



FY 2019 BUDGET AND TAX RATE ADOPTION

OR-18-009 to
OR-18-012

September 18, 2018

Budget and Tax Rate Adoption Overview

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- Budget Workshops
 - ▣ Four workshops covered entire budget
 - Strategic issues presentation
 - Fund summary and department detail presentations
 - Capital improvement project presentation
- Budget Public Hearings
 - ▣ September 4th and 11th
- Tax Rate Public Hearings
 - ▣ September 4th and 11th
- State law dictates approval sequence
 - ▣ Budget adoption
 - ▣ Ratify property tax revenue increase
 - ▣ Set the tax rate – three part process

Budget and Tax Rate Adoption

Budget Adoption

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- ❑ All operational budgets balanced
- ❑ Operational fund revenues equal or exceed expenses with one exception:
 - ▣ Aviation Fund – use \$184,585 fund balance
- ❑ Capital improvement projects – \$34.93 million
- ❑ Vehicle replacement – \$4.6 million
- ❑ No change in the tax rate or user fees
- ❑ Must be a record vote

Budget and Tax Rate Adoption

Ratify Property Tax Revenue Increase

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- ❑ Local Government Code 102.007(c)
 - ▣ Adoption of a budget that receives more property tax revenue than in the previous year requires a separate vote to ratify the property tax revenue increase.
 - ▣ Total tax revenue increase is \$463,535.
 - ▣ Required even though the tax rate is the same.

Budget and Tax Rate Adoption

Setting the Tax Rate – Part 1 and 2

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- Property Tax Code 26.05(a)
 - ▣ Requires separate approval of the two components
 - Maintenance and Operation
 - Interest and Sinking (Debt service)

- Part 1: Maintenance and Operation

Type	Tax Rate	Budgeted Revenue
Operations	\$0.5353	\$30,366,020

- Part 2: Interest and Sinking (Debt Service)

Type	Tax Rate	Budgeted Revenue
Debt	\$0.2145	\$12,178,032

- Total Tax Rate

Type	Tax Rate	Budgeted Revenue
Total	\$0.7498	\$42,544,052

Budget and Tax Rate Adoption

Setting the Tax Rate – Part 3

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- Property Tax Code 26.05(b)
 - Sets forth the following requirements if the tax rate exceeds the effective rate:
 - Record Vote
 - Approved by at least 60 percent of City Council (5 members)
 - Motion to approve the ordinance must be made with specific language:

“I move that the property tax rate be increased by the adoption of a tax rate of \$0.7498, which is effectively a 0.66 percent increase in the tax rate.”
 - This language is required even though the tax rate will remain the same.