

City of Montgomery  
Financial Planning Committee Meeting  
May 6, 2019

**Present**

Brian Riblet, City Manager  
Katie Smiddy, Finance Director  
Connie Gaylor, Clerk of Council

**Council Committee Members Present**

Ken Suer, Chair  
Mike Cappel  
Lee Ann Bissmeyer

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The Financial Planning Committee of Council meeting was called to order at 4:30 p.m. by Chairman Suer.

**April 2019 Income Tax Report**

Ms. Smiddy explained that for the month of April 2019, the City's total income tax receipts were \$1,833,166, which is an increase of \$256,854 or 16.2% compared to the actual amount collected in April 2018 of \$1,576,312. Year to date revenues are up 6.3% compared to 2018 collections. Ms. Smiddy stated that business withholdings were up by 40% which she attributes to a Top 10 Employer paying out large bonuses.

**Review of the 1st Half Real Estate Settlement**

Ms. Smiddy updated the Committee on the 1st Half Real Estate tax collections. She explained the total collections for 2019 of \$5,253,071 are up \$1,555,875 or 42.08% compared to 2018 collections of \$3,697,197. General Fund property tax collections are down (\$99,559) or (7.83%), Fire Levy collections are up \$1,747,819 or 175.03% and Tax Increment Financing Districts are down (\$70,119) or (5.36%).

**2020 Tax Budget**

Ms. Smiddy explained that the Tax Budget requires the City to estimate revenues and expenditures for funds which derive revenues from real and personal property taxes. The City of Montgomery has two (2) funds which derive money from property taxes: the General Fund and Fire Levy Fund. Detailed schedules for these funds have been included in the 2020 Tax Budget.

Ms. Smiddy provided the following detailed update of the General and Fire Levy funds. She explained it is estimated that the total assessed valuation for the year 2019, collected in 2020, for the City of Montgomery is estimated to be \$586 million. This is an estimated .17% increase property values from the assessed valuation for tax year 2019 of \$585 million.

The General Fund collects 4.5 mills (3 mills inside, 1.5 mills outside) on real property. It is estimated that \$2,886,270 million will be collected in property taxes in 2020 for the General Fund; this is an increase of 5% that is expected to be collected in 2019.

Income tax collections in the General Fund are estimated to be \$7,596,759 of the total income tax collection of \$9.4 million estimated for 2020; the assumption is that total income tax revenues are estimated to increase 1% over the amount collected in 2019. The amount of income tax revenues allocated to the General Fund is 80% in 2019. It is estimated that the General Fund will have a cash balance of approximately \$13.5 million at the end of fiscal year 2020.

Other General Fund revenues are estimated to remain relatively flat due to the continued steady economy. Total revenues of the General Fund for 2020 are estimated at \$12,086,830 as compared to \$11,881,921 estimated for 2019. This is an increase of \$204,909 or approximately 1.72% which is attributed to the estimated increase in income and property tax revenues.

Expenditures of the General Fund are estimated to be \$11,909,136 in 2020, as compared to \$11,516,574 in 2019. This is an increase of \$392,562 which can be attributed to increased allocations to capital outlay.

The Fire Fund consists of two permanent levies with no expiration date. The 5.55 mill levy was passed in 1999 and the recent 6.0 mill levy was approved by the voters in May of 2018. Total revenues in the Fire Levy Fund are estimated to be \$5,677,004 in 2020 as compared to \$5,672,743 in 2019; this is an increase of \$4,261.00

Total expenditures for the 2020 Fire Levy Fund are estimated at \$4,335,167, as compared to \$3,323,302 estimated for 2019. This is an increase of \$1,011,865 or 30.45%.

The estimated ending cash balance for the Fire Levy Fund for 2020 is \$7,578,387. This is \$1,341,837 higher than the estimated 2019 ending cash balance. This is an operating reserve of 21 months, which meets the City's fund balance reserve policy of 6 to 12 months.

Capital spending is projected at \$11,857,600 being spent on permanent improvements. These projects were taken from the 2017-2021 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.

A schedule of Outstanding Debt is presented in the 2020 Tax Budget. It is estimated that the City will have approximately \$17.6 million outstanding in debt as of January 1, 2020 for Special Obligation and Special Assessment debt. Debt service payments for this debt in 2020 will be \$665,000 for principal repayment and \$748,474 for interest expense.

Mrs. Bissmeyer made a motion to schedule a Public Hearing on June 19 with City Council and to add the legislation to the July 10, 2019 Business Session Agenda. Mr. Cappel seconded. The Committee unanimously agreed.

### **Other Business**

Ms. Smiddy updated the Committee on the status of the hiring process for a Finance Specialist and the progress of the training of the new finance software from CMI. She explained that the next module to be added was the budget module and that it would be installed and tested for the 2021 budget process.

### **Minutes**

Mr. Cappel moved to accept the minutes of the April 1, 2019 meeting of the Financial Planning Committee as written. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

### **Adjournment**

Mr. Cappel moved for adjournment. Mrs. Bissmeyer seconded. The Committee unanimously agreed.

The Financial Planning Committee of Council was adjourned at 5:02 p.m.

  
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Chair