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City of Montgomery  
2009 Tax Budget Public Hearing  
June 18, 2008

Present

Cheryl Hilvert, City Manager  
Natasha Dempsey, Assistant Finance Director  
Susan Hamm, Clerk of Council  
Wayne Davis, Assistant City Manager  
Bob Nikula, Public Works Director

City Council Members Present

Geri Harbison, Mayor  
Mark Combs  
Vicki Hirsch  
Barry Joffe  
Todd Steinbrink  
Ken Suer

City Council Member Absent

Lynda Roesch

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A Public Hearing to consider the adoption of the 2009 Tax Budget was convened in Council Chambers at 6:30 P.M. with Mayor Harbison presiding.

Ms. Natasha Dempsey explained that it is necessary for City Council to pass a resolution approving the tax budget for the fiscal year beginning January 1, 2009 and submit the tax budget to the Hamilton County Auditor. She further explained, in accordance with ORC section 5705.28, each taxing authority must pass a resolution adopting a tax budget prior to July 15, each year and submit such tax budget to the County Auditor. She also explained that failure to pass a tax budget before July 15, and submit a tax budget to the County Auditor before July 20, of each year may jeopardize the City's share of the Local Government Fund.

Ms. Dempsey noted that the City of Montgomery has the following two (2) funds, which derive money from property taxes: the General Fund and the Fire Levy Fund.

General Fund

- The General Fund collects 4.50 mills (3 mill inside, 1.5 mill outside) on real and personal property. It is estimated that approximately \$2.05 million will be collected in property taxes in 2009 for the General Fund. Income tax collections in the General Fund will be approximately \$4,523,415 of the total income tax collection of \$6,585,025, estimated for 2009; this is approximately a 3.0% increase over the amount estimated to be collected in 2008. The current allocation of income tax revenues (which is 67% of total earning tax revenues) should provide adequate funding of the General Fund for 2009 and allow the City to maintain a cash balance of approximately \$8.77 million at the end of fiscal year 2009.

In 2008, the Undivided Local Government Assistance Fund merged with the Local Government Fund (H.B. 119, 127<sup>th</sup> General Assembly). In addition, the "freeze" will be lifted and a percentage of revenue funding will be restored. This will provide greater stability for the local funds since they will be supported by a wider funding foundation. Because economic conditions for 2009 are uncertain, the Local Government Fund was budgeted to increase at a conservative 3%.

On July 1, 2005, it was estimated that the Estate Tax was to be eliminated in 2009 with the Enactment of the Am. Sub. House Bill 66. There has been no further legislation stating that the Estate Tax is to be eliminated in the near future. Therefore, it is estimated that the City would receive \$309,000 in Estate Tax revenues in 2009.

Total revenues of the General Fund for 2009, are estimated at \$8,775,503, as compared to \$8,512,439 estimated for 2008. This is an increase of approximately 3.09%, which is attributed to the increase in municipal tax revenue.

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Expenditures of the General Fund before transfers and refunds are estimated to be \$8,433,512 in 2009, as compared to \$8,197,554 in 2008. This is an increase of approximately 2.8%, which can be attributed to personnel costs, specifically the cost of pay increases and health insurance.

Fire Levy Fund:

- The Fire Levy is a 5.55 mill permanent levy with no expiration date. Revenues in the Fire Levy are estimated to be \$2,263,815 in 2009, as compared to \$2,197,879 in 2008, a 3.0% increase.

Total expenditures for the 2009 Fire Levy Fund are estimated at \$2,456,423, as compared to \$2,680,361 estimated for 2008. This is a decrease of approximately 8.3% which can be attributed to a reduction in spending on capital equipment.

Ms. Dempsey explained that the other operating funds addressed in the 2009 Tax Budget are estimated to be continuations of current budget spending levels with adjustments made for personnel costs by labor contracts. She further explained that Capital projects to be funded are outlined in the statement of permanent improvements in the 2009 Tax Budget. These projects were taken from the 2008-2012 Capital Improvement Program and are projects which were reviewed and approved by Council on an individual basis. The presentation of these projects in this tax budget is intended to indicate a level of spending for capital outlay. She also explained that a schedule of Outstanding Debt is presented in the 2009 Tax Budget. It is estimated that the City will have approximately \$5.3 million in outstanding debt as of December 31, 2008. This estimate includes the defeasance of the Ohio National Tax Increment Financing (TIF) debt. (The amount outstanding on the Ohio National TIF before defeasment was approximately \$1.9 million.)

Mr. Combs stated that the Financial Planning Committee of City Council has reviewed the 2009 Tax Budget and is recommending adoption of the budget.

Mr. Steinbrink asked about the Special Assessment bond debts and the call dates of those bonds.

Mr. Wayne Davis, Assistant City Manager, indicated that this matter would be referred to the Financial Planning Committee of City Council for further review.

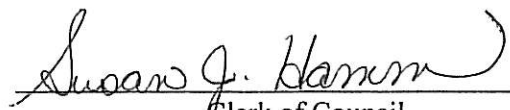
Ms. Dempsey noted that it is staff's recommendation that City Council add the resolution adopting the Tax Budget for 2009 to the July 2, 2008 business session agenda, and consider adoption of the resolution that evening.

Mayor Harbison explained that the process for this public hearing is to take comments under advisement and then take formal action on the request via City Council consideration of a resolution adopting the 2009 Tax Budget. This piece of legislation is presented under the new legislation section of this business session agenda.

Mr. Steinbrink moved to take this matter under advisement. Mr. Combs seconded.

City Council unanimously agreed.

The Public Hearing was adjourned at 6:53 P.M.

  
Clerk of Council