



## 2021-2022 OPERATIONAL BUDGET (REVISED)

The 2021-2022 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 raise more total property taxes than last year's budget by \$118,561 dollars or 5.3% and of that amount \$12,319.57 is tax revenue to be raised from new property added to the tax roll this year.

### 2021 PROPERTY TAX RATES IN CITY OF RIVER OAKS

THIS YEAR'S PROJECTED PROPERTY TAX REVENUE AT A 100% COLLECTION RATE INCLUDING TAX CEILINGS FROM PREVIOUS YEARS IS \$2,790,644 BASED ON ADOPTING THE TAX RATE OF \$0.707687 PER \$100 OF VALUE.

### TAX RATE COMPARISON

#### **Last Year (2020-2021 Fiscal Year):**

- No New Revenue Maintenance & Operations Tax Rate = \$0.671699 per \$100 of property value
- Voter Approval Maintenance & Operations Tax Rate = \$0.697375 per \$100 of property value
- Debt Rate: \$0.00
- *Adopted 2020 Maintenance and Operations Tax Rate = \$0.697374 per \$100 of property value*

#### **This Year (2021-2022 Fiscal Year):**

- No New Revenue Maintenance & Operations Tax Rate = \$0.657992 per \$100 of property value
- Voter Approval Maintenance & Operations Tax Rate = \$0.681021 per \$100 of property value **(Increase of \$0.023029/\$100 of value or 3.499%)**
- Debt Rate: \$0.024926
- Voter Approval Tax Rate, adjusted for unused Increment Tax Rate = \$0.705948 per \$100 of property value
- De Minimis Tax Rate = \$0.830749 per \$100 of property value
- *Proposed 2021 Maintenance and Operations Tax Rate = \$0.695948 per \$100 of property value*

**No New Revenue Tax Rate** is the tax rate for 2020 tax year that will raise the same amount of property tax revenue from the same properties in both the 2019 tax year and the 2020 tax year.

**"Voter-approval tax rate"** means a taxing unit's voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year

**Voter Approval Tax Rate** is the highest tax rate that the taxing unit may adopt without holding an election to seek voter approval of the rate.

**Debt Rate:** The debt rate of \$0.024926 is for payment of certificate of obligation bonds issued and delivered in the aggregate principal amount of \$3,265,000 for paying all or a portion of the Issuer’s contractual obligations incurred in connection with (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage and including acquiring land and interests in land therefor; (ii) designing, engineering, constructing, renovating, reconstructing, equipping and furnishing facilities for the city hall complex, and the police and fire departments, including related parking, landscaping, infrastructure, technology and equipment; and (iii) paying legal, fiscal, engineering and architectural fees in connection with these projects (collectively, the “Project”).

	<b>2020</b>	<b>2021</b>	<b>Change</b>
<b>Total tax rate (per \$100 of value)</b>	\$0.697374	\$0.695948	(decrease of \$0.001426/\$100 of value or 0.99795% less)
<b>Average homestead taxable value</b>	\$122,185	\$134,525	(Increase of 10.099% from 2020)
<b>Tax on average homestead</b>	\$852.09	\$936.22	(\$84.13 increase of the nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in 2020 and the amount of taxes proposed on the average taxable value of a residence homestead in 2021.)
<b>Total tax levy on all properties</b>	\$2,235,292	\$2,353,853	(Increase of nominal difference between preceding year levy and proposed levy for current year in the amount of \$118,561)

**GENERAL FUND:** This year’s tax revenue calculation based on an adjusted value of \$338,222,532 will produce up to 2,750,940 dollars if the City Council adopts the City Administration’s recommended tax rate of \$0.695948 that is one-cent per \$100 of property value less than the revised Voter Approval Rate due to the reduced debt rate to \$0.024926 resulting in a Maintenance & Operations Rate of \$0.705948 per \$100 of property value, which in comparison to last year’s adopted tax rate at \$0.697374/\$100 on an adjusted 2020 tax value of \$318,406,398 that should net the city an additional \$118,561 this year and **will result in a general fund budget in the black by \$933.**

In summary, the No New Revenue tax rate this year is \$0.650290/\$100 property value, the Voter Approval Tax Rate at \$0.681021/\$100, the Unused Increment Voter Approval Tax Rate at \$0.705948/\$100 and a debt rate of \$0.024926/\$100. For instance, if the City Council adopted a Maintenance and Operation Rate of \$0.695948/\$100 with a debt rate of \$0.024626/\$100, the taxes on a \$100,000 home net of any applicable exemptions would be \$720.88.

**So, what is the Unused Increment Rate?** "Voter-approval tax rate" means a taxing unit's voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year. In other words, it is the difference between the actual rate and the Voter Approval Rate for the last 3 years (2018, 2019 and 2020) where the City Council kept the actual tax rate below the Voter Approval Rate (Rollback Rate) and pursuant to Section 26.013 of the Tax Code, it is unused rate that can be included in setting the Voter Approval Rate, but after December 2022 that will end.

**(Tax Ceiling):** In January 2008, council adopted the tax freeze beyond which taxes on the elderly or disabled cannot increase. The 2008 tax levy was being the **baseline amount** for the freeze. Therefore, beginning in tax year 2009, the over 65 and disabled would have their city tax payments frozen at the 2008 level regardless of tax rate or valuation increases. From tax year 2009 forward the over 65 and disabled would have their city tax payments frozen on the residence homestead in the first tax year, other than a tax year preceding the tax year in which the individual qualified that residence homestead for the exemption for a disabled individual or an individual 65 years of age or older. (see Texas Tax Code Ann. §11.261 (b)(Vernon Supp. 2004).

With the passage of Senate Bill 2, the terminology changed from Effective Tax Rate to No New Revenue (NNR) tax rate and the rollback tax rate is now the voter-approval tax rate.

- *The no-new-revenue tax rate* is the tax rate for the current tax year that will raise the same amount of property tax revenue for the City of River Oaks from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.
- *The voter-approval tax rate* is the highest tax rate that River Oaks may adopt without holding an election to seek voter approval of the rate.
- *The proposed tax rate* is greater than the no-new-revenue tax rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.
- *"de minimis rate":* The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for (name of taxing unit), the rate that will raise \$500,000, and the current debt rate for (name of taxing unit)

The No-New Revenue Tax Rate from the 2021 tax rate worksheet is \$0.650290/\$100 (which would provide approximately the same amount of revenue as last year at a tax rate of \$0.697374/\$100), and the Voter-Approval Tax Rate is \$0.681021/\$100. With the unused Increment Voter Approval Tax Rate, which is the unused amount from the previous tax years where the city adopted a tax rate lower than the Voter Approval Rate (Rollback Rate) is \$0.705948/\$100 (allowed by statute).

The **General Fund** also includes a \$1 per customer garbage rate increase due to increasing landfill and environmental fees from the City of Fort Worth. The **Expenditures** have increased from last year to \$6,120,748 including the purchase of a new fire truck with its first payment of \$81,137 this year and government financing payments for the Garbage and Grapple Trucks. The City has approved to repave Roberts Cut Off from Blackstone to River Oaks Blvd and from Skyline to the the City Limits at 5765 Roberts Cut Off Rd. **Revenues** also increased to \$6,121,681 in order to offset the expenditures that includes a maintenance and operation tax rate sufficient enough to cover employee costs, Legal fees, operational costs for municipal court, streets, sanitation, police and fire department operations, animal control, park and recreation, community center, tax collections and administration costs. It also includes repayment of Grants and Interlocal Agreements with Tarrant County and CISD.

**WATER FUND:** This year the City of Fort Worth is proposing a 17.64% increase in wastewater treatment costs that causes us to increase sewer rates 17%. Water Rates are also impacted by the cost of Fort Worth going up and to balance the proposed escalating costs with treatment, the proposed increase in water rates is approximately 9.2% city wide. This year, the out of district tax rates will terminate and therefore, we had to bring every residential water customer to the same base rate at \$29.50, which covers a minimum of 400 cubic feet or 2,992 gallons. Commercial customers base charges will be \$42.00. I pulled current numbers of customers so that the revenue projections would be based on the most current numbers available. What I have done this year is to provide enough revenues to cover the expenses.

This year the enclosed spreadsheets will provide both the FY 2021 budget numbers compared to what we are proposing for FY 2022. You will notice that the Water Fund projects total revenues with both a 17% increase for sewer and 9.2% increase for water from last year's \$3,441,000 to this year's revenue projection of \$3,922,832, an increase of 14% in Revenues. **The Expenditures are projected at \$3,922,586, an increase of 13.9% that includes water plant maintenance, increases in Fort Worth and Tarrant Water Regional Rates, sewer rate increases from Fort Worth along with the annual bond payments resulting in a budget in the black by \$246.00.**

**ECONOMIC DEVELOPMENT CORPORATION:** The proposed EDC operational FY 2022 budget as is being presented by staff includes \$110,000 in property incentives related to business enterprises specifically with achievable benchmarks to invest financial incentives for qualified businesses to locate within the corporate limits of the city; professional services agreements in the amount of \$15,000 to assist with the development or operation of an economic development program; \$24,000 for transit and MITZ services, street signage and Banners for \$10,000 and promotional in the amount of \$6,500. We are projecting \$225,000 in sales tax collection and another \$15,600 for leasing income. **Total projected expenditures are \$187,200 dollars and when subtracted from the projected revenues of \$240,800 results in a budget in the black by \$53,600.00.**

**CRIME CONTROL & PREVENTION DISTRICT:** The proposed CCPD operational FY 22 budget includes a new clerk position and \$11,000 again this year for flairs, body cameras, tasers, radar, and \$5,000 on vests. The proposal also includes the proposed Salary Step Plan for the Police Department at \$6,000 plus the salary for the detective. We removed the new car purchase this year from the budget since we have entered into a vehicle lease program. **Total projected expenditures are \$200,844 dollars and when subtracted from the projected revenues of \$227,700 results in a budget in the black by \$26,856.**

**STORM WATER FUND:** *In 2012, the city council by ordinance created the **River Oaks Municipal Storm Water Utility System** establishing storm water charges and monthly stormwater Utility System Fees for Residential and Non-Residential customers. The City in January 2017 with the adoption of Ordinance # 1123-2016 began accessing fees in the amount of \$6.00 per residential unit per month and \$0.00266 per square feet of impervious area per month on non-residential properties projected this upcoming year to be \$265,456 in revenues for both residential and non-residential properties.*

**REVENUES:** In order to balance Revenues with expenditures we used prior year funding, which is no more than surplus from the bank account in the amount of \$22,740.00 for a total Revenue Projection of \$288,296. **The proposed budget is \$22,740.00 in the red.**

**EXPENDITURES:** \$ 110,117 in Labor plus benefits, Supplies in the amount of \$19,400, contractual expenditures in the amount of \$119,609 including \$86,000 in drainage maintenance and \$39,170 in capital expenditures for easement acquisitions and the annual payment for the sweeper for a total of \$288,296 in expenditures.

**Submitted by:**

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