

*River Oaks, Texas*  
**2015-2016 ADOPTED OPERATIONAL BUDGET**

The 2015-2016 City of River Oaks Fiscal Year 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 of River Oaks based on established budgetary policies.

**THIS BUDGET WILL EFFECTIVELY RAISE THE SAME AMOUNT OF PROPERTY TAX REVENUE FOR THE CITY OF RIVER OAKS FROM THE SAME PROPERTIES IN BOTH THE 2014 AND 2015 TAX YEARS.**

**THE PROPERTY TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR IS \$17,051 DOLLARS.**

**2014 PROPERTY TAX RATES IN CITY OF RIVER OAKS**

THIS YEAR'S PROJECTED PROPERTY TAX REVENUE AT A 98% COLLECTION RATE INCLUDING TAX CEILINGS FROM PREVIOUS YEARS IS \$1,926,547 BASED ON **ADOPTING THE TAX RATE OF \$0.852309 PER \$100 OF VALUE.**

**TAX RATE COMPARISON**

**Last Year (2014-2015 Fiscal Year):**

- Effective Maintenance and Operations Tax Rate = \$0.810226 per \$100 of property value
- Rollback Maintenance and Operations Tax Rate = \$0.875044 per \$100 of property value
- Debt Rate = \$0.00
- *Adopted 2014 Maintenance and Operations Tax Rate = \$0.850351 per \$100 of property value*

**This Year (2015-2016 Fiscal Year):**

- Effective Maintenance and Operations Tax Rate = \$0.852309 per \$100 of property value
- Rollback Maintenance and Operations Tax Rate = \$0.920494 per \$100 of property value
- Debt Rate: \$0.00
- *Adopted 2015 Maintenance and Operations Tax Rate = \$0.852309 per \$100 of property value*

**Effective Tax Rate/Effective Maintenance and Operations Tax Rate:** the rate that will produce last year's total tax levy as adjusted from this year's total taxable values.

**Rollback Tax Rate:** the rate that will produce last year's maintenance and operations tax levy as adjusted from this year's value multiplied by 1.08.

**Debt Rate:** The only city debt obligation secured by property tax is a combination tax and revenue refunding bond paid out of Water Fund; not General Fund so a debt rate is not levied.

**PUBLIC HEARING**

THE CITY COUNCIL VOTED FOLLOWING THE PUBLIC HEARING LEGALLY PUBLISHED IN ACCORDANCE TO LAW HELD ON SEPTEMBER 8, 2015 AT RIVER OAKS CITY HALL, 4900 RIVER OAKS BLVD. AT 7:00 P.M. TO APPROVE THE ADOPTION OF THE 2015-2016 FISCAL YEAR BUDGET BY A RECORD VOTE OF THE CITY COUNCIL NAMED BELOW:

Councilwoman JoAnn Butler, Place 1, voted "Aye"  
Mayor Pro-Tem Steve Holland, Place 2, voted "Aye"  
Council Member Bruce Scott, Place 3 voted "Aye"  
Councilman Joe Ashton, Place 4, voted "Aye"  
Councilwoman JoAnn Gordon Place 5 voted "Aye"

# FROM THE OFFICE OF THE RIVER OAKS CITY SECRETARY

## ADOPTED 2015-2016 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 2015-2016 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 8, 2015 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
- Purchase of a new fire truck paid for with GF Reserves at \$450,000
- Other council approved items includes credit card machines, computers, replacing the community center carpet in the auditorium with VCT, city events and radio upgrades for EMC and Inspections totaling \$14, 259.
- 2% salary increase for employees

This year's general fund expenditures are \$4,917,314 and the revenues are \$4,917,314 that includes a prior year fund balance in the amount of \$ 449,908, which is a transfer from the General Fund Reserve Account for the purchase of a new fire truck in order to balance the budget. The budget includes an increase of one daytime person under the 24/7 shift coverage for the Fire Department for a cost of \$118,300 up from \$96,400 last year. The plan will also include adding janitorial work back to Building Maintenance at an annual cost of \$9,000 for the city complex and Library that was being done by the Fire Department this past fiscal year.

We do have a reduction offer in insurance premiums estimated at a savings of \$54,300 in the General Fund. This budget does not include any rate increases for residential garbage, permit fees or commercial bulk collection. This budget does not include any additional employees or other additional shift hours that would further impact labor costs. It does reflect an increase in contract labor used for the sanitation trucks and for mowing right of ways, park lands and code work orders.

## **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 \$1,926,547 based on a proposal to adopt the effective tax rate of \$0.852309 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 \$0.852309/\$100 (which would provide approximately \$12,221 less in revenues than last year at a tax rate of \$0.850351/\$100). An average net taxable value per residence this year is \$67,983 compared to \$67,484 in 2014. (Average market value of a home is \$72,234 up from \$71,149 last year). **The amount of taxes imposed this year on an average home would be \$579.43 at the effective tax rate of \$0.852309.**

Since the City is not proposing a tax rate in excess of the effective tax rate, the Tax Code does not require public hearings since there is not a tax revenue increase associated with adopting the effective tax rate.

## **PROPOSED WATER FUND 2015-2016 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 **\$2,859,050** and projected total expenditures in the amount of **\$2,881,692** resulting in a **budget balance in the red by \$22,642.**

In the Water Fund, after meetings with all department heads, Finance Committee and on July 21<sup>st</sup> with the City Council, the enclosed Water Fund budget proposal includes:

- The annual bond payment this year at \$ 164,750;
- Continue with the water and sewer line replacement program at a cost of \$275,000 plus another \$184,090 for sewer line replacement under the 41<sup>st</sup> year CDBG program with \$21,090 of city commitment to that project.
- Security fencing in the amount of \$25,000
- \$18,000 in rehabs to the existing plant road

- 9.27 % increase in Fort Worth wastewater treatment costs as provided for in the wholesale wastewater contract with the City of Fort Worth.
- 2% salary increase for employees

This year's water fund proposal does incorporate a 9.2% sewer rate increase that comes from the increase in rates for wastewater treatment passed down to River Oaks from the City of Fort Worth that has been a council directive to pass along annually. The proposal does not include a water rate increase. **We are also estimating an employee health insurance reduction of \$14,592.00 from last year.**

*The City Engineer recommended at a Saturday Workshop in July that in his opinion the most critical part of the water system that needs to be replaced now is the Clarifier at the water plant estimated to cost approximately \$750,000. Staff afterwards contacted the engineer and met on site and together inspected the clarifier. There is evidence of metal fatigue on the main supports of the effluent box and rapid mixing chamber.*

*The rake, weirs, bridge and walls appear to all be structurally sound but to do the center support box that would require removing all the other components and since you are doing that anyway, it would be advisable to replace it all. Staff along with the city engineer recommended they start the design phase and pay for it in the FY 2016 budget at a cost of \$70,000. The following budget year we would advertise the project out for bids. At least that part of the expense would be behind us and the constructions costs remaining would be about \$700,000 when construction is commenced. Therefore, I set aside \$70,000 this year for the design phase and will look for possible additional funding sources over the next year.*

There are no additional employee costs associated with this proposal, but does include replacing the dot matrix with laser printers. Water Bills will be 8 ½ X 11 copies instead of postcards as they are now and includes the costs associated with the rental of a folding and stuffing machine.

***In conclusion what is being proposed in the Water Fund is Revenues in the amount of \$2,859,050 and expenditures with everything included in the amount of \$2,881,692 for a budget in the red by \$22,642. There is sufficient funds in the Water Reserve Fund to support the \$22,642 deficit.***

#### **PROPOSED ECONOMIC DEVELOPMENT CORPORATION 2015-2016 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 2016 with projected total revenues of \$186,200 and projected total expenditures in the amount of \$186,200 resulting in a balanced budget.

FY 16 budget proposal includes projects as supported from a ½ cent sales tax that have been qualified by the Board of Directors regarding \$ 30,350 in boulevard enhancements, \$75,000 in property and business incentives, \$9,000 in city promotional and another

\$2,500 in promotional supplies, \$13,200 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 25<sup>th</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 8<sup>th</sup> final public hearing.

### **PROPOSED CRIME CONTROL AND PREVENTION DISTRICT 2015-2016 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 \$187,600 and projected total expenditures of \$202,715** resulting in **a budget IN THE RED BY \$15,115. The Crime District has a sufficient bank balance able to support the deficit.**

FY 16 budget proposal includes as supported from a ½ cent sales tax the purchase of two new police cars estimated at \$92,000, another \$16,500 for crime software, \$70,895 in labor costs and \$14,000 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 25<sup>th</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 8<sup>th</sup> final public hearing.

### **PROPOSED STORM WATER FUND 2015-2016 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 \$163,300 in drainage fees for both residential and commercial properties. Revenues total \$ 163,350 and the expenditures are projected at \$163,350 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 \$120,000 in drainage maintenance, \$17,350 in supplies, another \$20,000 in consultant fees, \$ 5,000 in easement acquisitions and the remaining \$1000 is for publications and other fees.

The SWTF held a public hearing for Tuesday, August 18<sup>th</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 8<sup>th</sup> final public hearing.

**APPROVAL OF ALL CITY BUDGETS:**

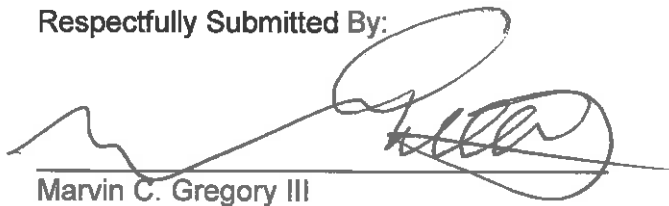
Following the Public Hearing on September 8, 2015 the City Council took action on the adoption of the 2015-2016 Operational Budget by ordinance adoption of all city budgets as are submitted for the period beginning October 1, 2015 and ending September 30, 2016. All City Budgets must be approved prior to the start of the new fiscal year on October 1, 2015.

**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:

A handwritten signature in black ink, appearing to read 'Marvin C. Gregory III', is written over a horizontal line. The signature is stylized and cursive.

Marvin C. Gregory III  
City Secretary  
City of River Oaks