

2013-2014 OPERATIONAL BUDGET

The 2013-2014 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 based on established budgetary policies. The General Fund Budget as adopted raises more property tax revenue compared to the previous year's budget only because of increased property values and/or an increased rate of collections in comparison to the previous year; not because of a tax rate increase. This year's projected property tax revenue including tax ceilings from previous years is \$1,852,951 based on adopting the effective tax rate of \$0.850351 per \$100 of value on a 98% collection rate. Last Year's projected revenue was based on the effective tax rate of \$0.856519 per \$100 of value on a 96% collection rate in the amount of \$1,798,626.

2013 PROPERTY TAX RATES IN CITY OF RIVER OAKS

This Year's Budget is being adopted with an effective tax rate of \$0.850351 per \$100 of value that would impose the same total taxes as last year if you compare properties taxed in both years. The total tax revenue raised last year at last year's tax rate of \$0.856519 for each \$100 of taxable value including refunds was \$1,533,874 excluding revenue from tax ceilings. The total tax revenue proposed to be raised this year at the proposed tax rate of \$0.850351 for each \$100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year is \$1,540,216 excluding revenue from tax ceilings, a difference of \$6,342. What this means is depending on property values, persons with increased values may pay a little more in taxes this year, while those with decreased values should pay less taxes.

TAX RATE COMPARISON

Last Year (2012-2013 Fiscal Year):

- Effective Maintenance and Operations Tax Rate = \$0.856519 per \$100 of property value
- Rollback Maintenance and Operations Tax Rate = \$0.925041 per \$100 of property value
- Debt Rate = \$0.00
- *Adopted Maintenance and Operations Tax Rate = \$0.856519 per \$100 of property value*

This Year (2013-2014 Fiscal Year):

- Effective Maintenance and Operations Tax Rate = \$0.850351 per \$100 of property value
- Rollback Maintenance and Operations Tax Rate = \$0.918379 per \$100 of property value
- Debt Rate: \$0.00
- *Adopted Maintenance and Operations Tax Rate = \$0.850351 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 for \$839,575 paid out of Water Fund; not General Fund so a debt rate is not levied.

PUBLIC HEARING

The City of River Oaks voted to levy the tax rate of \$0.850351 per \$100 of property value at a public hearing legally published in accordance to law held on September 10, 2013 at River Oaks City Hall, 4900 River Oaks Blvd. at 7:00 p.m. by a record vote of the City Council named below:

*Mayor Pro-Tem (Place 5) JoAnn Gordon voted "Aye"
Councilwoman JoAnn Butler, Place 1, voted "Aye"
Councilman Steve Holland, Place 2, voted "Aye"
Councilman Joe Crews, Place 3, voted "Aye"
Councilman Joe Ashton, Place 4, voted "Aye"*



4900 River Oaks Boulevard  River Oaks, Texas  76114

Mayor
Herman D. Earwood

City Council
Mayor Pro Tem/Place 5
JoAnn Gordon

Place 1
JoAnn Butler

Place 2
Steve Holland

Place 3
Joe Crews

Place 4
Joe Ashton

City Secretary
Marvin Gregory

Fire Chief
Russell Shelley

Police Chief
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Public Works Director
James Hatley

Library Director
Mary Earwood

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Website
www.riveroakstx.com

Honorable Mayor, Members of the River Oaks City Council, Taxpayers and Citizens:

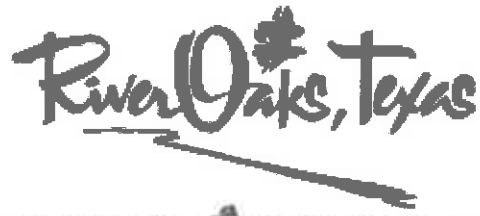
The 2013-2014 Fiscal Year budget as adopted represents the financial plan for the City of River Oaks for the Fiscal Year 2013 - 2014. The period the budget covers begins on October 1, 2013 and extends through September 30th of the year 2014. The budget reflects anticipated revenues and planned expenditures for that period. The budget is a product of a series of work sessions and public meetings, which decided the allocation of resources necessary to accomplish the needs of this municipality.

Expenditures have been grouped into categories of Personnel, Supplies, Contractual, Capital, Debt, Bad Debt, Intergovernmental and Restricted Reserves. In each category, there are numerous line items which clarify the expenditures. Council, staff, and taxpayers should have a thorough knowledge of the overall expenditures necessary to operate a City of our size. Monthly reports have been expanded to include historical trend of sales taxes, investments, police and court activities, code compliance and many other activities. Purchasing procedures have been strengthened throughout the City by requiring payment authorizations or purchase orders, and written or telephone quotes for items over a certain amount. Department Heads are held accountable for purchases within their department. The General Fund, which contains the majority of the operating divisions of the municipal government, is being *adopted with expenditures of \$4,301,940 and revenues of \$4,301,940 for a balanced budget.* This represents an increase over last year's budget in expenditures of \$82,999 and an increase in revenues of \$82,855.

The tax rate this year was adopted at the effective rate of *\$0.850351/\$100* property value. Appraised property values and new construction and developments in the city this year have made it possible to balance the budget without the use of the "prior year fund balance". Property taxes are based on a 97% collection rate and continue to be the largest source of revenue for the General Fund at 43.58%. Consumer Taxes, Franchise Taxes, Licenses and Permits, Charges for Services, and Sanitation Charges are estimated conservatively based on prior year collections. The City continues to take a cautious approach in expanding City programs and service levels but we have been fortunate that none have been eliminated. The financial picture of the City is steady, and the focus is on the future. The General Fund FY 2014 Budget Proposal represents no increase in rates for permitting fees, but does include a 2.1% increase in commercial garbage collection.

The Water and Sewer Fund contains all of the operating costs for water production, water distribution, water and sewer system improvements, sewer collection and treatment and water administration costs. The Water and Sewer Fund is being adopted for Fiscal Year 2014 *with expenditures at \$2,825,066 which is an increase of \$3,354 from the prior year. Together, the expenditures of \$2,825,066 deducted from the revenues of \$2,825,066 results in a balanced budget.* The City does not impose a water or sewer rate increase in this fiscal year budget. Sewer rates are calculated based on the operational costs for both treatment and collection.

Water and sewer line improvements are done on a pay-as-you-go basis without the issuance of bonds and this year's proposal included a \$127,000 in water line replacement to remove old deteriorated water mains that are conducive to causing dirty water complaints and another \$200,000 to upgrade the programming computer system at the



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water plant. The City also budgeted an additional \$155,000 in sewer line improvements in order to renovate the sewer system.

The City of River Oaks has two special consumer sales taxes, both of which are for one-half percent. One is for economic development and the other is for crime control and prevention within the city. Both taxes have enabled the City to reduce the General Fund Budget and enhance programming. Consumer taxes are harder to predict than most other revenues sources because receipts reflect the condition of the area's economy primarily through retail sales. River Oaks, as part of its strategic financial plan with the Economic Development Corporation (EDC), will continue this next fiscal year with an additional \$25,000 for sewer line replacements, the \$50,000 development agreement with Quik Trip and the \$48,000 professional services agreement with Mundo and Associates to enhance economic development within the city.

Economic Development Corporation sales tax this fiscal year includes expenditures in the amount of \$216,850 and revenues of \$175,200 resulting in a deficit budget balance of \$41,650. The Economic Development Corporation has sufficient funds in reserve to support a deficit budget.

The *Crime Control and Prevention District* will continue to provide a Detective to fight juvenile crime, pay a portion of percentage increases for police department, continue to provide safety and educational programs, and continue enhancements for officers' safety through replacement of patrol vehicles, bulletproof vests, and communication equipment. *Crime Control and Prevention District budget remains steady with budgeted revenues of \$172,550 and expenditures of \$161,433 resulting in a budget in the black by \$11,117.*

In April 2012, the city council adopted 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 City in May 2012 began accessing fees in the amount of \$4.00 per residential unit per month and \$0.00177 per square feet of impervious area per month on non-residential properties. The FY 2014 budget for storm water system fees was adopted at \$146,050 in Revenues and \$146,050 in expenditures resulting in a balanced budget. These funds can only be used exclusively for storm water improvements to our current storm water drainage system, which has become inadequate over the years.

The storm water fee will be billed on the water bill. With the statutory requirements being placed on cities to be permitted for storm water pollution and discharge it is essential that the city generate funds to help fund those nearly 10 million dollars in additional storm water drainage system costs in order to refurbish it. Despite all our efforts not to have to implement the fees, we had to implement those fees or else face insurmountable repercussions to the city especially to our nearly 7,400 residents that would be impacted if we didn't create funding methods to help offset the costs to renovate our current drainage system.

Department Heads were given 2% to distribute among their employees through the Merit Pay System. Employees receive an annual performance evaluation and those employees who achieve an acceptable rating are eligible to receive an increase in pay for good job



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performance. Personnel costs remain the highest category and are currently more than 50% of the total budget. Personnel include benefits such as health insurance, life insurance, longevity, certification pay for employees, and retirement. Mandated costs such as workers' compensation and social security are also included in this category. A pension plan and life insurance benefits are provided for the volunteer firefighters in addition to increased premiums for workers' compensation benefits.

Contractual expenses are the next highest and account for nearly 25% of the total budget. The Contractual category includes all outside services for which the City must pay, and those costs have proven difficult to reduce. These costs are expenses for services rendered such as utilities, auditor, attorneys, engineers, vehicle repairs, training and travel, etc. Supplies, Transfers, Capital, Debt, Bad Debt and Intergovernmental and Restricted Reserves help make up the remaining percentages.

I would like to express my appreciation to the City Council and their efforts in working with the staff and myself in the development of this budget. The Staff looks forward to the coming fiscal year, and we are eager to continue the improvements that this budget makes possible. Sound fiscal planning and excellent customer service will continue to be on the forefront as we move into the new fiscal year. Through conservation and focused efforts, the City will be able to continue to provide quality services to all River Oaks citizens.

Respectfully submitted,

Marvin Gregory
City Administrator

BUDGETARY FINANCIAL POLICY GUIDELINES

The City of River Oaks' financial policies compiled below set forth the basic framework for the overall fiscal management of the City. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Operating independently of changing circumstances and conditions, numerous financial policies assist the decision-making process of the City Council and the Administration. These policies provide guidelines for evaluating both current activities and proposals for future programs and are reviewed annually. Most of the policies represent long-standing principles; traditions and practices, which have guided the City in the past and have helped maintain financial stability. Some of the most significant guidelines pertaining to the budget are as follows:

OPERATING BUDGET POLICIES

Balanced Budget

The City shall prepare an itemized budget for each fund and each program within the fund. The budget should be balanced with current revenues, and a portion of beginning resources, greater than or equal to the current expenditures/expenses using the following strategies: improve productivity; site the service or payment burden away from the city; improve revenues; create new service fees or raise existing fees based on the cost of services; reduce or eliminate programs; increase property taxes; and lastly, reduce or eliminate services.

Annual estimates of revenue in all Funds will be based on historical trends and reasonable expectations and assumptions regarding growth, the state of the economy, and other relevant factors. A conservative approach will be observed in estimating revenues. In any fund in which expenditures/expenses shall exceed revenues, operating reserves shall be used to meet the shortfalls. Primarily improved property tax revenues and conservative expenditure forecasts balanced the 2013-2014 Budget.

A diversified and stable revenue system is integral to a city maintaining protection against short-run economic fluctuations. The City continually strives to obtain additional major revenue sources as a means to balance the budget. Monthly reports shall be prepared to compare actual revenues to budget and to determine the variances and associated corrective action necessary. The City staff and council will review fees/charges annually and will adjust or modify such fees as to keep pace with the cost of providing the service.

The Economic Development half-cent sales tax and Crime District half-cent sales tax are excellent revenue sources to contribute in balancing the budget. Beginning January 1, 1996, a one-half cent Economic Development sales tax was levied within the city limits for the purpose of benefiting and accomplishing public purposes on behalf of the City for the citizens of River Oaks. Public purposes are described but not limited to water and sewer facilities, parks and park facilities, sports activities, municipal building projects to promote new or expanded business enterprise, and any other project authorized under Section 4B of the Act. This tax was approved by the voters at an election held August

12, 1995. Sales tax revenue for the 2013-2014 budget is projected to be \$170,000. The revenue provides \$160,000 for sewer line improvements, boulevard enhancement, promotional events, and property incentives for commercial businesses. Beautification projects such as banners are budgeted for the current year for the boulevard.

The voters of the City of River Oaks approved the one-half cent Crime Control and Prevention tax for two consecutive five-year periods on September 7, 1996 and again on August 11, 2001. The City Council and Administration resubmitted the Crime Control and Prevention half-cent sales tax to the voters for continuation on May 13, 2006 which was approved for an additional twenty years. The tax continues to provide an additional Detective to fight juvenile crime, pay increases for police department, continue to provide safety and educational programs, continue enhancements for officers' safety through replacement of patrol vehicles, bulletproof vests, and communication equipment. Sales tax revenue for the 2013-2014 budget year is projected to be \$170,000. These sources are examples of a "service or payment burden being shifted away from the City" since large portions of this half cent sales tax revenue is collected from consumers who shop in River Oaks but live outside the City.

Consistent with Section 321.1055(b) of the Texas Tax Code, the Board of Directors of the **City of River Oaks Crime Control and Prevention District held a public hearing on January 26, 2010** and considered public comments provided on the imposition of the Crime Control and Prevention District sales tax authorized by Section 321.108 of the Texas Tax Code, **at the rate of one-half of one-percent on receipts** from the sale, production, distribution, lease or rental of, and the use, storage, or other consumption within the crime control and prevention district of gas and electricity for residential use, as authorized by Section 321.1055 of the Texas Tax Code.

Following the January 26, 2010 public hearing, the Board of Directors of the River Oaks Crime Control and Prevention District took action by **approving the adoption of Resolution No. 670-2010 on January 26, 2010** *that authorized and imposed a sales tax of one-half of one-percent on receipts from the sale, production, distribution, lease or rental of, and the use, storage or other consumption within the district of gas and electricity for residential use, as provided by Section 321.1055 of the Texas Tax Code, as amended.*

General and Administrative Charges

The General Fund should be compensated by the Enterprise Fund and Special Funds. This reimbursement is for general and administrative services provided these funds such as management, finance and personnel, as well as the use of City streets. These reimbursements are reviewed during the budget process each year and changes are made to reflect current data. The intergovernmental revenue transfer for 2013-2014 from the Enterprise Fund is projected to be \$210,510. The transfer is the result of administrative costs from the Water and Sewer Fund involving joint expenditures between both the Water and Sewer Fund and the General Fund.

Debt Service

As an operational policy, the annual general obligation debt service should not exceed 50% of the total tax rate. Once the debt service portion of the tax rate exceeds a 50% pro-rata share, a city's ability to adjust the operations levy to adapt to changes in the tax base and in operational needs is hindered. The City currently does not have any debt services.

Reserve Policies

The General Fund balance should be adequate to handle unexpected decreases in revenues plus a reasonable level for extraordinary unbudgeted expenditures. For measurement purposes, the minimum fund balance acceptable in the General Fund is the equivalent of 120 days expenditure and should be computed separately from designated components of the fund balance.

Accounting, Auditing, and Financial Reporting

The City Council, at the close of each fiscal year, contracts for an independent audit of the City's finances. The City produces annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board. The City will maintain a strong internal audit capability.

Capital Improvement Guidelines

Items with a useful life of one year or more and a unit cost of \$500 or more are considered capital outlays. Capital outlays (permanent additions of major importance and cost) for land, structures, street improvements, recreational and park improvements or expansions of utility systems are capital improvements. The cost of capital improvements could include fees for engineering and architectural design, equipment rental during construction as well as legal fees for any right-of-way, easement or land acquisition.

Capital acquisitions are intended to meet defined criteria. Vehicles and equipment are scheduled for replacement based upon repair history. High technology procurements are based upon changes in technology and obsolescence. Improvements to infrastructure are targeted to meet current/future demands or to address particular maintenance problems. In all cases, capital outlays/acquisitions require a cost/benefit analysis to justify the purchase decision.

Personnel and other operating expenditures remain constant from year to year. Capital expenditures have a tendency to stand out because they are usually large expenditures that are not recurring. Without long-range planning, the level of service and quality of the ecological and social environment will begin to decline.

The capital improvement plan results in coordination of various goals of individual departments into a consolidated effort, scheduling proposals over a period whereby the plan can be realistically realized, and anticipating needed projects with the related projected fiscal capacity of the City.

Expenditure Issues

Monthly reports shall be prepared showing actual expenditures compared to original budget expectations. Modifications within the operating categories (supplies, maintenance, contractual, etc.) may be made within the department by the City Administrator at the request from the department heads. Modifications to overall budget increases shall be done only with City Council and by ordinance.

Purchases over \$50,000 shall conform to a formal bidding process as defined by the laws of the State of Texas and ordinances of the City of River Oaks. Recommendation of bids shall be made to the City Council for their approval.

REVENUE POLICIES

Property Tax

The tax rate should fall within a reasonable range of comparable cities and should be adequate to produce the revenues need to pay for approved City services. The tax rate will not exceed the rollback rate as computed by Truth-in-Taxation laws. The tax rate for 2013 decreased to \$.850351 per \$100 valuation. Tax exemptions impact revenue generated from property taxes. The City shall grant a \$15,000, over 65 exemptions. The 2013 total taxable value totaled \$212,205,222 in July 2013 which was billed in October 2013.

Sales Tax

Sales tax revenue projections shall be conservative due to the volatile nature of this economically sensitive revenue source. General sales tax projections for 2013-2014 are projected at \$355,000. Crime District half-cent sales tax is projected to be \$170,000 and Economic Development half-cent sales tax is projected at \$170,000.

Utility Rates

Utility rates should generate revenues adequate to cover operating expenses, meet the legal requirements of bond covenants, and fund depreciation to allow adequate capital replacement in water production, distribution and wastewater collections systems.

Investment Policies

Investments made by the City will be in conformance to policies contained in the City of River Oaks Investment Policy which sets strategy guidelines for the City in order to achieve the goals of safety and liquidity, achieve a market rate of return, and maintain public trust in all investment activities. On an annual basis, the City Council shall review the investment strategy and policy and shall approve Policy revisions, if any, by formal resolution. Interest earned from investment of available funds is distributed to funds according to ownership of the invested funds and are included in the annual budget. The City Administrator monitors the investment policies and procedures monthly.

CITY OF RIVER OAKS COMMUNITY PROFILE

Date of Incorporation: January 11, 1949

Form of Government: Mayor/Council
(Mayor and
5 Members)

Area:

Miles of Streets:	43 Miles
Area of Square Miles:	1.9 Square Miles
Number of Wells:	0
Number of Fire Hydrants:	235

Economics:

2013 Appraised Property:	
Real & Personal Property	\$ 212,205,222
Exemptions	\$ 37,244,205
Adjusted Taxable Value	\$ 180,248,323
Total Taxable Value	\$ 181,127,090
Average Parcel Value	\$ 64,698

Tax Rate:	
City Tax Rate Per \$100 Valuation	\$ 0.850351

Bond Rating:	
Standard & Poor's (Revenue Refunding Bonds)	AA-

Community Facilities:

Motels	0
Chiropractor	2
Doctors	1
Dentists	4
Churches	15
Animal Vet Clinic	1
Post Office	1

Fire Protection:

Number of Stations	1
Number of Volunteer Employees	40

Recreation and Culture:

Parks	8
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Community Center 1

Police Protection:

Stations 1
Employees (18 Sworn Officers; 11 Civilians) 29
(11 Sworn Reserves) 11

Violations: (Fiscal Year 2012-2013)

Arrest 982
Calls for Service 7,126
Offense Reports 489
Incident Reports 215
False Alarms 374
Traffic Accidents 128
Citations Issued 3,395
Violations Issued 5,421
Warnings Issued 5,987
Animal Control Calls 1,987
Animal Control Written Reports 12
Animal Control Citations Issued 14
Animal Control Violations Issued 44
Animal Control Warnings Issued 90
Sheltered Animals 135
911 Calls 4,705
Day Telephone Calls 15,197
Evening Telephone Calls 11,241
Midnight Telephone Calls 4,938

Library:

Central Library 1
Volumes 28,753
Average Daily Circulation 377

City Staff:

Number of Full-time Employees 56
Number of Part-time Employees 16
Number of Special / Seasonal Employees 14

Education:

Castleberry ISD
Facilities 7

Staff	503
Students Registered	3943

**Municipal Water and Sewer System:
Wastewater Treatment by City of Fort Worth**

Water Consumers	2,820
Daily Consumption (Million Gallons)	1.1
System Capacity (Million Gallons)	2.66
Sewer Connections	2,807

Population:

1950 (Bureau of the Census)	7,097
1960	8,444
1970	8,193
1980	6,890
1990 (Bureau of the Census)	6,580
2000	6,985
2010	7,427

Unemployment Rate Tarrant County:

(Source: Texas Workforce 2013)	6.2%
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Election:

Registered Voters	3,321
Votes Cast Last Municipal Election (May 2013)	423
Percentage of Voters to Cast Ballots in Last Election	12.74%

REVENUE DESCRIPTIONS, EVALUATIONS AND PROJECTIONS

The City of River Oaks budget document includes summaries of schedules for revenues, expenditures, changes in fund balance for all fund groups and the resulting budgeted projections. Following these summaries are the revenue and expenditure schedules by categories such as taxes, licenses and permits, charges for service, personnel, supplies, capital, etc. respectively. Finally, the statistical and miscellaneous section contains various historical financial data and schedules which provide additional information to the reader.

GENERAL FUND

TAXES

The revenues from taxes are classified as General Property Taxes, Consumer Taxes, and Franchise Taxes in the General Fund operating budget. These charges are levied to provide for general municipal services and benefits to the citizens.

General Property Taxes are assessed on real and personal property as of January 1 each year. The \$0.850351 maintenance and operation tax for the General Fund per \$100 valuation is set by the City Council. The current property tax rate is established by ordinances and comprises **43.07%** of the 2013-2014 General Fund revenues at **\$1,852,938**. Property tax collections are projected to increase with the previous year's actual receipts due to and steadily increase in property values. Each year the tax rate, as approved by the City Council, is largely dependent upon reevaluation by the Tarrant Appraisal District to reflect current market values. Other key components are new construction and improvements to existing structures. Liens, prior tax collections, and penalty and interest are projected at **\$61,000** or **1.42%** of total budget. The Appraisal District estimated that the taxable value for levying purposes in July 2013 was **\$181,127,090**. All tax information relative to budgetary decisions is not available until July 25th of each year when the certified tax roll is received from the Chief Appraiser. At that time, other revenue sources and expenditure priorities are considered in preparing a tax rate for the new budget year.

Consumer Taxes are collected by the State from the sale of goods and services. Consumer Taxes received by the City creates **8.26%** of the General Fund revenues at **\$355,160**. The City of River Oaks conservatively estimates sales tax revenues due to the nature of the taxes which fluctuates with the economy.

Franchise Taxes are collected primarily from utilities and are fees charged for the privilege of continued use of public property. The City collects a 5% fee on the gross receipts of the cable television utility and a 4% fee on the gross receipts of the electric utility and the gas utility. The certificate telecommunication providers pay a fee-per-access line rate as required by HB1777 adopted on September 1, 1999. Franchise Tax revenues account for **7.46%** of the General Fund revenues with a projected budget of **\$321,000**.

As a group, General Property Taxes, Consumer Taxes and Franchise Taxes account for **60.21%** of the General Fund revenues for Fiscal Year 2013-2014. Local economic indicators, such as the Consumer Price Index and Unemployment Data are considered in making forecasting decisions, but collection trends serve as the base for the 2013-2014 projections for revenues, which have demonstrated more stability.

LICENSES AND PERMITS

License and Permit revenues include fees charged by the City for contractor registration, business licenses and permits for general construction. Fees are charged for City inspection of electrical, plumbing, and mechanical installations. Revenues from inspections for certificate of occupancy for residential and commercial properties are found in this category and accounts for **\$79,920** or **1.86%** of General Fund revenues.

CHARGES FOR SERVICES

Service Charges include fees charged by the City for the public use of services and facilities. Charges to developers for rezoning and plat review activities are included in this category. The budget revenues in most categories are close in comparison to the previous year. Other examples of services are library user fees and library donations. This source represents **\$21,800** or **0.51%** of all General Fund revenues. Fees are expected to remain stagnant, as City's practice is to hold fees as low as possible.

FINES AND BONDS / CORPORATION COURT/JAIL PAY PHONE

Fines are mainly revenues received by the City from the Municipal Court from Class "C" misdemeanor violations occurring within the corporate City limits. Class "C" misdemeanors typically result in fines of less than \$200, but in some cases can reach \$2,000. Also in this category is partial reimbursement for jail pay phone income. Fines and jail pay phone income account for **11.88%** of General Fund revenues at **\$511,000**. Projections are based on a level adequate to make traffic enforcement effective.

INTERFUND TRANSFERS/INTERGOVERNMENTAL

This revenue source contributes **\$292,976** or **6.81%** to the General Fund revenues for administrative cost share from the Enterprise Fund and transfers from other Special Funds. Also in this category is partial reimbursement from CISD for the school crossing guards

SANITATION AND RESIDENTIAL INCOME

The City of River Oaks continues to do their own residential refuse collection, and contracts their commercial service to Trinity Waste. The billing and collection continues to be done by the City. Residential collection is budgeted at **\$570,000** and commercial collections are projected at **\$169,000**. This revenue source contributes **17.18%** to the General Fund Budget for total revenue of **\$739,000**.

OTHER INCOME AND MISCELLANEOUS

Other income consists primarily of interest earned from the investment of City funds. All funds of the City are consistently invested in the State of Texas Texpool. Texpool is duly chartered and administered by the State Treasurer's office and the portfolio consists of U.S. T-Bills, T-Notes, collateralized certificates of deposit and repurchase agreements. Also, in this category are charges for accident and offense reports, proceeds of fixed assets, abandoned vehicle sales, special events, donations, and miscellaneous income such as dollar donation. The source group represents 1.56% or \$67,133 of the General Fund revenues which was an essential part in balancing the General Fund Budget.

PRIOR YEAR FUND BALANCE

It is not uncommon to use a portion of the prior year fund balance to balance the budget. If any portion of the prior year fund balance is used, it is recognized in this category.

WATER AND SEWER REVENUES

Water and Sewer revenues are received primarily from water sales to City utility customers (\$1,254,802 or 44.41% of the Enterprise Fund) and sewer charges (\$1,454,764 or 51.49% of the Enterprise Fund). Sale of water to the customers and treatment of sewer is expected to steadily increase and staff reviews rate structures annually. Projections for the 2013-2014 are based on the historical volume usage, trends in the number of utility customers, and program funding requirements. Service Charges, Late Charges, Tap Fees, Interest and Miscellaneous total \$115,000 or 4.09% making total current revenues \$2,825,066. This budget will operate without a deficit and without the use of prior year fund balance.

The financial policy objective for water and wastewater rates is to ensure that rates are adequate to meet all operating needs; to meet or exceed bond covenant tests (1.25 times annual debt service); and to provide sufficient working capital levels to be fiscally responsible; and provide a reliable and fiscally strong utility system.

OTHER REVENUES IN SPECIAL FUNDS

Texas cities can receive one percent in sales tax collection for general expenses and up to one percent for designated purposes. The City of River Oaks has by referendum established two one-half cent funds—the Economic Development Sales Tax (1996) for public purposes and the Crime Control and Prevention District Sales Tax (1997) for crime prevention and protection activities. Both taxes have enabled the City to reduce the General Fund Budget and enhance programming. River Oaks, as part of its strategic financial plan, will continue with the beautification of the boulevard, water and sewer line replacements, business incentives, promotional, professional services and other projects with the Economic Development Sales Tax. In the 2013-2014 Budget Year, the Crime Control and Prevention District will provide pay increases for police department, continue to provide safety and educational programs, continue

enhancements for officers' safety through replacement of patrol vehicles, bulletproof vests, and communication equipment.

The Storm Water Fund was created on April 1, 2012 as stated in Section 522.044(2) of the act. The city shall clearly account for revenues and expenditures authorized for operation of the storm water utility system. The revenues collected from the storm water utility fees shall be segregated and completely identifiable from other city funds and accounts. Funds and revenues in the storm water fund may be transferred to the city's General Fund as allowed by law.

EXPENDITURES/EXPENSES DESCRIPTIONS, EVALUATION AND PROJECTIONS

PERSONNEL SERVICES

The City of River Oaks will provide quality services and programs with a responsive staff of 56 full-time budgeted positions for fiscal year 2013-2014. Some positions were reclassified and salaries were adjusted based on performances and/or job descriptions. Other employees received salary adjustments based on merit. Through the merit pay system, employees receive an annual performance evaluation from their Department Supervisor and Director, and those employees who achieve an acceptable rating are eligible to receive an increase in pay for good job performance. Those employees that do not receive satisfactory evaluations will not be eligible for a salary increase. It is important to continue the merit pay system so that the city continues to provide incentive and acknowledgement to employees who perform their jobs well.

The City continues to maintain a competitive benefit package. Benefits for regular full-time employees include a minimum 7 days sick leave; minimum 2-weeks of vacation leave and 10 paid holidays per year. Employees may qualify for additional types of leave, such as court, emergency, administrative, or military leave.

The City offers a longevity pay plan of \$6 for each month of service. Health insurance is provided through United Health Care EPO which requires a \$25 out-of-pocket payment for the primary office visit. Health and life insurance coverage are provided to the employee at no cost. Employees must pay premiums to cover their dependents on Health, or to purchase dental, vision, ALFAC, or additional life insurance.

The City provides a retirement program through Texas Municipal Retirement System. Regular full-time employees contribute 7% of their wages and the City matches their contributions 2:1. Employee contributions are tax deferred. City employees participate in the Social Security program and the City matches the employees' contribution. Additional benefits include the opportunity to contribute to a deferred compensation plan with tax-deferred dollars.

It is the financial policy of the City to fund positions at the full annual cost for budgetary purposes even if it is projected that vacancies may occur. Personnel services are a major portion of operating budgets and make up the highest percentage at **66.27%**, or **\$2,851,043** of the General Fund, and **20.84%** or **\$588,647** of the Water and Sewer Fund budget. Also included in this category in General Fund is Contract Labor for the

Sanitation Department, and benefits such as Pension Fund, Life Insurance, and Workers Compensation for the River Oaks Volunteer Fire Department.

SUPPLIES

This object classification is for expendable materials and operating supplies necessary to conduct normal departmental activity and is assumed through use. This classification remains steady at 7.53% or **\$323,730** for the General Fund and 6.44% or **\$181,950** for the Water and Sewer Fund.

CONTRACTUAL

All materials or contract expenditures covering repair and upkeep of City buildings, machinery and equipment, systems and land are included in this classification. This classification is also used for services provided by outside contractors, utilities, training, and insurance related expenses. Contractual services represent 23.23% or **\$999,453** of the General Fund expenditures, and 10.74% or **\$303,534** of the Water and Sewer expenditures. Contractual services in the Water and Sewer Fund includes the disposal contract to the City of Fort Worth for wastewater treatment in the amount of **\$678,000** and the water purchases for \$203,000. Sanitation disposal is included in the General Fund Budget at **\$163,000**.

CAPITAL OUTLAY

This classification is used for expenditures/expenses for acquiring fixed assets including land or existing buildings, land improvements and new or replacement equipment such as furniture and fixtures, vehicles and computer hardware and software. Council approved projects and special events are also shown in this category. .99% or **\$42,600** is budgeted for capital and special events in the General Fund, and 9.98% or **\$282,000** for Water and Sewer Fund. Included among the purchases are water and sewer line replacements, drainage improvements, and special purpose equipment for several departments.

DEBT SERVICE

Debt service is an obligation resulting from borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes. A debt service fund is established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. There is no long-term debt secured by property taxes. A lease-purchase agreement was entered into with Kansas State Bank and the City of River Oaks in 2006 for 45 sets of Bunker Gear for the volunteer firefighters. Debt payments for the current year for the General Fund is **\$0** and Water and Sewer Fund is **\$172,625** or 6.11% which is the Series 2010 bond payment.

TRANSFERS

Transfers within the budget are cash or other resources between departments. The transfer from Water and Sewer Fund to the General Fund for administrative services is **\$210,510** or 7.45% of the total budget.

INTERGOVERNMENTAL

Intergovernmental in General Fund is **\$27,500** or **.64%** which includes payment to Tarrant appraisal District for appraisal services and Tarrant County for collection reimbursement for City taxes.

RESERVES

The expenditures within this classification are restricted reserves for City Council to use for unforeseeable expenses not budgeted for otherwise. In most funds, Restricted Reserves come from the amount of unbudgeted expenditures that are left over from fund balance or revenues. There are no restricted reserves budgeted in General Fund and Water and Sewer Fund in the upcoming year.

**TOP TEN TAXPAYER REPORT
FOR 2013
CITY OF RIVER OAKS**

TAXPAYER	TOTAL TAXABLE VALUE
Chesapeake	\$ 3,446,450
Oncor Electric Delivery	2,289,289
River Ranch Partners LP	1,715,000
Cole CV River Oaks TX LLC	1,527,120
Atmos Energy	1,303,610
Rochester Holiday Inn Asso Et	1,265,000
Karl Klement Properties Inc.	1,183,549
Schieme Rentals LLC	1,036,581
MDRD LLC	900,000
CVS Corporation	815,827

2013 APPRAISAL ROLL INFORMATION VALUATION SUMMARY

TOTAL APPRAISED VALUE	\$212,205,222
2013 ADJUSTED TAX VALUE	\$181,127,090

The Property Tax Code was enacted into Law by the 66th Texas Legislature in 1979. The basis of the Code is that all taxable properties are appraised at market value (100%) as January 1. Appraised values are determined by appraisal districts as authorized by the State Property Tax Code. The total appraised taxable value for all real and personal property in the City in year 2013 was \$212,205,222 plus properties under protest and less homesteads with tax ceilings resulting in a total 2013 taxable value of \$181,127,090. With exemptions and property pending before the appraisal review board, adopted tax rate of \$0.850351 is anticipated to levy appropriated \$1,852,938 @ 98% collection for the current year.

**AD VALOREM TAX REVENUE
2013 TAX RATE \$0.850351**

Appraised Value	\$	212,205,222
Tax Rate Per \$100 Valuation	\$	0.850351
Estimated Tax Levy	\$	1,883,742
Estimated Collection @ 98%	\$	1,852,938
*Estimated Current Collection	\$	1,540,216
Estimated increase for 2013 Taxes	\$	6,342
Average net taxable value per residence	\$	64,698
Total Budgeted Tax Revenue (2013-2014)	\$	1,907,951

* 2013 tax rate adopted is \$0.850351 that would impose the same total taxes as last year if you compare properties taxed in both years. The total tax revenues raised from last year's tax rate of \$0.856519 for each \$100 of taxable value was \$1,533,874. The total tax revenue proposed to be collected this year at a tax rate of \$0.850351 for each \$100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year is \$ 1,540,216 a difference of \$6,342.