

# FY22-23 Budget Proposal



Presented July 21, 2022

# Budget Planning FY22-23

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- FY22-23 Proposed Budget Goals
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# FY21-22 Review

- Low Unemployment Rate
- Inflationary Pressures
- Increased Fuel Costs
- Supply Chain Woes
- Local economy recovered from initial COVID-19 impact
  - Sales tax revenues returned to FY18-19 levels.
- Large number of vacancies assisted in absorbing inflationary pressures

# FY22-23 City Council Budget Priorities

- Prioritize Police and Fire ✓
- Provide Competitive Pay ✓
- Increase Road Maintenance ✓
- Increase Litter Pickup ✓
- Increase Abandoned Structure Demolition ✓
- Provide Citywide Customer Service Training ✓

# FY22-23 Proposed Budget Goals

- Recruit and retain an exemplary workforce
- Absorb inflation within budget while maintaining high level of service
- Build capacity to absorb future budgets' annual maintenance and operations needs
- Use municipal resources efficiently
- Restore recurring funding for drainage CIP
- Minimize financial burden on residents

# General Fund Overview

	FY21-22 Budget	FY22-23 Proposed Budget
Revenues	*\$78,775,083	*\$89,750,591
Expenditures	<u>**\$79,903,768</u>	<u>\$89,750,591</u>
Ending Fund Balance	<u>***\$24,153,714</u>	<u>\$24,153,714</u>

\* *includes CARES / ARPA*

\*\* *includes encumbrances*

\*\*\* *includes unbudgeted revenue surplus*

# One-Time Revenues

<b>• Original Funds – May 2021</b>	<b>\$8.52M</b>
• 2020 and 2021 Revenue Loss	- \$4.05M
• Rehiring Frozen Positions	- \$1.30M
• Drainage Projects	- \$2.12M
• Second Distribution of Funds (May 2022)	<u>+ \$8.52M</u>
<b>• Current Balance of Received Funds</b>	<b>\$9.57M</b>
• 2023 Budget Allocation	- \$4.77M
<b>• Balance of total funds remaining for FY23-24</b>	<b><u>\$4.8M</u></b>

\* Numbers may not sum perfectly due to rounding errors

# One-Time Revenues vs. One-Time Expenditures

• <b>One-Time Revenues</b>	<b>\$4.77M</b>
• New Fire Engine	- \$1.2M
• Public Safety Radios ( <i>Phase 1 of 3</i> )	- \$936K
• Police Vehicle Cameras	- \$239K
• Fire Department Bunker Gear ( <i>Phase 2 of 3</i> )	- \$216K
• McCann Road and Magnolia Lane Traffic Signal	- \$350K
• KidsView – Section Replacement	- \$100K
• Other One-Time Purchases less than \$100,000	- \$743K
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	<b>\$986K</b>

\* One-time revenues are still funding recurring costs



# Recurring Increases

• Public Safety Investment	<b>\$2.2M</b>
• Across the Board Salary Increases	<b>\$1.8M</b>
• Response to Inflation	
• Supplies	<b>\$1.4M</b>
• Contractual Services	<b>\$1.1M</b>
• Fire Pension Bond Payment	<b>\$1.9M</b>
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	<b>\$8.4M</b>

# Public Safety Investment

- Increase Longview Police and Longview Fire compensation to match City of Tyler
- Implement signing incentive
- Upgrade to state of the art cardiac monitor equipment on all fire apparatus
- Staff an additional 6-person medic crew
- Recruit 2 civilian records specialists to allow officers to focus on primary mission

# Across the Board Salary Increases

- All employees, including public safety, will receive a 4 percent pay increase plus a \$500 salary adjustment.
- Public safety adjustment occurs after increase to match City of Tyler.

## Impact to General Fund

- |                      |                |
|----------------------|----------------|
| • General Government | <b>\$770K</b>  |
| • Public Safety      | <b>\$1.06M</b> |

# Property Valuations and Truth in Taxation Legislation

In 2019, the Texas legislature passed the “Texas Property Tax Reform and Transparency Act of 2019”.

This legislation altered the way municipal governments calculate and set their property tax rates.

The Truth in Taxation legislation lowered the tax rate a taxing unit can adopt without voter approval and required a mandatory election to go above the lowered rate.

# Property Valuations and Truth in Taxation Legislation

For FY22-23, City property values are projected to increase by \$800M (~11%).

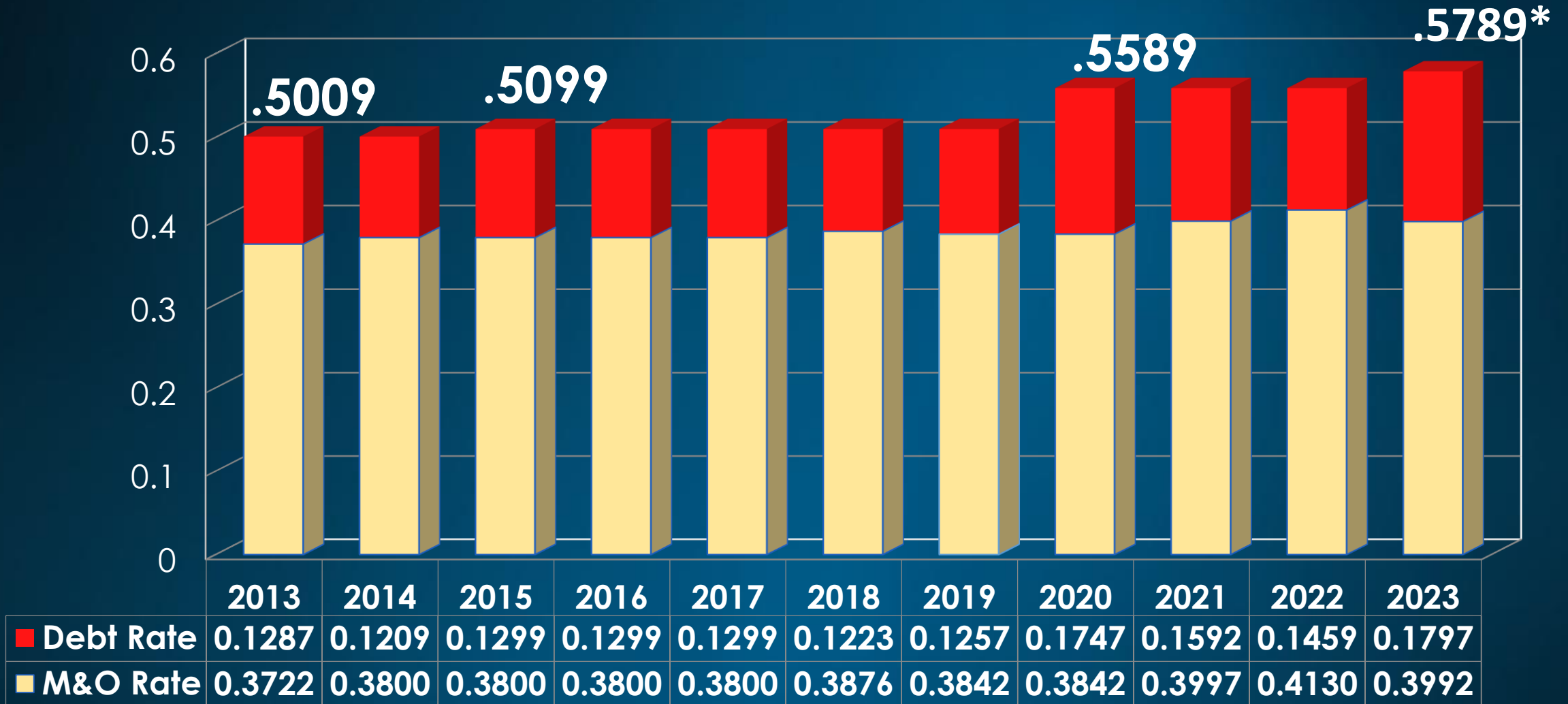
## **Pre-legislation property tax revenue increase**

- \$6.4M

## **Post-legislation property tax revenue increase**

- \$2.4M

# Property Tax Rates

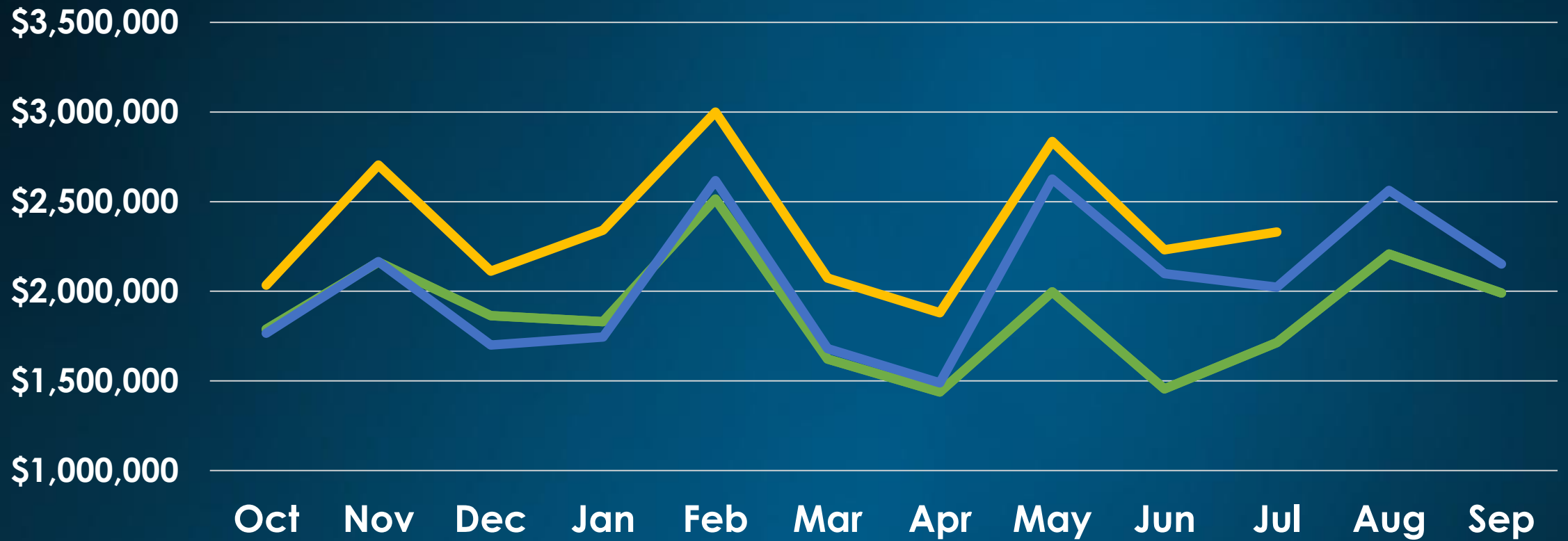


*\*2-cent increase approved in 2022 Fire Pension Bond*

# Property Tax Rates

	FY22-23
<b>Total Property Tax Rate</b>	0.57890
<b>No New Revenue Rate</b> (“Effective” Rate) <i>Tax rate that would produce last year’s revenue if applied to the same properties at this year’s value.</i>	<i>To be determined*</i>
<b>Voter Approval Rate</b> (“Rollback” Rate) <i>Maximum rate allowed by law without voter approval.</i>	<i>To be determined*</i>

# Sales Tax Revenue Comparison



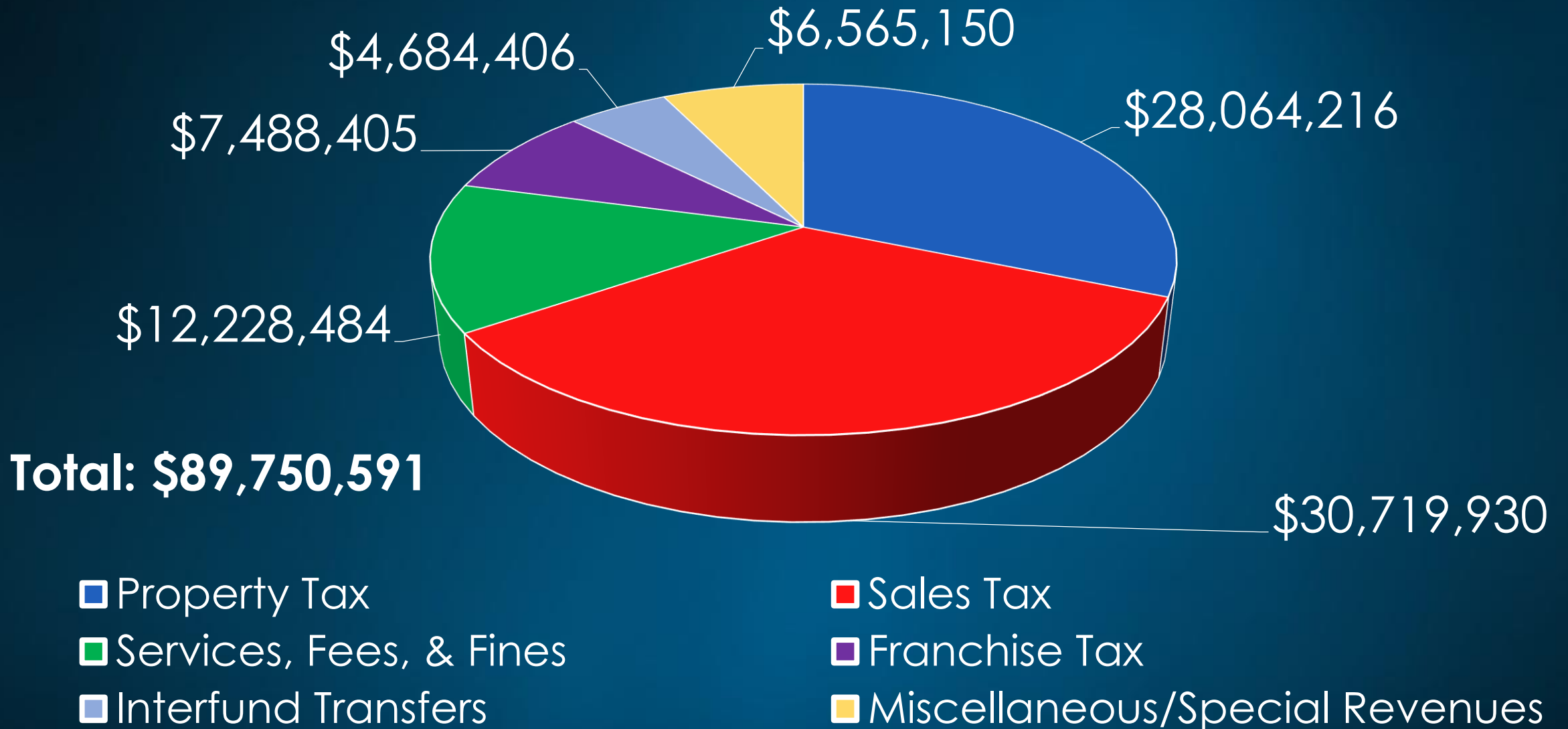
**FY19-20**

**FY20-21**

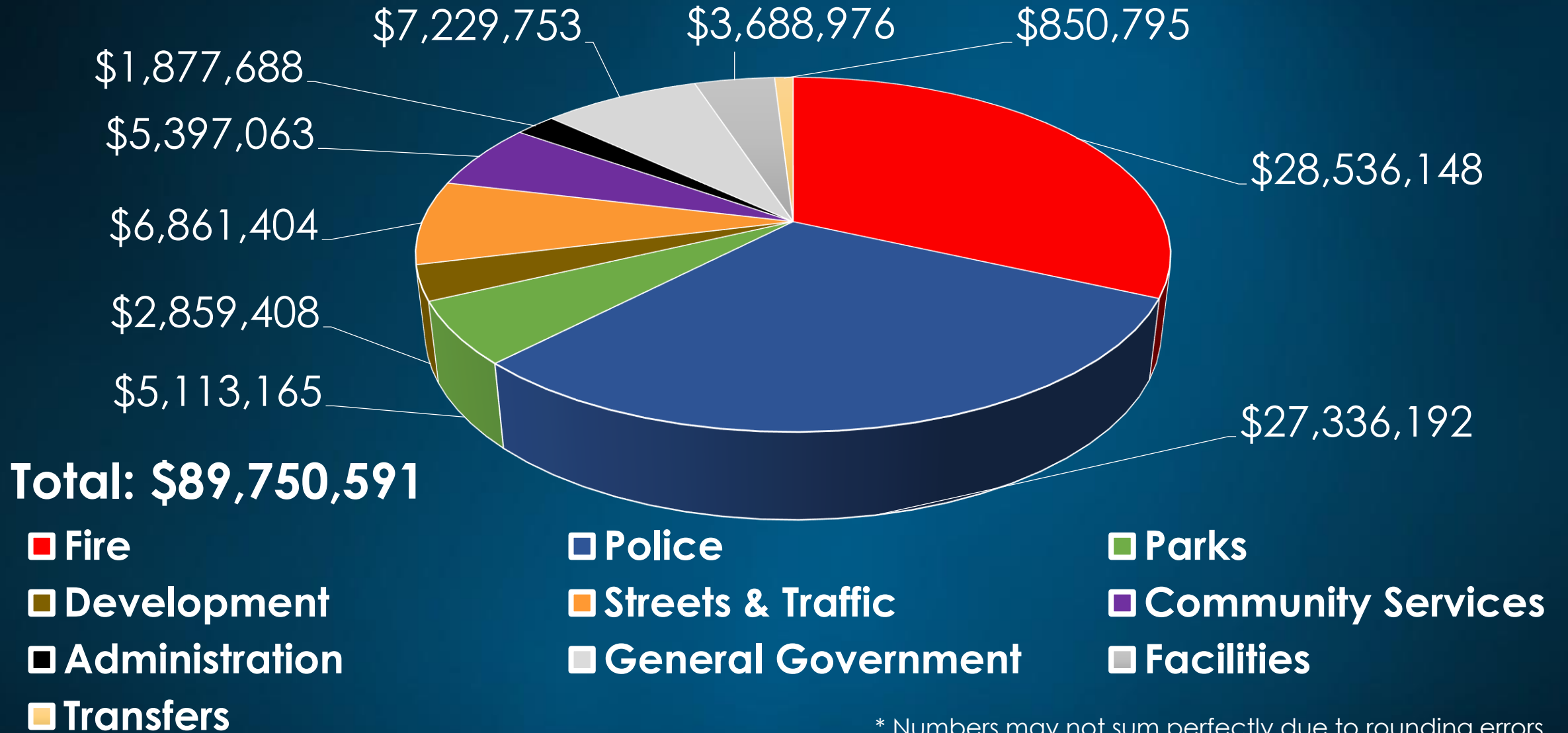
**FY21-22**



# FY22-23 General Fund Revenue

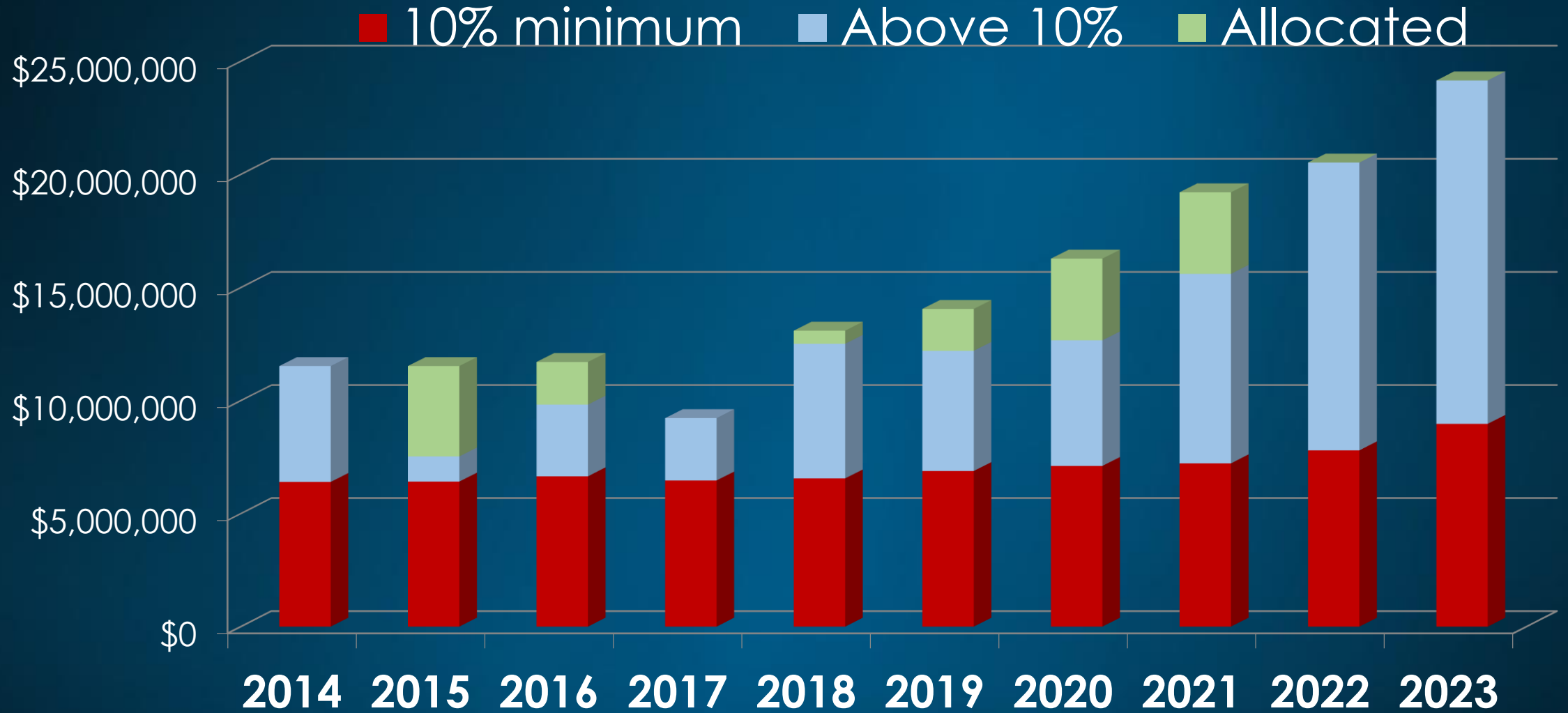


# FY22-23 General Fund Expenditures



\* Numbers may not sum perfectly due to rounding errors

# FY22-23 General Fund Reserve Balance



# FY22-23 Total Budget

	FY 21-22	FY 22-23
General Fund	\$79,903,768	\$89,750,591
Enterprise Funds	\$45,577,517	\$44,002,912
Special Revenue Funds	\$34,113,881	\$31,820,342
Internal Service Funds	\$23,367,216	\$21,639,201
Debt Service Funds	<u>\$14,164,113</u>	<u>\$18,781,982</u>
<b>Total Budget</b>	<b>\$197,126,495</b>	<b>\$205,995,028</b>

# FY22-23 Budget Calendar

## Thursday, Aug. 11

Budget Discussion  
Fee Changes Discussion  
Preliminary Vote on Tax Rate

## Thursday, Aug. 25

Adopt Annual Fee Resolution  
Public Hearing on Budget  
Adopt Budget  
Separate Vote to Ratify Rate  
Public Hearing on Tax Rate  
Adopt Tax Rate

## Thursday, Sept. 8

LEDCO Budget Adoption

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