduces to \$385,140.
- ▶ GO Debt Outstanding 12/2011 – \$1,890,000 reduces to \$525,000 by 2016.

Fund 410 – Capital Improvement Fund

EST BEG BAL	\$2,010,459
ESTIMATED REVENUES	\$2,957,670
TOTAL AVAILABLE	\$4,968,129
CAPITAL EXPENDITURES	\$2,323,000
EST END BAL	\$2,645,129
RESERVE BALANCE	\$1,000,000
VARIANCE	\$1,645,129

- ▶ 25% of Earnings Tax Revenues are allocated to this fund. In 2013, reduce the amount of income taxes to 20% for capital improvement .
- ▶ Grant Proceeds of \$1.1M are programmed for 2012.
- ▶ 2011 was the final year of the “stepped-up” overlay program.
- ▶ See CIP for complete list of projects budgeted in 2011

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 planned for 2015.

EST BEG BAL	\$590,673
ESTIMATED REVENUES	\$27,450
TOTAL AVAILABLE	\$618,123
EST EXPENDITURES	\$39,560
EST END BAL	\$578,563
RESERVE BALANCE	\$376,237
VARIANCE	\$202,326

Fund 223 – Fire Levy Fund

EST BEG BAL	\$4,165,013
ESTIMATED REVENUES	\$2,233,149
TOTAL AVAILABLE	\$6,398,162
EST EXPENDITURES	\$2,287,056
EST END BAL	\$4,111,106
MONTHS IN EXPENDITUES	22

- ▶ 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 reduce slightly for 2012.

Fund 261 –Street Construction, Maintenance & Repair Fund

EST BEG BAL	\$851,896
ESTIMATED REVENUES	\$891,532
TOTAL AVAILABLE	\$1,743,428
EST EXPENDITURES	\$1,017,646
EST END BAL	\$725,782
MONTHS IN EXPENDITUES	9

- ▶ 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.
- ▶ Consideration should be given to implementing the additional \$5 Motor Vehicle Fee (\$50K annually) to support operations.

PARK IMPROVEMENTS

- ▶ Programmed over 5 years. Below projects for 2012:

Asphalt Path Repairs	\$5,000.00
Shop Equipment	\$3,000.00
Fountain Replacement/Refurbishment	\$14,000.00
Parking Lot Repairs & Striping	\$5,000.00
Playground Equipment	\$25,000.00
Tables, Trash Cans & Grills	\$4,000.00
Resurface Basketball Courts*	\$8,000.00
Resurface Tennis Courts*	<u>\$80,000.00</u>
	\$144,000.00

* Recommendation of 2008 Park Improvement Study

VINTAGE CLUB

- Programmed in the 2013 budget is the construction of 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.

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 of improvements in the Gateway or Heritage Districts of the City.

2012 Annual Budget Time Line

- ▶ October 5th–1st Reading
- ▶ November 2nd– 2nd Reading
- ▶ December 7th–3rd Reading
- ▶ December 14th–Appropriations to amend 2011 Budget.