



Public Hearing FY 2022-23 Budget and 2022 Tax Rate

September 15, 2022

Scott Huizenga, Assistant City Manager



Agenda

- Opening comments from the Mayor
- Comments from the City Manager
- Presentation of the Proposed Budget and Tax Rate by Assistant City Manager
- Open the Public Hearing and receive citizen testimony
- Close the Public Hearing
- Receive comments from the Mayor and City Council



Budget Process

March – July Council and Staff Workshops and Budget Development

August – September Budget Adoption Process

Steps remaining:

September 15 Budget and Tax Rate Public Hearing
1st reading of the Budget Ordinance
1st reading of the Tax Rate Ordinance
Pay Schedule resolution

September 22 2nd reading of the Budget Ordinance
2nd reading of the Tax Rate Ordinance

General Fund Budget Overview



Category	Amount
Revenues	\$9,614,599
Expenditures	(\$9,077,393)
Operating surplus/(deficit)	\$537,206
Transfer (to)/from Equipment Replacement Fund	(\$229,495)
Transfer to Operating Reserve	(\$280,000)
Transfer (to)/from Restricted Reserves	43,073
Capital Outlay	(\$196,950)
Total surplus/(deficit)	(\$126,166)
Unallocated Fund Balance	Amount
Transfer to General Fund from Unallocated Reserves	\$126,166
Transfer to SAP Fund from Unallocated Reserves	\$3,808,281
Remaining Unallocated Fund Balance	\$68,947



Budget Highlights

- Reduction of 2.27 cents to the overall tax rate
- No reduction in services
- Includes additions of SRO Program in Public Safety and Mechanic position in Public Works
- Includes 3.2% across-the-board adjustment to employees
- Addresses inflationary pressures on maintenance and operations
- Maintains Operating Reserve in accordance with City Policy
- Utilizes unallocated fund balance for the following:
 - Purchase of new equipment for Public Works and Public Safety Departments
 - Funds \$875,000 for City portion of HSIP Grant Project
 - Funds \$706,983 in Roadway CIP Projects
 - Funds \$1,748,031 in Drainage CIP Projects



Budget Changes – General Fund Revenue

Category	FY 2021-22 Adopted Budget	FY 2022-23 Proposed Budget	Change	% Change
Taxes	\$7,364,494	\$7,963,116	\$598,622	8.1%
Franchise Fees	\$618,200	\$692,050	\$73,850	11.9%
Interest	\$8,000	\$72,000	\$64,000	800.0%
Permits	\$400,000	\$309,075	(\$90,925)	(22.7%)
Animal Control	\$1,250	\$1,135	(\$115)	(9.2%)
Fines & Forfeitures	\$129,923	\$176,300	\$46,377	35.7%
Fees & Services	\$278,251	\$277,903	(\$348)	(0.1%)
Miscellaneous	\$13,400	\$123,020	\$109,620	818.1%
Total Operating Revenue	\$8,813,518	\$9,614,599	\$801,081	9.1%

Budget Changes – General Fund Expenditures



Category	FY 2021-22 Adopted Budget	FY 2022-23 Proposed Budget	Change	% Change
Personnel	\$5,205,922	\$5,734,360	\$528,438	10.2%
Supplies, Maint. & Operations	\$1,325,097	\$1,387,774	\$62,677	4.7%
Services	\$1,940,991	\$1,955,259	\$14,268	0.7%
Total Operating Expenditures	\$8,472,010	\$9,077,393	\$605,383	7.1%
Capital Outlay	\$389,500	\$196,950	(\$192,550)	-49.4%
Transfers	\$1,140,185	\$4,162,776	\$3,022,591	265.1%

Strategic & Capital Projects



Project	Budget
Post Oak Trail Widening – City portion of HSIP Grant Project	\$875,000
Dietz Elkhorn Reconstruction Design	\$249,915
Ammann Road Reconstruction Design	\$365,286
Dietz Elkhorn Sidewalk Design	\$41,282
Battle Intense Sidewalk Design & Construction	\$54,500
Drainage CIP #5 Rolling Acres Trail Construction	\$606,000
Drainage CIP # 17 Silver Spur Trail Construction	\$601,000

Project	Budget
Drainage CIP #34 Tivoli Way Construction	\$456,000
Drainage CIP #37 Turf Paradise Lane Design	\$85,031
Fire Services Program Study	\$18,000
On-site City Fuel Station	\$50,000
City-wide Document Scanning Project	\$40,000
Civic Center Design and/or Construction	\$412,815

Fund Balance Summary – Governmental Funds



	FY 2021-22 Ending	FY 2022-23 Budget	FY 2022-23 Ending
Court Technology	\$22,514	\$5,000	\$27,514
Court Security	\$58,724	(\$52,724)	\$6,000
Other Restricted	\$41,046	\$4,651	\$45,697
Operating & Legal Reserve	\$4,275,322	\$280,000	\$4,555,322
Unallocated General Fund Surplus	\$4,003,394	(\$3,934,447)	\$68,947
Debt Service Fund	\$52,023	\$1,738	\$53,761
Unallocated Strategic Projects Fund	\$42,548	(\$42,548)	\$0
Equipment Replacement Fund	\$873,597	\$229,495	\$1,103,092

Utility Fund Operating Revenue and Expenses



Category	Water Fund	Wastewater Fund	Total
Revenue	\$4,222,630	\$1,348,525	\$5,571,155
Expenses			
Personnel	\$981,465	\$959,119	\$1,940,584
Supplies, Maintenance, and Ops	\$2,200,766	\$658,612	\$2,859,378
Services	\$65,244	\$65,534	\$130,778
Total Expenses	\$3,247,475	\$1,683,265	\$4,930,740
Operating Income	\$975,155	(\$334,740)	\$640,415

Current Utility Rates (effective 10/1/22)



Residential Water Tiered Volume Charges		Commercial Water Tiered Volume Charges	
Gallons	Cost per 1,000 gallons	Gallons	Cost per 1,000 gallons
0 to 6,000	Base Service Charge	0 to 6,000	Base Service Charge
6,001 to 12,500	\$3.81	6,001 to 50,000	\$3.25
12,501 to 25,000	\$4.76	50,001 to 100,000	\$4.87
25,001 to 50,000	\$7.14	100,001 to 150,000	\$7.31
50,001 to 75,000	\$10.72	Over 150,000	\$10.97
75,001 to 100,000	\$16.07		
Over 100,000	\$24.11		

Water Base Service Charge \$26.48 - \$94.42 depending on meter size

Surface Water Fee: \$15.01
 TCEQ Fee: \$0.20
 Debt Service Fee: \$7.43
 Capital Reserve Fee: \$6.72

Wastewater Base Service Charge: \$40.86
 TCEQ Fee: \$0.05
 Debt Service: \$2.29
 Capital Reserve Fee: \$4.12



Budget Changes – Utility Fund

Category	FY 2021-22 Adopted Budget	FY 2022-23 Proposed Budget	Budget v Budget	% Change
Water Revenues	\$4,325,991	\$4,222,630	(\$103,361)	(2.4%)
Wastewater Revenues	\$1,370,398	\$1,348,525	(\$21,873)	(1.6%)
Total Revenues	\$5,696,389	\$5,571,155	(\$125,234)	(2.2%)
Personnel	\$1,792,534	\$1,940,584	\$148,050	8.3%
Supplies, Maint & Operations	\$2,531,775	\$2,859,378	\$327,603	12.9%
Services	\$289,991	\$130,778	(\$159,213)	(54.9%)
Total Operating Expenses	\$4,614,300	\$4,930,740	\$316,440	6.9%
Operating Income/(Loss)	\$1,082,089	\$640,415	(\$441,674)	(40.8%)



Net Position Summary – Utility

	FY 2021-22 Ending	FY 2022-23 Budget	FY 2022-23 Ending
Net Investment in Capital Assets	\$9,815,811	\$1,293,127	\$11,108,938
Water Capital Fund	\$1,254,192	\$24,646	\$1,278,838
Wastewater Capital Fund	\$1,172,897	(\$665,124)	\$507,773
Operating Reserve	\$3,162,813	(\$666,184)	\$2,496,629
Debt Service Reserve	\$339,746	\$0	\$339,746
Equipment Replacement Fund	\$716,745	(\$144,475)	\$572,270
Total Net Position	\$16,462,204	(\$158,010)	\$16,304,194

2022 Tax Rate Comparison



	<u>FY 2021-22</u>		<u>NNR Rate</u>	<u>Proposed Budget</u>	<u>Current Tax Rate</u>	<u>Voter Approval</u>
Tax Rate/\$100 Valuation		Tax Rate/\$100 Valuation				
General Fund (M&O)	0.3223	General Fund (M&O)	0.298969	0.302300	0.324972	0.343475
Debt Service Fund (I&S)	0.0295	Debt Service Fund (I&S)	0.026828	0.026828	0.026828	0.026828
Total Tax Rate	0.3518	Total Tax Rate	0.325797	0.329128	0.351800	0.370303
2021 Taxable Valuation	1,861,651,789	2022 Certified Taxable Value	2,046,397,330	2,046,397,330	2,046,397,330	2,046,397,330
Collection Rate	99.11%	Collection Rate	99.41%	99.41%	99.41%	99.41%
2021 M&O Levy	5,946,703	M&O Levy	6,081,997	6,149,760	6,610,982	6,987,393
2021 I&S Levy	544,300	I&S Levy	545,768	545,768	545,768	545,768
Total Levy	6,491,002	Total Levy	6,627,765	6,695,529	7,156,750	7,533,161
		Year Over Year Difference	136,763	204,526	665,748	1,042,159

Homestead Calculations – Proposed Budget



Median Over-65 Homestead

	2022	2023	change
Market Value	\$469,120	\$584,993	24.7%
Less: HS Cap		(68,961)	
Assessed Value	469,120	516,032	10.0%
Less: HS Exempt	(5,000)	(5,000)	
Over-65 Exempt	(20,000)	(50,000)	
Taxable Value	\$444,120	\$461,032	3.8%
Tax Rate	.351800	.329128	
Total City Tax	\$1,562	\$1,517	-2.9%

Average Homestead

	2022	2023	change
Market Value	\$517,712	\$645,643	24.7%
Less: HS Cap		(76,160)	
Assessed Value	517,712	569,483	10.0%
Less: HS Exempt	(5,000)	(5,000)	
Over-65 Exempt			
Taxable Value	\$512,712	\$564,483	10.1%
Tax Rate	.351800	.329128	
Total City Tax	\$1,804	\$1,858	3.0%



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