

Montgomery City Council
AGENDA REPORT

Meeting Date: August 23, 2022	Budgeted Amount: N/A
Department: Admin	Prepared By: Dave McCorquodale

Subject

Discussion of the Tax Rate needed to fund the proposed FY 2022-2023 Budget for Maintenance and Operations (M&O) and Debt Service (I&S).

Recommendation

Discuss the proposed tax. **No formal action taken—discussion only.**

Discussion

The Ad Valorem Tax Rate is made up of two components:

Debt Service (I&S or Interest & Sinking): This rate is calculated based on the portion City’s annual debt obligations secured by property taxes. It includes the amount needed to make the principal and interest payments on the debt. The total amount to be paid in 2022 is \$956,299. A breakdown of this total is:

- \$424,540 from the Water & Sewer Fund
- \$474,822 from Ad Valorem Taxes
- \$56,937 from Debt Service Surplus

Maintenance and Operations (M&O): This rate includes essentially all other operating expenses and includes all other general fund expenses not directly related to utility revenue or other income such as grants, fines, etc. The proposed M&O Rate will raise \$1,334,025 in revenue.

The City’s draft budget has been prepared keeping the Tax Rate at \$0.4000/\$100 valuation, which is unchanged since 2018. Staff recommends keeping this same rate for 2022. This includes the following rates:

M&O = \$0.2950/\$100 valuation (2021 rate is \$0.2805/\$100)

I&S = \$0.1050/\$100 valuation (2021 rate is \$0.1195/\$100)

Approved By

Interim City Administrator	Dave McCorquodale	Date: 08/18/2022