

## Notable Items on the FY 2021 – 2022 Draft Budget

1. **General Fund, Net Income, Page 2 – Net Income** of \$706 is identified in the draft budget. The City Council must adopt a budget that has no net loss.
2. **General Fund, Taxes and Franchise Fees, Page 3 – Account 14320 Ad Valorem Tax** \$889,101 in income for the General Fund and \$485,090 in income for the Debt Service Fund was identified as the amount of ad valorem tax needed to fund the draft budget (\$1,374,191 total in ad valorem taxes). This is funded by the property tax rate of \$.4000 per \$100 of property valuation after the 20% Homestead Exemption was approved for the coming year. This is the first year for the Homestead Exemption, which will lower the taxes received by the City by \$86,472 and allow that money to remain with the owners of those homesteaded properties in the City.
3. **General Fund, Taxes and Franchise Fees, Page 3 – 14600.2 Sales Tax in Lieu of Property Tax.** Montgomery voters approved the additional ½ cent of property tax in 1995. A property tax rate of \$.7204 per \$100 valuation would be necessary to fund this budget if the City did not receive this additional sales tax. This additional sales tax represents \$.3204 per \$100 valuation of additional property tax for the coming year.
4. **General Fund; Admin, Police, Court, and Public Works Class – 16622 Dependent Coverage** was added to this year’s budget following previous requests from City Council members that the budget identify a way to assist staff members with the cost of medical coverage to serve as an additional benefit to assist in retention of staff. This benefit would fund 50% of an employee’s costs for dependent medical coverages (family, spouse, or child as appropriate). Staff members not electing to use this benefit may elect to receive \$150 per month contributed to a Health Reimbursement Account or similar medical reimbursement account (which will require separate approval by City Council to authorize) each month to help defray the cost of direct medical expenses. City staff is working with our health insurance provider on their version of this account. This item is also included in **26610 Water and Sewer Fund, Personnel, Page 17** During the fiscal year Dependent Coverage and HRA contributions will be tracked separately in subcategories.
5. **General Fund, Admin Class, Contract Services, Page 5 – 16299 Inspections/Permits** moves this item out of Public Works Class and into the Admin Class.

6. **General Fund, Police Class, Capital Outlay, Page 8 – 17070 Police Cars** added funds for one additional police car purchase.
7. **General Fund, Court Class, Personnel, Page 9 – 16600 Wages** added funds for part time staff member in addition to current staff.
8. **General Fund, Public Works Class, Personnel, Page 11 – 16600 Wages Water and Sewer Fund – 26600 Wages on page 17** each include half the funds for a part time administrative assistant for Public Works.
9. **General Fund, Public Works Class, Capital Outlay, Page 13 – 17080 Improvements** is funding additional working space for public works staff.
10. **General Fund, Public Works Class, Miscellaneous, Page 13 – 16356 Contract Labor – Streets** includes funds for both the coming fiscal year street repairs plus the repairs for the current year that are carrying over from the current fiscal year.
11. **Debt Service Fund, Interfund Transfers, Page 14 – Transfers Out - Use of Surplus** is using \$135,660 of surplus funds in the Debt Service Fund to reduce the property tax needed to fund debt service for this budget.
12. **Water and Sewer Fund, Contract Services, Page 18 – 26323 Operator** The new utility operations contract was designed to include more of the maintenance services under the base contract cost than it had in past years. These services include necessary maintenance cost being done with in the budget in this category. Ensuring appropriate preventive maintenance being completed serves to lower future operating and repair costs.
13. **Capital Projects Fund, Roadway System Improvement, Page 23 – 46000.1 Streets/Sidewalks** has \$508,000 for sidewalks connecting Martin Luther King, Jr. and Bessie Price Owen to the Historic Downtown area. This is a project for which grant funds have been applied. If these grant funds are awarded then approximately \$400,000 would return to the City for additional future work, but this would likely be received by the City in the next fiscal year.