

BOERNE CITY COUNCIL BUDGET WORKSHOP

FY 2019 – 2020 BUDGET

JUNE 11, 2019

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Agenda

- **FUND DESCRIPTIONS**
 - **CITY DEPARTMENTS**
- **SOURCES OF REVENUE**
- **PERSONNEL**
- **FUND BALANCES**
- **KEY FINANCIAL DATA**
- **BUDGET CALENDAR**

FUND DESCRIPTIONS

FUND DESCRIPTIONS

GENERAL FUND - accounts for all financial resources except those accounted for in other funds such as utilities, and include basic governmental services.

- **Major Sources of Revenues include:**
 - Ad Valorem Tax
 - Sales Tax
 - Franchise Fees – Telephone, Cable, Electric, Solid Waste, City Utilities
 - Building Permits
 - Inter-local Agreements – Kendall County, Boerne ISD, City of Fair Oaks

FUND DESCRIPTIONS

General Fund Departments

- **Administration** – includes general administration, finance and purchasing, human resources, economic development, communications and special projects
- **Streets** – includes street construction and maintenance, sidewalks and curbs, right-of-way maintenance and fleet maintenance
- **Police Dept.**
- **Fire Dept. & Emergency Operations** – includes fire marshal and inspections
- **Communications/Dispatch** – dispatches for City of Boerne, Kendall County and City of Fair Oaks
- **Municipal Court** – receives payments for citations issued and conducts municipal court 2 times per month
- **Animal Control** – manages animal shelter and all issues related to animal control within the City
- **Code Enforcement** – issues permits and performs inspections to ensure compliance with building codes
- **Planning and Community Development**
- **Information Technology** – manages all aspects of information technology for the City including computers, software and telephones

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS –

- **Hotel/Motel Fund –**
 - **Major Source of Revenue: Hotel/Motel Taxes**
 - Hotel/Motel taxes must be used for promotion of tourism in compliance with state law
 - Pays for expenditures related to the Convention and Visitors Bureau
- **Parks Fund –**
 - **Major Sources of Revenue: Ad Valorem Tax and Fees**
 - Pays for expenditures related to operations and maintenance of Parks and recreational programs
- **Library Fund –**
 - **Major Sources of Revenue: Ad Valorem Tax and Kendall County Inter-local Agreement**
 - Pays for expenditures related to operations and maintenance of the Patrick Heath Public Library and related programs

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS –

- **Cemetery Fund –**
 - Major Source of Revenue: Sale of lots and columbarium niches
 - Pays for expenditures related to maintenance of Boerne Cemetery
- **Economic Development Fund –**
 - Major Sources of Revenue: Transfers from the Electric and Water Utilities
 - Provides funding for 380 Agreements and other development related projects

FUND DESCRIPTIONS

DEBT SERVICE FUND—

- Major Sources of Revenue: Ad Valorem Tax
- Pays interest and principal on general government long term debt

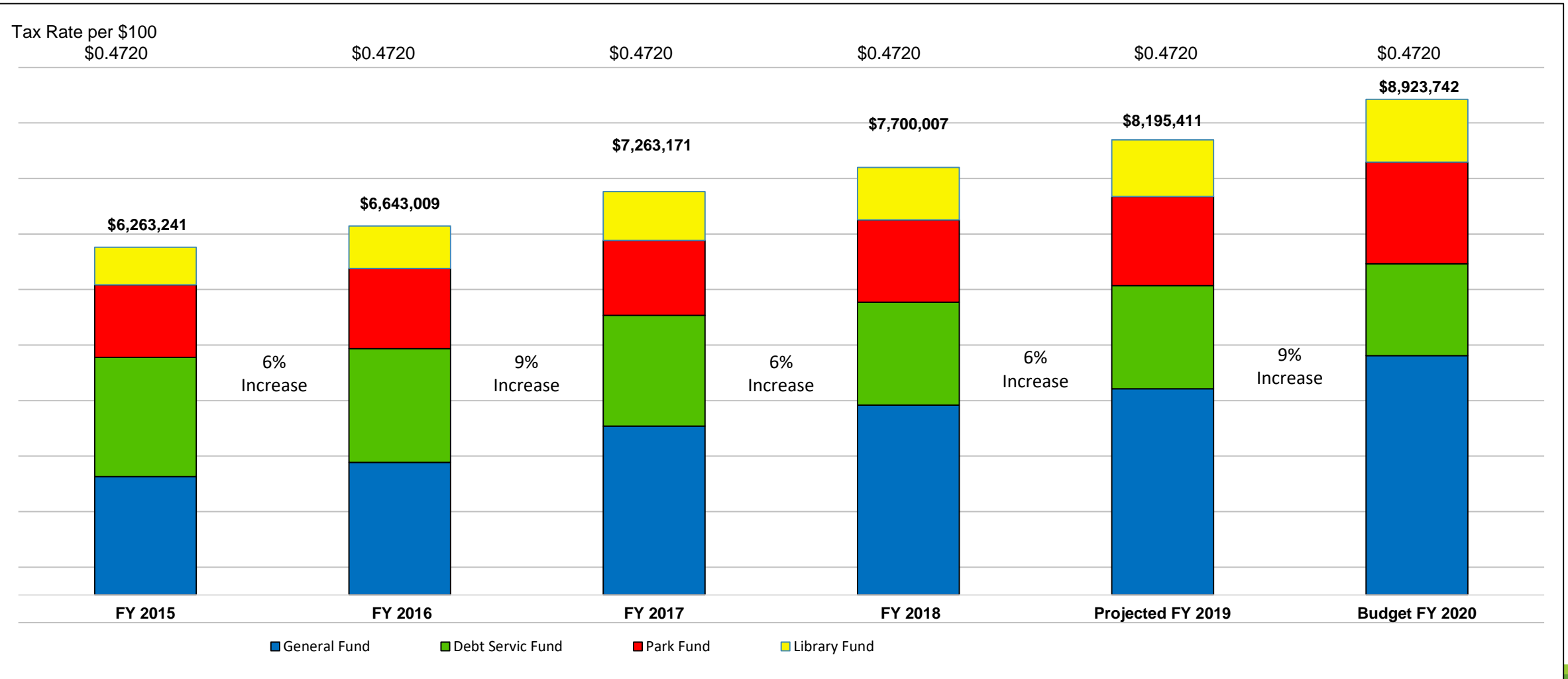
FUND DESCRIPTIONS

Enterprise Funds (Utility Funds) –

- **Electric**
- **Water /Reclaimed Water**
- **Wastewater**
- **Gas**
- **Solid Waste**
 - **Major Sources of Revenue:** Revenues from utility services and Water and Wastewater Impact Fees
 - Pays for expenditures related to construction and operations of each utility including long term debt. Uses of Water and Wastewater Impact Fee revenues are restricted to capital projects identified in the development of those fees.

Sources of revenue

Revenues – Ad valorem tax



KENDALL APPRAISAL DISTRICT

Texas law governs how the property tax process works. There are three main parts to the property tax system in Texas:

An *appraisal district* in each county sets the value of taxable property each year. Each property in a given appraisal district must be given one appraised value. The *chief appraiser* is the appraisal district's chief administrator and is responsible to a board of directors for its operation. The board of directors has required duties and authority under Texas law.

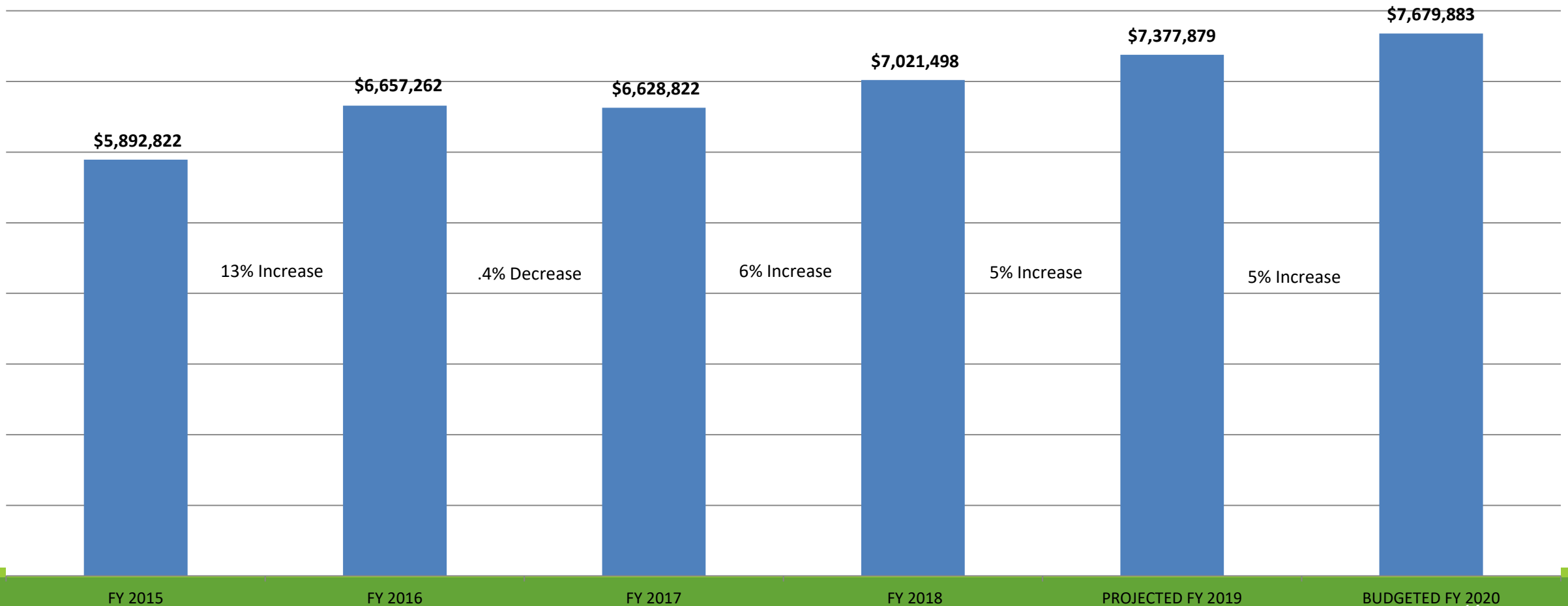
An *appraisal review board (ARB)* settles any disagreements between you and the appraisal district about the value of your property.

Local *taxing units*, including the county, cities, school districts, and special districts, decide how much money they will spend each year. This in turn determines the tax rate they need to set and the total amount of *taxes that you and your neighbors will pay*.

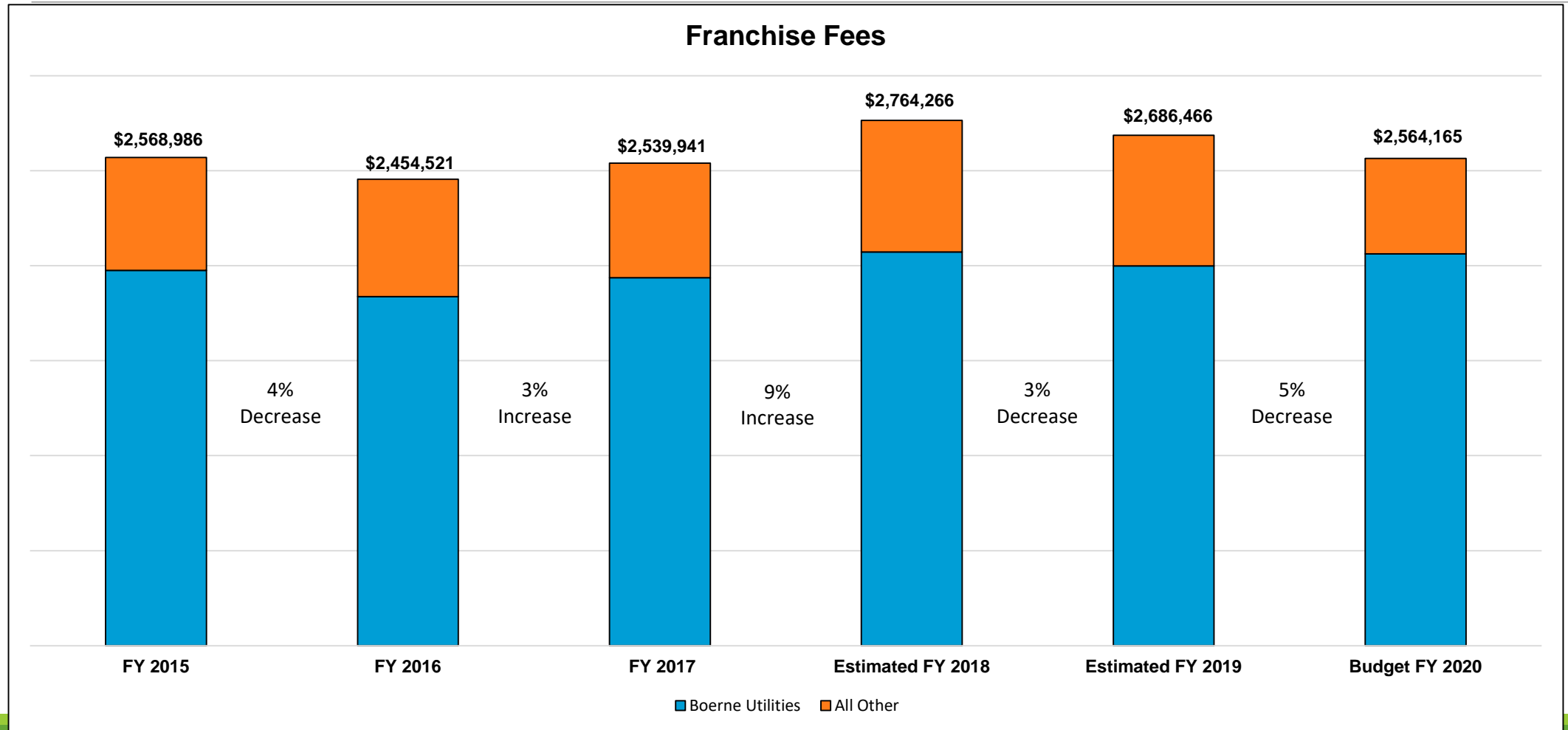
KENDALL APPRAISAL DISTRICT

- Appraised values are up 13.7% within the City of Boerne prior to any ARB review and adjustments
 - This includes new and existing properties
- Number of Protests year-over-year
 - 2017 – 332 protests
 - 2018 – 1,224 protests
 - 2019 – 1,325 protests
- The City of Boerne has contracted with Kendall Appraisal District to collect taxes levied by the City.
- Based on Kendall Appraisal District's proposed budget for FY 2020, the City will pay:
 - \$82,047 for Appraisal Services
 - \$23,422 for Collection Services

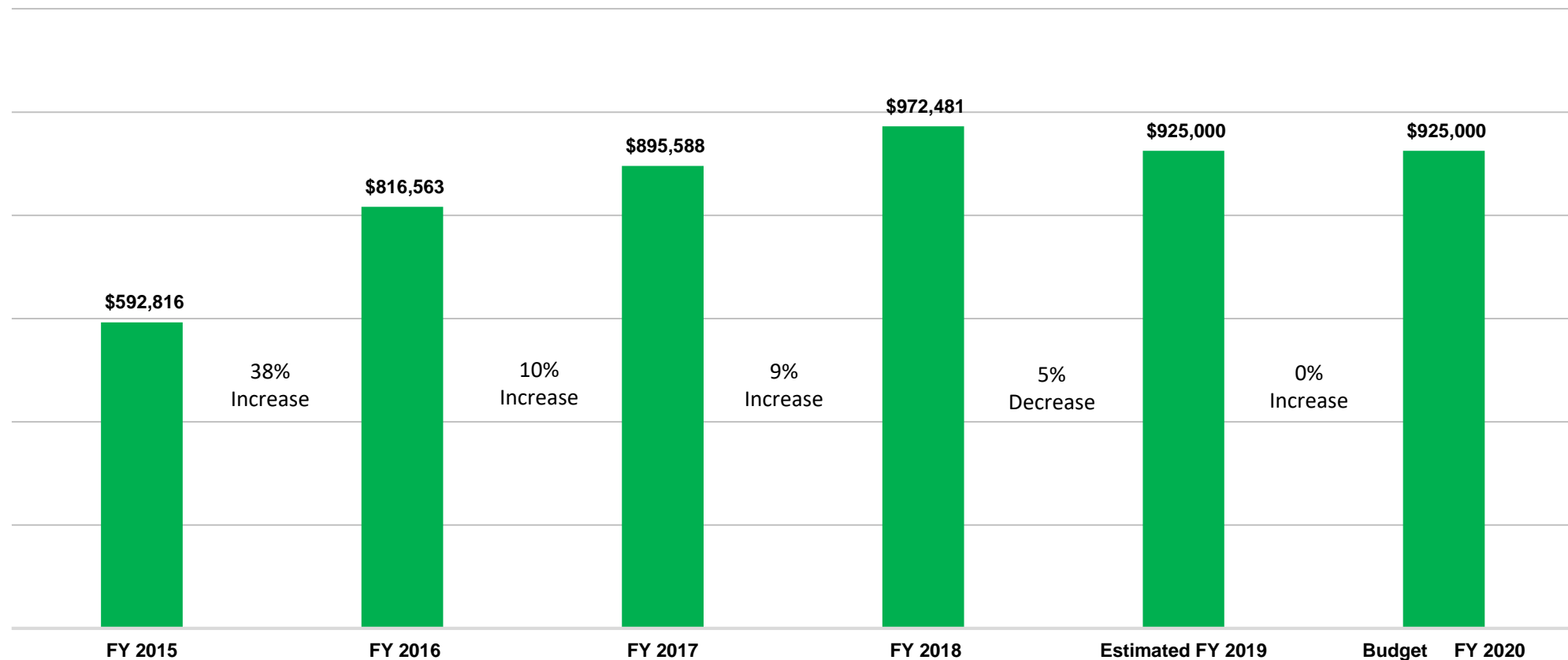
Revenues – Sales tax



Revenues – Franchise fees

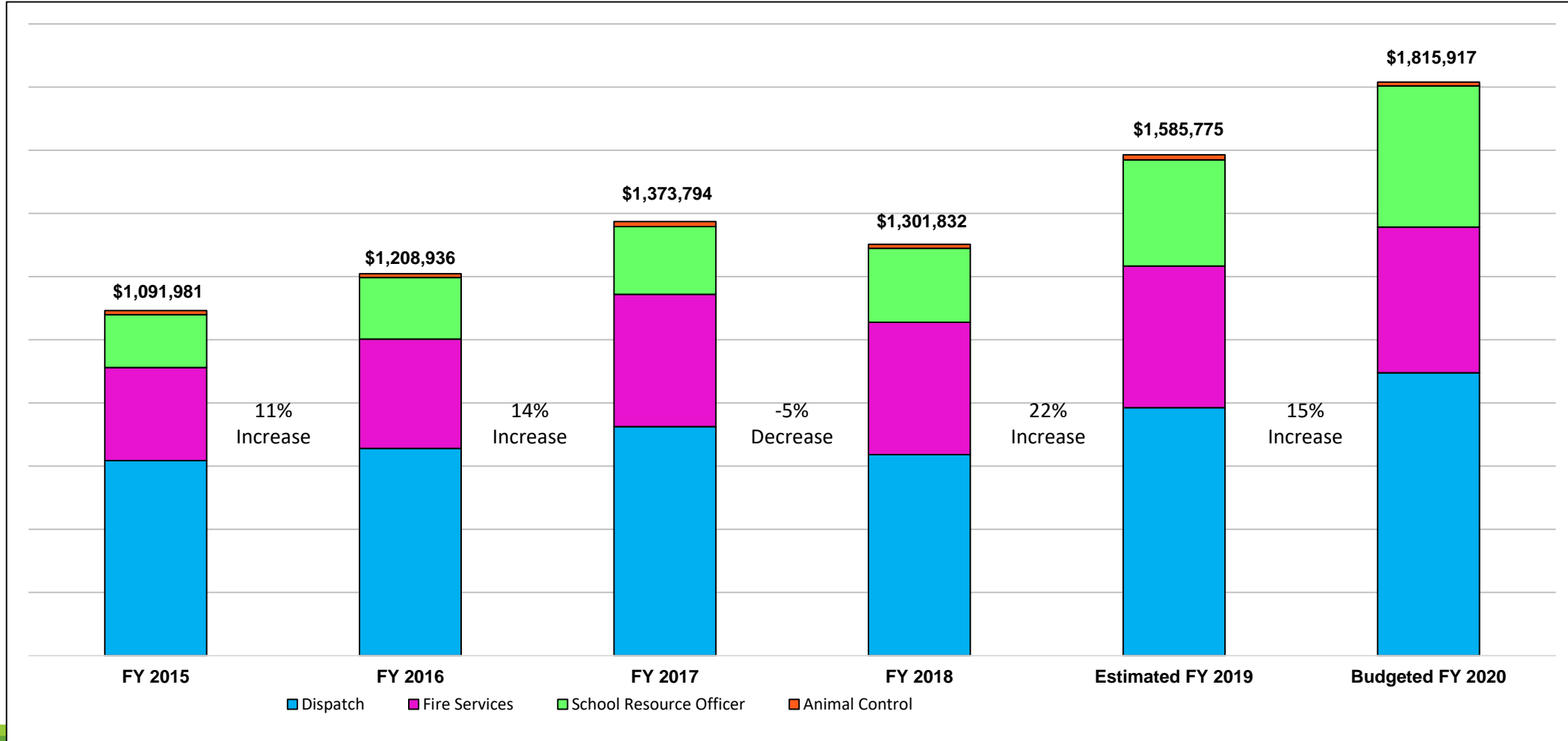


Revenues – Building Permits



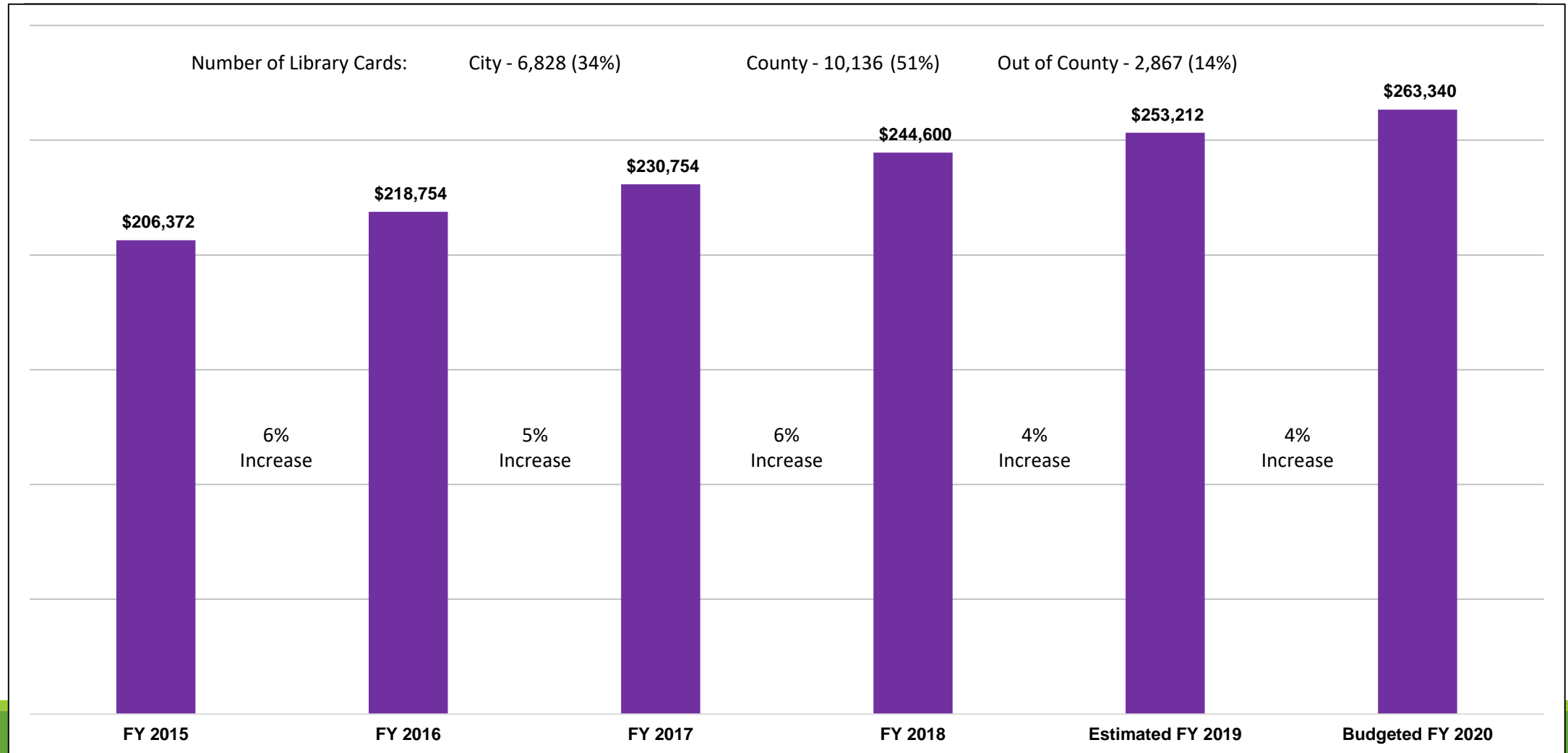
Revenues – inter-local agreements

General fund



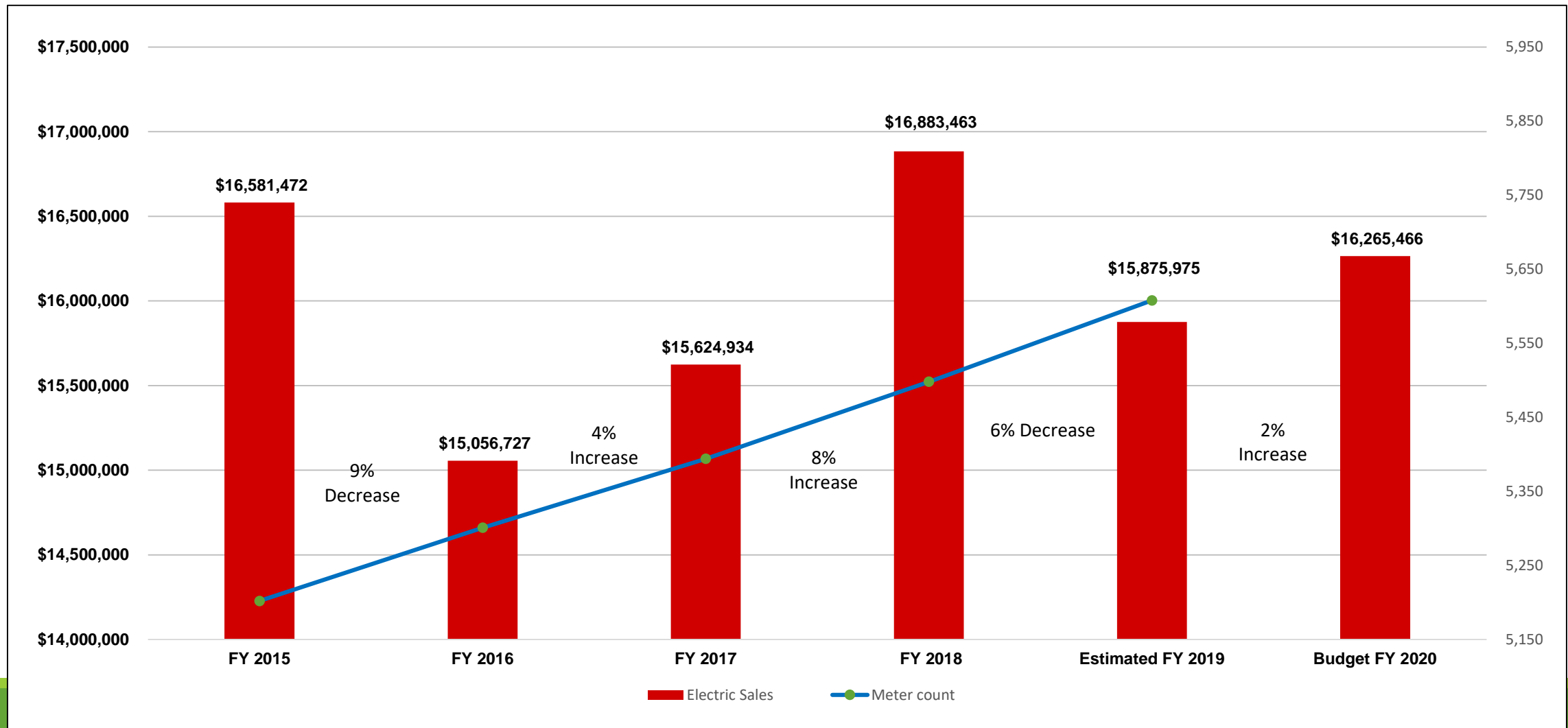
Revenues – inter-local agreements

Library fund



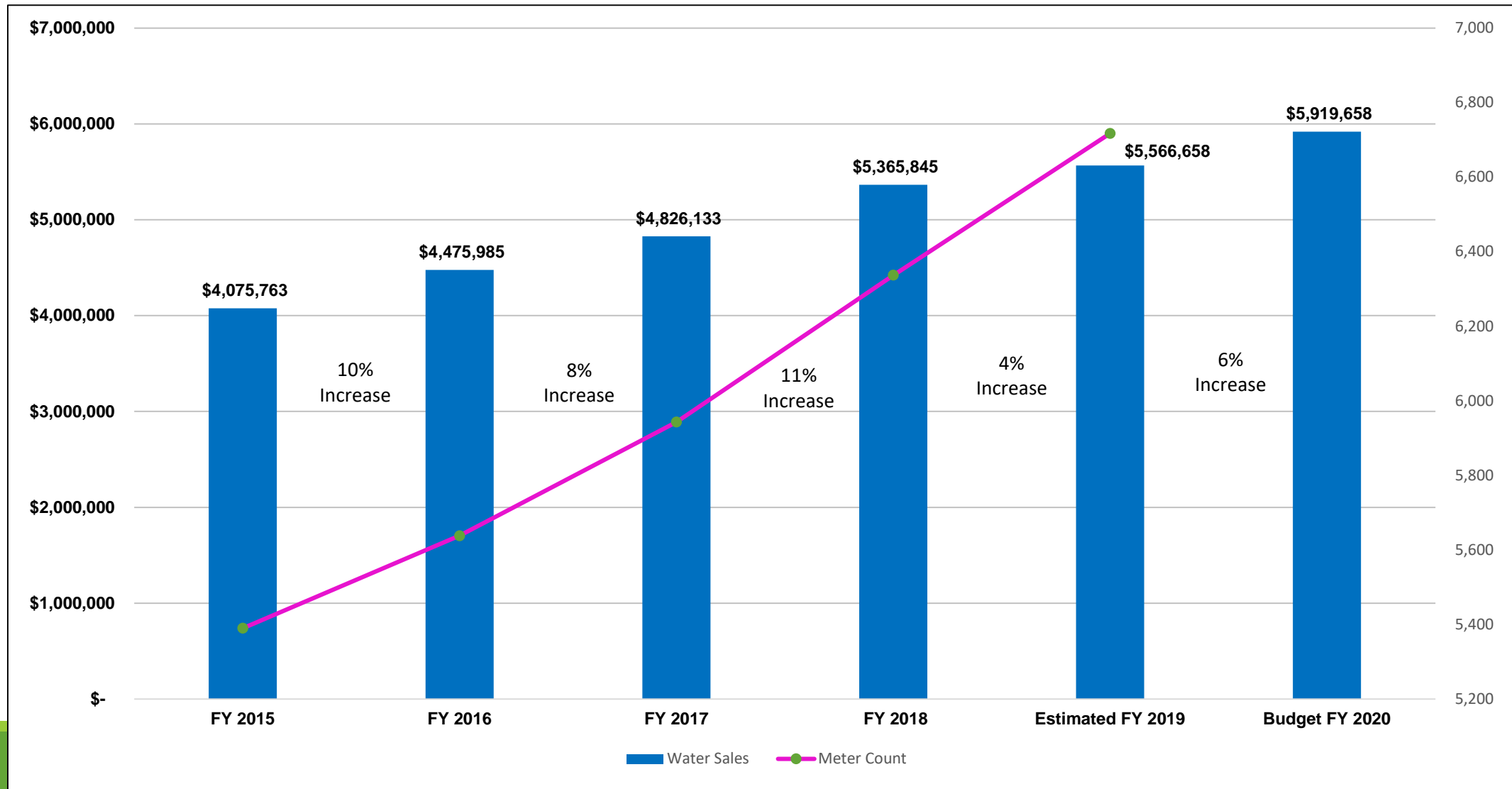
Revenues – Electric Sales

Electric Meters –
May 2019 = 5,565



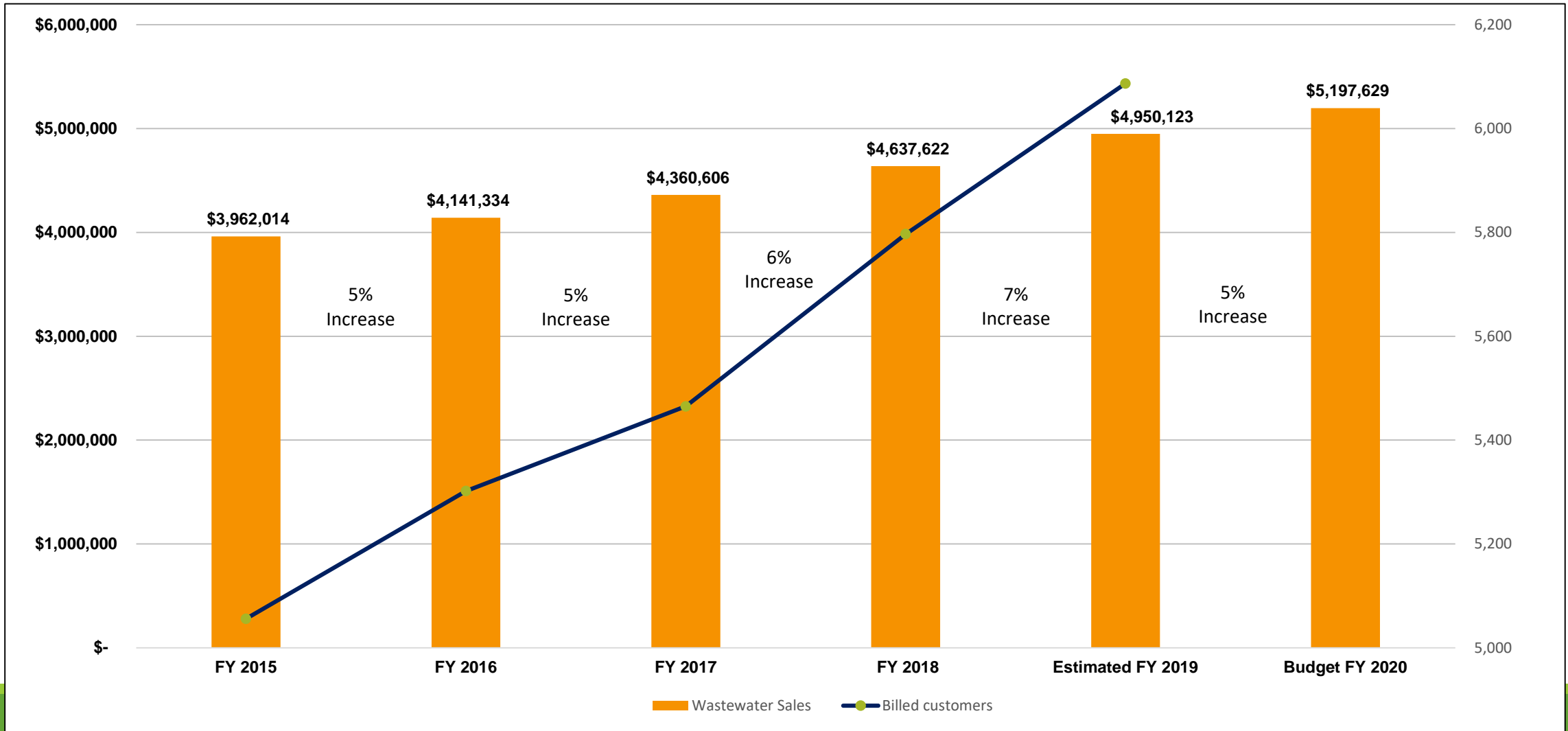
Revenues – Water Sales

Water Meters
May 2019 = 6,648



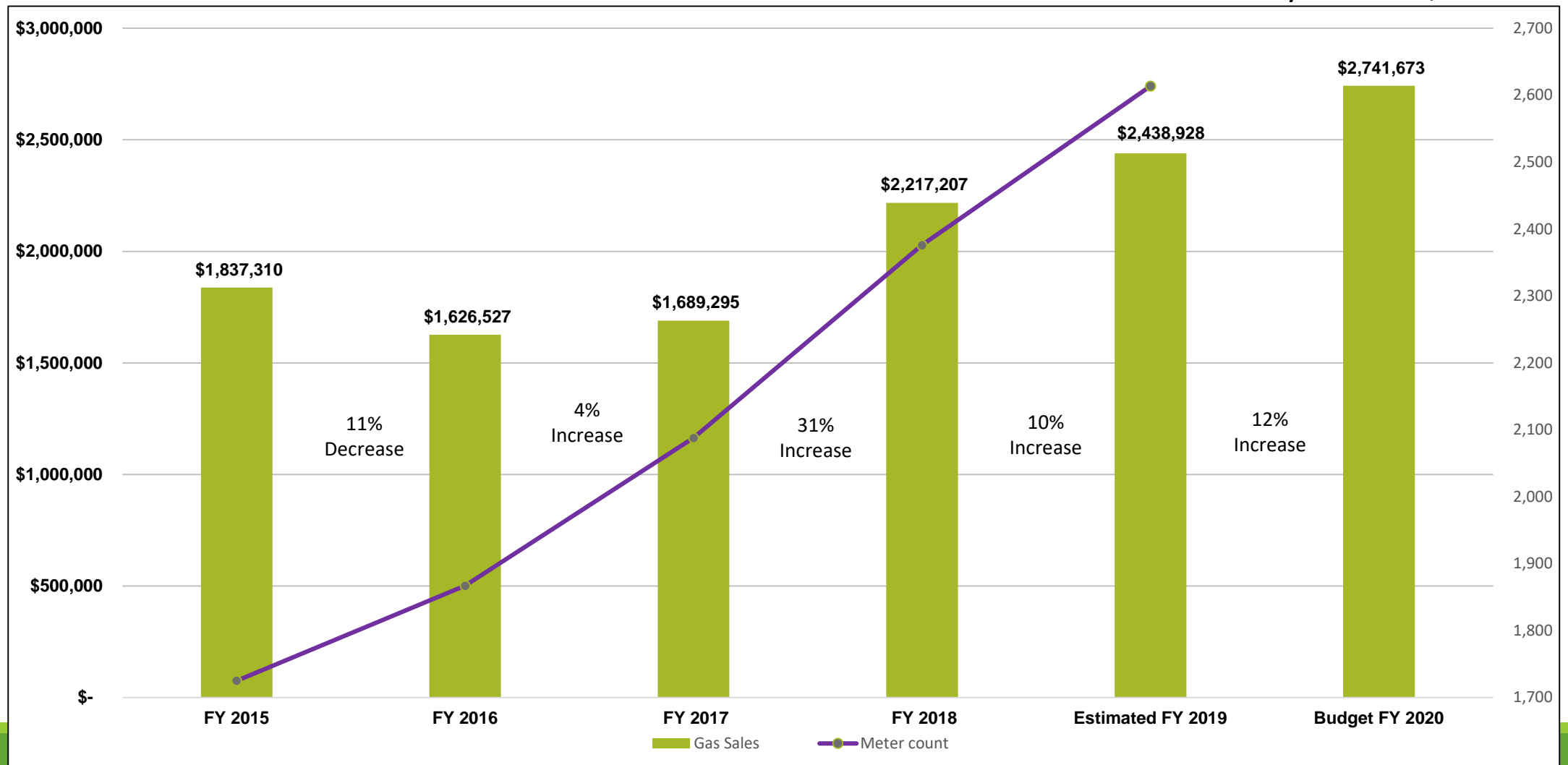
Revenues – Wastewater

Billed customers
May 2019 = 5,992



Revenues – Gas Sales

Gas Meters
May 2019 = 2,576



Personnel

City of Boerne Employees – General Government

June 2019

Department	Full-time	Part-time	Seasonal	Total
General Government				
Administration	15	-	-	15
Finance	7	-	-	7
Streets	20	-	-	20
Police	45	16	-	61
Fire	20	-	-	20
Communications	15	-	-	15
Municipal Court	3	-	-	3
Animal Control	4	-	-	4
Code Enforcement	5	-	-	5
Planning	5	-	-	5
Information Technology	5	-	-	5
CVB	4	1	-	5
Parks	20	-	27	47
Library	10	9	-	19
Facilities Maintenance	10	-	-	10
Total General Government	188	26	27	241

City of Boerne Employees – Utilities

June 2019

Department	Full-time	Part-time	Seasonal	Total
Utilities				
Public Works Administration	14	-	-	14
Utility Customer Care/Billing	12	-	-	12
Electric	11	-	-	11
Water/Wastewater/Gas Construction	19	-	-	19
Plants - Water & Wastewater	10	-	-	10
Total Utilities	66	-	-	66
Total City of Boerne	260	26	27	313

FY 2020 Requested Personnel Additions

<u>Department</u>	<u>New Personnel</u>	<u>Cost*</u>
Admin	1 HR Director	\$100,812
	1 Paralegal/Admin Asst	69,607
	1 Admin Clerk	50,494
	0.5 Part-time Special Projects Admin Asst	24,205
Finance	1 Financial Analyst	78,754
Street	1 Service Worker I	41,443
Police	1 Patrol Officer	67,910
	1 School Resource Officer (75% paid by BISD)	67,910
Fire	1 Firefighter/EMT	64,617
	0.5 Part-time Fire Inspector	32,318
Dispatch	1 Probationary dispatcher	50,594
Animal Control	1 Shelter Tech	37,339
Planning	1 Planner I	64,636
	1 Clerk	49,197
Library	0.5 Part Time Library Aide	19,720

FY 2020 Requested Personnel Additions (cont.)

<u>Department</u>	<u>New Personnel</u>	<u>Cost*</u>
Facilities	1 Custodial Worker	41,443
	1 Facilities Service Worker	43,542
Utilities Admin	1 Development Engineer	135,584
Wastewater	1 Grounds Worker I	41,443
Gas	1 Service Worker I	41,443
Total	17 Full-Time 3 Part-Time	\$1,123,011

*Amounts shown include salaries and benefits

FUND BALANCES

Available fund balances – General Government funds

	GENERAL	HOTEL/MOTEL	PARKS	LIBRARY	CEMETERY	Total Gen.Govt. Funds
Fund Balance Less Restricted @ 9/30/18	\$ 11,265,954	\$ 463,103	\$ 1,730,343	\$ 415,546	\$ 375,651	\$ 14,250,597
Target Reserve	(6,532,593)	(177,045)	(541,352)	(379,826)	(28,710)	(7,659,526)
Unrestricted Fund Balance @ 9/30/18	\$ 4,733,361	\$ 286,058	\$ 1,188,991	\$ 35,720	\$ 346,941	\$ 6,591,071
PROJECTED FY 2019 Change in Fund Balance	105,140	(179,542)	33,772	3,592	83,045	46,007
PROJECTED Unreserved Fund Balance @ 9/30/19	\$4,838,501	\$106,516	\$1,222,763	\$39,312	\$429,986	\$6,637,078

Available fund balances – Utility funds

	ELECTRIC	WATER	WASTEWATER	GAS
Fund Balance Less Restricted @ 9/30/18	\$ 7,550,977	\$ 4,541,695	\$ 2,491,502	\$ 144,763
Target Reserve	(4,943,919)	(1,279,991)	(1,354,277)	(419,370)
Unrestricted Fund Balance @ 9/30/18	\$ 2,607,058	\$ 3,261,704	\$ 1,137,225	\$ (274,607)
PROJECTED FY 2019 Change in Fund Balance	133,950	901,568	226,684	396,789
PROJECTED Unrestricted Fund Balance @ 9/30/19	\$2,741,008	\$4,163,272	\$1,363,909	\$122,182

KEY FINANCIAL DATA

Key Financial Facts and Data

➤ AD VALOREM TAX REVENUES

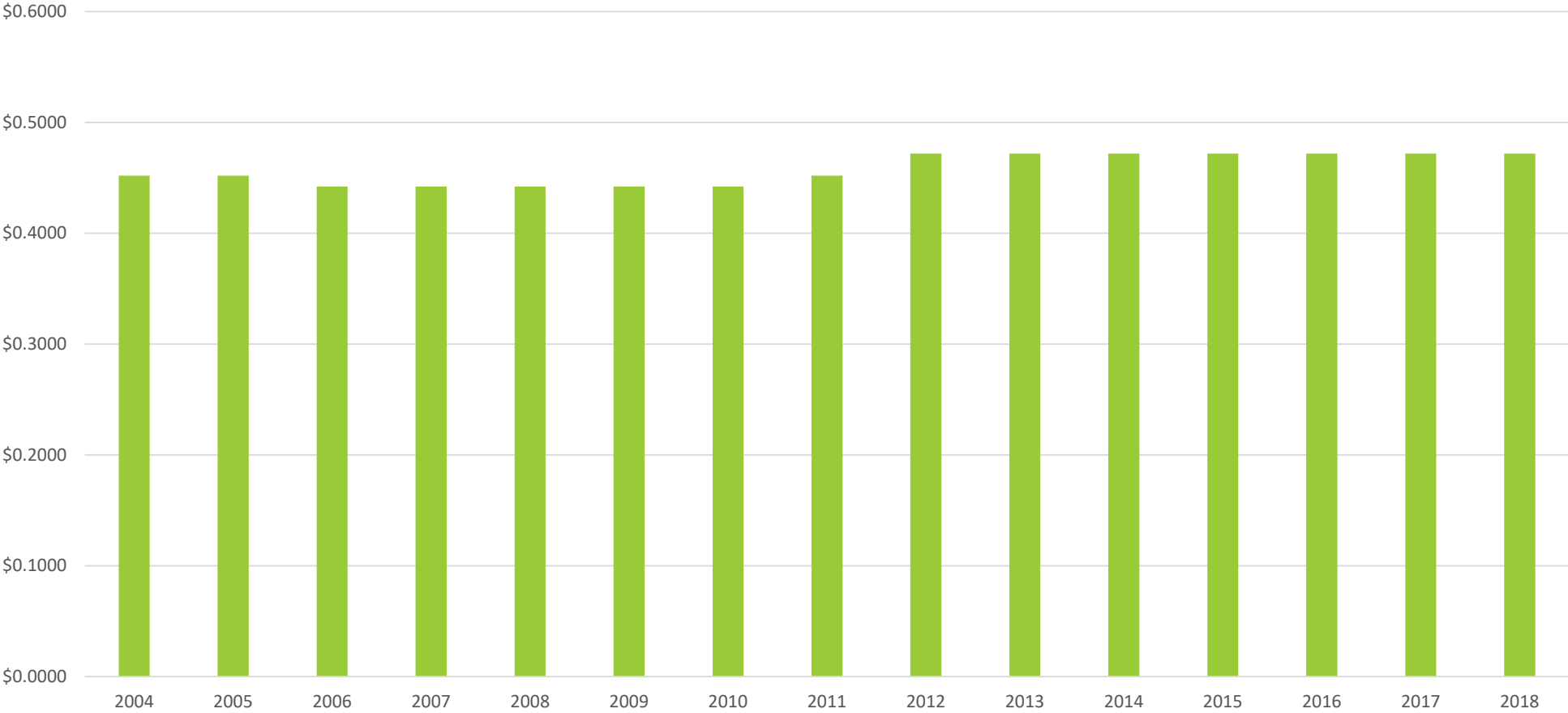
- ✓ \$100 million new ad valorem tax values = \$462,000 in annual ad valorem tax revenues to the City
- ✓ 1 cent tax increase = \$189,000 in annual ad valorem tax revenues

FY 2019 Ad Valorem Tax – Residence in City of Boerne

➤ Average Taxable Value - \$282,181

	Tax Rate (per \$100)	Average Tax	
City of Boerne	\$.4720	\$1,331.89	21.1%
Kendall County	\$.4127	\$1,164.56	18.4%
Boerne ISD	\$ 1.354	\$3,820.73	60.3%
Cow Creek	<u>\$.0050</u>	<u>\$ 14.11</u>	0.2%
Total	\$2.2437	\$6,331.29	

City of Boerne – Property Tax Rate History



Year	Rate
2004	\$0.4522
2005	\$0.4422
2006	\$0.4422
2007	\$0.4422
2008	\$0.4422
2009	\$0.4422
2010	\$0.4422
2011	\$0.4520
2012	\$0.4720
2013	\$0.4720
2014	\$0.4720
2015	\$0.4720
2016	\$0.4720
2017	\$0.4720
2018	\$0.4720

Key Financial Facts and Data

➤ PUBLIC SAFETY

- ✓ 1 additional police officer (including vehicle and gear) = \$85,210 per year
- ✓ 1 additional firefighter (including gear) = \$70,717 per year

Key Financial Facts and Data

PERSONNEL COSTS – Projected for FY 2020

	<u>General Government</u>	<u>Utilities</u>	Total
2% cost of living	\$266,268	\$109,419	\$375,687
Merit/bonus	\$266,268	\$109,419	\$375,687
Health Insurance increase (9%)	<u>\$156,963</u>	<u>\$ 70,036</u>	<u>\$226,999</u>
	\$689,499	\$288,874	\$978,373

Key Financial Facts and Data

➤ **UTILITY REVENUES**

☐ **ELECTRIC**

✓ Projected 2% growth = 110 new customers per year = \$316,000 additional billed revenue

☐ **WATER**

✓ Projected 6% growth = 390 new customers per year = \$334,000 additional billed revenue

☐ **WASTEWATER**

✓ Projected 5% growth = 300 new customers per year = \$247,500 additional billed revenue

☐ **GAS**

✓ Projected 11% growth = 280 new customers per year = \$268,000 additional billed revenue

Key Financial Facts and Data

➤ UTILITY RATE INCREASES

➤ 1% Rate Increase =

☐ ELECTRIC

✓ \$67,000

☐ WATER

✓ \$56,000

☐ WASTEWATER

✓ \$52,000

☐ GAS

✓ \$18,000

Utility Rate Increases

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Electric Utility	3.00%	3.00%	2.00%	2.00%	3.00%		1.80%			1.56%	
Water Utility	4.00%	4.00%	4.00%	4.00%	2% - 3%		1.80%			4.00%	5.00%
Wastewater Utility	15.00%	15.00%	7.50%	5.00%			1.80%			1.56%	2.80%
Gas Utility	2.00%	5.00%	7.50%	7.50%		3.00%	1.80%	3.00%		1.56%	

Key Financial Facts and Data

Outstanding Debt as of May 31, 2019- General Government

2014 General Obligation Refunding Debt	\$ 8,525,000
2016 General Obligation Refunding Debt	\$ 7,625,000
2017 Tax Notes	\$20,675,000
2019 General Obligation Refunding Debt	\$ 2,720,000
Total	\$39,545,000

Purpose of the debt:

- Quality of life projects including trails, parks, Fire Station, Public Safety Center and the Library
- Purchase of the City Campus land to house the Library and City Hall
- Sidewalks
- City Hall Construction and Herff Road Extension

Key Financial Facts and Data

Legal Debt Margin Information – from FY 2018 CAFR

Total assessed value	\$ 1,672,182,126
**Debt limit (10% of assessed value)	\$ 167,218,213
General bonded debt including unamortized premium	\$ 41,535,000
Unamortized Premium	\$ 1,626,661
Less: Debt Reserves	\$ (778,973)
Net debt applicable to limit	<u>\$ 42,382,688</u>
Net debt / debt limit	\$ 124,835,525
Net debt / debt limit	25.35%

**Texas statutes do not prescribe a debt limit however by custom a practical economic debt limit of 10% of the assessed valuation is used.

Key Financial Facts and Data

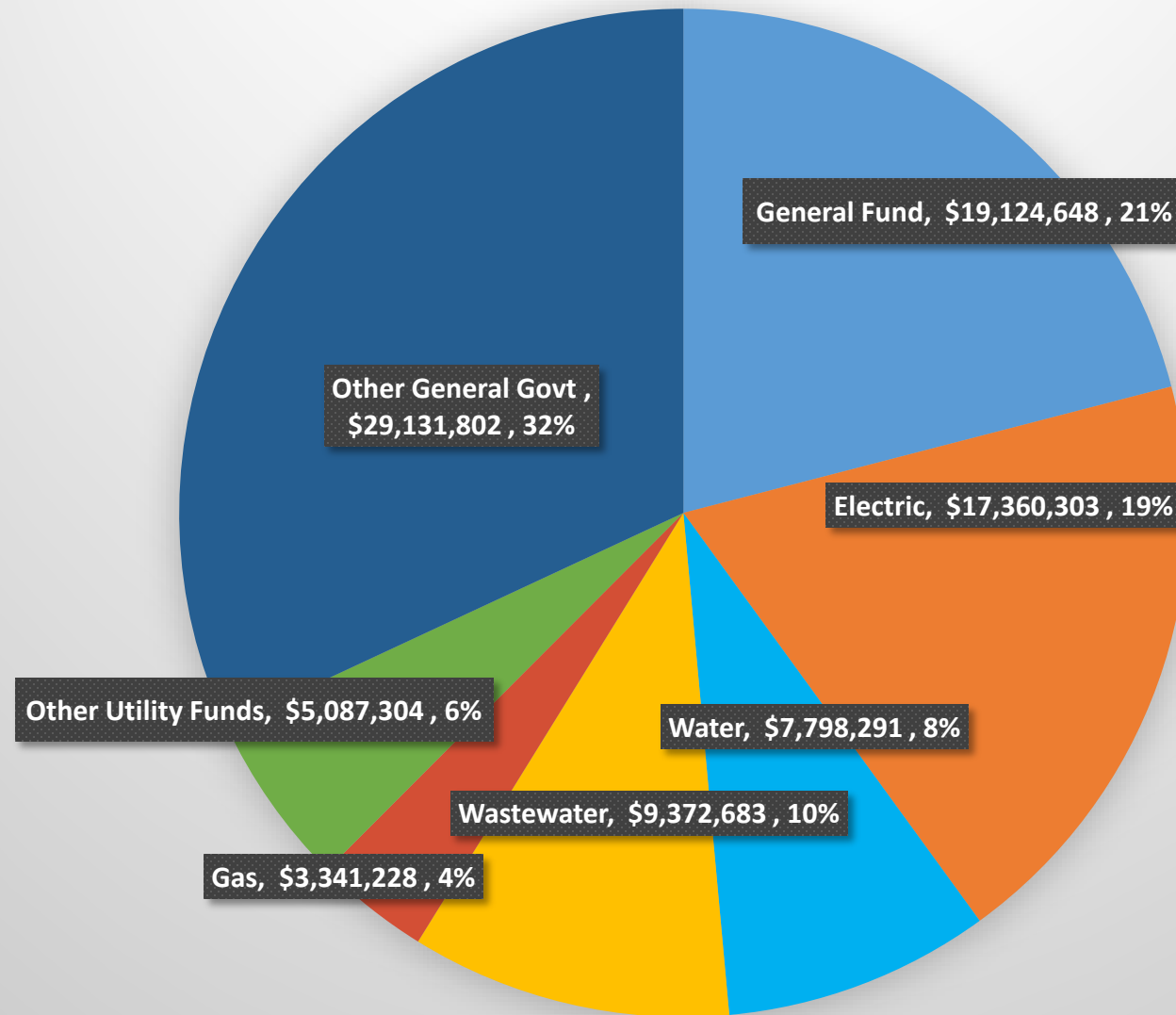
Outstanding Debt – Utility System

	Electric	Water	Wastewater	Gas	Total
2016 GO Refunding	\$420,505	\$0	\$7,199,451	\$1,140,043	
2017 GO Refunding			\$26,185,000		
Total	\$420,505	\$0	\$33,384,451	\$1,140,043	\$34,944,999

Purpose of the debt:

- Electric reconductoring
- Gas line extension
- Construction of Wastewater Treatment and Recycling Center
- Construction of reclaimed water lines

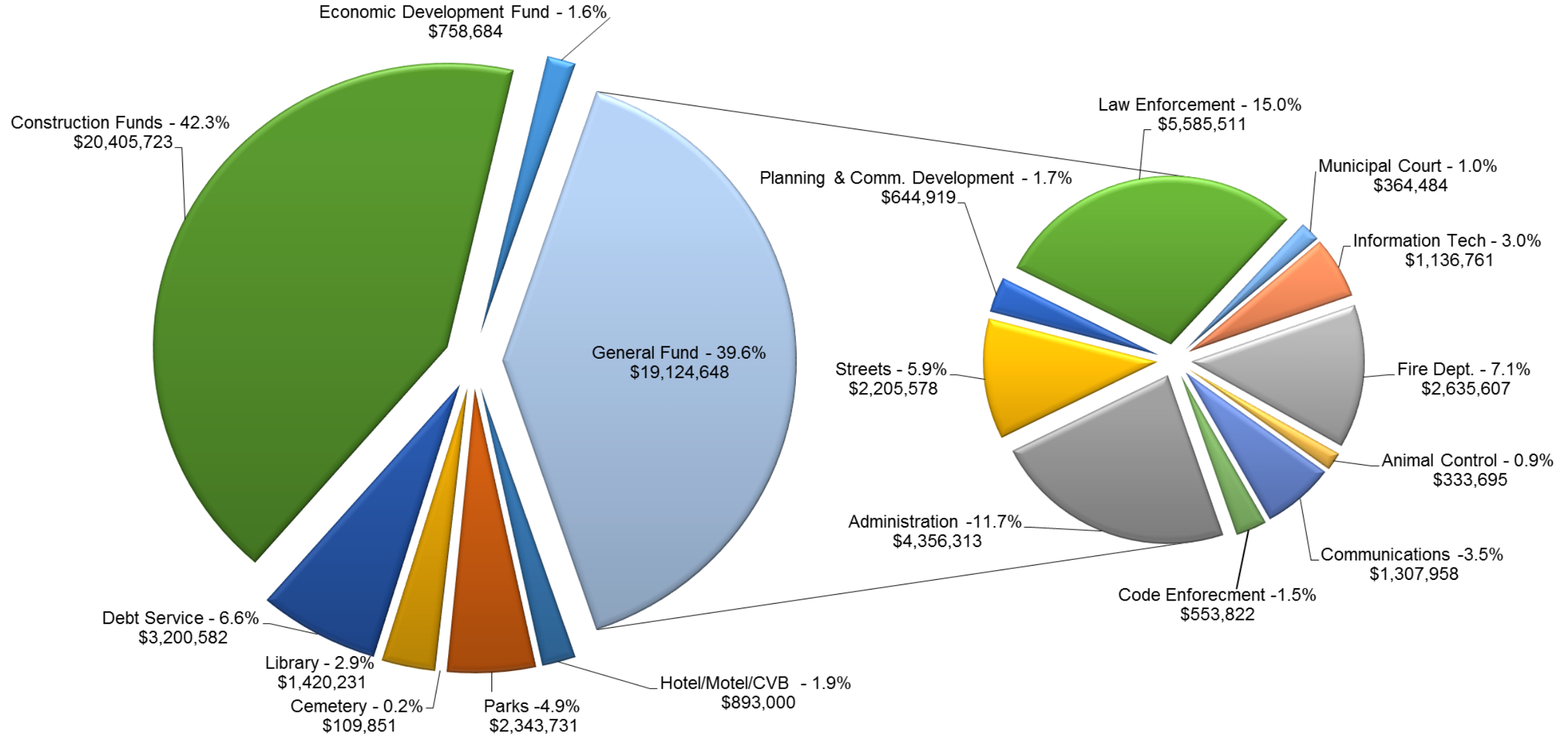
FY 2018-2019 Budget - \$ 91,216,259



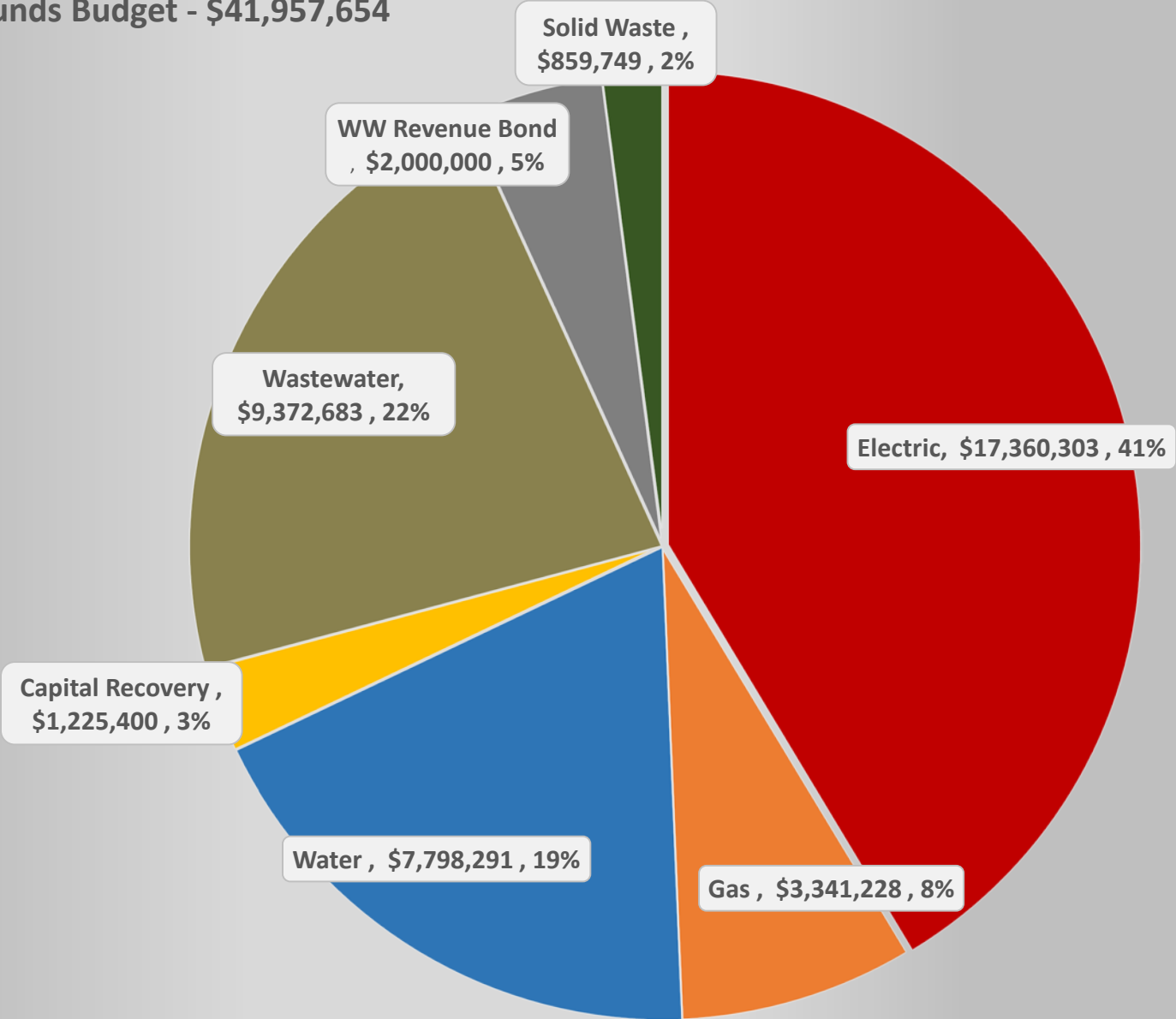
FISCAL YEAR 2018 - 2019

GENERAL GOVERNMENT BUDGET
\$48,256,450

GENERAL FUND ALLOCATIONS
\$19,124,648



Fiscal Year 2018-2019 Utility Funds Budget - \$41,957,654



Budget calendar

- ✓ April 3 – Meeting with City Manager and Budget Committee to set goals and priorities
- ✓ April 22 – Department Budget Kickoff
- ✓ May 1 - 7 – Department Budget Meetings
- ✓ May 13 – Department Budget Requests Due
- ✓ May 28 – Budget Committee meets to review proposed Budget
- ✓ June 11 – City Council Budget Workshop
- ❖ June 12 - 21 – Meetings with individual City Council members
- ❖ June 18 – Budget Committee reviews preliminary budget
- ❖ June 25 – City Council Budget Workshop (tentative)
- ❖ July 9 – City Council Budget Workshop
- ❖ July 11 – Budget Committee reviews budget for final changes before City publishes notice of availability
- ❖ **July 23** – City Council Budget Workshop (tentative)
 - * Proposed Budget presented to City Council
 - * Proposed Budget filed with City Secretary
 - * **Council Vote to hold Public Hearings**
- ❖ July 25 – Certified Roll due from Appraisal District
- ❖ July 26 – Publish notice of Availability for Public Inspection
- ❖ Aug 2 – Publish Notice of Proposed Property Tax Rate
- ❖ **Aug 13 – Submit appraisal roll to Council.**
 - * **First Public Hearing on Tax Rate Increase (if necessary)**
 - * **Announce vote on Proposed Budget & Tax Rate will be held on September 10, 2019**
- ❖ **August 27 – Second Public Hearing on Tax Rate Increase (if necessary)**
 - * **Public Hearing on Proposed Budget**
 - * **First reading of ordinance to adopt the budget**
- ❖ **Sept 10 – Second Reading to adopt Budget**
 - * **Vote to ratify tax increase**
 - * **First (and only) Reading to adopt Tax Rate**
- ❖ Sept 13 – Notification of adopted budget availability for public inspection