

# FROM THE OFFICE OF THE RIVER OAKS CITY SECRETARY

## PROPOSED 2016-2017 FISCAL YEAR BUDGET

To Mayor, City Council and Citizens:

### SUMMARY

The budget is a financial plan for 12-months of operations that matches all planned revenues and expenditures with the services provided to the residents of the City based on established budgetary policies. The City Charter as amended establishes the City of River Oaks' fiscal year as being October 1<sup>st</sup> through September 30<sup>th</sup> beginning on October 1, 2010.

### BUDGET PREPARATION

The City Secretary's Office performs the functions of **preparing and analyzing the 2016-2017 budget**. The budget process is initiated in June with distribution of budget preparation packages to department heads and directors. In July, the City Secretary prepares back-up information for **both the City's Financial Committee and the City Council by scheduling** work sessions to discuss the direction of the budget for the upcoming fiscal year. Work sessions begin in July with the department supervisor to review line items for both the current budget and the proposed budget to determine if service levels were to be maintained, improved, or reduced. Revenues are projected as accurately as possible in order to set priorities for proposed expenditures. Issues are addressed in **workshops beginning in July** between the City Staff and City Council.

### BUDGET BASIS

The City uses a modified zero-based budgeting approach in developing its annual budget. The City Secretary and Department Heads must identify and prioritize programs, projects, and equipment necessary to accomplish their goals and objectives plus those established by City Council. The budget must be developed within the limitations of available resources. Each Department Head is responsible for divisions that are under their scope of authority. Each line item of maintenance and operations are justified on budget worksheets. All capital items are separately identified and justified. The City Council retains final authority on the budget.

Multi-year projections have become an integral part of the budget process as estimates of future financial operating conditions are provided to the City Council. Historical data, as reconciled, plus growth assumptions for each line item are combined to provide projections that indicate the City's future fiscal position. The multi-year projections identify any potential problem in matching projected revenues with anticipated growth in expenditures.

## **PUBLIC HEARING AND BUDGET ADOPTION**

A public hearing on the budget is conducted according to state and local laws. Upon receipt of the proposed operational budget for the next 12-months, the City Council set the date for the Public Hearing on September 6, 2016 at 7:00 P.M. for public input on all city operational budgets. *Following that public hearing action will be taken to consider adopting the budget.*

At the hearing, the Council will give all interested persons an opportunity to be heard for, or against, any expenditure account or revenue estimate.

**GENERAL FUND PROPOSAL:** The General Fund refers to the expenditures and revenues associated with the delivery of services by the city relating to streets, sanitation, fire and police emergency services, inspection services, municipal court, building maintenance, Library, parks and recreation and is funded with property taxes, franchise taxes, consumer taxes, charges & fees and fines and bonds. This year's proposed General Fund budget proposal includes:

- City Operations and Maintenance
- Other council approved capital items includes computers, Code Enforcement Data Processing Software, gate controller at PD, city events and radio upgrades for EMC totaling \$22,050.
- 2% salary increase for employees

This year's general fund expenditures are proposed at \$4,623,700 and the revenues are \$4,583,561 that results in a proposed budget in the red by \$40,139.00. The budget includes an increase for 24/7 shift coverage for the Fire Department for a cost of \$164,915 up from \$118,300 last year. The plan will also include adding janitorial work twice weekly at an annual cost of \$18,600 for the city complex, PD and Library.

This budget does include a rate increase for residential garbage from \$19.46 to \$22.00 and a 3% increase for commercial bulk collection. This budget does not include any additional employees or other additional shift hours that would further impact labor costs.

## **PROPERTY TAX RATE**

This 12-month operational budget must be adopted prior to setting a tax rate. Normally, a property tax rate is proposed by the City Council. The tax rate consists of two components: a rate for funding maintenance and operations expenditures and a rate for debt service. State Property Tax law dictates certain procedures that must be followed when proposing and adopting a tax rate. The City must annually calculate and publicize its "effective tax rate" and "rollback tax rate." The City Council may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until it has held a public hearing on the proposed increase following notice to the taxpayers. The effective tax rate is the rate that will produce last year's total tax levy as adjusted from this year's total taxable values. The rollback tax rate is the rate that will produce last year's maintenance and operations tax levy as adjusted from this year's value multiplied by 1.08 plus a rate that will produce

this year's debt service from this year's values divided by the anticipated tax collection rate.

The City receives the certified appraisal value from Tarrant Appraisal District in July of every year. As a result, a proposed tax rate is chosen to maintain the current level of city services and to fund a decreased level of capital needs. This budget is based on historical collections in previous years. Historically, 80% of ad valorem tax collections are in the months of December and January each year. The remaining 20% is collected throughout the year and amounts to approximately \$50,000 monthly. **This year's projected revenue is set at \$1,987,893 based on a proposal to possibly adopt the tax rate of \$0.794444 instead of the proposed \$0.800000 per \$100 of value for the next year on a 98% collection rate.**

This year's Effective Tax Rate from the 2015 tax rate worksheet is \$0.772843 (which would provide approximately \$8,136 more in revenues than last year at a tax rate of \$0.852309/\$100). An average net taxable value per residence this year is \$78,615 compared to \$67,983 in 2015. **The amount of taxes imposed this year on an average home would be \$624.55 at the tax rate of \$0.794444.**

## **WATER FUND 2016-2017 FISCAL YEAR BUDGET**

The Water Fund refers to the revenues and expenditures allocated to the maintenance, operation and administration of the City's Water and Sewer System and is funded primarily by water and sewer sales. Staff has prepared a **Water Fund Budget** with projected total revenues of **\$2,894,600** and projected total expenditures in the amount of **\$2,903,482** resulting in a **budget balance in the red by \$8,882.**

In the Water Fund, after meetings with all department heads, Finance Committee and with the City Council, the enclosed Water Fund budget proposal includes:

- The annual bond payment this year at \$ 172,500;
- Continue with the water and sewer line replacement program at a cost of \$250,000;
- Security fencing in the amount of \$25,000
- 2% salary increase for employees

This year's water fund proposal does incorporate a 5% water rate increase that comes from the increase in operational costs.

***In conclusion what is being proposed in the Water Fund is Revenues in the amount of \$2,894,600 and expenditures with everything included in the amount of \$2,903,482 for a budget in the red by \$8,882. There is sufficient funds in the Water Reserve Fund to support the deficit.***

**ECONOMIC DEVELOPMENT CORPORATION 2016-2017 FISCAL YEAR BUDGET:**

The River Oaks Citizens voted in 1995 to create the Economic Development Corporation (EDC) for the purpose of promoting and expanding economic development in the City. The EDC Board of Directors has submitted a proposed budget for Fiscal Year 2017 with projected total revenues of \$170,400 and projected total expenditures in the amount of \$198,350 resulting in a budget in the red by \$27,950.

FY 17 budget proposal includes projects as supported from a ½ cent sales tax that have been qualified by the Board of Directors regarding \$ 45,000 in boulevard enhancements, \$75,000 in property and business incentives, \$6,800 in city promotional and another \$12,000 in consultant services and \$50,000 for infrastructure improvements. The remainder of the expenditures are for website maintenance, training, banner maintenance and other miscellaneous costs.

Pursuant to their By-Laws the E.D.C. held a public hearing for Tuesday, August 23<sup>rd</sup> at 6:00 P.M. in the City Council Chambers located at 4900 River Oaks Blvd. for any citizen comments. Following that public hearing, the Board recommended to the city council as the governing body by City Charter to adopt the EDC Budget as submitted at the September 6<sup>th</sup> final public hearing.

**CRIME CONTROL AND PREVENTION DISTRICT 2016-2017 FISCAL YEAR BUDGET:**

The Crime Control and Prevention District (CCPD) on May 13, 2006 was approved by the voters to be continued for another 20-years supported by ½ cent sales tax for crime reduction within the city and the CCPD has submitted a proposed budget with projected total revenues of \$172,600 and projected total expenditures of \$259,884 resulting in a budget IN THE RED BY \$87,284. The Crime District has a sufficient bank balance able to support the deficit.

FY 17 budget proposal includes as supported from a ½ cent sales tax the purchase of two new police cars and a detective vehicle estimated at \$124,000, another \$16,500 for crime software, \$25,983 in additional labor costs for a 5-year step plan and \$12,000 for purchasing vests, flairs, body cameras and Tasers. The remainder of the expenditures are for training, insurance, and other professional services.

The CCPD held a public hearing on Tuesday, August 23<sup>rd</sup> at 6:30 P.M. in the City Council Chambers located at 4900 River Oaks Blvd. for any citizen comments. Following that public hearing, the Board recommended to the city council as the governing body by City Charter to adopt the CCPD Budget as submitted at the September 6<sup>th</sup> final public hearing.

**STORM WATER FUND 2016-2017 FISCAL YEAR BUDGET:**

The City adopted the Municipal Drainage Utility Systems Act, the same being Subchapter C of Chapter 552 of the Texas Local Government Code by amending the River Oaks Code of Ordinances under Chapter 13 "Utilities" by incorporating Article 13.12 "Storm Water

Utility System” that if adopted will establish the River Oaks Municipal Storm Water Utility System establishing storm water charges and monthly storm water Utility System Fees for Residential and Non-Residential customers.

The revenue is projected at \$247,410 in drainage fees for both residential and commercial properties with an increase in residential fees to a flat fee of \$6 per property and a 50% increase to *\$0.00266 per square feet of impervious area for commercial customers*. Revenues total \$ 247,610 and the expenditures are projected at \$247,610 for a balanced budget. The revenues by state statute limit use of these funds to qualified storm water maintenance and improvements.

The Storm Water Task Force (SWTF) has budgeted \$167,960 in drainage maintenance, \$15,000 in supplies, another \$50,000 in consultant fees, \$ 10,000 in easement acquisitions and the remaining is for publications and other fees.

The SWTF held a public hearing for Tuesday, August 23<sup>rd</sup> at 5:00 P.M. in the City Council Chambers located at 4900 River Oaks Blvd. for any citizen comments. Following that public hearing, the Board recommended to the city council as the governing body by City Charter to adopt the Storm Water Fund Budget as submitted at the September 6<sup>th</sup> final public hearing.

**APPROVAL OF ALL CITY BUDGETS:**

Following the Public Hearing on September 6, 2016 the City Council took action on the adoption of the 2016-2017 Operational Budget by ordinance adoption of all city budgets as are submitted for the period beginning October 1, 2016 and ending September 30, 2017. All City Budgets must be approved prior to the start of the new fiscal year on October 1, 2016.

**BUDGET AMENDMENT**

Once the annual budget has been adopted, there are several methods by which the budget may be amended. In the internal form, the City Secretary is authorized by the City Council to make adjustments between line items within an operating department. In no case, however, may the budget adjustments result in the budgeted expenditures exceeding the lawfully adopted expenditures appropriated for the fund.

The City Council may amend the budget by ordinance during the fiscal year if such expenditures are necessary to protect public property or the health, safety, or general welfare of the citizens of River Oaks.

Respectfully Submitted By:



Marvin C. Gregory III  
City Secretary