



2018-2019 ADOPTED OPERATIONAL BUDGET

The 2018-2019 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 REVENUE FROM PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$144,883 DOLLARS WHICH IS A 6.85 PERCENT INCREASE FROM LAST YEAR'S BUDGET.

THE PROPERTY TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR IS \$33,133 DOLLARS.

2018 PROPERTY TAX RATES IN CITY OF RIVER OAKS

THIS YEAR'S PROJECTED PROPERTY TAX REVENUE AT A 98.5% COLLECTION RATE INCLUDING TAX CEILINGS FROM PREVIOUS YEARS IS \$2,261,015.00 BASED ON **ADOPTING THE TAX RATE OF \$0.749400 PER \$100 OF VALUE.**

TAX RATE COMPARISON

Last Year (2017-2018 Fiscal Year):

- Effective Maintenance and Operations Tax Rate = \$0.734026 per \$100 of property value
- Rollback Maintenance and Operations Tax Rate = \$0.792748 per \$100 of property value
- Debt Rate = \$0.00
- *Adopted 2017 Maintenance and Operations Tax Rate = \$0.780000 per \$100 of property value*

This Year (2018-2019 Fiscal Year):

- Effective Maintenance and Operations Tax Rate = \$0.696391 per \$100 of property value
- Rollback Maintenance and Operations Tax Rate = \$0.752102 per \$100 of property value
- Debt Rate: \$0.00
- *Adopted 2018 Maintenance and Operations Tax Rate = \$0.749400 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 4, 2018 AT RIVER OAKS CITY HALL, 4900 RIVER OAKS BLVD. AT 7:00 P.M. TO APPROVE THE ADOPTION OF THE 2018-2019 FISCAL YEAR BUDGET BY A RECORD VOTE OF THE CITY COUNCIL.

Councilwoman JoAnn Butler, Place 1, voted "Aye"
Councilman Steve Holland, Place 2, voted "Aye"
Councilman Bruce Scott, Place 3, voted "Aye"
Councilman Joe Ashton, Place 4, voted "Aye"
Councilman Dan Chisholm, Place 5 voted "Aye"

ORDINANCE NO. 1198-2018

AN ORDINANCE ADOPTING THE 2018-2019 FISCAL YEAR BUDGET THEREBY MAKING APPROPRIATIONS FOR THE SUPPORTING OF THE CITY OF RIVER OAKS, TEXAS BEGINNING OCTOBER 1, 2018 AND ENDING ON SEPTEMBER 30, 2019; ADOPTING THE OPERATING BUDGETS ATTACHED HEREIN AS EXHIBIT "A" FOR GENERAL FUND, WATER AND SEWER FUND, ECONOMIC DEVELOPMENT CORPORATION, RIVER OAKS CRIME CONTROL & PREVENTION DISTRICT AND STORM WATER FUND FOR OCTOBER 1, 2018 – SEPTEMBER 30, 2019 BY A RECORD VOTE OF THE CITY COUNCIL.

WHEREAS, Notice of Public Hearing on the budgets for the City of River Oaks, Texas, was heretofore published on the City's web page at www.riveroakstx.com, and in a local newspaper of general circulation; and

WHEREAS, pursuant to Section 102.0065 of the Texas Local Government Code, the governing body shall publish notice of a public hearing relating to a budget not earlier than the 30th or later than the 10th day before the date of the hearing; and

WHEREAS, notice of public hearings were properly published in a newspaper of general circulation scheduling a public hearing for September 4, 2018 to consider adopting the 2018-2019 Fiscal Year Budget beginning October 1, 2018 and ending September 30, 2019; and

WHEREAS, on November 3, 2009 the City held an election in order to consider amending the City's Charter; and

WHEREAS, Proposition 1 that was placed on the ballot provided for the amendment to change the City's Fiscal Year to begin on October 1st and end on September 30th in the succeeding year; and

WHEREAS, Proposition 1 passed by a count of 245 for and 75 against; changing the City's Fiscal Year to October 1st beginning October 1, 2010; and

WHEREAS, pursuant to Section 102.002 of the Texas Local Government Code, the budget officer of the city is required to prepare an annual budget to cover the proposed expenditures for the succeeding year; and

WHEREAS, a Public Hearing was duly held and all interested persons were given an opportunity to be heard for or against any revenue or expenditure item therein.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIVER OAKS, TEXAS:

SECTION 1

That the appropriations beginning October 1, 2018 and ending September 30, 2019 for the support of the general government of the City of River Oaks, Texas, be fixed and determined for said terms in accordance with the expenditures shown in the City's Operating Budget beginning October 1, 2018 through September 30, 2019: General Fund, Water and Sewer Fund, Economic Development Corporation, and River Oaks

Crime Control and Prevention District and Storm Water budgets, a copy of which is appended hereto as Exhibit A with the cover letter from the City Secretary pursuant to Senate Bill 656 effective on September 1, 2013 with the specific statement as to whether the budget raises more, less or the same amount of property tax revenue compared to the previous year's budget.

SECTION 2

That the budgets as shown in words and figures in Exhibit A are hereby approved following a record vote of the City Council by name voting in all respects and adopted as the City's budgets beginning October 1, 2018 and ending on September 30, 2019.

PASSED AND APPROVED BY RECORD VOTE OF THE CITY COUNCIL ON THIS THE 4th DAY OF SEPTEMBER 2018 AS FOLLOWS:

Councilwoman JoAnn Butler, Place 1, voted "Aye"
Councilman Steve Holland, Place 2, voted "Aye"
Councilman Bruce Scott, Place 3, voted "Aye"
Councilman Joe Ashton, Place 4, voted "Aye"
Councilman Dan Chisholm, Place 5 voted "Aye"

APPROVED:


HERMAN EARWOOD, MAYOR

ATTEST:


MARVIN GREGORY, CITY SECRETARY



4900 River Oaks Boulevard River Oaks, Texas 76114

Mayor
Herman D. Earwood

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Website
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REVISED

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

September 20, 2018

INTRODUCTION:

THIS BUDGET WILL RAISE MORE REVENUE FROM PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$144,883 DOLLARS WHICH IS A 6.85 PERCENT INCREASE FROM LAST YEAR'S BUDGET.

THE PROPERTY TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR IS \$33,133 DOLLARS.

TAX RATE STUDY:

The current tax rate is \$0.780000/\$100 property value and has been adopted this year at a rate of \$0.749400/\$100 property value that should increase the revenues by \$144,883 over last year's adopted tax revenues. Since the adopted tax rate is an increase over this year's effective tax rate of \$0.696391/\$100 property value, two public hearings (August 14th & August 21st) were held to receive citizen input before the September 4th levy. The rate of \$0.749400 when compared to the effective tax rate of \$0.696391 pursuant to the truth in taxation guide is effectively a 7.61196% in the tax rate. Pursuant to the Local Government Code, the City Council may levy taxes in accordance to the budget.

• An average net taxable value per residence in 2018 is \$96,137 up from \$85,215 in 2017. **The amount of taxes that would be imposed this year on an average home valued at \$96,137 would be \$720.45 calculated at the proposed tax rate of \$0.749400.**

• An average net taxable value per residence in 2017 was \$85,215. **The amount of taxes imposed on an average home in 2017 was \$664.68 at the 2017 adopted tax rate of \$0.780000.**

• *If your property value is the same in 2017 and 2018, the amount of taxes paid this year would be less than last year. For example if your home was valued for both years at \$100,000; the amount of taxes in 2017 would be \$780.00 and the amount of taxes in 2018 at the tax rate of \$0.749400 would be \$749.40 (\$30.60 less this year).*



4900 River Oaks Boulevard River Oaks, Texas 76114

BUDGETARY SUMMARY:

The budget document herein presented represents the financial plan for the City of River Oaks for the Fiscal Year 2018 - 2019. The period the budget covers begins on October 1, 2018 and extends through September 30th of the year 2019. The budget reflects anticipated revenues and planned expenditures for that period.

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 presented to the council at the last council meeting of each month 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 being held accountable for their purchases and departments are liable for their expenditures.

Personnel costs remain the highest category 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. 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 categories, which includes all outside services for which the City must pay, usually to some private sector vendor, 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 budget expenditures.

The General Fund, which contains the majority of the operating divisions of the municipal government, is being proposed with expenditures of \$4,939,097 and revenues of \$4,948,689 for a budget in the black by \$9,592. This represents a 4.185% increase in expenditures and a 5% increase in revenues over last year's budget. **This proposal does include a 3% employee raise that was discussed at the August 14th meeting due to the new insurance plan.**

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The tax rate is proposed to be a 7.61196 percent increase this year from the effective rate of *\$0.696391/\$100* property value to *\$0.749400/\$100*, which is under last year's adopted rate of *\$0.780000/\$100*. Property taxes are based on a 98.5% collection rate and continue to be the largest source of revenue for the General Fund at 45.6%. 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 2019 Proposed Budget Proposal represents a \$2 **increase** per household for residential sanitation services from \$22 to \$24. The capital planned in this year's proposal includes the purchase of a **new garbage truck. The last garbage truck purchase was in 2010.**

The **Water and Sewer Fund** contains all of the operating costs for water production, water distribution, bond payments for \$15,000,000 of infrastructure improvements city-wide, water and sewer system improvements, sewer collection and treatment and water administration costs. The Water and Sewer Fund is being proposed **for Fiscal Year 2019 with expenditures at \$3,236,931 and revenues of \$3,271,887 resulting in a proposed water fund budget in the black by \$34,956.00.**

The City does not impose a water rate increase in this proposal but is proposing a 4.7% rate increase for residential sewer customers, 8% for commercial customers and 8% for apartment users resulting from the 13.4% increase from the City of Fort Worth. The City had made it policy years ago to no longer absorb the increases in the charges for services that it receives from the City of Fort Worth for wholesale sewage treatment. Water and sewer line improvements are done on a pay-as-you-go basis and this year's proposal **includes a bond payment for water and sewer improvements funded from Texas Water Development Board in the amount of \$640,652.00.**

SALES TAX: *The City of River Oaks has two special consumer sales taxes, both of which are for 1/2 percent. 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.*



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One of the two 1/2 cent special consumer sales tax collection funds is the **Economic Development Corporation (EDC)** that was voted on and approved by the voters of the City of River Oaks, designated solely to promote the City's economic development. As part of its strategic financial plan, EDC in coordination with North Central Texas Council of Governments (NCTCOG) have proposed a project to enhance River Oaks Blvd. Other EDC funded programs proposed for the upcoming year will include providing business incentives and promoting new business opportunities within the city.

The Economic Development Corporation (EDC) is proposing Sales Tax expenditures this year of \$305,380 and revenues of \$258,584 resulting in a budget in the red by \$46,796. A deficit budget proposal is acceptable in this case because funds are set aside in the E.D.C. reserve account that will cover that deficit.

Expenditures include construction of two city entrance signs, property Increment Reinvestment Zone that creates a separate funding source to make improvement along the city's corridor that pledges tax revenues that is realized due to increased property values in the zone. It is not a tax increase, but is a funding source to put money back into the development incentives to expand business development within the city and creating a Tax to construct sidewalks, lighting, utilities, roads and other amenities.

The second 1/2 cent special consumer sales tax collection funds the **Crime Control and Prevention District (CCPD)** that was voted on and approved by the voters of the City of River Oaks to enhance crime prevention within the city. The CCPD will continue to provide an additional Detective to fight juvenile crime, pay a portion of personnel increases for police department, continue to provide safety and educational programs, and continue enhancements for officers' safety through replacement of bulletproof vests and communication equipment.

CCPD budget as proposed projects revenues of \$189,600 and expenditures of \$200,925 resulting in a budget in the red by \$11,325.00 but is backed by a sufficient funding balance.

*In 2012, the city council by ordinance created 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 Utility System is currently 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 approximately \$251,200 in revenues with \$246,200 in expenditures for both residential and non-residential properties resulting in a budget in the black by \$5,000.**



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These restrictive funds by statute can only be used for storm water improvements to our storm water drainage system, which has become inadequate over the years. Currently we have two major areas with drainage problems estimated to cost over 2.5 million dollars in which the engineering has been finalized and we are also seeking additional funding sources to assist with rehabbing these areas. The Storm Water Task Force is pursuing easements in the northwestern part of the city in order to refurbish the drainage system.

This year alone, the Public Works Department has begun televising storm water culverts and has found some problems that are being addressed. We have stepped up street cleaning as a part of our permitting requirements and continues with educational programs in the community. Public Works has stepped up drainage way maintenance including debris removal to improve flows and sampling of runoff water during inclement weather that is required under our State permit.

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 upgrades estimated to cost** nearly 10 million dollars **from the 2002 Drainage Study.**

CONCLUSION: The City Council voted to approve the 2018 tax levy for the Fiscal Year **2019** on **Tuesday, September 4, 2018 at 7:00 PM.** The Budget proposals filed of record are open for public inspection and shall be posted on line at www.riveroakstx.com.

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 continue providing quality services to all River Oaks citizens.

Should you have any further questions please don't hesitate to contact me at 817-626-5421 Extension 324.

Respectfully submitted,

Marvin Gregory
City Secretary
City of River Oaks