

# Background

- **The proposed budget is the result of months of work**
  - **Ensures long-range financial stability for the organization**
  - **Structurally balanced**
    - **Recurring revenue streams support recurring operations**
  - **Incorporates direction from**
    - **Financial Management Policy Statements**
    - **City Council – Spring Retreat**



# Background

- **Filed by City Manager July 18th**
- **Reviewed with City Council in a series of five budget workshops**
  - **Aug 3-Aug 31**
- **Public hearing on budget held August 15th**



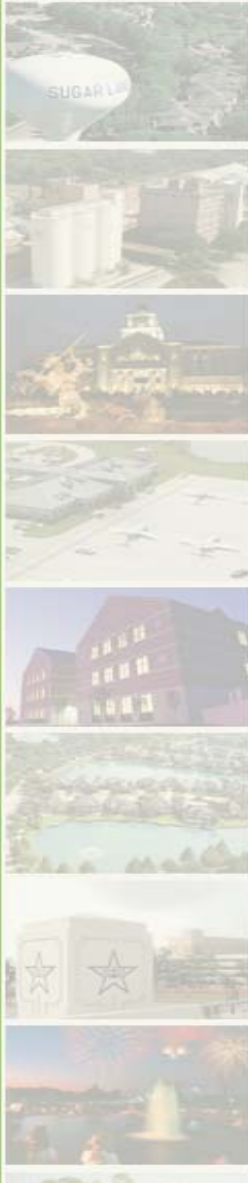
# Proposed Budget

- **Conservative and lean**
  - **Includes over \$2.9M in reductions in the General Fund Base Budget**
    - **Reduced Infrastructure Rehabilitation by - \$1.7M**
    - **Increased salary savings offset - \$561K**
    - **Recognized savings from fixed costs - \$518K**
    - **Reduced HOA Reimbursements - \$136K**
  - **Slowed / spread out CIP projects to balance the budget**

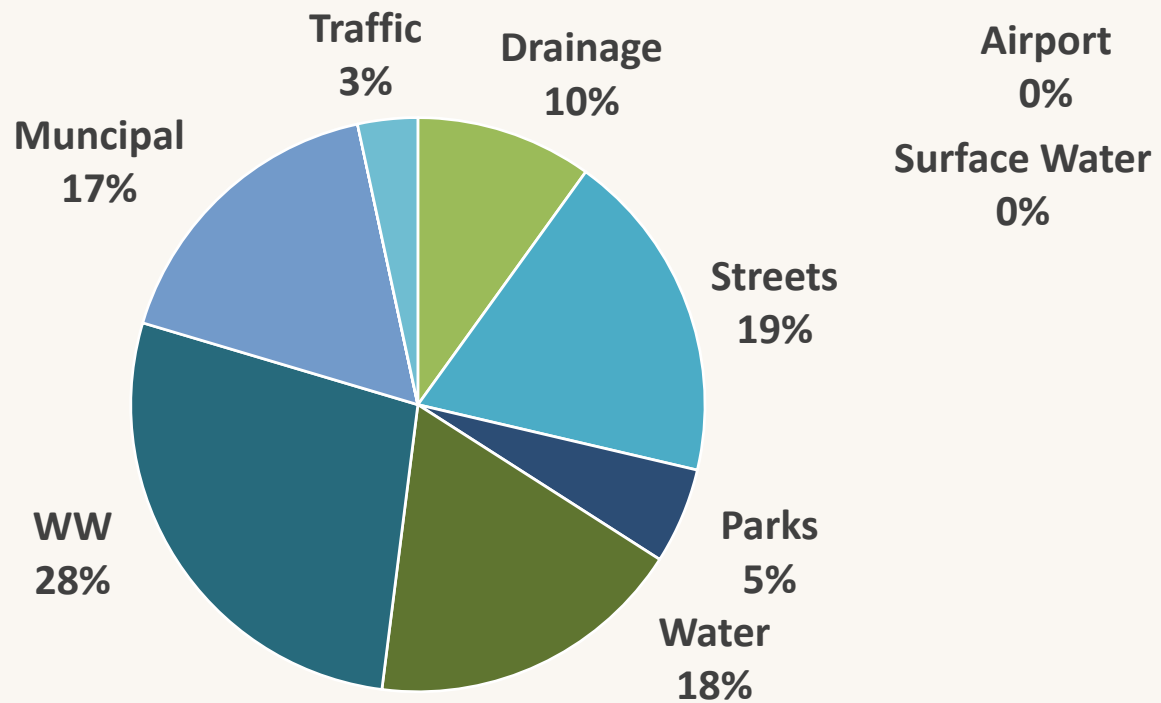


# **FY18 Proposed Budget**

- **Included:**
  - **Funds for Current Services at Current Service Levels**
  - **Reduced infrastructure rehabilitation**
  - **3% merit pool based on 2.25% of Salaries**
  - **Annexation budget fully funded by restricted revenues**
  - **Minor changes based on certified tax roll**
- **Not Included:**
  - **Transfer out to PAYG CIP from General Fund sales tax**
  - **Any other discretionary increases**



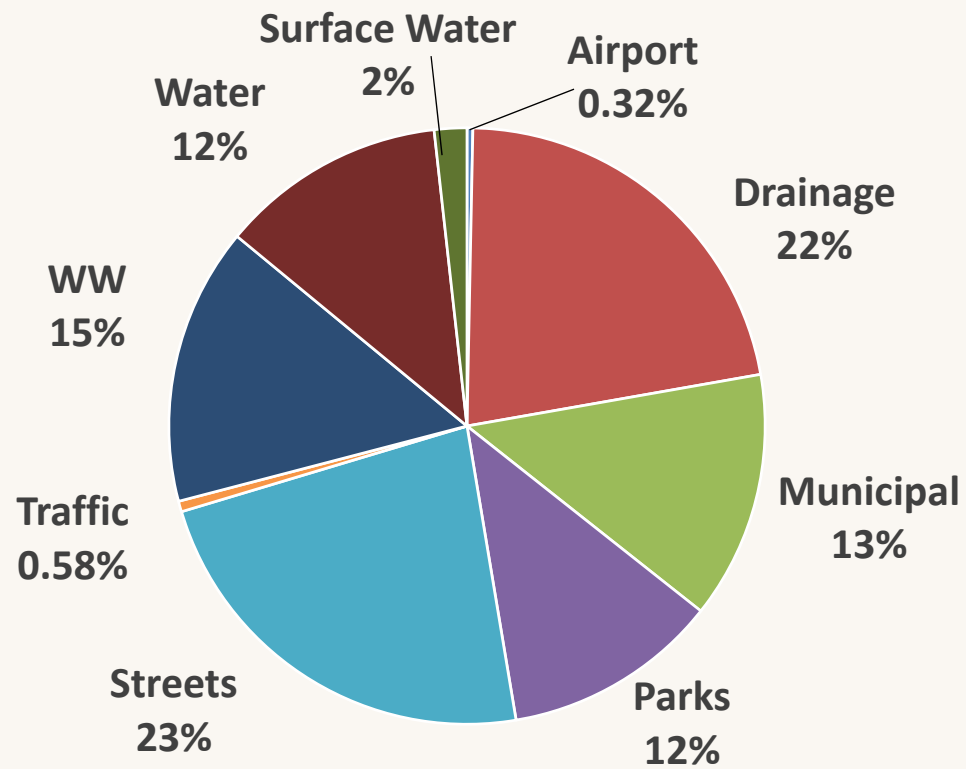
## FY18 CIP: \$22.23M in projects



**Reduction  
from Public  
Art: \$42,000**



## Five Year CIP \$130.28M



## FY18 Total Budget

	Expenditures
General Fund	\$ 87,618,111
Debt Service Funds	30,346,563
Utility & Surface Water	41,396,353
Airport Fund	13,975,191
Solid Waste Fund	7,633,125
Corporations	11,344,506
Other Funds	16,291,195
Total Operating Funds	\$ 208,605,044
Capital Projects	22,330,556
<b>Total FY18 Budget</b>	<b>\$ 230,935,600</b>



# **FY18 Budget Considerations**

- **FY18 Budget will already require amendments**
- **Revenues- further declines in sales tax receipts**
  - **Anticipate need to lower sales tax projections**
    - **Hurricane Harvey & economic decline**
- **Expenditures for Hurricane Harvey impact to the City**
  - **Need to account for the financial impact FY17 vs FY18**
  - **Considerations: Timing & amount of reimbursement**
  - **Construction costs may rise as higher paying projects are available as a result of the repairs from Harvey**





## **FY18 Budget Summary**

- **The City actively manages its finances**
  - **Requires flexibility**
    - **Ensures the City is always able to end the year as expected or better than expected**
  - **Proposed budget ensures the City is able to continue to manage the budget based on available resources**
    - **The City actively controls its expenditures based on revenues and economic conditions**
      - **Only works if there are expenditures that can be controlled (not mandated/obligated)**



## **Requested Action**

- **City Charter & state law require adoption of the budget by simple majority (4 votes)**
  - **Tax Code requires 60% vote (5 affirmative) to adopt any tax rate higher than the effective tax rate**
- **Approval of Ordinance No. 2113 adopting:**
  - **FY18 Annual Budget**
  - **2018 Compensation Plans**
  - **FY18-22 Capital Improvement Program**



**Questions/Comments?**

