

CITY OF
SAN MARCOS
TEXAS

FISCAL YEAR
2023

**PROPOSED
BUDGET**

ANNUAL BUDGET
2022 - 2023



PREPARED BY
FINANCE DEPARTMENT

As required by section 102.005 (b) of the Texas Local Government Code, the City of San Marcos is providing the following statement on this cover page of its proposed budget:

This budget will raise more total property taxes than last year's budget by \$5,451,606, 14.4%, and of that amount, \$2,308,182 is tax revenue to be raised from new property added to the tax roll this year.

Property tax rates for the preceding fiscal year, and each Municipal property tax rate that has been adopted or calculated for the current fiscal year, include:

TAX RATE	PROPOSED FY 2023	ADOPTED FY 2022	ADOPTED FY 2021
Property Tax Rate	0.5930	0.6030	0.5930
No New Revenue Tax Rate	0.5459	0.6999	0.5650
No New Revenue M&O Tax Rate	0.3688	0.4986	0.6450
Voter Approval Tax Rate	0.7270	0.7554	0.6122
Debt Rate	0.1774	0.1954	0.1736

The total principal amount of municipal debt obligations secured by property taxes is \$403,790,000. Of that, the total amount of outstanding debt obligations considered self-supporting is \$270,365,000. Hotel occupancy taxes, utility revenues and public-private partnership agreements currently secure self-supporting debt. In the event such amounts are insufficient to pay debt services, the City will be required to assess an ad valorem tax to pay such obligation.



FISCAL YEAR 2023 | **PROPOSED**

ANNUAL BUDGET



CITY LEADERSHIP

ELECTED OFFICIALS

Jane Hughson, Mayor

Maxfield Baker, Place 1

Saul Gonzales, Place 2

Alyssa Garza, Place 3

Shane Scott, Place 4

Mark Gleason, Place 5

Jude Prather, Place 6

EXECUTIVE STAFF

Stephanie Reyes, *Interim City Manager*

Joe Pantalione, *Assistant City Manager*

Laurie Moyer, *Interim Assistant City Manager*

Chase Stapp, *Director of Public Safety*

Michael Cosentino, *City Attorney*

Dallari Landry, *Municipal Court Judge*

Elizabeth Trevino, *City Clerk*

Jonathan Locke, *Director of Finance*

Anna Miranda, *Assistant Director of Finance*

Ismael Garcia, *Accounting Manager*

Brigitte Clack, *Financial / Budget Analyst*



FISCAL YEAR 2023 ANNUAL BUDGET

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MISSION STATEMENT

CITY OF SAN MARCOS

The goals of the City Government are to safeguard the health, safety and welfare of the City's residents, provide for a high quality of life, foster intergovernmental liaison and communication, encourage responsible citizenship, promote sound community and economic development, conserve and protect the City's natural resources and environment.

– San Marcos City Charter



EXECUTIVE SUMMARY

CITY COUNCIL BUDGET POLICY DECISIONS

Per City Charter, City Council adopted a Budget Policy in March 2022 providing direction on base budget assumptions to the City Manager and staff. The following are the major policy items included in the city's proposed fiscal year 2023 budget. Each of these items were discussed during public City Council sessions:

- Maintain General Fund balance at 25% of recurring operating expenses.
- Maintain Water/Wastewater Fund balance at 25% of recurring operating expense.
- Maintain Electric Utility Fund balance at 60 days of operating expenses including purchased power.
- Propose a Property Tax Rate at or below current tax rate.
- Incorporate the impact of new homestead and senior/disabled exemptions.
- Rate adjustments for utilities are included based on CUAB (Citizen Utility Advisory Board) recommendation (rate study performed by 3rd party consultants)
- Conservative revenue forecasts based on historical trends.
- Evaluation of Development Services fees by a 3rd party consultant.
- Include impacts of meet and confer agreement for civil service employees.
- Consider impacts of planned market compensation study.
- Fund positions in line with meeting core services and Council strategic initiatives.
- Consider HOT as a funding source for special events.

PROPERTY TAX RATE

The property tax rate is comprised of two components. The component for maintenance and operations (M&O) related to general fund operations, and the component for interest and sinking (I&S) related to funding the debt obligations of the City. The fiscal year 2023 proposed budget is supported by a tax rate of 59.30 cents per \$100 of assessed valuation, which is 8.6% above the calculated No New Revenue (NNR) tax rate. The proposed rate is 1 cent below the current tax rate of 60.30 cents, which is a decrease of 1.7%. In fiscal year 2023 citizen tax bills will reflect 59.30 cents per \$100 of assessed property value. Based on this rate, an owner of a home valued at \$100,000 will pay approximately \$593 in city property taxes. Hays County appraisal district assesses the real property values used to calculate property tax bills.

The General Fund budget is based on an M&O property tax rate of 41.56 cents per \$100 of assessed valuation. The levy supports operations which include police and fire protection, parks operation and maintenance, activity center, library, animal services, road maintenance, traffic control, and other general governmental functions.

The Debt Service Fund budget is based on an I&S tax rate of 17.74 cents per \$100 of assessed valuation. This levy supports annual payments on outstanding debt obligations of the City, which include Certificates of Obligation bonds (COs) and voter-approved General Obligation bonds (GOs).

For fiscal year 2023, total valuation of all property increased 21.8% or \$1.46 billion from the prior year, with approximately 45% of the growth occurring within Tax Increment Reinvestment Zones (TIRZ). In addition, in January 2022, City Council enacted a local homestead exemption of \$15 thousand and an increase to the local senior/disabled exemption of \$10 thousand. These exemptions ultimately saved taxpayers over \$600 thousand on over \$100 million of property value. The city's total projected property tax levy at a proposed tax rate of 59.30 cents per \$100 valuation is \$48.2 million, of which \$5.8 million supports TIRZ. The net property tax revenue to support the City, assuming a 98% collection rate, is \$41.4 million, of which \$12.4 million is for the retirement of tax-supported debt and \$29 million supports the general operations of the City.

STAFFING CHANGES

City staff is measured in full-time equivalents (FTEs). The City's FTEs for fiscal year 2022 is 818. City Council approved several positions mid-year which added 9 FTEs to City personnel, bringing the total to 827. In addition, 47 positions are proposed for FY 23 in priority areas where critical needs were identified.

FUND HIGHLIGHTS

Total FY23 budget of \$296.9 million is made up of five major fund types: General Fund, Enterprise Funds, Internal Service Funds, Special Revenue Funds, and Debt Service Fund. General Fund and Enterprise Funds make up approximately 85% of total uses of the city budget. In addition to these major funds, Internal Service has uses of \$9.9 million (3.3%), Special Revenue has uses of \$17.9 million (6.0%) and Debt Service has \$16.9 million (5.7%).

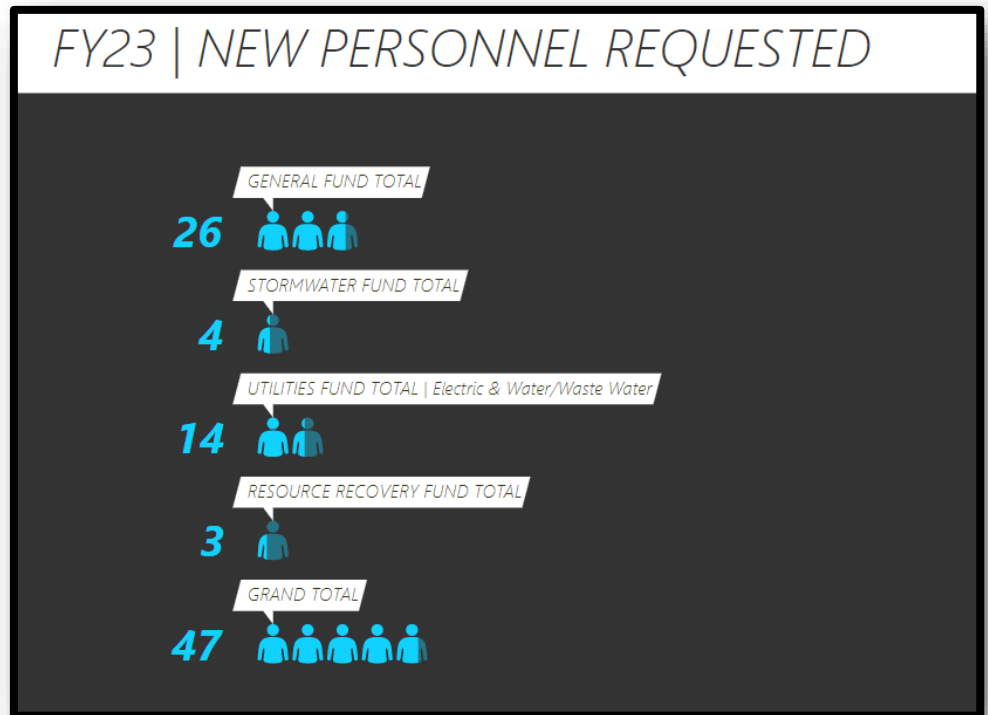


Table 1: FY 2023 - PROPOSED BUDGET - NEW POSITIONS REQUESTED

GENERAL FUND – SOURCES

The General Fund supports core services. Revenue sources in the General Fund have the greatest potential for fluctuation. Forecasted General Fund sources for fiscal year 2023 are \$96.0 million, approximately \$9.5 million (11%) more than the fiscal year 2022 revised budget.

GENERAL FUND – USES

The proposed fiscal year 2023 General Fund expenditures budget is projected to be approximately \$95.5 million, \$7.7 million (8.8%) more than the fiscal year 2022 revised budget. The most significant increase is related to personnel. In addition to the 26 positions proposed in the budget, a 5% salary adjustment is also proposed to remain competitive in this challenging hiring market.

ENTERPRISE FUNDS

Enterprise funds are used to account for governmental activities that are similar to those found in private businesses. Enterprise Funds account for the city's electric utility, water and wastewater utility, stormwater utility, resource recovery utility, transit system, and the municipal airport. These funds are wholly supported by rates charged for these services. Each of these funds is discussed in greater detail under the Individual Fund Discussion section of this document. Rate adjustments, when necessary, are calculated and supported by rate studies and sanctioned by the Citizens Utility Advisory Board (CUAB). CUAB was formed at the direction of the City Council in 2012. This board is made up of 5 citizens and the Mayor who is a non-voting member. The charge of the board is to bring recommendations for budget and rates for both the Water/Wastewater and Electric utilities to the City Council. The Board met with staff to gain an understanding of how the utilities operate, the composition of the rates and the issues facing the utilities in the upcoming years.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. There are thirteen Special Revenue Funds for which an annual budget is adopted:

- Community Enhancement,
- PARD Programs,
- Municipal Court Efficiency Fees,
- Municipal Court Juvenile Fees,
- Municipal Court Security Fees,
- Municipal Court Technology Fees,
- Hotel Occupancy Tax,
- Public Education Governmental (PEG) Fees,
- Animal Shelter Donations,
- Cemetery Operations,
- Seized Assets,
- Women, Infant, and Children (WIC) – State Program
- Library Memorial Fund
- TIRZ (#2, #3, #5, TRZ #1)

Each of these funds are discussed in greater detail under the Individual Fund Discussion section of this document.

BUDGET DISCUSSION

ECONOMIC IMPACT OF PANDEMIC

The lasting effects of the pandemic have continued to be a challenge. Particularly challenging this year has been the impact on workforce availability, supply chain delays, and the staggering inflationary rates.

EMPLOYEE RETENTION AND COMPENSATION

The demand for qualified employees increases and to compete as a top employer, the City must remain focused on employee retention and competitive compensation. In the fiscal year 2023 we are proposing a 5% salary adjustment for budgeted non-civil service personnel and a one-time retention incentive payment for all personnel.

POLICE AND FIRE MEET AND CONFER

The Meet and Confer process is established through the Texas Local Government Code, Chapter 142, Subchapters B & C. The Code establishes how a municipality with a population of 50,000 or more and its Police and Fire Associations can discuss wages, hours of employment and other working conditions. This process provides an opportunity to pre-empt state statutes. On February 7, 2006, the City Council approved the San Marcos Police Officers' Association and the San Marcos Professional Fire Fighters' Association petitions to become the sole and exclusive bargaining agent for the City of San Marcos Police Officers and Fire Fighters.

The first negotiation between the City and Associations was in 2009 with a three-year subsequent agreement in 2012 through 2015. The 2015 agreement was extended for an optional fourth year. During 2019 a new agreement was negotiated between both associations effective October 1, 2019, through September 30, 2022. The new agreement focused on market competitiveness and will provide career growth opportunities for sworn officers. The City's agreement with the Fire Association was extended at a 2% compensation adjustment. Negotiations occurred with the Police Association this summer and City Council will be considering the terms of the new agreement in late August 2022.

CITY BEAUTIFICATION AND ENHANCEMENT

In recent years the City conducted several citizen satisfaction surveys that compared the City of San Marcos to regional and national standards across America. The results indicated that the citizens are concerned with the overall beautification of the City. In fiscal year 2016 the City Council approved the Community Enhancement fee that provides a source of additional funding for continuing and one-time projects, programs, education, and enhanced services.

The monthly fee has provided funding that has enhanced mowing and trash pick-up across the city and large projects such as the Craddock Median improvement. City Council committed \$200,000 to unsafe structures from fiscal year 2019 Community Enhancement Funds to continue to enhance the neighborhoods throughout our community.

SOCIAL SERVICES

The FY 23 Proposed Budget includes \$500,000 in social service program funding from the general fund. The Human Services Advisory Board (HSAB) is tasked with developing a recommendation for distributing the social service program allotment to the various social service agencies operating within San Marcos.

In addition to the funding administered through HSAB, the FY23 Proposed Budget includes \$45,000 to the Family Crisis Center, \$50,000 to support a youth services position with Community Action, and \$45,000 for Court Appointed Special Advocates (CASA).

HOTEL OCCUPANCY TAX FUND

In Fiscal Year 2008, voters adopted a 2% venue tax to be implemented in the Hotel/Motel Fund to help offset debt payments associated with the City of San Marcos Conference Center. Revenues collected from the Embassy Suites Hotel along with the 2% venue tax are restricted for the debt service related to the City's Conference Center which opened November 2009. The Conference Center has performed well and has exceeded revenue projections. In fiscal year 2014 a portion of the bonds issued for the conference center were refunded and the City was able to apply \$3.5 million of the excess hotel occupancy tax and venue tax collections against the debt principal lowering the debt service payments.

In fiscal year 2016, during City Council Visioning for the following year, Council directed staff to begin negotiations to bring the Convention and Visitor's Bureau (CVB) into the City as a city department. The CVB had been part of the Chamber of Commerce's organization, but the City provided the majority of the funding for the operations through the Hotel Motel Tax Fund. The integration of the CVB into the City as a City department was effective October 1, 2016.

CAPITAL OUTLAY

In fiscal year 2016 the City began a program of leasing light duty fleet vehicles for the General Fund using a five-year replacement cycle. This program was expanded to all funds in fiscal year 2017. The City has realized savings through reduced maintenance cost and improved fuel efficiency as a result of replacing older vehicles in the fleet. Equity in replaced vehicles provides additional savings for the replacement vehicle.

The funding for capital outlay in the General Fund has increased incrementally over the last few fiscal years in an effort to build funding to an appropriate level with \$2,900,000 budgeted in fiscal year 2023. Incremental increases to the current funding have allowed the City to continue catching up on a backlog of equipment and vehicle replacements, technology infrastructure and other one-time expenses and to maintain a timely replacement schedule going forward.

Fiscal year 2023 capital outlay funding consists of Public Safety training simulators, generators, radios and safety gear, increased data storage capacity, facility improvements, traffic signal upgrades, and other replacement equipment.

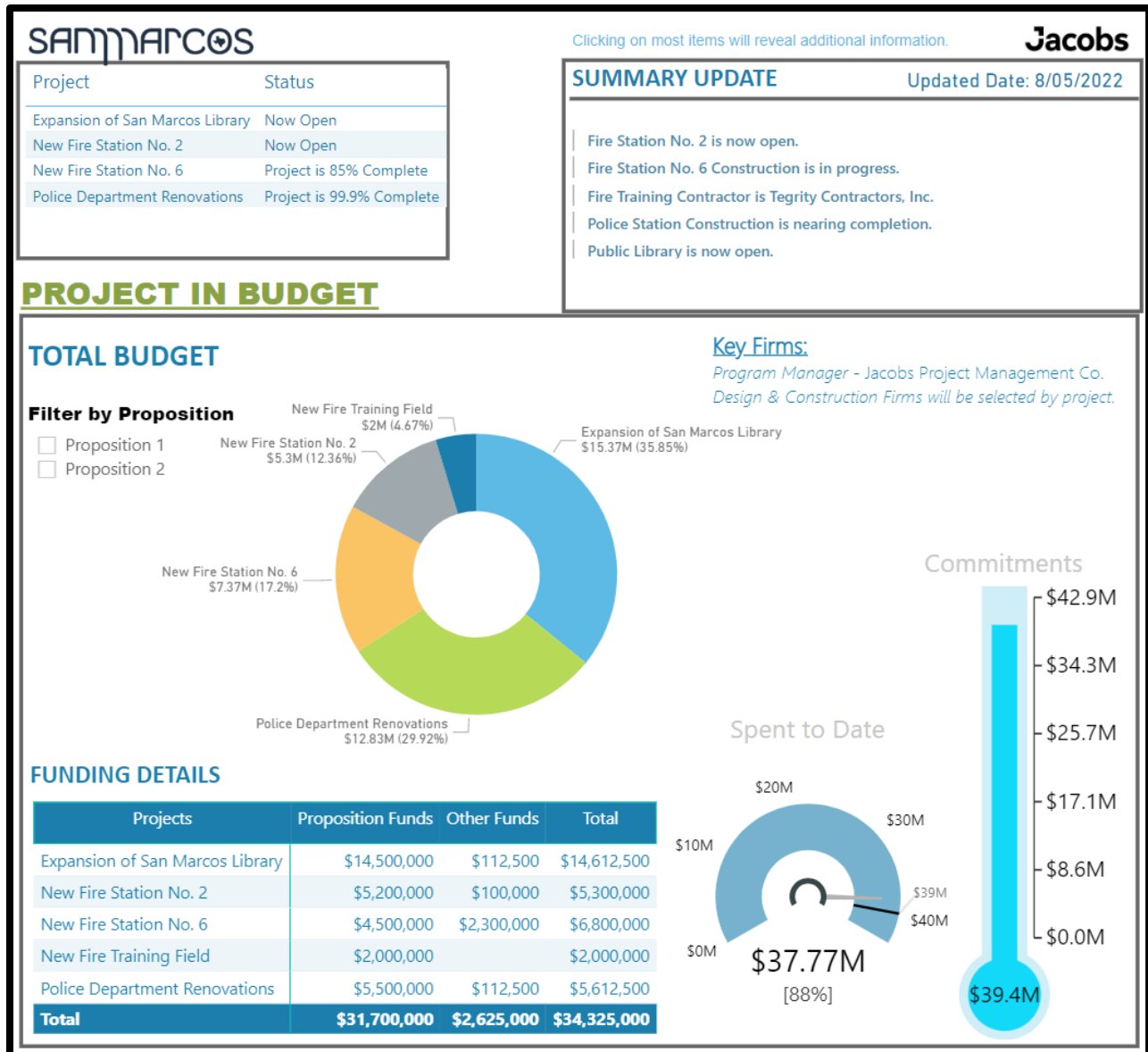
CAPITAL IMPROVEMENTS PROGRAM – CERTIFICATE OF OBLIGATION PROJECTS

For each fiscal year's budget, projects are submitted by all departments and prioritized. Staff vets all projects and totals are constrained based on the Engineering Department's capacity for project management and the individual funds' capacity. The compiled projects are then presented to Planning and Zoning Committee. Planning and Zoning makes their recommendations, and the recommended projects are taken to the City Council for approval.

MAY 2017 BOND ELECTION

In May 2017 voters approved a \$32 million bond package for public safety and library expansion. The projects include the Police Facility renovation, construction of a Fire Training Field, relocation of Fire Station #2, construction of a new Fire Station #8, and expansion of the Library. The status summary of all bond projects:

VOTER – ELECTED BOND PROJECTS | DASHBOARD



FINANCIAL RATING

The City of San Marcos had its underlying credit rating affirmed from Standard & Poor's in June 2021. The City's bond rating for Moody's Investor Service and Standard & Poor's is as follows:

	<u>Moody's Investor Service</u>	<u>Standard & Poor's</u>
• General Obligation Bonds and Certificate of Obligation	A1	AA
• Revenue Bonds	A1	AA

FUND BALANCES

In the Budget Policy Statement, the City Council directed that the General Fund, Water/Wastewater Utility, and Stormwater Utility meet a fund balance level of at least 25% and the Electric Utility meet a fund balance equivalent to at least 60 days of operating expenses including the cost of purchase power. This goal was established to provide a minimum of three months operating capital for each of the major funds in the event of emergency or extraordinary circumstances. A use of fund balance was planned in the adoption of the fiscal year 2021 budget due to the extraordinary circumstances caused by the pandemic. However, due to cost saving measures put in place by the City and grant funding made available by the federal government, estimated 2021 ending fund balance in the General Fund exceeded the 25% threshold.

CITY OF SAN MARCOS FINANCIAL POLICY

I. PURPOSE

The broad purpose of this policy is to enable the City to achieve and maintain a long-term stable and positive financial condition through the use of sound financial management practices. The watchwords used to epitomize the City's financial management include integrity, prudent stewardship, planning, accountability, full disclosure and communication.

The more specific purpose of this policy is to provide guidelines to the Director of Finance in planning and managing the City's daily financial affairs and in developing recommendations to the City Manager and City Council.

The City Council will annually review and approve this policy as part of the budget process.

The scope of this policy covers the operating budget, revenues, expenditures, capital improvements program, financial planning, accounting, auditing, financial reporting, treasury management, debt management, and financial condition and reserves, in order to:

- A. Present fairly and with full disclosure the financial position and results of the financial operations of the City in conformity to generally accepted accounting principles (GAAP).
- B. Determine and demonstrate compliance with finance-related legal and contractual issues in accordance with provisions of the City's Charter, the City's Code of Ordinances, the Texas Local Government Code and other pertinent legal documents and mandates.

II. OPERATING BUDGET

- A. **PREPARATION** – Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The "budget" is the City's annual financial operating plan. The budget includes all the operating departments of the governmental funds, special revenue funds, enterprise funds, and permanent funds of the City. The budget includes expenditures for personnel, contracted services, materials and supplies, other charges, operating transfers, social services, indirect costs, capital outlay and debt service. The budget is prepared by the City Manager and Director of Finance with the participation of all the City's Department Directors within the provisions of the City Charter, on a basis that is consistent with GAAP.

- B. **MULTI-YEAR PLANNING** – The Director of Finance will prepare a multi-year financial forecast of the General Fund. This forecast is an integral part of developing the adopted budget.
1. **ADOPTED BUDGET** – The City Manager presents a budget to the City Council. The budget provides a complete financial plan for the ensuing fiscal year, and shall contain a budget message explaining the budget, containing an outline of the adopted financial policies of the City for the ensuing fiscal year, setting forth the reasons for salient changes from the previous fiscal year in expenditure and revenue items, and explaining any major changes in financial policy.
 - a. The budget should include four basic segments for review and evaluation. These segments are: (1) actual revenue and expenditure amounts for the last completed fiscal year, (2) original revenue and expenditure amounts budgeted for the current fiscal year, (3) revenue and expenditure amounts estimated for the current fiscal year, and (4) revenue and expenditure amounts for the ensuing fiscal year.
 - b. The City Manager, not less than 30 days prior to the time the City Council makes its tax levy for the current fiscal year, shall file with the City Clerk the adopted budget.
 2. **ADOPTION** – The City Council shall call and publicize a public hearing to allow for citizen participation. The City Council will subsequently adopt by Ordinance such budget, as it may have been amended, as the City's annual budget effective for the fiscal year beginning October 1st. The budget should be adopted by the City Council no later than the expiration of the fiscal year.
- C. **BALANCED BUDGET** – The operating budget will be balanced with current revenues, which may include beginning fund balances less required reserves as established by City Council, greater than or equal to current expenditures.
- D. **PLANNING** – The budget process will be coordinated so as to identify major policy and financial issues for City Council consideration several months prior to the budget adoption date. This will allow adequate time for appropriate decisions and analysis of financial impacts.
- E. **REPORTING** – Financial reports will be made available to Department Directors to manage their budgets and to enable the Director of Finance to monitor the overall budget. The Director of Finance will present summary financial and budgetary reports to the City Council to disclose the overall budget and financial condition of the City. The financial and budgetary reports will include comparisons of actual to budget, actual to prior year, appropriate ratios, and graphs to ensure full disclosure and present meaningful information.

- F. **CONTROL AND ACCOUNTABILITY** – Department Directors will be responsible to ensure that their department budgets will not exceed budgeted amounts. Department Directors will be responsible to ensure revenues generated by activities of their departments meet budgeted amounts.
- G. **CONTINGENT APPROPRIATION** – A provision shall be made in the budget for a contingent appropriation of no more than three percent of total expenditures to be used in case of emergencies or unforeseen circumstances. The contingent appropriation shall be under the control of and distributed by the City Manager after approval of the City Council. A detailed account of contingent appropriation expenditures shall be recorded and reported.

All expenditures of the contingent appropriation will be evaluated using the following criteria:

- Is the request of such an emergency nature that it must be made immediately?
- Why was the item not budgeted in the normal budget process?
- Why the transfer cannot be made within the division or department?

III. REVENUE POLICIES

- A. **CHARACTERISTICS** – The City Finance Department will strive for the following optimum characteristics in its revenue system:
1. SIMPLICITY – Where possible and without sacrificing accuracy, the revenue system will be kept in simple order to reduce compliance costs for the taxpayer or service recipient.
 2. CERTAINTY – There will be a thorough knowledge and understanding of revenue sources to increase the reliability of the revenue system. Consistent collection policies will be enacted to provide assurances that the revenue base will materialize according to budgets and plans.
 3. EQUITY – Equity will be maintained in the revenue system structure, i.e., subsidization between entities, funds, services, utilities, and customer classes will be minimized or eliminated.
 4. REVENUE ADEQUACY – There will be a balance in the revenue system, i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

5. ADMINISTRATION – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. The cost of collection should be reviewed annually for cost effectiveness as a part of the indirect cost of service analysis. Where appropriate, the administrative processes of state, federal or local governmental collection agencies will be used in order to reduce administrative cost.
 6. DIVERSIFICATION AND STABILITY – A diversified revenue system with a stable source of income should be maintained. This will help avoid instabilities in similar revenue sources due to factors such as fluctuations in the economy and variations in the weather.
- B. **ISSUES** – The following considerations and issues will guide the City Finance Department in its revenue policies concerning specific sources of funds:
1. COST/BENEFIT AND FINANCIAL IMPACT ANALYSIS FOR TAX AND FEE ABATEMENTS – A cost/benefit and financial impact analysis should be performed to assess tax or fee abatement economic development incentives.
 2. ACCOUNTS RECEIVABLE – Accounts receivable procedures will target collection for a maximum of 30 days from service. Accounts past due more than 120 days may be sent to a collection agency. The Director of Finance is authorized to write-off non-collectible accounts that are delinquent for more than 180 days.
 3. NON-RECURRING REVENUES – One-time or non-recurring revenues should not be used to finance current ongoing operations. Non-recurring revenues should be used only for non-recurring expenditures and not be used for budget balancing purposes.
 4. DEFERRALS OR SHORT-TERM LOANS – Deferrals or short-term loans will not be used for budget balancing purposes.
 5. PROPERTY TAX REVENUES – All real and business personal property located within the City is valued at 100% of the fair market value for any given year based on the current appraisal supplied to the City by the Hays County Tax Appraisal District (HCTAD). A visual reappraisal and reassessment of all real and business personal property will be done every third year. The HCTAD reappraises real and business personal property every year as a standard practice.

Conservatism will be used to estimate property tax revenues. The Hays County Tax Assessor Collector will furnish an estimated property tax collection rate to the Director of Finance. The Finance Department will endeavor with the Tax Assessor Collector to collect one hundred percent (100%) of property taxes levied in each fiscal year.

6. INTEREST INCOME – Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the equity balance of the fund from which monies were provided to be invested.
7. USER FEES AND SERVICE CHARGES – For services associated with a user fee or service charge, the direct and indirect costs of that service will be offset by a user fee where possible. Department Directors will annually review user fees and service charges to ensure that the costs of services are recouped through user fees and service charges. The City Council will determine how much of the cost of a service should be recovered by fees and service charges.
8. INDIRECT COST ALLOCATION – All City funds will include transfers to and receive credits from other funds for general and administrative costs incurred. The most predominant fund that receives credits from other funds is the General Fund. The General Fund receives credits for bearing such costs as administration, legal counsel, finance, personnel, data processing, engineering, and other costs. An independent third party will conduct an indirect cost allocation study annually to determine the credits received.
9. ENTERPRISE FUND RATES – The Director of Finance and the Department Directors of each Enterprise Fund will review rates annually to ensure sufficient coverage of operating expenses, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital.
10. FRANCHISE FEES – The Electric Fund and Water and Wastewater Utility Fund will include franchise fees as a component of utility rates. A 7% Water and Wastewater Utility and a 7.5% moving to 7% Electric Utility Fund franchise fee is levied on gross sales. The City will aim to keep these franchise fees similar to those charged to investor-owned utility franchises operating within the City.
11. INTERGOVERNMENTAL REVENUES (FEDERAL/STATE/LOCAL) – All potential grants will be examined for matching requirements and the source of the matching requirements. These revenue sources will be expended only for intended purpose of grant aid. It must be clearly understood that operational requirements set up as a result of a grant or aid could be discontinued once the term and conditions of the project have terminated.
12. REVENUE MONITORING – Revenues actually received will be compared to budgeted revenues by the Director of Finance and variances will be investigated. This process will be summarized in the appropriate financial report and reported to the City Manager and City Council on a quarterly basis.

IV. BUDGETARY SALES TAX ESTIMATION

A. The estimated percentage increase in sales tax revenue for the ensuing fiscal year budget will not exceed the actual percentage increase of the most recently completed fiscal year in which a sales tax increase was realized.

B. The following example illustrates the limitation set by this policy:

Fiscal Year 1 Actual	Fiscal Year 2 Actual	Percentage Increase	Fiscal Year 3 Estimated	Fiscal Year 4 Budget	Percentage Increase
\$10,000,000	\$10,500,000	5.0 %	\$11,550,000	\$12,127,500	5.0 %

In the preceding example, the Fiscal Year 4 Adopted Budget is limited to a 5.0% increase, which is the actual percentage increase of the most recently completed fiscal year (Fiscal Year 2).

C. This policy ensures that the ensuing fiscal year budget contains a sales tax revenue estimate based on actual completed fiscal years only.

V. BUDGETARY SALES TAX REVENUE SHORTFALL CONTINGENCY PLAN

A. The City will establish a plan to address economic situations that cause sales tax revenue to be significantly less than the adopted budget sales tax revenue. The plan is comprised of the following components:

INDICATORS – Serve as warnings that potential budgetary sales tax revenue shortfalls are increasing in probability. Staff will monitor state and national economic indicators to identify recessionary or inflationary trends that could negatively impact consumer spending. Staff will develop a monthly report that compares the current month's sales tax revenue to the same month of the previous year. The report will show sales tax revenue by month for the last ten fiscal years.

PHASES – Serve to classify and communicate the severity of the estimated budgetary sales tax revenue shortfall. Identify the actions to be taken at the given phase.

ACTIONS – Preplanned steps to be taken in order to prudently address and counteract the estimated budgetary sales tax revenue shortfall.

B. The actions listed in phases 1 through 3 are short-term in nature. In the event the underlying economic situation is expected to last for consecutive years, more permanent actions, such as phases 4 and 5, will be taken.

- C. Staff will apprise City Council at the regular City Council meeting immediately following any action taken through this plan. Information such as underlying economic condition, economic indicators, estimated budgetary sales tax revenue shortfall, actions taken and expected duration will be presented to City Council.
- D. The City Council may appropriate fund balance as needed to cover any estimated budgetary sales tax revenue shortfall. Appropriation of fund balance must be carefully weighted, and long-term budgetary impacts must be considered in conjunction with the projected length of the economic downturn.
- E. Actions taken through this plan must always consider the impact on revenue generation. Actions taken should reduce expenses well in excess of resulting revenue losses.
- F. These are only guidelines of possible actions that may be taken in the event of sales tax revenue decreases. In the event of a catastrophic event, necessary measures will be taken by the City Manager that are in the best interest of the City.
- G. The following is a summary of phase classifications and the corresponding actions to be taken. Revenue will be monitored on a quarterly basis, with action being taken in the month following the completed quarter that experiences the shortfall. Actions are cumulative, so each level will include all actions set forth in prior levels.
 - 1. **ALERT:** The estimated annual sales tax revenue is 1.5% less than the adopted sales tax revenue budget.
 - a. Freeze newly created positions.
 - b. Implement a time delay for hiring vacant positions.
 - 2. **MINOR:** The estimated annual sales tax revenue is 2.5% less than the sales tax revenue adopted budget.
 - a. Suspend funding of Capital Maintenance accounts.
 - b. Suspend capital outlay purchases.
 - c. Reduce the number of temporary workers.
 - 3. **MODERATE:** The estimated annual sales tax revenue is 3.5% less than the sales tax revenue adopted budget.
 - a. Implement a managed hiring program for vacant positions.
 - b. Reduce travel and training budgets.
 - c. Reduce office supply budgets.
 - d. Scrutinize professional services expenses.
 - e. Implement a salary freeze and suspend mid-year merit increases, if possible.

4. **MAJOR:** The estimated annual sales tax revenue is 4.5% less than the adopted sales tax revenue budget.
 - a. Scrutinize repairs and maintenance expense. Perform only critical maintenance and make only critical repairs.
 - b. Freeze all external printing and publication expenses, except for legally required notices.
 - c. Reduce overtime budgets.
 - d. Prepare a Reduction in Force Plan.
 - e. Defer payments to City-owned utilities for electricity, street lighting, water, and wastewater services.

5. **CRISIS:** The estimated annual sales tax revenue is 5% less than the adopted sales tax revenue budget.
 - a. Service level reductions, elimination of specific programs, reduction-in-force and other cost reduction strategies will be considered.
 - b. Reduce departmental budgets by a fixed percentage or dollar amount.
 - c. Departments will prioritize service levels and programs according to City Council goals and objectives.
 - d. Consider four-day work weeks to reduce personnel costs.
 - e. Reduce external program funding – social service agencies.

VI. EXPENDITURE POLICIES

- A. **APPROPRIATIONS** – The point of budgetary control is at the department level budget for all funds. Following formal adoption, the budget is amended or adjusted as necessary.
1. AMENDMENT – An amendment involves increasing the total expenditures of the funds over the original adopted budget or changes to the total approved FTE count. The budget is amended through a submission made by a Department Director to the City Manager. The Department Director prepares a budget amendment detailing the reason, line items and amounts to be affected which is approved by the City Finance Department after verification of available dollars. The amendment is given to the City Manager or their designee for review for overall appropriate objectives and purposes. The amendment request is submitted to the City Council for formal adoption by ordinance.
 2. ADJUSTMENT – An adjustment involves moving expenses between line items, departments, or funds, but does not increase total expenditures over the adopted budget. The budget is adjusted through a submission made by the Department Director. If the budget adjustment requires a transfer between funds, or involves the use of contingent appropriations, the adjustment is submitted to City Council for approval by a motion. If the budget adjustment requires a transfer between departments, it must be approved by the City Manager or their designee. All other adjustments may be approved by the City Finance Director.
- B. **ENCUMBRANCE ACCOUNTING SYSTEM** – An encumbrance accounting system will be used to alert Department Directors when their maximum budget limits have been reached. Encumbrances are expenditure estimates and will reduce budgeted appropriations in the same manner as an actual expenditure. Once the actual expenditure amount is paid or the encumbrance lapses, the encumbrance will be deleted. Department Directors should use the encumbrance accounting system for all purchases.
- C. **PERSONNEL SAVINGS** – No recognized or significant personnel savings in any Department will be spent by the Department Director without the prior authorization of the City Manager. This control is used to realize personnel savings each year that will be recognized in the adopted budget as a reduction in the current fiscal year's personnel appropriations.

- D. **CAPITAL OUTLAY** – Any previously budgeted capital outlay funds not expended at year end may be moved to a cash funded Capital Improvements Projects account for expenditure in a subsequent fiscal year. These funds may be used for a capitaloutlay item or for other designated purpose.
- E. **IMPACT FEES RESERVES** – Funds may be used to support projects identified in the impact fee study, as adopted by City Council, for new growth projects. Authorization for use of impact fee funds will be provided by the City Manager or their designee.
- F. **PURCHASING** – All Department Directors will ensure their respective departments comply with the City's Purchasing Manual when purchasing goods or services.
- G. **PROMPT PAYMENT** – All invoices approved for payment will be paid by the City Finance Department within thirty (30) calendar days of receipt in accordance with the provisions of State law.

The Director of Finance will establish and maintain payment procedures that will make use of advance payment discounts. Advanced payment discounts will be used in all instances except when the City will earn more interest income than the advance payment discount through investing the idle cash.

VII. CAPITAL IMPROVEMENTS PROGRAM – MAJOR PROJECTS

- A. **PURPOSE** – The Capital Improvements Program (CIP) is a multi-year financial planning tool used to identify and plan for major capital projects which address growth, transportation, public safety, and utility infrastructure issues in conjunction with goals and priorities as determined by City Council. A major capital project generally involves a significant expenditure of funds, beyond operation and maintenance costs, for the acquisition or construction of a needed facility or infrastructure. A major capital project should exceed \$50,000 in cost. The CIP coincides with the adoption of the budget and uses a ten-year projection.
- B. **PREPARATION** – The CIP will be prepared annually and on a project basis categorized by specific program; i.e., streets, drainage, public safety, public buildings, parks and recreation, water, wastewater and electric. The CIP should contain a comprehensive description of the project, funding sources, the timing of capital projects, and the impact on operations. The CIP will be prepared by the Planning Department and reviewed by the City Manager with the involvement of responsible departments. The CIP will be submitted to the Planning and Zoning (P&Z) Commission for their review. After considerable deliberation including public workshops and hearings to gather citizen participation, the P&Z will approve a recommended CIP for City Council's approval. The City Council reviews the CIP for adherence to goals and priorities and approves the CIP for inclusion in the ensuing fiscal year budget. Capital projects within the first year of the CIP are approved for funding. Maintenance and operational costs related to capital projects are included in the ensuing fiscal year budget.
- C. **FUNDING SOURCES** – Where applicable, assessments, impact fees, pro rata charges, or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners.

Recognizing that long-term debt is usually a more expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. The exceptions to this requirement are the traditional costs of issuing the debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases such as fire trucks. The types of debt issued are listed in Section VIII of this policy.

- D. **TIMING AND EXPENDITURE CONTROL** – The Director of Finance will work with Department Directors during the fiscal year to schedule the timing of capital projects to insure funds availability. All capital projects must be funded and appropriated. The Finance Department must certify the availability of resources before any capital project contract is presented to the City Council for approval.
- E. **REPORTING** – Financial reports will be made available to Department Directors to manage their capital projects budgets and to enable the Director of Finance to monitor the overall capital projects budget.

VIII. FINANCIAL PLANNING, ACCOUNTING, AUDITING AND REPORTING

- A. **FINANCIAL PLANNING** – The Director of Finance provides recommendations for short-term and long-term strategic financial planning to use the City's financial resources efficiently and effectively. This financial planning is achieved in accordance with the goals and priorities of the City Council, the City Manager, and in compliance with applicable laws and Generally Accepted Accounting Principles (GAAP).
- B. **ACCOUNTING SYSTEM** – The Director of Finance is responsible for the development, maintenance, and administration of the City's accounting system. Compliance with GAAP and applicable federal, state, and local laws and regulations will be maintained. This responsibility also includes the implementation and maintenance of internal accounting controls for the City's financial resources. Functions of the accounting system include payroll, accounts payable, general ledger, grants, capital projects, fixed assets, accounts receivable, self-insurance, utility billing and collections.
- C. **FINANCIAL AUDITING** –
1. QUALIFICATIONS OF THE AUDITOR – In conformance with the City's Charter and according to the provisions of Texas Local Government Code, the City will be financially audited annually by an outside independent auditing firm. The auditing firm must demonstrate that it has the breadth and depth of staff to conduct the City's financial audit in accordance with generally accepted auditing standards and contractual requirements. The auditing firm must hold a license under the Civil Statutes of Texas and be capable of demonstrating that it has sufficient staff which will enable it to conduct the City's financial audit. The auditing firm will complete its financial audit within 120 days of the City's fiscal year end. The auditing firm will submit its Management Letter to the City Council within 30 days of the completion of its financial audit. The Management Letter will state the auditing firm's findings of non-compliance and recommendations for compliance.

The Director of Finance shall respond within 60 days in writing to the City Manager and City Council regarding the auditing firm's Management Letter, addressing the findings of non-compliance contained therein.

2. RESPONSIBILITY OF AUDITING FIRM TO CITY COUNCIL – The auditing firm is retained by and is accountable directly to the City Council and will have access to direct communication with the City Council if the City staff is unresponsive to the auditing firm's recommendations or if the auditing firm considers such communication necessary to fulfill its legal and professional responsibilities.

D. FINANCIAL REPORTING –

1. EXTERNAL REPORTING – The City Finance Department will prepare the necessary transmittal letter, financial summaries and tables, notes and miscellaneous financial information contained within the comprehensive annual financial report (CAFR). The auditing firm will audit this financial information for compliance with GAAP. The audited CAFR will be submitted to the City Council for their review and will be made available to the public for inspection.
2. INTERNAL REPORTING – The City Finance Department will prepare internal financial reports, sufficient to plan, monitor, and control the City's financial affairs. The City Finance Department will strive for excellence in its financial reporting. The following qualitative characteristics of accounting information will be incorporated in all reports that are prepared:

DEFINITIONS OF QUALITATIVE CHARACTERISTICS OF ACCOUNTING INFORMATION:

- **BIAS** – Bias in measurement is the tendency of a measure to fall more often on one side than the other of what it represents instead of being equally likely to fall on either side. Bias in accounting measures means a tendency to be consistently too high or too low. Financial reporting will strive to eliminate bias in accounting measures.
- **COMPARABILITY** – The quality of information that enables users to identify similarities in and differences between two sets of economic phenomena.
- **COMPLETENESS** – The inclusion in reported information of everything material that is necessary for faithful representation.
- **CONSERVATISM** – A prudent reaction to uncertainty to try to ensure that uncertainty and risks inherent in financial situations are adequately considered.
- **CONSISTENCY** – Conformity from period to period with unchanging policies and procedures.
- **FEEDBACK VALUE** – The quality of information that enables users to confirm or correct prior expectations.
- **MATERIALITY** – The magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would have changed or influenced by the omission or misstatement.
- **NEUTRALITY** – Absence in reported information of bias intended to attain a predetermined result or to induce a particular mode of behavior.
- **PREDICTIVE VALUE** – The quality of information that helps users to increase the likelihood of correctly forecasting the outcome of past or present events.

- **RELEVANCE** – The capacity of information to make a difference in a decision by helping users to form predictions about the outcomes of past, present, and future events or to confirm or correct prior expectations.
- **RELIABILITY** – The quality of information that assures that information is reasonably free from error and bias and faithfully represents what it purports to present.
- **REPRESENTATIONAL FAITHFULNESS** – Correspondence or agreement between a measure or description and the phenomenon that it purports to represent (sometimes called validity).
- **TIMELINESS** – Having information available to a decision-maker before it loses its capacity to influence decisions.
- **UNDERSTANDABILITY** – The quality of information that enables users to perceive its significance.
- **VERIFIABILITY** – The ability through consensus among measurers to ensure that information represents what it purports to represent or that the chosen method of measurement has been used without error or bias.

IX. TREASURY MANAGEMENT

- A. **INVESTMENTS** – The Director of Finance, or designee shall promptly deposit all City funds with the City's depository bank in accordance with the provisions of the current depository bank agreement. The Director of Finance, or designee will then promptly invest all funds in any negotiable instrument that the City Council has authorized under the provisions of the State of Texas Public Funds Investment Act and in accordance with the City Council approved Investment Policy.
- B. **CASH** – The City's cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collection centers such as utility bills, building and related permits and licenses, parks and recreation, and other collection offices where appropriate and feasible.

Idle cash position will be determined daily to maximize interest income. The underlying theme will be that idle cash will be invested with the intent to 1) safeguard assets, 2) maintain liquidity, and 3) maximize return.

The City Finance Department will use appropriate check-signing technology to sign all checks with the signatures of the City Manager and Director of Finance. Internal controls will be established to secure the technology and to prevent its misuse.

The City Manager, Assistant City Manager, and Director of Finance are authorized signatories on all City depository bank accounts. Any withdrawal, transfer or payment of City funds requires a minimum of two signatures.

X. DEBT MANAGEMENT

A. **POLICY STATEMENT** – The City Council recognizes the primary purpose of major capital projects is to support provision of services to its residents. Using debt financing to meet the major capital project needs of the community must be evaluated according to two tests - efficiency and equity. The test of efficiency equates to the highest rate of return for a given investment of resources. The test of equity requires a determination of who should pay for the cost of major capital projects. In meeting the demand for major capital projects, the City will strive to balance the load between debt financing and "pay as you go" financing methods. The City Council realizes failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that the amount of debt incurred may have a negative financial impact. The City will achieve an appropriate balance between service demands and the amount of debt incurred. The aforementioned tests and methods of financing will assist the City Council, City Manager and Director of Finance in achieving this appropriate balance.

B. TYPES OF DEBT –

1. GENERAL OBLIGATION BONDS (GO'S) – General obligation bonds will be issued to fund major capital projects of the general government, are not to be used to fund operating needs of the City and are backed by the full faith and credit of the City as well as the ad valorem taxing authority of the City as prescribed by law. The term of a bond issue will not exceed the useful life of the major capital projects funded by the bond issue and will generally be limited to no more than twenty years. GO's must be authorized by a vote of the citizens of the City.
2. REVENUE BONDS (RB'S) – Revenue bonds may be issued to fund major capital projects necessary for the continuation or expansion of a service which produces a revenue sufficient to obtain investment grade ratings and credit enhancement and for which the major capital project may reasonably be expected to provide for a revenue stream to fund the annual debt service requirements. The term of a bond issue will not exceed the useful life of the major capital projects funded by the bond issue and will generally be limited to no more than twenty years. RB's do not need a vote of the citizens of the City.

3. CERTIFICATES OF OBLIGATION (CO'S) AND LIMITED TAX NOTES (NOTES) –Certificates of obligations may be issued to fund major capital projects, which are not otherwise covered under either General Obligation Bonds or Revenue Bonds. Notes will be used in order to fund capital requirements which the useful life does not exceed seven (7) years as authorized by Statelaw. Debt service for CO's or Notes may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. The term of the CO's will not exceed the useful life of the major capital projects funded by the certificate issuances and will generally be limited to no more than twenty years. Neither CO's nor Notes require a vote of the citizens of the City.

4. METHOD OF SALE – The Director of Finance will use a competitive bidding process in the sale of bonds unless the nature of the issue or market conditions warrant a negotiated sale. In situations where a competitive bidding process is not elected, the Director of Finance will publicly present the reasons why and will participate with the City's Financial Advisor in the selection of the underwriter or direct purchaser.

C. **ANALYSIS OF FINANCING ALTERNATIVES** – The Director of Finance will explore alternatives to the issuance of debt for major capital projects. These alternatives will include, but are limited to: 1) grants-in-aid, 2) use of fund balance or working capital, 3) use of current revenues, 4) contributions from developers and others, 5) leases, and 6) impact fees.

D. **CONDITIONS FOR USING DEBT** – Debt financing of major capital projects will be done only when the following conditions exist:

- When non-continuous projects (those not requiring continuous annual appropriations) are desired;
- When it can be determined that future users will receive a benefit from the major capital project;
- When it is necessary to provide basic services to residents and taxpayers (for example, purchase of water rights);
- When total debt, including that issued by overlapping governmental entities, does not constitute an unreasonable burden to the residents and taxpayers.

E. **COSTS AND FEES** – All costs and fees related to debt issuance will be paid out of debt proceeds.

- F. **DEBT LIMITATIONS** – The City maintains the following limitations in relation to debt issuance:
- An Ad Valorem tax rate of \$1.20 per \$100 of assessed value is the maximum municipal tax rate that may be levied for all General Fund tax supported expenditures and debt service.
 - Debt payments made solely from ad valorem tax revenue should not exceed 20% of combined General Fund and Debt Service Fund expenditures.
 - Total outstanding debt should not exceed 5% of the current year's taxable assessed valuation.
- G. **ARBITRAGE REBATE COMPLIANCE** – The City Finance Department will maintain a system of record keeping and reporting to comply with arbitrage rebate compliance requirements of the Federal tax code.
- H. **SOUND FINANCING OF DEBT** – When the City utilizes debt financing, it will ensure that the debt is soundly financed by:
- Conservatively projecting the revenue sources that will be used to pay the debt;
 - Financing the major capital project over a period not greater than the useful life of the major capital project;
 - Maintaining a debt service coverage ratio which ensures that combined debt service requirements will not exceed revenues pledged for the payment of debt; and
- To the extent possible, the City will aim to repay at least 25% of the principal amount of its general obligation debt within five years and at least 50% within 10 years. The City may choose to structure debt repayment so as to wrap-around existing debt obligations or to achieve other financial planning goals.
- I. **CREDIT ENHANCEMENT** – The City should seek credit enhancement (letters of credit, bond insurance, surety bonds, etc.) when such credit enhancement proves cost effective. Credit enhancement may be used to improve or establish a credit rating on a debt obligation even if such credit enhancement is not cost effective if the use of such credit enhancement meets the financial planning goals.
- J. **FINANCING METHODS** – The City maintains the following guidelines in relation to methods of financing used to issue debt:
- Where it is efficient and cost effective, the City will use revenue or other self-supporting bonds in lieu of tax supported/pledged debt instruments.
 - When appropriate, the City will issue non-obligation debt, for example, Industrial Development Revenue bonds, to promote community stability and economic growth.

- K. **REFUNDING** – Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered if and when there is a net economic benefit of the refunding or the refunding is essential in order to modernize covenants, which impinge on prudent and sound financial management.
- L. **FULL AND COMPLETE DISCLOSURE** – The City of San Marcos is committed to full and complete financial disclosure, and to cooperating with credit rating agencies, institutional and individual investors, City departments, other levels of government, and the general public to share clear, comprehensible and accurate financial information. Official statements accompanying debt issues, comprehensive annual financial reports, and continuous disclosure statements will meet, at a minimum, the standards articulated by the Municipal Standards Rulemaking Board, the National Federation of Municipal Analysts, the Government Accounting Standards Board (GASB), and the Securities Exchange Commission (SEC). The City Finance Department will be responsible for ongoing disclosure to nationally recognized municipal securities information repositories (NRMSIRs). Updates of budget, debt and financial information will be provided to credit rating agencies and investors when new debt is issued.
- M. **CREDIT RATING** – The City of San Marcos seeks to maintain the highest possible credit ratings for all categories of debt that can be achieved without compromising the delivery of basic City services.
- N. **ELECTIONS** – State law regulates which securities may be issued only after a vote of the electors of the City and approved by a majority of those voting on the issue.
1. ELECTION REQUIRED –
 - Securities payable in whole or in part from ad valorem taxes of the City except issues such as tax increment securities, certificates of obligation, and limited tax notes.
 2. ELECTION NOT REQUIRED –
 - Short-term notes (12 months or less) issued in anticipation of the collection of taxes and other revenues.
 - Securities issued for the acquisition of water rights or capital improvements for water and wastewater treatment.
 - Securities payable solely from revenue other than ad valorem taxes of the City.
 - Refunding securities issued to refund and pay outstanding securities.
 - Tax increment securities payable from ad valorem tax revenue derived from increased valuation for assessment of taxable property within a plan of development or other similar area as defined by applicable State Statutes.
 - Certificates of obligation.
 - Limited Tax Notes.
 - Securities for the construction or improvement of public streets and/or rights-of-way in order to relieve congestion or for public safety matters.

XI. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

A. OPERATIONAL COVERAGE – The City's Enterprise Funds will comply with all bond covenants and maintain an operational coverage of at least 120%, such that current operating revenues will exceed current operating expenses.

B. FUND BALANCES/ WORKING CAPITAL –

1. The General Fund's fund balance should be at least 25% of the General Fund's annual operating expenditures. This percentage is the equivalent of three months operational expenditures. As a goal, the City will strive to achieve 30% fund balance.
2. The Water and Wastewater Utility Fund working capital should be maintained at 25% of total recurring operating expenses or the equivalent of three months operating expenses. Ending fund balances above 25% will be moved to cash fund future Capital Improvement projects.
3. The Electric Utility Fund working capital should be maintained at the equivalent of 60 days of recurring operating expenses. Ending fund balances above the 60 days of recurring operating expenses will be moved to cash fund future Capital Improvement projects.
4. Reserves will be used for emergencies or unforeseen expenditures, except when balances can be reduced because their levels exceed guideline minimums as stated below.

C. CAPITAL AND DEBT SERVICE FUNDS –

1. Monies in the Capital Improvement Program Funds should be used within twenty-four months of receipt or within a reasonable time according to construction schedules. Interest income and unspent monies from bond issuances can be used to fund similar projects as outlined by bond covenants. Any remaining monies will be used to pay the bond issuance.
2. Revenues in the Debt Service Fund are based on property tax revenues and interest income. Reserves in the Debt Service Fund are designed to provide funding between the date of issuance of new debt and the time that property tax levies are adjusted to reflect the additional debt. Article 10, Section 10.02 of the City Charter requires that the City maintain a reserve balance of two percent of all outstanding general obligation debt.

- D. **RATIOS/TREND ANALYSIS** – Ratios and significant balances will be incorporated into financial reports. This information will provide users with meaningful data to identify major trends of the City's finances through analytical procedures. We have selected the following ratios/balances as key indicators:

RATIO / TREND ANALYSIS | KEY INDICATORS

FUND BALANCE FB	ASSET LESS LIABILITIES AL (Acceptable Level) > 25% of EXPENDITURES
WORKING CAPITAL CA – CL	CURRENT ASSETS LESS CURRENT LIABILITIES AL > 25% of EXPENSES
CURRENT RATIO CA / CL	CURRENT ASSETS DIVIDED by CURRENT LIABILITIES AL > 1.00
QUICK RATIO CA / CL	“LIQUID” CURRENT ASSETS DIVIDED by CURRENT LIQUID LIABILITIES AL > 1.00
DEBT RATIO CL + LTL / TA	CURRENT LIABILITIES + LONG-TERM LIABILITIES DIVIDED by TOTAL ASSETS AL < 1.00
ENTERPRISE OPERATIONAL COVERAGE OR / OE	OPERATING REVENUE DIVIDED by OPERATING EXPENSE AL > 1.20

Our goal is to develop minimum/maximum levels for the ratios/balances above through analyzing the City's historical trends and anticipated future trends. We will also analyze and compare the City to other municipalities to develop these acceptable levels.

XII. INTERNAL CONTROLS

- A. **WRITTEN PROCEDURES** – Wherever possible, the Director of Finance will establish and maintain written procedures for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.
- B. **DEPARTMENT DIRECTORS' RESPONSIBILITIES** – Each Department Director is responsible to ensure that good internal controls are followed throughout their Department, that all City Finance Department directives or internal control recommendations are implemented, and that all independent auditor recommendations are addressed.

XIII. PERSONNEL AND TRAINING

- A. **ADEQUATE PERSONNEL** – Personnel levels will be adequate for the City Finance Department to operate effectively. Overtime will be used only to address temporary or seasonal demands that require excessive hours. Workload allocation alternatives will be explored before increasing personnel.
- B. **TRAINING** – The City Finance Department will support the continuing education efforts of all personnel. Personnel will be held accountable for communicating, teaching, and sharing with other personnel members all information and training materials acquired from seminars, conferences, and related education efforts.
- C. **AWARDS, CREDENTIALS, RECOGNITION** – The City Finance Department will support efforts and involvement which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Certifications may include Certified Government Finance Officer, Certified Public Accountant, Management Accountant, Certified - Internal Auditor, and Certified Cash Manager.

The City Finance Department will strive to maintain a high level of excellence in its policies and procedures. The CAFR and budget will be presented annually to the Governmental Finance Officers Association for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award.

READER'S GUIDE

This section is meant to assist the lay reader in understanding the budget document and components. A summary of the major sections is included in this guide to make reading this document much easier.

INTRODUCTION

The Introduction is an opportunity for management to introduce the budget to the City Council and citizenry. There are two sections of the Introduction—the Transmittal Letter and the Executive Summary.

EXECUTIVE SUMMARY

This section provides a detailed explanation of revenues, expenses and fund balances within each of the major budgeted funds.

CITY OF SAN MARCOS FINANCIAL POLICY

The Financial Policy was last revised in January 2008. The financial policy provides long-term, organization-wide guidance from which budgetary and financial decisions are made. The policy is broad in scope and purpose and covers major financial areas such as budgeting, revenues, expenditures, capital improvements program, financial condition and reserves, and internal controls.

READER'S GUIDE

The Reader's Guide provides a brief summary of the information contained in the various sections of the budget. Supplemental data such as form of government, geographic location, population, demographics is contained within this section. This background information serves to familiarize the reader with the community's demographic and economic profile.

BUDGET SUMMARY

The Budget Summary is a compilation and summary of all financial information contained in the operating detail section of the budget. All summaries are gross budget presentations—meaning that interfund transfers are included.

CONSOLIDATED FUND BALANCE STATEMENT

The Consolidated Fund Balance Statement is a detailed table that analyzes fund balances for all funds and includes revenue and expense totals for the previous fiscal year and adopted budget.

CONSOLIDATED SUMMARY OF MAJOR REVENUES AND EXPENSES

This summary is a detailed table that lists the major sources of revenue and the major categories of expenses for all funds.

CONSOLIDATED REVENUE, EXPENSE AND FUND BALANCE COMPARISON

This summary compares three years of revenue, expense and fund balance history (prior year's actual, current year's estimate, and adopted for next year).

PROPERTY TAX VALUATION, REVENUE AND RATE CALCULATIONS

This detailed worksheet illustrates the method for calculating property tax revenue by providing information about the tax roll, collection rates and the division of the property tax rate between debt service and operations and maintenance. Detailed calculation of the City's No New Revenue Tax Rate and Voter Approval Tax Rate is included in this section.

PERSONNEL ROSTER

The Personnel Roster serves as a summary of the staffing level for all departments. Information is presented in two forms, positions and full-time equivalents (FTE's). An FTE is a unit of measure that converts the hours worked by part-time and seasonal employees into equivalent hours worked by full-time employees. Full-time employees work 2,080 hours annually. An example of an FTE calculation would be a part-time employee that works 1,040 hours annually. The FTE calculation would be 0.5 ($1,040 \div 2,080$).

BUDGET STRUCTURE

The budget document is divided into the following fund groups. Not all funds reported in the audited annual financial statements are budgeted. Smaller, less significant, and rarely used funds such as multi-year grant and trust and agency funds are not budgeted.

GENERAL FUND

The General Fund is the primary operating fund for the City. It is viewed as the general government fund and accounts for a vast number of financial resources, except for resources required to be accounted for in other funds.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the debt service portion of property tax revenues received. Debt service taxes are specifically assessed for the payment of general long-term debt principal and interest. The use of a separate fund ensures that debt service tax revenues are not commingled with other revenues and not used for any purpose other than debt repayment.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. The following is a list of special revenue funds budgeted by the City, along with a brief description:

Community Enhancement Fee

This fund was established in fiscal year 2022 to provide budgeting and accountability for revenues collected from a community enhancement fee assessed since 2016. These fees may only be used to enhance neighborhoods throughout our community.

PARD Programs Fund

This fund is used to account for revenues and expenses of youth and adult sports leagues.

Municipal Court Efficiency Fee

This fund provides budgeting and accountability for revenues collected from an efficiency fee assessed through the municipal court system. The fee may only be used to improve the efficiency of the administration of justice in the municipality.

Municipal Court Juvenile Fee

This fund provides budgeting and accountability for revenues collected from a juvenile case manager fee assessed through the municipal court system. The fee may only be used to finance the salary and benefits of a juvenile case manager.

Municipal Court Security Fee

This fund provides budgeting and accountability for revenues collected from a security fee assessed through the municipal court system. The fee can only be used to finance security personnel or items used for the purpose of providing security services for the building that houses the Municipal Court.

Municipal Court Technology Fee

This fund provides budgeting and accountability for revenues collected from a technology fee assessed through the municipal court system. The Texas Legislature established the fee in its 1999 legislative session to provide a funding source to local municipal courts for future technological enhancements to their respective court systems.

Hotel Occupancy Tax

The Hotel Occupancy Tax Fund is used to account for a local bed tax of 9%. Tax monies collected are used for tourist development activities in accordance with State law, including related debt service payments.

Public Education Governmental (PEG) Fee

This fund provides budgeting and accountability for revenues collected from cable operators. The funds may only be used for capital expenditures that finance day-to-day operation of public-access channels.

Animal Shelter Donations

This fund provides budgeting and accountability for restricted animal shelter donations. These funds may only be used to finance animal shelter activities.

Cemetery Operations

The Cemetery Operations Fund provides for maintenance and upkeep of the historic San Marcos City Cemetery.

Seized Assets

This fund provides budgeting and accountability for revenues collected from the sale of forfeited and seized assets belonging to criminals engaged in illegal activities. Revenues from these seized assets are used to fund various technology improvements in our Police Department.

Women, Infants and Children Program Fund

The Women, Infants and Children Program provides nutritional food supplements, nutritional counseling, clinical assessments, and education to pregnant women, breast-feeding mothers, infants and children up to five years of age. The City of San Marcos operates a five-county regional WIC program that is funded through the Texas Department of Health and Human Services and the United States Department of Agriculture.

Library Memorial Fund

The Library Memorial Fund accounts for the funding raised through the Friends of the Library for specific library uses.

Tax Reinvestment Zones

The City has several Tax Increment Reinvestment Zones across the City which have been used to stimulate development in key demographic areas.

ENTERPRISE FUNDS

Enterprise funds are used to account for governmental activities that are similar to those found in private businesses. The major revenue source for these enterprise funds is the rate revenue generated from the customers who receive the services provided. Expenses for these services are paid for through revenue generated from services provided.

Water/Wastewater Utility

The City of San Marcos operates a superior water production and wastewater collection and treatment system for the community. This fund is used to account for the revenues and expenses of this utility system.

Stormwater Utility

The City of San Marcos began assessing a stormwater utility rate in fiscal year 2000 to all residential and commercial property located in the City. The charge was established to provide funding for the planning, engineering, construction, maintenance, improvement and reconstruction of stormwater projects throughout the City.

Electric Utility

The City of San Marcos purchases and distributes electric power to the San Marcos community. The utility operates at a 99.9997% reliability rate and has a system capacity of 145 megawatts.

Municipal Airport

The Municipal Airport has four runways and is situated on 1,356 acres. Additionally, there are 60 acres of maintained parking ramps and 38 City-owned hangars and shelters. Revenue sources such as storage rentals, hangar rentals, gross receipts fees and land leases partially support the daily operational costs. There are more than 300 based aircraft at the airport and more than 100,000 annual takeoffs, landings and approaches.

Resource Recovery Utility Fund

The City of San Marcos outsources its residential solid waste collection through the use of a competitive bidding process. The solid waste collection company charges its monthly fee to the City on a per customer basis. This fee is passed on to each resident within the City. The waste collection revenue and expense were previously shown within the General Fund.

PERMANENT FUNDS

The City serves as trustee for funds collected through its cemetery perpetual care fee. This fee is assessed on all municipal cemetery plots sold. Interest earned from the Cemetery Perpetual Care Fund is used to support the maintenance costs at the municipal cemetery. The principal amount of the fund cannot be used for any purpose. The Perpetual Care Fund was dissolved during fiscal year 2019 with the fund balance used to for the purchase of land at the cemetery.

BASIS OF BUDGETING

Fund budgets are on a basis consistent with modified and full accrual accounting basis, with exceptions, including that depreciation, amortization and bad debt expenses are not included in the budget, capital purchases are budgeted in the year of purchase, and debt principal is budgeted in the year it is to be paid. The emphasis is on cash transactions in lieu of non-cash transactions, such as depreciation and amortization. The focus is on the net change in working capital.

The General, Debt Service, Special Revenue, and Permanent funds are budgeted on a modified accrual basis, with exceptions as noted above. Revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, and franchise tax revenues are susceptible to accrual. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred, if measurable and the liability will be liquidated with resources included in the budget, except for (1) inventories of materials and supplies which may be considered expenditures either when purchased or used; (2) prepaid insurance and similar items which need not be reported; (3) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period; (4) un-matured interest on long-term debt is recognized when due, and (5) those exceptions noted above.

The Enterprise funds are budgeted on a full accrual basis with exceptions as noted above. Revenues are budgeted in the year they are expected to be earned and expenses are budgeted in the year the liability is expected to be incurred.

BASIS OF ACCOUNTING

Basis of accounting refers to the time at which revenues, expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements.

Governmental funds and agency funds are accounted for using the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenses, if measurable, are generally recognized when the related fund liability is incurred. Exceptions to this general rule include the un-matured principal and interest on general obligation long-term debt which is recognized when due and accrued vacation and sick leave, which is included in the General Long-Term Debt Account Group. These exceptions are in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue.

Sales taxes are recorded when susceptible to accrual (i.e., both measurable and available). Sales taxes are considered measurable when in the custody of the State Comptroller and are recognized as revenue at that time. Other major revenues that are considered susceptible to accrual include utility franchise taxes, grants-in-aid earned and other intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual grant programs are used for guidance. There are essentially two types of intergovernmental revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenses recorded. In the other, monies are virtually unrestricted as to purpose of expense and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier, if the susceptible to accrual criteria are met.

The accrual basis of accounting is utilized by the proprietary fund. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable (i.e., water billings and accrued interest). Expenses are recorded in the accounting period incurred, if measurable.

ORGANIZATIONAL RELATIONSHIPS

A department is a major administrative segment of the City which indicates overall management responsibility for an operation or a group of related operations within a functional area (e.g., Police Department, Parks and Recreation Department, Public Works Department). The smallest organizational unit budgeted is the division. The division indicates responsibility for one functional area, and in many cases these functional areas are put together to demonstrate a broader responsibility. When this is done, the divisions are combined to make up one department. For example, the Public Works Department is comprised of Public Works Administration, Streets, Traffic, Stormwater, Fleet and Facilities.

BUDGET AMENDMENT

Following formal adoption, the budget is amended as necessary through a submission made by a Department Director to the City Manager. A budget amendment form detailing the reason, line items and amounts to be affected is prepared. The Finance Department reviews the amendment for available dollars and the City Manager reviews the amendment for overall appropriate objectives and purposes. Should appropriations transfer between Departments, Funds, or involve fund balance or Contingency Funds, the amendment is submitted to City Council for approval; otherwise, the City Manager has authority to approve or disapprove. Budget amendments that require City Council approval are formalized as an ordinance of the City.

BUDGET PROCESS

The City's budget is a complex document representing the culmination of months of preparations and discussion among the City Council and City staff regarding the best ways to provide services to the community at the greatest value.

The process for developing the City's annual budget is a year-round effort spanning the City's fiscal year of October 1 through September 30.

- i. STRATEGIC PLANNING AND VISIONING – Early in the budget process, the City Council and administrative staff retreat to discuss community needs and challenges. City Council develops short and long-term priorities as well as a policy statement to use for the current budget and future years.
- ii. REVENUE PROJECTION – The Finance Department staff develops revenue projections based upon trend analysis, anticipated changes in the local, state and national economies, and discussions with other departments. The revenue projection is used to determine the financial limitations for the development of the budget.
- iii. BUDGET DEVELOPMENT – Departments develop a budget that incorporates the goals outlined within the policy statement and the financial limitations as determined through revenue projections.

- iv. BUDGET ANALYSIS – Once department budgets are submitted, a preliminary budget estimate is constructed. Administrative and Finance staff review the preliminary budget and hold department reviews. Funding requests and target levels are discussed in an attempt to reconcile department requests with financial limitations and policy statement goals.
- v. BUDGET – The City Manager submits a budget that seeks to meet City Council's goals as outlined in the policy statement. Council then reviews the budget for conformity to their overall direction and guidance. Workshops are held to review and discuss the budget. City Council may take action to make changes to the budget.
- vi. PUBLIC HEARINGS / BUDGET ADOPTION – Public hearings on the budget and tax rate are held to give citizens an opportunity to speak for or against the budget. Citizens also have an opportunity to attend budget workshops that occur prior to the budget adoption. The budget and tax rate take effect on October 1st.

BUDGET PROCESS

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ANNUAL BUDGET PLANNING PROCESS

STRATEGIC PLANNING & VISIONING

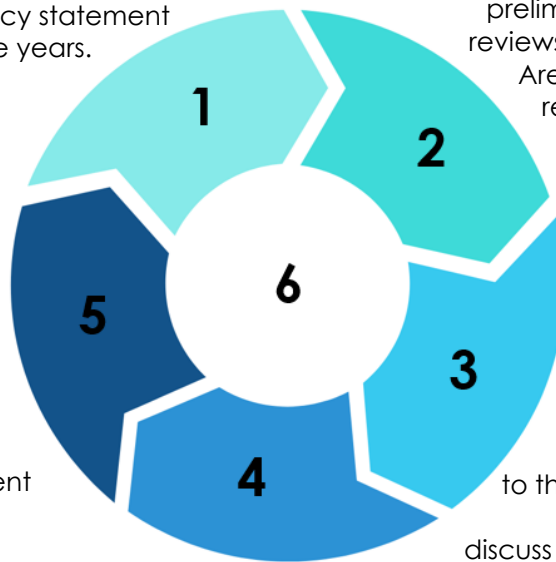
PHASE 1

Early in the budget process, the City Council & administrative staff retreat to discuss community needs & challenges. City Council develops short & long-term priorities as well as a policy statement to use for the current budget & future years.

REVENUE PROJECTION

PHASE 2

The Finance Department staff develops revenue projections based upon trend analysis, anticipated changes in the local, state and national economies, and discussions with other departments. The revenue projection is used to determine the financial limitations for the development of the budget.



BUDGET ANALYSIS

PHASE 4

Once department budgets are submitted, a preliminary budget estimate is constructed. Administrative and Finance staff review the preliminary budget and hold department reviews. Funding requests and target levels are discussed to reconcile department requests with financial limitations and policy statement goals.

BUDGET

PHASE 5

The City Manager submits a Budget that seeks to meet City Council's goals as outlined in the policy statement. Council then reviews the budget for conformity to their overall direction and guidance. Workshops are held to review and discuss the budget. City Council may take action to make changes to the budget.

BUDGET DEVELOPMENT

PHASE 3

Departments develop a budget that incorporates the goals outlined within the policy statement and the financial limitations as determined through revenue projections.

PUBLIC HEARINGS / BUDGET ADOPTION

PHASE 6

Public hearings on the budget and tax rate are held to give citizens an opportunity to speak for or against the budget. Citizens also have an opportunity to attend budget workshops that occur prior to the budget adoption. The budget and tax rate take effect on October 1st.

Figure 1: BUDGET PLANNING PROCESS | PHASES 1 - 6

BUDGET CALENDAR

FISCAL YEAR 2023

City of San Marcos | TX – Calendar Event Timeline for Annual Preparation of Fiscal Budget Planning

BUDGET PHASE	DATE SCHEDULED
COUNCIL STRATEGIC PLAN & VISIONING	JANUARY 13-14, 2022
BUDGET POLICY WORKSHOP	FEBRUARY 17
PREPARE ERP SYSTEM FOR BUDGET REPORTING	MARCH 19
BUDGET POLICY ADOPTION	MARCH 23
DEPARTMENT BUDGET KICK-OFF	MARCH 31
DEPARTMENT'S SUBMIT OPERATING BUDGETS & SUPPLEMENTAL REQUESTS	MARCH 31 – APRIL 22
DEPARTMENT-SPECIFIC + EXECUTIVE TEAM WORK SESSIONS	APRIL 20 - 21
OPERATING BUDGETS DUE TO FINANCE	APRIL 22
FINANCE CONSOLIDATES ALL FINAL BUDGET ENTRIES & REQUESTS	APRIL 22 – 29
BUDGET WORK SESSION	MAY 2 - 3
PRELIMINARY TAX VALUES	MAY 2
BUDGET WORKSHOP #1 / CIP	MAY 17
DIRECTORS + EXECUTIVE TEAMS PRIORITIZE SUPPLEMENTAL REQUESTS	MAY 31 – JUNE 1
CERTIFIED TAX ROLLS – VALUES RECEIVED BY HCTAD	JULY 25
TNT CALCULATIONS MADE BY HAYS COUNTY TAX ASSESSOR/COLLECTOR	AUGUST 7
FILE PROPOSED BUDGET W/CITY CLERK & POST ON WEBSITE	AUGUST 15
RECORD VOTE ON PROPOSED TAX RATE	AUGUST 16
BUDGET WORKSHOP	AUGUST 18
PUBLISH REQUIRED NOTICES IN NEWSPAPER	AUGUST 29
PUBLIC HEARING, PROPOSED BUDGET / TAX RATE - 1 ST READING	SEPTEMBER 6
PUBLIC HEARING, PROPOSED BUDGET / TAX RATE – 2 ND READING	SEPTEMBER 20

CORE VALUES

The City of San Marcos established five Core Values that reflect what makes the organization unique and great. These values proudly announce to the community the ideas to which our workforce strive to embody each day.



INTEGRITY

Doing what is right regardless of circumstances is the foundation of our organization.



TEAMWORK

Professional collaboration based on respect, trust and accountability to achieve success for the organization, customers, and community.



PROFESSIONALISM

Choosing daily to be held to the highest standards of excellence and demonstrating passion and commitment to continuous improvement.



CUSTOMER EXPERIENCE

Consistently treating everyone the way we want to be treated and providing effective solutions in a courteous, respectful manner.



INNOVATION

Fostering an environment receptive to new ideas by encouraging creativity, inclusiveness, adaptability, and resourcefulness.



STRATEGIC INITIATIVES

2022 - 2026



WORKFORCE HOUSING

- Eliminate barriers to housing
- Elevate housing rehabilitation program as a specific strategy
- Update, consolidate, & communicate housing policies & action plans
- Develop dedicated housing & revenue sources that meet goals
- Implement land use & zoning regulations that support diverse, mixed income communities in all areas of the City



SUSTAINABILITY

- Develop a baseline of sustainability performance measures.
- Promote sustainability practices throughout the community
- Sustainability incorporated into City construction & operations
- Develop economic development and procurement policies to encourage sustainability for businesses that work with the City



COVID RESPONSE

- Accurate, up-to-date information is disseminated throughout the community
- More frequent communication with the County, School District, Texas, non-governmental organizations (NGOs), & Community Organizations Active in Disaster (COAD)
- Continue search for resources and collaboration with local partners to address community needs



COMMUNITY SAFETY

- Increase safety across the City, especially downtown
- Emergency preparedness
- Address the factors that cause individuals to become homeless & assist those experiencing homelessness



ECONOMIC DEVELOPMENT

- Ensure that our City looks top-notch
- Leverage & continue partnerships with Texas State University, Austin Community College, Community Action, Chamber of Commerce, & Greater San Marcos Partnership to provide additional resources in the community
- Facilitate opportunities for training & programming for residents
- Support diversified business activity, including local & emerging small businesses
- Downtown is accessible & has a quality of place



ASSESSMENT OF COMMUNITY ASSISTANCE

(Area of Focus)

- Establish initial assessment & documentation process
- Effective case management
- Optimize social service agency application process



DEVELOP EQUITY POLICY

(Area of Focus)

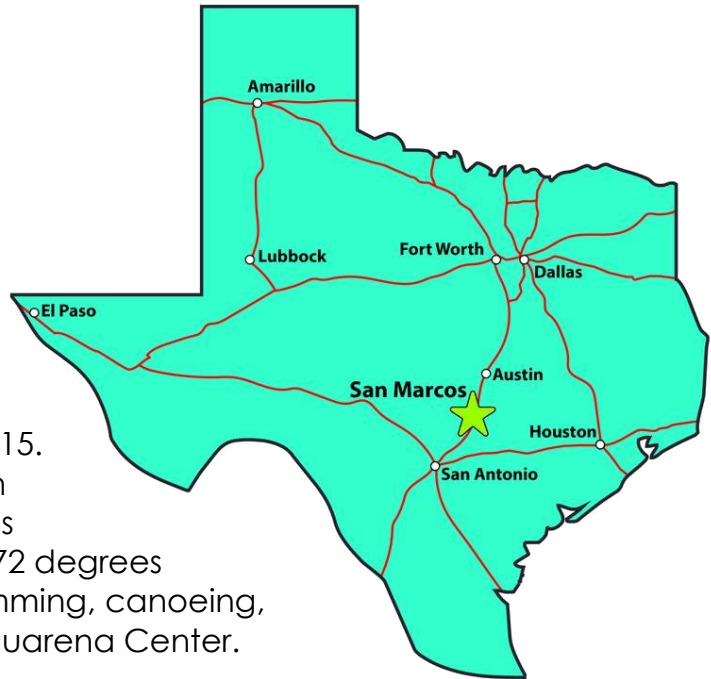
- Develop a shared understanding of equity
- Work towards an equity-based budget

DESTINATION SAN MARCOS | TX

San Marcos is located on Interstate 35, 30 miles south of Austin, 47 miles north of San Antonio, 165 miles west of Houston, and 202 miles northeast of Laredo, Texas.

Popular destination Cities within 1 hour drive of San Marcos are:

- Distance to **Austin, TX – 30 Miles**
- Distance to **Boerne, TX – 59 Miles**
- Distance to **Kyle, TX – 9.5 Miles**
- Distance to **New Braunfels, TX – 18 Miles**
- Distance to **San Antonio, TX – 47 Miles**
- Distance to **Seguin, TX – 23 Miles**
- Distance to **Wimberley, TX – 16 Miles**



Located at the gateway to the Texas Hill Country, San Marcos was recognized as the Fastest growing city in the U.S. from 2013 to 2015. It is midway between two major metros of San Antonio and Austin. The spring-fed San Marcos River maintains a year-round temperature of 72 degrees and provides a refreshing playground for swimming, canoeing, tubing, and glass bottom boat rides at the Aquarena Center.

San Marcos marks the home-base for Hays County and is home to Texas State University, the seventh largest university in Texas and an Emerging Research University with more than 38,000 students.

Image Source: CoSM - GIS Department

San Marcos also claims the most parkland per capita of any city in the Austin-Round Rock MSA. San Marcos attracts millions of domestic and international visitors to its outlet malls and is home to brand-name companies like Amazon, Best Buy, H-E-B and a host of innovative start-ups.

Figure 2: U.S. CENSUS 2020

U.S. CENSUS BUREAU

2020

POPULATION

67,553

7th LARGEST

UNIVERSITY in TEXAS

TEXAS STATE



U.S. CENSUS BUREAU

2020

MEDIAN AGE

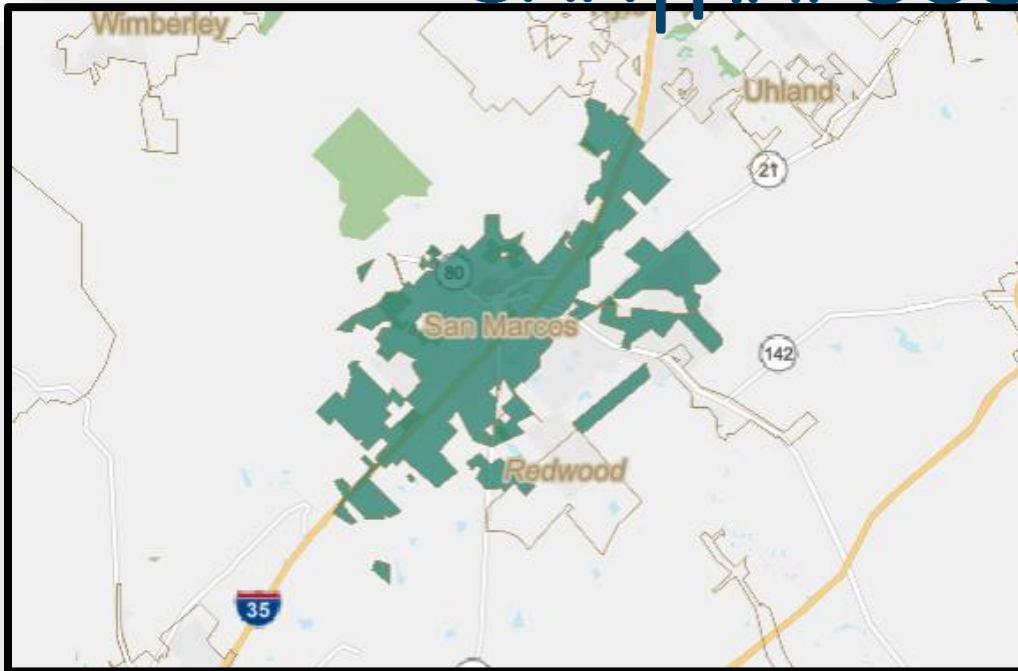
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LOCAL & COMMUNITY INFORMATION

The City of San Marcos is a Home-Rule municipality operating under the Council-Manager form of government and is approximately 32 square miles in size with a residential population of 67,553. The city was incorporated on July 11, 1877. San Marcos is the county seat and principal commercial, educational and recreational center of Hays County.

San Marcos attracts millions of visitors annually that shop at the Premium Outlet Mall, Tanger Outlet Mall, and visit the Aquarena Springs Park and Wonder World Park. Beef, sorghums and cotton are the principal sources of agricultural income. Retail sales are the principal source of economic income.

SAN MARCOS



Total Population
67,553



Employment Rate
62.2%



Median Household Income
\$40,370



Total Households
23,154



Total Housing Units
29,680



Without Health Care Coverage
16.0%



Bachelor's Degree or Higher
33.5%



Hispanic or Latino (of any race)
27,440



San Marcos' hip personality is deeply seated in a rich historic culture. Visit a 1943 vintage wooden hangar and get up close to rare working WWII planes. Get a glimpse into the life of U.S. President Lyndon Baines Johnson's formative years as a student at what is now Texas State University. Find a full list at visitsanmarcos.com.



CHARLES S. COCK HOUSE

Charles S. Cock House, built in 1867, is a modest, vernacular Greek Revival structure and the oldest remaining residential building in San Marcos. heritagesanmarcos.org

CENTRO CULTURAL HISPANO DE SAN MARCOS

Centro's programs and educational curriculum include the areas of visual art, theater, dance, literature, music, multi-media and the culinary arts. Exhibits are free and open to the public. (512) 878-0640 sanmarcoscentro.org

CALABOOSE AFRICAN AMERICAN MUSEUM

Letters, books, photographs and antique artifacts cover all aspects of African American life in early Texas, as visitors chart a rarely-told history of heroism in the Calaboose African American Museum. (512) 393-8421



COMMEMORATIVE AIR FORCE MUSEUM

Located in a 1943 vintage wooden hangar, the CenTex Wing preserves a collection of combat aircraft flown by Allies during World War II. Get up close to the actual lead aircraft on the D-Day invasion, the C-47 *That's All, Brother* along with many others. (512) 396-1943 centraltexaswing.org



LBJ MUSEUM OF SAN MARCOS

The museum preserves the legacy of U.S. President Lyndon Baines Johnson by focusing on his formative years as a college student and schoolteacher. LBJ attended, what is now, Texas State University where he honed his political skills and developed a strong commitment to education and civil rights. (512) 353-3300 lbjmuseum.com



HAYS COUNTY COURTHOUSE MUSEUM

The restored 1909 Hays County Courthouse is nestled in the center of the downtown square. Historic exhibits are housed on the first floor. (512) 393-7779 hayshistoricalcommission.com

HAYS COUNTY VETERANS MEMORIAL

The Hays County Veterans Memorial offers a chance to remember and honor our local heroes. Hopkins St. and Riverside Dr. (512) 393-8400

MERRIMAN CABIN

The historic Merriman Cabin was built in 1846 by Dr. Eli T. Merriman (1815-1867), a Yale graduate and 1838 Texas settler. Merriman was one of three San Marcos town site owners and first physician. heritagesanmarcos.org

VERAMENDI PLAZA

One of the most scenic, historic and popular parks in San Marcos, Juan Veramendi Plaza, is known for its iconic gazebo, the Charles S. Cock House, the Merriman Cabin, the Dr. Gwen K. Smith Fountain and the tree-lined pathway to the Riverwalk. 400 E. Hopkins St. heritagesanmarcos.org



THE WITTLIFF COLLECTIONS

A dynamic archival, exhibition, programming and research environment designed to further the cultural legacy of the region's literary and photographic arts. Literary papers and artifacts including the major archives of Cormac McCarthy, Sam Shepard, John Graves, Fox's *King of the Hill*, and the CBS' *Lonesome Dove*. (512) 245-2313 thewittliffcollections.txstate.edu

Figure 3: CVB Department's Visitor's Guide - VisitSanMarcos.com



Figure 4: CoSM Children's Park

REGIONAL PARKS

BICENTENNIAL PARK - 3.9 acres, .2 miles of walking/biking trails, picnic facilities

CAPE'S CAMP - 20.1 undeveloped acres, .9 miles of walking/biking trails

CHILDREN'S PARK - 6.3 acres, .4 miles of walking/biking trails, 1 playground, picnic facilities, BBQ grills, picnic pavilion, restroom facilities

CITY PARK - 18.2 acres, rental facility (Rec Hall), basketball court, concessions stand, .6 miles of walking/biking trails, playground, picnic facilities, restroom facilities

JUAN VERAMENDI PLAZA PARK - 3.8 acres, rental facility (gazebo), .2 miles of walking/biking trails

MEEKS PROPERTY - 6.9 undeveloped acres

RAMON LUCIO PARK - 18.5 acres, baseball/softball fields, rental facility (pavilion), concessions stand, .7 miles of walking/biking trail, picnic facilities and pavilions and restroom facilities.

RIO VISTA PARK - 16.8 acres, rental facility (pavilion), 2 basketball courts, 6 lighted tennis courts, concessions stand, swimming pool and splash pad, .5 miles of walking/biking trails, picnic facilities and pavilions, restroom facilities

SAN MARCOS PLAZA PARK - 5.4 acres, rental facility (Fish Hatchery), stage/patio/gazebo, .3 miles of walking/biking trails

WILLIAM AND ELEANOR CROOK PARK - 16.2 acres, .9 miles of walking/biking trails, picnic facilities and restroom facilities, Discovery Center

TOTAL ACREAGE OF REGIONAL PARKS - 116

NEIGHBORHOOD PARKS

ANITA REYES PARK - .4 acres, basketball court, playground, picnic facilities and pavilion

CONWAY PARK - .4 acres, basketball court, skate park, .1 miles of walking/biking trails, playground, picnic facilities

CRADDOCK AVENUE PARK - 4.5 undeveloped acres

DUNBAR PARK - 5.8 acres, 2 baseball/softball fields, rental facility (Dunbar), basketball court, .2 acres of walking/biking trails, skate park, playground, picnic facilities

EDDIE DURHAM PARK - .3 acres, .1 walking/biking trails, picnic facilities, pavilion/stage

EL CAMINO REAL PARK - 37.6 acres, basketball court, .5 miles of walking/biking trail, playground, picnic facilities

FRANKLIN SQUARE PARK - 4.5 acres, playground, picnic facilities

HEB PARK - .9 acres

HAYNES STREET PARK - .3 acres, basketball court, picnic facilities

JAYCEES PARK - 2.7 acres, basketball court, playground, picnic facilities

MILL STREET PARK - .8 acres, basketball court, .1 miles of walking/biking trails, playground, picnic facilities and pavilion

PAUL PENA PARK - 2.9 acres, .2 miles of walking/biking trails, playground, picnic facilities

SWIFT MEMORIAL PARK - .3 acres, basketball court, playground, picnic facilities

VICTORY GARDENS PARK- .6 acres, basketball court, playground, picnic facilities, .1 miles of walking/biking trails

VIETNAM VETERANS PARK - 6.3 acres, skate park, .2 miles of walking/biking trails, playground, picnic facilities

WILLOW SPRINGS PARK - 4.8 acres, .2 miles of walking/biking trails, playground

TOTAL ACREAGE OF NEIGHBORHOOD PARKS - 73



Figure 5: CoSM Purgatory Natural Area

GREENSPACE AND NATURAL AREAS

BLANCO RIVER VILLAGE - 12.8 undeveloped acres

BLANCO RIVER WALK - 55.9 undeveloped acres

BLANCO SHOALS NATURAL AREA - 91.5 undeveloped acres, 2 miles of walking/biking trails

COTTONWOOD CREEK PARK - 52.9 undeveloped acres

LANCASTER GREENBELT - .9 undeveloped acres

LOWER PURGATORY CREEK NATURAL AREA - 142 acres, 5.9 miles of walking/biking trails, restroom facilities

PROSPECT PARK - 9 acres, 2 miles of walking/biking trails

RETREAT ON WILLOW CREEK - 33 acres

RINGTAIL RIDGE NATURAL AREA - 45.1 acres, 2 miles of walking/biking trails, picnic facilities

SCHULLE CANYON NATURAL AREA - 21.1 acres, 1 mile of walking/biking trails

SESSOM CREEK NATURAL AREA - 10.4 acres, .5 miles of walking/biking trails

SPRING LAKE PRESERVE NATURAL AREA - 251.5 acres, 6 miles of walking/biking trails, picnic facilities, restroom facilities

UPPER PURGATORY CREEK NATURAL AREA - 760.2 acres, 13 miles of walking/biking trails, restroom facilities

TOTAL ACREAGE OF GREENSPACE AND NATURAL AREAS - 1,486.3

SPECIAL USE PARKS

ALEMEDA PARK - 3.6 acres

FIVE MILE DAM SOCCER COMPLEX - 42.7 acres, soccer/cricket fields, concessions stand, 1 mile of walking/biking trails, playground, picnic facilities and restroom facilities

GARY SPORTS COMPLEX - 42.6 acres, baseball/softball fields, concessions stand, playground, picnic facilities and restroom facilities

Hays County Veterans Memorial - 3 acres

MEMORIAL PARK - 25.2 acres, rental facility (Activity Center), basketball court, skate park, indoor swimming pool, library, restroom facilities

RIVER RIDGE PARK - 3.7 acres

TOTAL ACREAGE OF SPECIAL USE PARKS -120.6

CITY-OWNED PARKS | TOTAL AREAGE – 1,795.9

RIVERS IN SAN MARCOS | TEXAS

San Marcos is a natural beauty, and the most intriguing feature is her river. The San Marcos River bubbles to life from hundreds of springs right in the center of town. Always a refreshing 72 degrees, the river is enjoyed year-round.

San Marcos' beauty is more than just surface deep. We take stewardship of the river and natural areas to heart, protecting the Edwards Aquifer and the eight endangered species native to this area. This way when you come back to visit, it will be just as good as your first time.



Figure 6: CoSM - City Park River Entrance

SAN MARCOS RIVER

The San Marcos River bursts forth from the Edwards Aquifer through 200 spring openings at the bottom of Spring Lake in the heart of San Marcos, Texas. The river provides a refreshing playground for swimming, canoeing, and tubing. The San Marcos River winds through over 130 acres of parkland. The upper 3.8 miles of the headwaters provides habitat to eight endangered and threatened aquatic species, including the San Marcos Fountain Darter, Texas Blind Salamander, the San Marcos Salamander, the San Marcos Gambusia and Texas Wild Rice. Archaeologists have discovered artifacts that indicate that the area around the Springs is one of the oldest continuously inhabited places in North America by human beings, dating back more than 12,000 years.

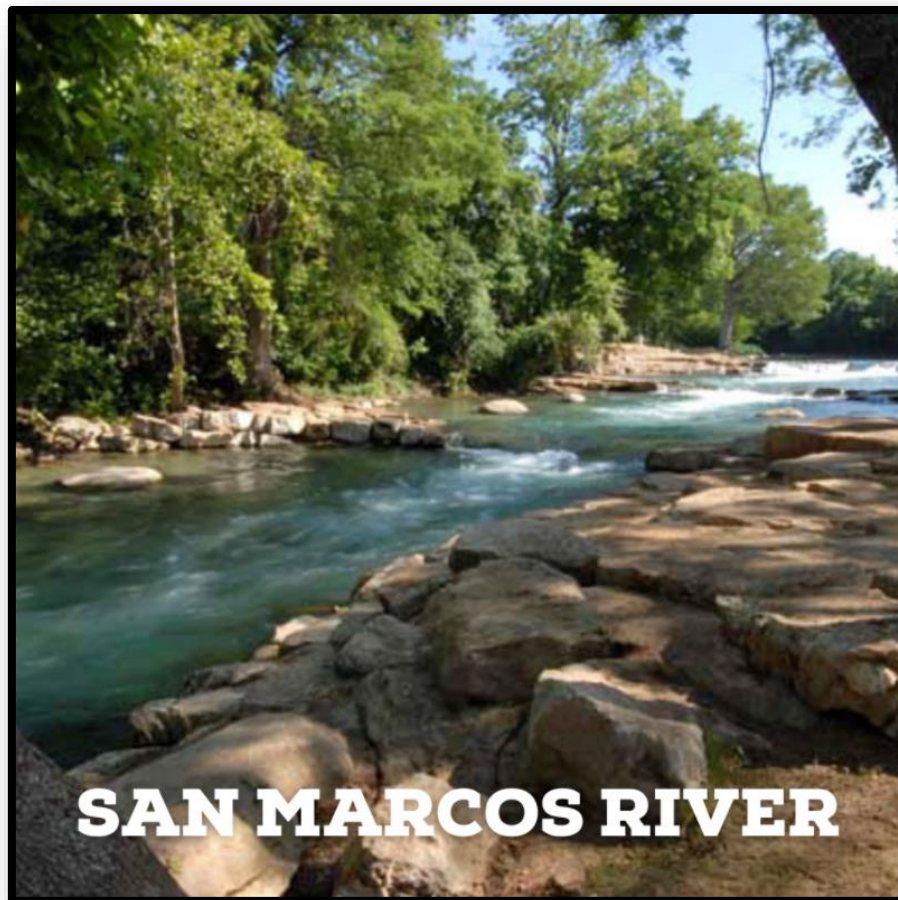


Figure 7: CoSM Rio Vista Park | San Marcos River

BLANCO RIVER in SAN MARCOS

The primary source for the Blanco is a series of springs in northern Kendall County. The river flows generally eastward for 87 miles (140 kilometers) through Kendall County, Blanco County and Hays County. Near San Marcos, it takes a southerly turn and joins with the San Marcos River. The upper reaches of the Blanco River are hilly, and the river's slopes are frequently steep. As the river reaches the Balcones Escarpment near San Marcos, it widens and slopes moderately; this is typical of rivers in the central part of the state. The river is usually quite shallow, and it briefly dips below ground in some areas in the Hill Country. As with many of the rivers in the Texas Hill Country, there is great variability in the Blanco River's flow. The mean flow is 93 feet³/s (3 m³/s), but heavy rains in the river's watershed can cause flash flooding with little warning. The Blanco River winds through over 200 acres of parkland.



Figure 8: San Marcos | TX - Blanco River



CITY OF SAN MARCOS

Consolidated Fund Balance Statement

FY 2023 Proposed Annual Budget

	FY 2022 <i>Beginning</i> Fund Balance	FY 2022 <i>Estimated</i> Revenues	FY 2022 <i>Estimated</i> Expenses	FY 2023 <i>Beginning</i> Fund Balance	FY 2023 PROPOSED Revenues	FY 2023 PROPOSED Expenses	FY 2023 <i>Ending</i> Fund Balance
Governmental Funds							
General Fund	33,405,088	91,090,843	88,642,799	35,853,132	96,015,001	107,678,790	24,189,343
Debt Service Fund	10,275,864	16,689,830	16,503,195	10,462,499	16,913,107	16,870,779	10,504,827
Enterprise Funds							
Electric Utility Fund	13,980,889	62,233,609	63,285,097	12,929,401	65,127,871	66,800,188	11,257,085
Water & Wastewater Utility Fund	15,098,796	55,827,277	55,596,078	15,329,995	57,798,512	58,278,363	14,850,144
Stormwater Utility Fund	1,402,085	7,978,000	7,696,507	1,683,578	8,873,960	8,789,337	1,768,201
Transit	103,453	2,193,452	2,094,314	202,592	3,159,168	3,164,168	197,592
Resource Recovery Fund	2,082,289	6,066,622	5,815,677	2,333,234	7,086,735	7,244,341	2,175,628
Municipal Airport Fund	(2,050)	731,214	709,681	19,483	767,013	765,811	20,685
Special Revenue Funds							
Community Enhancement	804,042	648,000	803,377	648,665	667,000	1,116,426	199,239
PARD Programs	348,327	170,177	131,600	386,904	179,525	132,200	434,229
Municipal Court Efficiency Fee Fund	54,377	5,000	5,000	54,377	5,000	5,000	54,377
Municipal Court Juvenile Fee Fund	30,929	18,000	15,587	33,342	18,000	18,203	33,139
Municipal Court Security Fee Fund	90,876	16,350	26,366	80,860	17,000	31,493	66,367
Municipal Court Technology Fund	102,218	14,250	20,955	95,513	15,000	22,000	88,513
Hotel Occupancy Tax Fund	1,348,980	4,365,400	3,457,309	2,257,071	4,369,418	4,941,576	1,684,913
PEG Funds	707,498	94,195	20,000	781,693	95,000	100,000	776,693
Animal Shelter	168,259	40,000	15,000	193,259	15,000	185,000	23,259
Cemetery Operations Fund	238,814	155,000	228,707	165,107	225,000	224,713	165,394
Seized Assets Fund	165,187	178,960	127,354	216,793	45,000	140,000	121,793
WIC Program Fund	-	1,882,037	1,882,037	-	2,800,497	2,800,497	-
Library Memorial Fund	34,058	350	14,006	20,402	-	20,402	-
TIRZ #2, #3, #4, #5, TRZ #1	4,642,492	3,950,597	5,251,425	3,341,664	7,357,062	8,162,806	2,535,920
Internal Service Fund							
Health Insurance Fund	6,503,120	9,373,000	9,346,000	6,530,120	10,346,500	9,948,500	6,928,120
ALL FUNDS	91,585,594	263,722,164	261,688,071	93,619,687	281,896,369	297,440,593	78,075,461

CITY OF SAN MARCOS

Consolidated Summary of Major Revenues & Expenses

FY 2023 Proposed Annual Budget

	General Fund	Debt Service Fund	Electric Utility Fund	W/WW Utility Fund	Stormwater Utility Fund	Other Enterprise Funds	Community Enhancement Fund	Hotel Occupancy Tax Fund	WIC Program Fund	Cemetery Fund	Other Special Revenue Funds	TOTAL from ALL Funds	Internal Service Fund
Beginning Fund Balance													
October 1 2021	35,853,132	10,462,499	12,929,401	15,329,995	1,683,578	2,555,309	648,665	2,257,071	-	165,107	5,204,807	87,089,566	6,530,120
Major Revenues													
Taxes and Franchise Fees	79,882,192	12,573,722	-	-	-	-	-	4,210,700	-	-	7,452,062	104,118,676	-
Licenses and Permits	5,182,500	-	-	-	-	-	-	-	-	-	-	5,182,500	-
Fines and Penalties	943,175	-	695,000	696,200	90,000	107,275	-	10,000	-	-	55,000	2,596,650	-
Interest Income	190,000	15,000	87,030	114,912	10,000	-	-	1,000	-	-	-	417,942	20,000
Cultural and Recreational	743,700	-	-	-	-	-	-	-	-	-	179,525	923,225	-
Current Services	171,000	-	-	-	-	3,926,181	667,000	-	-	140,000	-	4,904,181	2,316,750
Grants	-	-	-	-	-	-	-	-	2,800,497	-	-	2,800,497	-
Water Service Revenue	-	-	-	33,433,500	-	-	-	-	-	-	-	33,433,500	-
Wastewater Service Revenue	-	-	-	22,709,100	-	-	-	-	-	-	-	22,709,100	-
Stormwater Service Revenue	-	-	-	-	8,773,960	-	-	-	-	-	-	8,773,960	-
Electric Service Revenue	-	-	61,924,517	-	-	-	-	-	-	-	-	61,924,517	-
Resource Recovery Revenue	-	-	-	-	-	6,921,000	-	-	-	-	-	6,921,000	-
Operating Transfers	7,027,208	-	-	-	-	-	-	147,718	-	85,000	-	7,259,926	7,994,750
Other Revenues	1,875,226	4,324,385	2,421,324	844,800	-	58,460	-	-	-	-	60,000	9,584,195	15,000
Total Revenues	96,015,001	16,913,107	65,127,871	57,798,512	8,873,960	11,012,916	667,000	4,369,418	2,800,497	225,000	7,746,587	271,549,869	10,346,500
Major Expenses													
Personnel Services	66,477,902	-	7,998,206	6,788,001	1,554,042	1,003,918	346,466	-	1,770,174	-	49,697	85,988,405	-
Contracted Services	11,992,090	-	41,526,259	16,270,117	1,137,886	8,751,540	112,269	3,279,626	333,857	219,713	180,600	83,803,957	-
Materials and Supplies	6,417,742	-	959,581	1,710,162	267,602	55,110	24,835	-	188,872	5,000	48,100	9,677,004	-
Other Charges	5,880,741	-	5,807,475	5,567,708	27,000	150,775	620,356	-	76,739	-	8,212,280	26,343,074	9,948,500
Debt Service	98,630	16,870,779	6,311,583	21,107,879	4,335,701	-	-	-	-	-	-	48,724,572	-
Economic Development	2,122,000	-	-	-	-	-	-	-	-	-	-	2,122,000	-
Social Services and Arts Funding	585,000	-	-	-	-	-	-	-	-	-	-	585,000	-
Operating Transfers	1,930,169	-	1,969,051	5,017,800	1,330,286	555,064	-	1,661,950	209,855	-	153,026	12,827,201	-
One-Time Non Recurring Expenses	12,174,517	-	2,228,032	1,816,697	136,821	645,412	12,500	-	221,000	-	185,902	17,420,881	-
Total Expenses	107,678,790	16,870,779	66,800,188	58,278,363	8,789,337	11,161,820	1,116,426	4,941,576	2,800,497	224,713	8,829,605	287,492,093	9,948,500
Ending Fund Balance													
September 30 2022	24,189,343	10,504,827	11,257,085	14,850,144	1,768,201	2,406,406	199,239	1,684,913	-	165,394	4,121,789	71,147,341	6,928,120

CITY OF SAN MARCOS

Consolidated Revenue Comparison

FY 2023 Proposed Annual Budget

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Governmental Funds				
General Fund	92,254,609	86,476,747	91,090,843	96,015,001
Debt Service Fund	14,398,186	16,182,478	16,689,830	16,913,107
Enterprise Funds				
Electric Utility Fund	57,335,713	63,667,692	62,233,609	65,127,871
Water/Wastewater Utility Fund	49,127,642	54,283,670	55,827,277	57,798,512
Stormwater Utility Fund	6,861,991	7,999,400	7,978,000	8,873,960
Transit Fund	2,170,087	2,619,667	2,193,452	3,159,168
Resource Recovery Fund	5,466,680	6,014,000	6,066,622	7,086,735
Municipal Airport Fund	643,596	760,020	731,214	767,013
Special Revenue Funds				
Community Enhancement	804,042	667,972	648,000	667,000
PARD Programs	129,297	151,500	170,177	179,525
Municipal Court Efficiency Fee Fund	4,554	4,500	5,000	5,000
Municipal Court Juvenile Fee Fund	15,721	17,000	18,000	18,000
Municipal Court Security Fee Fund	13,015	15,000	16,350	17,000
Municipal Court Technology Fund	11,942	15,000	14,250	15,000
Hotel Occupancy Tax Fund	3,685,234	3,548,030	4,365,400	4,369,418
PEG Funds	93,273	99,000	94,195	95,000
Animal Shelter	104,777	-	40,000	15,000
Cemetery Operations Fund	212,107	140,000	155,000	225,000
Seized Assets Fund	58,610	126,000	178,960	45,000
WIC Program Fund	1,685,298	2,513,686	1,882,037	2,800,497
Library Memorial Fund	843,878	-	350	-
TIRZ #2, #3, #4, #5, TRZ #1	13,562,338	3,681,671	3,950,597	7,357,062
Internal Service Fund				
Health Insurance Fund	10,207,288	10,346,000	9,373,000	10,346,500
TOTAL	259,689,878	259,329,033	263,722,164	281,896,369

CITY OF SAN MARCOS

Consolidated Expense Comparison

FY 2023 Proposed Annual Budget

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Governmental Funds				
General Fund	84,219,182	94,105,042	88,642,799	107,678,790
Debt Service Fund	15,075,660	16,699,854	16,503,195	16,870,779
Enterprise Funds				
Electric Utility Fund	54,720,144	65,270,251	63,285,097	66,800,188
Water/Wastewater Utility Fund	45,739,696	56,988,382	55,596,078	58,278,363
Stormwater Utility Fund	7,085,975	7,913,292	7,696,507	8,789,337
Transit Fund	2,271,540	3,000,874	2,094,314	3,164,168
Resource Recovery Fund	5,378,045	5,974,227	5,815,677	7,244,341
Municipal Airport Fund	622,402	797,880	709,681	765,811
Special Revenue Funds				
Community Enhancement	-	909,255	803,377	1,116,426
PARD Programs	77,825	141,550	131,600	132,200
Municipal Court Efficiency Fee Fund	-	5,000	5,000	5,000
Municipal Court Juvenile Fee Fund	30,724	16,630	15,587	18,203
Municipal Court Security Fee Fund	29,236	31,763	26,366	31,493
Municipal Court Technology Fund	99,423	19,077	20,955	22,000
Hotel Occupancy Tax Fund	2,697,824	3,356,046	3,457,309	4,941,576
PEG Funds	68,927	100,000	20,000	100,000
Animal Shelter	14,333	75,000	15,000	185,000
Cemetery Operations Fund	179,966	228,707	228,707	224,713
Seized Assets Fund	22,960	127,354	127,354	140,000
WIC Program Fund	1,655,379	2,513,686	1,882,037	2,800,497
Library Memorial Fund	851,508	34,058	14,006	20,402
TIRZ #2, #3, #4, #5, TRZ #1	12,776,319	5,487,303	5,251,425	8,162,806
Internal Service Fund				
Health Insurance Fund	8,201,254	8,778,500	9,346,000	9,948,500
TOTAL	241,818,322	272,573,732	261,688,071	297,440,593

CITY OF SAN MARCOS

Consolidated Fund Balance Comparison

FY 2023 Proposed Annual Budget

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Governmental Funds				
General Fund	33,405,088	25,776,793	35,853,132	24,189,343
Debt Service Fund	10,275,864	9,758,488	10,462,499	10,504,827
Enterprise Funds				
Electric Utility Fund	13,980,889	12,378,330	12,929,401	11,257,085
Water/Wastewater Utility Fund	15,098,796	12,394,084	15,329,995	14,850,144
Stormwater Utility Fund	1,402,085	1,488,193	1,683,578	1,768,201
Transit Fund	103,453	(277,754)	202,592	197,592
Resource Recovery Fund	2,082,289	2,122,062	2,333,234	2,175,629
Municipal Airport Fund	(2,050)	(39,910)	19,483	20,685
Special Revenue Funds				
Community Enhancement	804,042	562,759	648,665	199,239
PARD Programs	348,327	358,277	386,904	434,229
Municipal Court Efficiency Fee Fund	54,377	53,877	54,377	54,377
Municipal Court Juvenile Fee Fund	30,929	31,299	33,342	33,139
Municipal Court Security Fee Fund	90,876	74,113	80,860	66,367
Municipal Court Technology Fund	102,218	98,141	95,513	88,513
Hotel Occupancy Tax Fund	1,348,980	1,540,964	2,257,071	1,684,913
PEG Funds	707,498	706,498	781,693	776,693
Animal Shelter	168,259	93,259	193,259	23,259
Cemetery Operations Fund	238,814	150,107	165,107	165,394
Seized Assets Fund	165,187	163,833	216,793	121,793
WIC Program Fund	-	-	-	-
Library Memorial Fund	34,058	-	20,402	-
TIRZ #2, #3, #4, #5, TRZ #1	4,642,492	2,836,860	3,341,664	2,535,920
Internal Service Fund				
Health Insurance Fund	6,503,120	8,070,620	6,530,120	6,928,120
TOTAL	91,585,594	78,340,894	93,619,687	78,075,462

CITY OF SAN MARCOS

Property Tax Valuation & Revenue

FY 2023 Proposed Annual Budget

Total Assessed Value	\$ 8,647,970,623
Less: Exemptions & Exempt Properties	(472,076,872)
Total Taxable Assessed Value	\$ 8,175,893,751
Less: 15% of Value under ARB review	\$ (42,682,469)
Net Taxable Assessed Valuations	\$ 8,133,211,283
Taxable Assessed Value in TIRZ	\$ 950,886,877

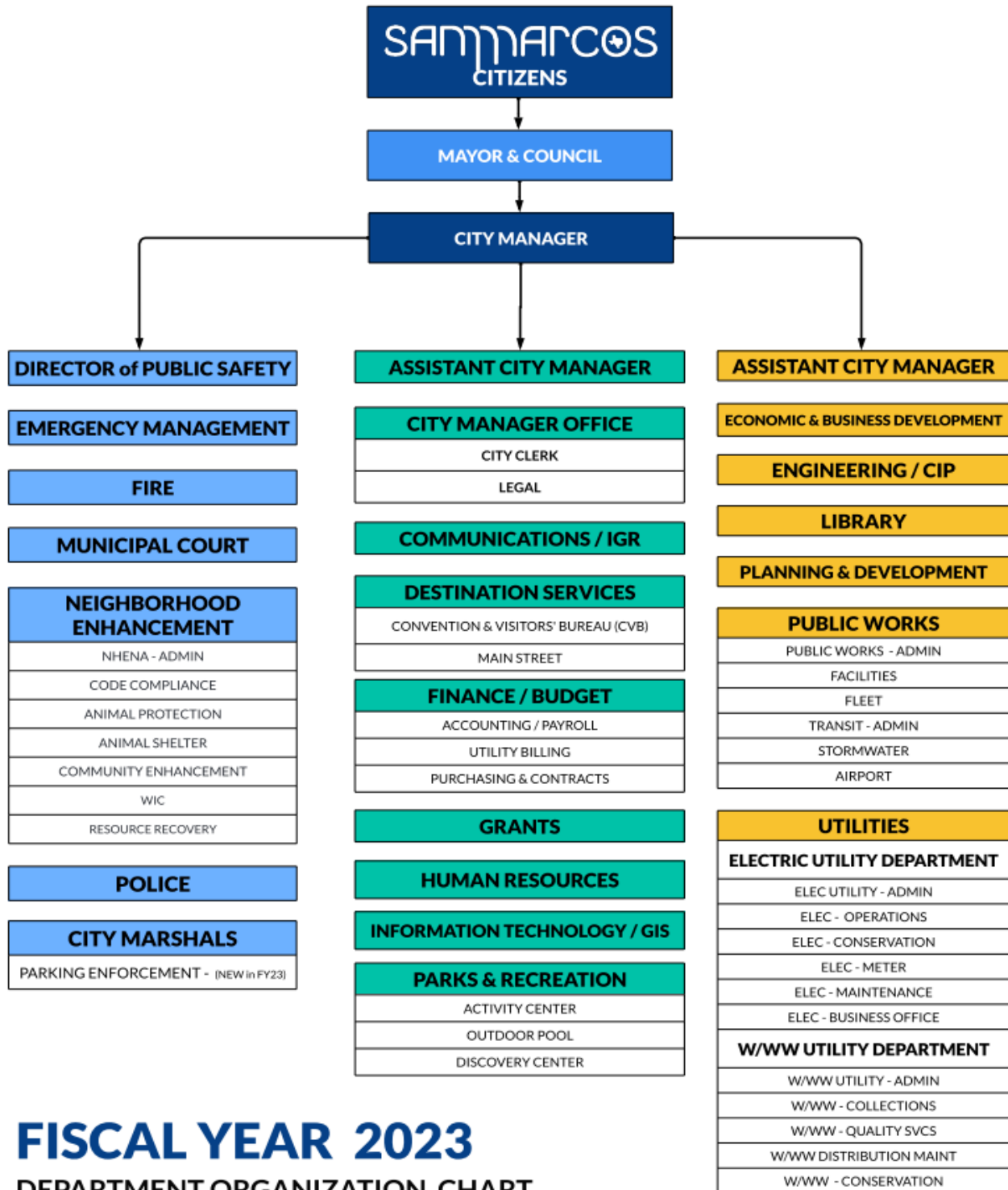
Assessed Value	X	\$0.5930	Tax Rate	\$ 48,229,943
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Division of Tax Rate:

I&S (Debt Service)	29.92%	\$ 0.1774	\$ 14,428,317
M&O	70.08%	\$ 0.4156	\$ 33,801,626
	100.00%	\$ 0.5930	\$ 48,229,943

	<u>General Fund</u>	<u>Debt Service Fund</u>
Current Ad Valorem	\$ 33,125,600	\$ 14,139,800
Delinquent	100,000	100,000
Penalties	150,000	75,000
	\$ 33,375,600	\$ 14,314,800
 Taxes within TIRZ/TIZ	 (4,078,873)	 (1,741,078)
Net Property Taxes	\$ 29,296,727	\$ 12,573,722

CITY ORGANIZATIONAL CHART



FISCAL YEAR 2023

DEPARTMENT ORGANIZATION CHART

BUDGET DEVELOPMENT STRUCTURE

FINANCIAL FUND STRUCTURE CHART





INDIVIDUAL FUND DISCUSSION

GENERAL FUND

The General Fund is the primary operating fund for the City. It is viewed as the general government fund and accounts for most of the City's financial resources, except for resources required to be accounted for in other funds.

REVENUES

Revenue forecasting is a complex and difficult task that involves collecting historical data, researching economic data, and formulating forecasting assumptions. At a minimum, ten years of historical data are compiled and analyzed as part of the forecasting procedure. Qualitative and quantitative forecasting techniques such as consensus forecasting, expert forecasting and trend analysis are utilized when preparing revenue estimates. In some cases, more than one technique is used to predict revenues for the next fiscal year. Expert forecasting is perhaps the most useful technique because it relies on extensive technical knowledge of the economic activity that generates the revenue and is sensitive to changes in the national, regional, and local economies.

This method is quite useful for the City because a significant amount of our sales tax base is generated through retail sales from the Prime and Tanger Outlet Malls. The General Fund receives revenues from a variety of sources, including taxes, licenses and permits, fines and penalties, interest income, other agencies, service fees, and transfers for indirect costs. Revenue projections are based on a variety of factors such as the economy, historical collections, known changes that will occur, and growth factors. In all events, conservative estimates are used.

Table 2: GENERAL FUND REVENUE SUMMARY

REVENUE CATEGORY	FY21 ACTUAL	FY22 ESTIMATE	FY23 PROPOSED	% of TOTAL
PROPERTY TAXES	23,342,966	25,323,579	29,296,727	30.5%
SALES TAX	42,505,437	37,258,180	39,406,195	41.0%
FRANCHISE TAXES & OTHER FEES	10,065,696	10,993,993	11,179,270	11.6%
LICENSES & PERMITS	5,424,280	5,020,723	5,182,500	5.4%
FINES & PENALTIES	654,670	730,594	943,175	1.0%
INTEREST INCOME	44,212	120,000	190,000	0.2%
CULTURAL & RECREATIONAL	457,136	464,230	743,700	0.8%
CHARGES FOR SERVICES	845,538	207,482	171,000	0.2%
OTHER REVENUE	2,495,410	2,048,767	1,875,226	2.0%
REIMBURSEMENTS FROM OTHER FUNDS	6,419,264	8,923,295	7,027,208	7.3%
TOTAL	\$ 92,254,609	\$ 91,090,843	\$ 96,015,001	100%

REVENUE HIGHLIGHTS

The property tax rate proposed in support of this budget is 59.3 cents per \$100 valuation for fiscal year 2023. The taxable property base increased by \$1.45 billion and new improvements are \$387.6 of that total. While this property tax rate is considered a tax increase, the proposed tax rate is 1-cent lower than the current tax rate of \$60.3 cents per \$100 valuation. The property tax rate is made up of two components: a rate for Maintenance and Operations (M&O), and a rate for Interest and Sinking (I&S) or debt service payments. Taxes generated by the M&O rate are for general operations of the city and is collected in the General Fund. The M&O portion of the property tax rate is 41.56 cents per \$100 valuation, which is 0.8 cents over the prior year. Taxes generated by the I&S Rate are to service the tax-supported debt of the city.

Sales tax revenue of \$39 million is projected at 5.8% growth from what is expected for FY22, which is the average growth over the last 10 years excluding the sales tax received from a major retailer that was discontinued after 2021. More recently growth in sales tax following the pandemic have exceeded 12%. We expect to see continued economic growth as the national economy continues its return to normalcy.

Franchise fee revenue includes revenue produced by the 8% in the franchise fees collected from the city owned electric and water/wastewater utilities.

All other revenues in the FY 23 proposed budget are budgeted using a conservative approach, reviewing prior years' data, known economic conditions and current year trends. The city is in process of a development services fee study and results of that study will be brought to Council for consideration within the next month. The current budget assumes 10% adjustment over a 4 year average activity level. These fees have not been reviewed in several years. Fee adjustments are proposed to Council after budget adoption in accordance to the City's Fee Policy.

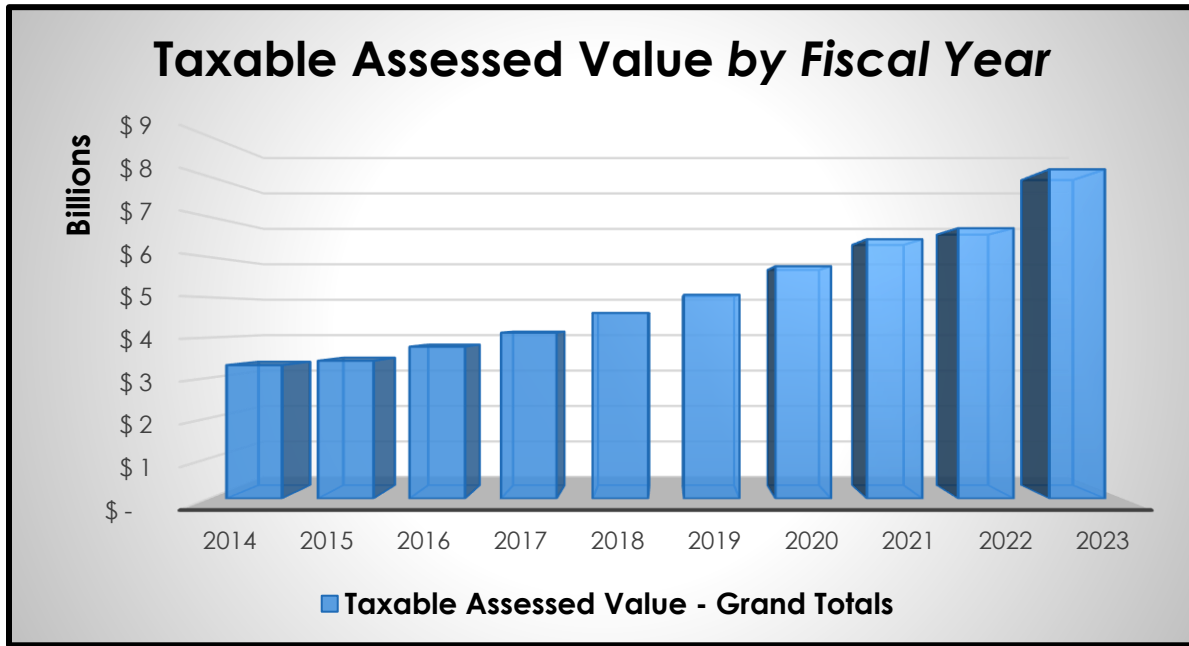
Ad Valorem Tax

In the budget, property taxes represent 30.5% of total General Fund revenue. Property taxes are based on the assessed value of land, buildings and structures in the City as appraised by the Hays, Guadalupe, and Caldwell County Appraisal Districts. Certified assessed values in San Marcos are estimated at \$8.1 billion an increase of 21.8% above the previous tax year assessed values. The City has experienced rapid growth over the last few years and expects this trend to continue. Much of the growth in the current year has occurred as a result of the increases in the housing market.

Historically, the City's collection rate has been over 98% of the current year levy. The budget assumes that collection rate. Revenue forecasting techniques are not used with the ad valorem tax, as the revenue is relatively simple to calculate. The calculation for ad valorem tax revenue is based on the certified assessed value multiplied by the tax rate.

The adopted property tax rate for fiscal year 2023 is 59.30 cents per \$100 valuation. The operations and maintenance tax rate will pay operations and maintenance (O&M) costs in the General Fund, producing net revenues of \$29.3 million. The debt service rate is allocated to repay tax supported debt in the Debt Service Fund.

Historically, property taxes represent a relatively stable source of revenue for the City.



Sales Taxes

The City of San Marcos collects one and one-half cents on every dollar spent on taxable goods and services within the City limits. The State of Texas allows home rule cities like San Marcos to adopt a one-cent sales tax to support general governmental services. Local voters authorized another half-cent in 1987 dedicated solely to the reduction of property taxes. The one-and-one-half cents collected by the City represents the maximum we may adopt.

The half-cent sales tax is expected to generate just under \$13 million in the next fiscal year; a sum that is equivalent to 18.1 cents on the property tax rate. Without the half-cent sales tax dedicated to property tax reduction, the City's ad valorem tax rate would have to be 18.1 cents more, or approximately 77.4 cents per \$100 of assessed value, to support the programs and services provided to San Marcos residents. Sales tax revenue, much of it generated by tourists and non-residents, represent significant savings to property taxpayers in San Marcos. Sales taxes are a primary source of funds for many vital services ranging from police and fire protection to parks and recreation, library, environmental services, planning, and much more. The reliance on sales tax revenues requires vigilant monitoring of our revenue sources to assure they will keep pace with the demands and the rising costs of operating a complex municipal government. The table below represents 10 years of sales tax data as well as the budget estimate for fiscal year 2023. Fiscal year 2018 represents the first year of business for a major retail business that located in San Marcos. Gross sales taxes are shown below, although the sales taxes from that retailer were rebated 75% back to the company under a Chapter 380 agreement. Fiscal year 2023 represents the second full year after a change in sales tax sourcing was made by the Texas Comptroller which eliminated local sales taxes for San Marcos from the new retailer.

Table 3: SALES TAX COLLECTIONS – 10 YEAR

FISCAL YEAR	ANNUAL COLLECTION	PERCENTAGE INCREASE
2013	\$ 22,852,364	8.4 %
2014	\$ 24,020,618	5.1 %
2015	\$ 25,876,302	8.3 %
2016	\$ 28,429,630	9.9 %
2017	\$ 27,364,449	-5.2 %
2018	\$ 35,719,111	30.5 %
2019	\$ 38,088,295	6.6 %
2020	\$ 47,388,694	12.8 %
2021	\$ 41,999,276	-11.4 %
2022 ESTIMATED	\$ 36,673,180	-12.7 %
2023 BUDGET	\$ 38,806,195	5.8 %

Sales taxes represent 41.0% of total General Fund revenue projected for fiscal year 2023. Sales tax receipts are the largest single revenue source supporting general governmental services in San Marcos. Consistent retail sales have kept this revenue stream steady for the past several years. When comparing historical sales tax collections by segment, the percentage represented by retail collections has decreased while other segments have increased, indicating a small diversification in the sales taxes produced in the City. It is important to note that sales tax revenues can fluctuate and are subject to shifts in local, state and national economies. Our reliance on this revenue source is approached with caution.

The City's adopted Financial Policy utilizes conservative forecast guidelines for projecting budgetary sales tax estimates. The current financial policy states that the estimated percentage increase in sales tax revenue may not exceed the actual percentage increase of the most recently completed fiscal year that resulted in a positive increase. The previous financial policy was revised in 2011 to account for those years when a decrease in sales tax occurs within the City. Decreases reflected in the table above for 2021 and 2022 were anticipated and the City adequately adjusted its budget for the impact. For FY 23, per the budget policy statement that was adopted by City Council, sales tax is forecasted based on historical data and trends.

Franchise Fees

The General Fund receives revenues from franchise fees paid by public and private utilities which use City streets, alleys and rights-of-way for their utility lines and mains. Franchise revenues are budgeted at \$11.2 million, or 11.6% of total General Fund revenues. The majority of this revenue source, \$9 million, is generated through electric, water and wastewater utility franchise fees paid from City-owned utilities. The Fiscal Year 2023 Proposed Budget is based on franchise fees of 8%.

The remaining portion of franchise fees, \$2.2 million, is collected from telephone, cable and gas utility companies operating within the jurisdictional limits of the City. These smaller franchise fees are estimated through the conservative forecasting technique. This conventional technique assumes that historic collections will remain constant, and that the revenue source is stable. City staff will be examining existing franchise agreements to ensure that all agreements are consistent and in the best interest of the City.

Licenses and Permits

Licenses and permits represent the various fees collected for such activities as construction, plumbing, electrical, development and food service operation. Various permits such as building, mechanical, plumbing, zoning, site development, food handler, moving and alarm permits are required for business operation. These monies are used to fund the operating costs of functions associated with enforcing codes and building regulations.

The City has experienced steady growth in the past few years and has seen tremendous growth in all areas of construction including single family, commercial and especially multi-family structures. Fiscal year 2022 estimate of \$5 million, a 28.9% increase over revised budget, is due to the construction of an Amazon warehouse in 2022. Fiscal year 2023 budgeted revenue from licenses and permits is \$5.2 million or 5.4% of total General Fund revenues. This amount is based on an average of 4 years of activity combined with an anticipated 10% fee increase related to the Development Services cost of service study that is currently underway.

Fines and Penalties

Revenues from fines and penalties for fiscal year 2023 are budgeted at just under \$1 million, or 1.0% of total General Fund revenues. Revenues were down in 2020 and 2021, however, we are beginning to see an increase in activity in 2022. Social distancing requirements have reduced issuance of citations for minor traffic infractions. While we expect some return to normalcy in fiscal year 2023, reduced budget in this area is prudent based on prior years' results.

Interest Income

Total revenues from interest for fiscal year 2023 are budgeted at \$190,000 or 0.2% of total General Fund revenues. Anticipated interest earnings are based on market projections of interest rates, which have been historically low due to the pandemic. The rate on a 1-year treasury bill is currently 3.33% up from 3.18% a month ago and 0.08% a year ago. During periods of increasing rates, the City's portfolio lags shortly behind these benchmark rates. Some funds are invested over longer periods for a higher return and per the Investment Policy reserve funds can be invested up to 5-years.

Cultural and Recreational

Total revenues from cultural and recreational services for fiscal year 2023 are budgeted at \$743.7 thousand or 0.8% of total General Fund revenues. Cultural and recreational revenue sources include library fees, and other various fees and service charges from Parks and Recreation programs and Activity Center usage fees. The program fees and service charges are dependent upon usage of City facilities and program attendance, which were down in fiscal years 2020 and 2021 due to the pandemic. We have seen an uptick in recreation activity as citizens look for ways to reconnect. Also included in these fees is the Hays County contribution of \$85,000 per year that helps in the funding of the City Library.

In fiscal year 2019 City Council adopted a Fee Policy based on cost recovery methodology. Cultural and Recreational fees were increased effective January 1, 2021, reflecting a cost recovery methodology.

Charges for Current Services

Total revenue from current services is estimated at \$171 thousand or 0.2% of General Fund revenues. Revenues within this category include animal shelter charges, birth and death certificate fees, passport fees, various fees assessed through the Police Department such as accident report fees, and prior to fiscal year 2023, included the Community Enhancement Fee. The Community Enhancement fee will now be recognized in a Special Revenue Fund as the fee can only be used for specific purposes. Revenue projections are based on historical collection data.

Other Revenues

Other revenues include reimbursements from other governmental agencies for various services performed by the City and from a variety of other sources that do not meet the classification requirement of other categories. The total other revenues for fiscal year 2023 are estimated at \$1.9 million, or 2.0% of total General Fund revenues.

The City and SMCISD are parties to a contract that calls for the school district to reimburse the City for 50% of the annual salaries and benefit costs for providing four uniformed officers within the school system. Another significant portion of this revenue source is a reimbursement received from Texas State University-San Marcos. The University reimburses the City 50% of the cost of salary and benefits for our Habitat Conservation position. Also, the City of Kyle, City of Buda and Hays County participate in the City's Regional Animal Shelter funding each year.

Other revenues include ordinance copies, insufficient funds service charges, rebates generated from the purchase card program and sales tax discounts. Revenue assumptions for this category are based on historical collection data.

Reimbursements from Other Funds and Operating Transfers

The General Fund bears the costs for administrative services such as legal, human resources, purchasing, finance, administration, information technology, and building and equipment usage. These costs are reviewed and calculated annually by an independent firm, which then recommends the reimbursements assigned to each fund. Reimbursements from other funds represent \$7.0 million, or 7.3% of total general fund revenues.

EXPENDITURES

The General Fund is the primary operating fund for city government. Total General Fund operating expenditures for fiscal year 2023 are budgeted at \$95,524,274, an 8.8% increase from the FY22 revised budget.

EXPENDITURE HIGHLIGHTS

Operating expenses increased by \$7.7 million overall. Highlights include:

- 5% salary adjustment for all non-civil service employees effective Oct. 1st
- (26) new full-time positions in FY 23
- 2% increase in Fire and Police salary tables as agreed upon in meet and confer contracts.
- (9) new full-time equivalents and a 2% salary adjustment approved mid-year 2022
- Increase in software licenses and maintenance
- Increase in transfer to Transit Fund to restore former support level
- Increases in fuel and vehicle repairs

Additional personnel to be considered mid-year include:

- (2) Fire Engineers/Inspectors
- (3) Public Safety Liaisons
- IT Specialist to support public safety
- GIS Analyst to support public safety
- (2) Senior Administrative Assistants (Fire and City Marshals)
- Grant Specialist
- Contracts Coordinator
- Administrative Coordinator (HR)
- Project Engineer
- Chief Planner
- Permit Manager
- Senior Mapping Analyst
- Multimodal Parking Initiatives Manager
- Assistant Director of Public Works
- Traffic Signal Supervisor
- Natural Area Maintenance Worker
- (2) Animal Adoption Specialists
- Library Clerk
- Facility Journeyman Electrician
- Fleet Service Technician
- Network Specialist (ARP funded)

FUND BALANCE

Each fund maintains a fund balance that is available to cover operating expenses in the event of revenue shortfalls or other unforeseen events. The anticipated General Fund balance at the end of fiscal year 2021 is \$24.8 million or 25.9% of expenditures.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the debt service portion of property tax revenues received. Debt service taxes are specifically assessed for the payment of general long-term debt principal and interest. The use of a separate fund ensures that debt service tax revenues are not commingled with other revenues and not used for any purpose other than debt repayment. Debt limits regarding general obligation debt can be found within the City's Financial Policy in this document.

The I&S portion of the property tax rate on which the Fiscal Year 2023 Adopted Budget is based, is 17.74 cents per \$100 valuation which is 1.8 cents less than the prior year. Debt payments for FY23 are \$16.9 million, of which to cover payments of \$4.0 million is considered self-supporting.

REVENUES & EXPENDITURES

Ad valorem (property) taxes provide the main source of revenue for the Debt Service Fund. The I&S portion of the tax rate at 17.74-cents per \$100 valuation totals 29.9% of the total tax rate and can only be used to service the debt of the City. This fiscal year budget maintains a debt service percentage below 50% which was a goal of City Council as a part of the Sound Finances initiative.

Principal and interest payments along with a portion of TIZ payments are budgeted at \$16.9 million, tax-supported payments are \$12.9 million, self-supporting payments are \$4.0 million. The City's total outstanding principal debt is \$403.8 million as of September 30, 2022, of which \$270.4 is considered self-supporting debt. The City has refinanced the majority of older debt to take advantage of the lower interest rates. Maturity dates for individual bond issues are scheduled annually through 2042.

The types of projects financed through long-term general obligation debt include major street projects, public safety facilities and equipment, library, parks and recreational facilities. Debt payments for revenue bonds which finance water, wastewater, electric and drainage projects are repaid separately through those respective enterprise funds.

SPECIAL REVENUE FUND

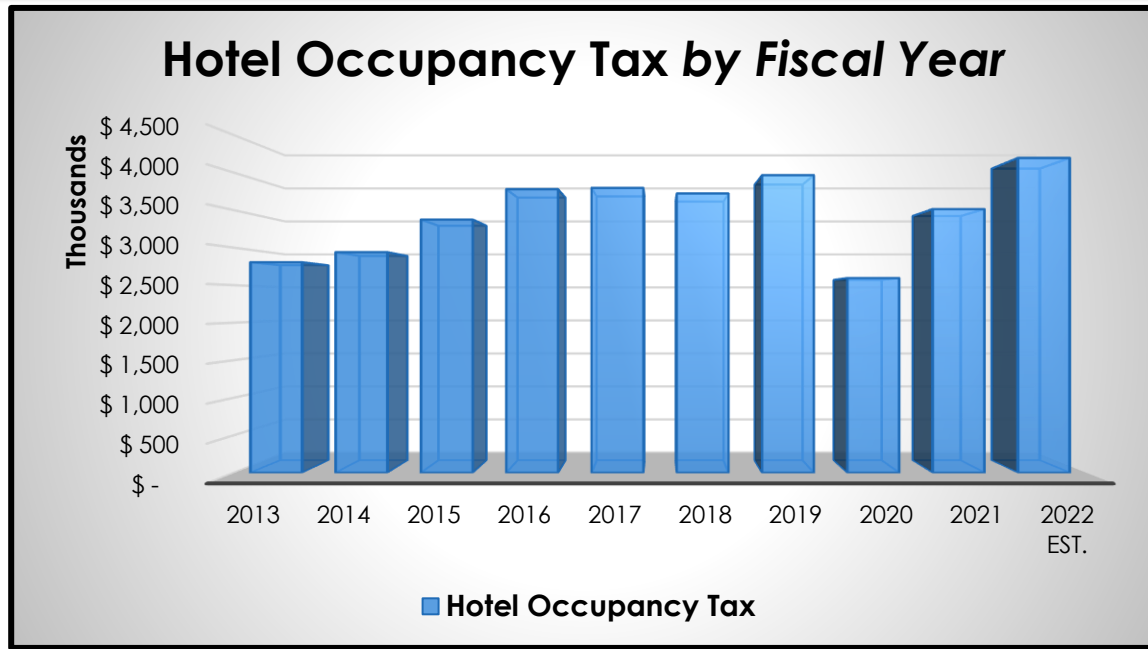
Special revenue funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. The City utilizes this type of fund to account for revenues such as hotel occupancy tax, grants, special fines authorized by the State, and forfeiture revenue from seized assets.

HOTEL OCCUPANCY TAX FUND

The Hotel Occupancy Tax Fund is used to account for a local bed tax of 7%. During fiscal year 2008, San Marcos residents approved an additional Venue Tax of an additional 2% to pay for the debt related to the City's Conference Center. Tax monies collected are used for tourist development activities in accordance with State law.

REVENUES

The 9% occupancy tax is charged to occupants of rooms rented from hotels, motels and inns located in the City. The tax is collected by owners of each facility and is remitted to the City monthly. Since fiscal year 2012, approximately 1,000 hotel rooms have been added with the majority being branded hotels.



EXPENDITURES

The Hotel Occupancy Tax Fund supports tourist development activities, downtown revitalization, and the arts. In fiscal year 2017, the Convention and Visitors Bureau (CVB) was brought into the City as a city department. The CVB has been part of the Chamber of Commerce's organization, but City has provided the majority of the funding for the operations through HOT funding. During City Council fiscal year 2017 Visioning, Council directed staff to bring the CVB organizations into the City as a city department. Effective October 1, 2016 the CVB became part of the City organization.

The following table depicts the revenue distribution made from hotel occupancy taxes.

Table 4: HOTEL OCCUPANCY TAXES – REVENUE DISTRIBUTIONS

PROGRAM	FY 22 ESTIMATED	FY 23 PROPOSED
CONVENTION & VISITORS BUREAU	1,620,978	1,999,012
ARTS PROGRAMS	331,928	400,000
MAIN STREET PROGRAM	438,453	529,614
TANGER MARKETING PROGRAM	50,000	50,000
CONFERENCE BUILDING REPAIRS	10,000	10,000
DOWNTOWN MARKETING COOP	19,500	24,000
ECO TOURISM	14,508	19,500
SIGNATURE EVENTS	0	187,000
MURAL FUNDING	35,000	60,000
OPERATING TRANSFERS	931,450	935,700
ONE-TIME NONRECURRING	0	726,250
TOTAL	\$ 3,457,309	\$ 4,941,576

HIGHLIGHTS

Although, the travel and tourism industry were severely impacted by the pandemic in both the prior two fiscal years, we've experienced a level of economic recovery in FY22. FY23 is budgeted at the same level as expected for FY22. Of the total \$4.3 million in expected revenue, \$935.7 thousand is dedicated to payment of debt service for the bonds issued to fund the construction of the City of San Marcos Conference Center.

WOMEN, INFANTS and CHILDREN (WIC) PROGRAM FUND

The Women, Infants and Children Program provides nutritional food supplements, nutritional counseling, clinical assessments, and education to pregnant women, breast-feeding mothers, infants, and children up to five years of age. The City of San Marcos operates a five-county regional WIC program that is funded through the Texas Department of Health and Human Services and the United States Department of Agriculture. The budget of \$2.8 million will provide nutritional food supplements, nutritional counseling, clinical assessments, and education to pregnant women, breast-feeding mothers, infants and children up to five years of age who live in Hays, Caldwell, Comal and Guadalupe Counties. San Marcos is unique in being a municipality in Texas that administers a multi-county regional WIC program. The entire program is reimbursed with state and federal funds.

SEIZED ASSETS FUND

This fund, established in 2001, provides budgeting and accountability for revenues collected from the sale of forfeited and seized assets belonging to various criminals engaged in certain illegal activities. Revenues from these seized assets are used to fund various technology improvements in our Police Department. These revenues are projected at \$45,000 for the fiscal year. Projections are based on knowledge of pending cases as well as historical assumptions. Expenditures for this fund include professional services and purchase of specialized equipment and software.

ENTERPRISE FUNDS

Enterprise funds are used to account for activities that are similar to those found in private businesses. The major revenue source for these funds is the revenue generated from customers who receive the services provided. Revenues generated through the rates pay the operating costs and debt retirement for these funds.

In 2012, a Citizens Utility Advisory Board (CUAB) was formed at the direction of the City Council. This Board is made up of 5 citizens and the Mayor who is a non-voting member. The Board meets with staff to gain an understanding of how the utilities operate, the composition of the rates and the issues facing the utilities in future years. The responsibility of the Board is to bring recommendations for rate setting for both the Water/Wastewater and Electric utilities to the City Council.

ELECTRIC UTILITY FUND

The City of San Marcos purchases and distributes electric power to the San Marcos community. San Marcos has some of the lowest electric rates in Texas. The utility operates at a 99.97% reliability rate and has a system capacity of 210 megawatts. The Electric Utility Fund accounts for the transactions related to the city's operation, maintenance, and improvement of electric utility services. The Electric Utility Fund supports several divisions, including:

- Conservation
- Meter Operations
- Administration
- Maintenance
- Utility Business Office

REVENUES

The utility receives revenues through rates charged to customers for electric service, from other operating revenues and interest income. Projected sources of funding for the fiscal year 2023 budget are \$65.1 million.

Table 5: ELECTRIC UTILITY FUND REVENUE SUMMARY

REVENUE CATEGORY	FY 21 ACTUAL	FY 22 ESTIMATED	FY 23 PROPOSED	% of TOTAL
ELECTRIC SERVICE	53,899,164	57,479,500	59,488,025	91.38%
CONNECTION CHARGES	512,900	715,260	738,700	1.13%
PENALTIES	35,148	678,300	695,000	1.07%
POLE ATTACHMENT CONTRACTS	482,536	500	500,000	0.77%
FERGUSON REVENUE	0	656,194	1,197,792	1.84%
OTHER REVENUE	144,795	78,483	74,150	0.11%
SERVICE CHARGES	22,350	5,380	5,380	0.01%
INTEREST INCOME	4,458	52,640	87,030	0.13%
REIMBURSEMENTS <i>via</i> OTHER FUNDS	2,225,570	2,541,092	2,315,534	3.56%
TOTAL	\$57,326,921.00	\$62,207,349.00	\$65,101,611.00	100%

REVENUE HIGHLIGHTS

City Staff presented its' current year rate modeling proposing a 'No rate increase' option, with reasonable future increases to the Citizen's Utility Advisory Board (CUAB). Recommendation from CUAB vote supported the rates for the fiscal year 2023 budget remain the same. Revenues are budgeted based on system and customer anticipated growth and historical trends combined with the rate increase.

EXPENSES

Total Electric Utility Fund expenditures budget adopted for fiscal year 2023 are \$66.8 million, including funding for one-time capital outlay of \$1.1 million. Transfers for capital reserves will be adjusted mid-year via budget amendment after financial results for fiscal year 2022 have been audited. Budgeted operating expenditures, not including non-recurring expense, for fiscal year 2023 is a \$1.6 million, or 2.5%, increase over fiscal year 2022 revised adopted budget of \$61 million.

EXPENDITURE HIGHLIGHTS

Overall operating expenses increased by less than 1%. An increase in debt service payments was related to the Public Services Complex. In addition, the proposed budget supports the addition of a 5% salary adjustment, new personnel added for Customer Service Clerk in the Utility Billing Office, and additional \$1.1 million in capital outlay, which includes the enhancement of software(s):

- Fluke ii910 Acoustic Imager
- SEL Software (Substation relay testing)
- PLCAD Software (Enhanced pole design)

Supply chain delays have created significant lead times and FY23 capital funding reflects funds for initial financing payments for replacements in FY23 and subsequent years.

Expenses also include 8% franchise fee paid to the General Fund.

Table 6: ELECTRIC UTILITY FUND EXPENSE SUMMARY by CATEGORY

EXPENDITURE CATEGORY	FY 21 ACTUAL	FY 22 ESTIMATE	FY 23 PROPOSED	% of TOTAL
PERSONNEL	6,421,963	6,234,671	7,998,206	12.00%
PURCHASED POWER	30,119,468	36,300,284	36,300,284	54.48%
CONTRACTED SERVICES	3,163,571	4,390,696	5,225,975	7.84%
MATERIALS & SUPPLIES	802,442	835,898	959,581	1.44%
OTHER CHARGES	1,971,641	1,514,015	1,077,475	1.62%
FRANCHISE FEE	4,311,628	4,680,000	4,730,000	7.10%
DEBT SERVICE	4,216,760	5,137,036	6,311,583	9.47%
OPERATING TRANSFERS	1,694,803	1,908,998	1,969,051	2.96%
CAPITAL OUTLAY	417,867	662,999	1,053,032	1.58%
TRANSFER to CAPITAL RESERVES	1,600,000	1,620,500	1,000,000	1.50%
TOTAL	\$54,720,143	\$63,285,097	\$66,625,187	100%

FUND BALANCE

Fund balance at the end of fiscal year 2022 in the Electric Utility Fund is budgeted at \$12.9 million or a reserve totaling 82.6 days of expenses. Fund balance transfers for capital reserves are not incorporated into the fiscal year 2023 budget. Transfers for capital reserves will be adjusted mid-year via budget amendment after financial results for fiscal year 2022 have been audited. These transfers will be used to fund capital improvement projects or offset future debt issuances related to those projects.

RATE STABILIZATION

This budget also establishes a rate stabilization fund which is funded at 5% of electric revenues. This will help the City alleviate future rate increases that are needed due to fluctuations in seasonal weather patterns. This is an initiative in achieving sound finances.

WATER and WASTEWATER UTILITY FUND

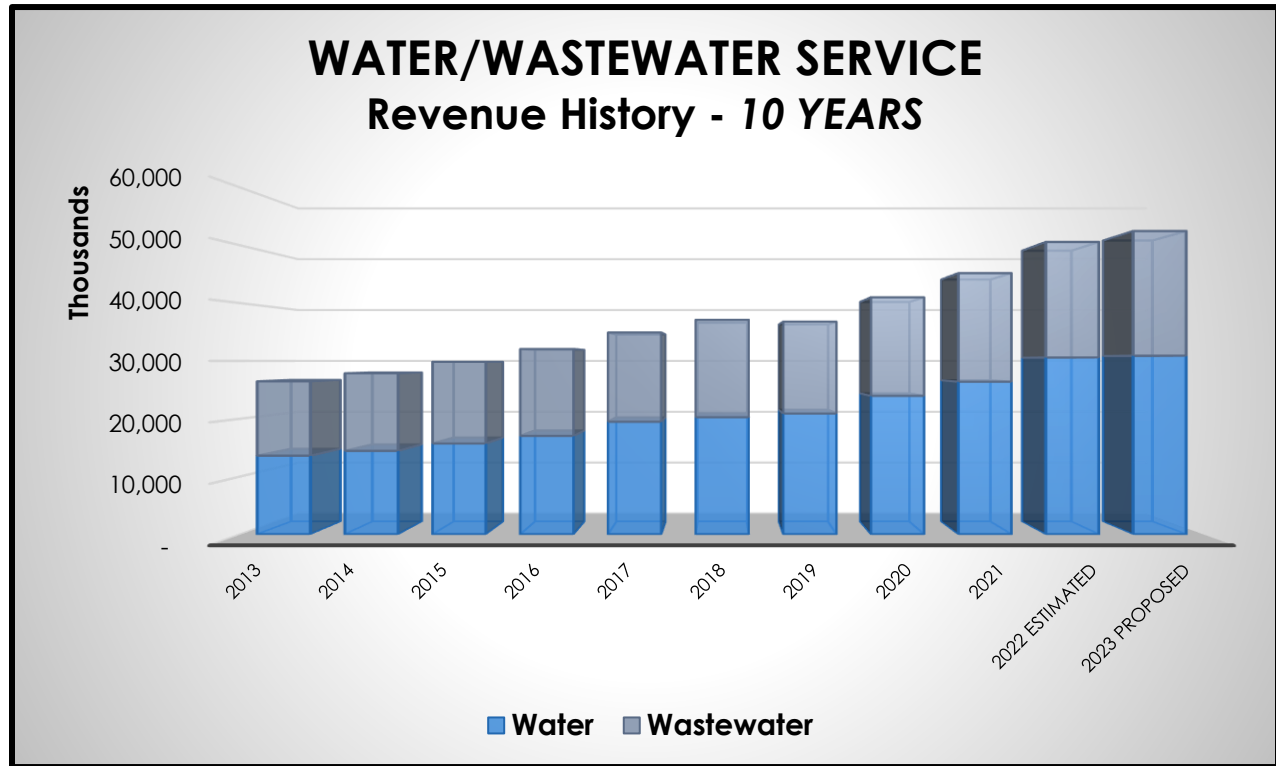
The Water-Wastewater Utility Fund accounts for the operations, maintenance, and improvement of the city's water and wastewater utility including water production and distribution and wastewater collection and treatment system. The Water and Wastewater Fund supports several divisions, including:

- Wastewater Collection
- Water Quality Services
- Water Distribution Maintenance
- Water Conservation
- Water/ Wastewater Administration

REVENUES

The Water/Wastewater Utility Fund receives revenue from residential, multi-family and commercial customers based on their monthly water consumption.

Revenue projections for water and wastewater revenues are based on factors such as historical collections, known changes that will occur, system growth factors and weather predictions. Projected revenues from all sources are budgeted at \$57.8 million. Revenues from water service are estimated at \$30.9 million and wastewater revenues are estimated at \$21.5 million. Other revenue sources include sales of effluent, pretreatment charges, wheeling sales, service and connection charges, and interest income.



REVENUE HIGHLIGHTS

A Water/Wastewater Rate Study has been conducted every year for the last several years including 2022. The 2023 rate modeling supports a 'No rate increase' option, with reasonable future increases. The rate adjustment was recommended by CUAB and considers the \$0 increase in rate for one year will continue to support efforts to secure future water supplies through the 2060 as a member of Alliance Regional Water Authority (ARWA). Revenues are budgeted based on system and customer anticipated growth and historical trends.

Table 7: WATER/WASTEWATER UTILITY FUND REVENUE SUMMARY by CATEGORY

REVENUE CATEGORY	FY 21 ACTUAL	FY 22 ESTIMATE	FY 23 PROPOSED	% OF TOTAL
WATER SERVICE	26,397,144	29,863,280	30,908,500	53.48%
WASTEWATER SERVICE	18,780,106	20,815,620	21,544,200	37.27%
PRETREATMENT PROGRAM	960,592	1,095,990	1,134,300	1.96%
CONNECTION CHARGES	464,336	605,580	623,700	1.08%
RE-USE WATER REVENUE	541,578	656,900	676,600	1.17%
WHOLESALE WATER SALES	836,269	960,577	989,400	1.71%
ALLIANCE WATER REVENUE	191,116	236,310	265,900	0.46%
PENALTIES	29,972	675,900	696,200	1.20%
OTHER REVENUE	305,571	125,185	129,000	0.22%
SERVICE CHARGES	156,914	258,020	265,800	0.46%
INTEREST INCOME	11,288	56,915	114,912	0.20%
DEBT SERVICE REIMBURSEMENTS	452,757	450,000	450,000	0.78%
TOTAL	\$49,127,643	\$55,800,277	\$57,798,512	100%

EXPENSES

Fiscal year 2023 budget for the Water/ Wastewater Utility Fund operating and capital expenditures are \$58.3 million, including one-time capital outlay of \$1.6 million. Transfers for capital reserves will be adjusted mid-year via budget amendment after financial results for fiscal year 2022 have been audited. Budgeted operating expenditures, not including non-recurring expense, for fiscal year 2023 is a \$5.6 million, or 10.1%, increase over fiscal year 2022 revised adopted budget of \$51M. This increase is primarily due to an increase in debt service payments related to the Public Services Complex. In addition, the proposed budget includes a 5% salary adjustment, new personnel (13 FTEs), and Capital Outlay equipment intended to replace contractor or contract services to bring jobs in house when it makes fiscal sense.

Operating transfers include transfers to the General Fund for its share of indirect general and administrative costs borne by the General Fund; and transfers to the Electric Utility Fund related to the proportional use of shared services within Meter Operations, Public Services Administration and Utility Business Office which are borne by the Electric Utility Fund.

Table 8: WATER/WASTEWATER UTILITY FUND EXPENSE SUMMARY by CATEGORY

EXPENDITURE CATEGORY	FY 21 ACTUAL	FY 22 ESTIMATE	FY 23 PROPOSED	% of TOTAL
PERSONNEL	5,313,969	5,326,981	6,788,001	11.68%
CONTRACTED SERVICES	11,508,285	14,371,192	16,270,117	28.01%
MATERIALS & SUPPLIES	1,734,958	1,836,547	1,710,162	2.94%
OTHER CHARGES	1,420,210	1,625,488	1,317,708	2.27%
FRANCHISE FEE	3,681,081	4,130,000	4,250,000	7.32%
DEBT SERVICE	13,763,838	18,107,566	21,107,879	36.33%
OPERATING TRANSFERS	4,511,301	5,490,304	5,017,800	8.64%
CAPITAL OUTLAY	406,053	1,398,000	1,634,197	2.81%
TRANSFER to CAPITAL RESERVES	3,400,000	3,310,000	0	0.00%
TOTAL	\$45,739,695	\$55,596,078	\$58,095,864	100.00%

EXPENDITURE HIGHLIGHTS

The adopted budget includes the addition of \$600k for new personnel, a \$3 million increase of debt service payments, \$473k decrease in operating transfers and \$1.6 million in capital expenses, which include:

- Equipment for Water Construction Crews
- CCTV unit and equipment
- 13 New Personnel:
 - Lab Supervisor & Technicians (3)
 - Wastewater CCTV Crew (3)
 - Water Construction Crew (4)
 - Field Maintenance Crew (3)

Expenses also include 8% franchise fee paid to the General Fund.

FUND BALANCE

We anticipate an ending fund balance of \$15.3 million or 30.1% of operating expenses. Fund balance transfers for capital reserves are not incorporated into the fiscal year 2023 budget. Transfers for capital reserves will be adjusted mid-year via budget amendment after financial results for fiscal year 2022 have been audited. These transfers will be used to fund capital improvement projects or offset future debt issuances related to those projects.

RATE STABILIZATION

This budget establishes a rate stabilization fund which is funded at 10% of water revenues and 5% of wastewater revenues. This will help the City alleviate future rate increases that are needed due to fluctuations in seasonal weather patterns. This is a component in achieving our sound finance initiative.

STORMWATER UTILITY FUND

The City of San Marcos began assessing a stormwater utility rate in fiscal year 2000 on all residential and commercial property located in the City. The stormwater charge was established to provide funding for the planning, engineering, construction, maintenance, improvement, and reconstruction of drainage projects throughout the City.

REVENUES AND EXPENSES

A comprehensive rate study indicated a need for a rate increase of 6.5% for fiscal year 2023. Revenues are budgeted based on system and customer anticipated growth and historical trends. The proposed rate generates \$8.9 million in stormwater fees and supports an additional \$275 thousand in new personnel for increased maintenance of drainage ways.

FUND BALANCE

We anticipate an ending fund balance reserves of \$1.4 million in the Stormwater Utility Fund as of September 30, 2022, which is below the threshold of 25% of operating expenditures. With proposed increases over the next 2 to 3 years, we expect to increase fund balance to 25%.

TRANSIT FUND

Total sources of funding from federal, state, and local sources total \$3.2M. The FY 23 proposed budget includes reinstatement of support from the General Fund which was decreased in FY 21, and less so in FY 22, due to grant funding made available by the CARES Act and ART funding. Operating expense drivers are related to the CARTS contract increase of 8%. Overall operating expenses increased from the FY 22 budget by approximately \$160k.

MUNICIPAL AIRPORT FUND

The Regional Airport has three runways and is situated on 1,420 acres. The facilities include almost 54 acres of aircraft ramp parking and 53 facilities totaling nearly 470,000 square feet. Revenue from ground leases, facility leases, gross receipts, and fuel sales support the daily operation costs. Additionally, according to a 2018 Texas Department of Transportation study, out of 264 general aviation airports in the state of Texas, San Marcos ranks in the top 15 for total economic output equal to \$82.1M. There are more than 240 aircraft based on the airfield with more than 82,000 annual takeoffs and landings. Per the Federal Aviation Administration's National Plan of Integrated Airport Systems (NPIAS), the airport is classified as a Reliever to both Austin Bergstrom and San Antonio Airports and is considered a National asset – one of only 11 in the State.

REVENUES AND EXPENSES

The San Marcos Municipal Airport Fund is an enterprise fund supported by revenues from hangar and shelter rentals, commercial and agricultural leases, and if required, a transfer from the General Fund for airport management. In fiscal year 2022, the Airport began the year with a negative fund balance due to the indirect cost allocation charged for General Fund services. In the current year, we expect to see a positive fund balance of \$20K, with a small increase in FY 23. Fiscal year 2023 includes the second year of grant funding of \$90,500 to fund an increase in the management contract to support increased marketing efforts.

The Airport is managed by Texas Aviation Partners who oversees the daily operations and ongoing development. Incentive payments to Texas Aviation Partners based on performance of the airport are estimated to be \$89 thousand in 2023. The Airport works closely with the Texas Department of Transportation and the Federal Aviation.

RESOURCE RECOVERY UTILITY FUND

The City of San Marcos outsources its residential solid waste collection services. The solid waste collection company charges its monthly fee to the City on a per-customer basis. This fee along with expenses for administration, education, household hazardous waste disposal and brush collection is used to set the rates charged to each resident within the City.

REVENUES AND EXPENSES

The Resource Recovery Utility Fund is an enterprise fund supported by assessment of residential waste collection, recycling service, and administrative and education charges. Projected revenues from service charges are budgeted at just over \$7.1 million, which is an increase of 19.6% over the prior year budget. Fiscal year 2023 budget includes a rate increase of approximately 3% to cover the increase in cost from the contractor. In addition, a surcharge for FY23 of \$1.00 per account is being proposed, also due to passed-thru increase in fees from contractor. Operating expenditures are just over \$7.0 million for solid waste hauling, recycling and household hazardous waste collection and disposal. \$196 thousand in one-time nonrecurring expense includes funding an employee retention incentive, equipment for HHW operations and purchase of standardized receptacles throughout all city facilities to encourage recycling.



SUMMARY By FUND

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	25,369,662	33,405,088	33,405,088	35,853,132
Operating Revenues				
Property Taxes	23,342,966	24,626,000	25,323,579	29,296,727
Sales Tax	42,505,437	34,657,700	37,258,180	39,406,195
Franchise Taxes and other Fees	10,065,696	11,098,878	10,993,993	11,179,270
Licenses and Permits	5,424,280	3,896,200	5,020,723	5,182,500
Fines and Penalties	654,670	1,021,400	730,594	943,175
Interest Income	44,212	130,000	120,000	190,000
Cultural and Recreational	457,136	723,700	464,230	743,700
Charges for Services	845,538	261,000	207,482	171,000
Other Revenue	2,495,410	1,951,128	2,048,767	1,875,226
Reimbursements from Other Funds	6,419,264	8,110,741	8,923,295	7,027,208
Total Operating Revenue	92,254,609	86,476,747	91,090,843	96,015,001
Operating Expenditures				
Personnel Services	54,492,299	59,635,090	56,015,091	66,477,902
Contracted Services	8,999,306	11,172,430	10,424,063	11,992,090
Materials and Supplies	5,043,226	6,151,658	6,147,996	6,417,742
Other Charges	4,042,783	4,598,427	4,539,927	5,880,741
Debt Service	106,772	106,820	106,820	98,630
Economic Development	4,390,888	3,135,000	1,535,000	2,122,000
Social Services	500,000	670,000	520,000	500,000
Arts Funding	14,550	30,000	30,000	85,000
Operating Transfers	3,213,567	2,336,202	2,103,987	1,930,169
Total Operating Expenditures	80,803,391	87,835,627	81,422,884	95,504,274
Non-Recurring Expenses				
Strategic Initiatives	12,265	220,500	171,000	150,000
One -Time Retention Incentive	-	-	-	1,565,000
Operating Transfers for One-Time Cost	3,142,234	3,540,000	3,540,000	7,000,000
Capital Outlay	261,293	2,508,915	3,508,915	3,459,517
One-Time Expenditures	3,415,792	6,269,415	7,219,915	12,174,517
Total Expenditures	84,219,182	94,105,042	88,642,799	107,678,790
Ending Unreserved Fund Balance	33,405,088	25,776,793	35,853,132	24,189,343
Fund Balance as a Percentage of Operating Expenditures	41.3%	29.3%	44.0%	25.3%
Days of Operation	151	107	161	92

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Taxes				
Current Ad Valorem Taxes	23,140,893	24,326,000	25,103,547	29,046,727
Delinquent Ad Valorem Taxes	70,521	150,000	74,409	100,000
Penalty & Int On Delinq Taxes	131,553	150,000	145,623	150,000
Sales Tax	41,999,276	34,147,700	36,673,180	38,806,195
Mixed Beverage Tax	506,162	510,000	585,000	600,000
Other Utility Franchise	1,494,671	1,525,235	1,560,000	1,650,000
Telephone Franchise	34,452	36,832	36,832	37,750
Solid Waste Hauler Permit Fee	543,863	496,811	585,000	509,230
Cosm Elec Utility Franchise	4,311,628	4,860,000	4,682,161	4,732,290
Cosm W/WW Utility Franchise	3,681,081	4,180,000	4,130,000	4,250,000
Total	75,914,099	70,382,578	73,575,752	79,882,192
Licenses & Permits				
Professional & Occupational	59,879	65,200	56,123	63,800
Alcohol Permit	22,835	23,200	59,225	35,100
Building Permits	3,682,549	2,332,900	3,073,273	3,275,400
Permit Tech Fee	60,707	45,800	59,705	55,300
Mechanical (Htg/Ac) Permit	80,480	75,000	104,374	95,100
Plumbing & Gas Permits	221,436	170,700	245,759	236,000
Sign Permit Fees	24,049	25,200	30,520	30,200
Zoning	118,753	82,100	164,141	143,900
Electrical Permit	113,315	91,000	133,927	118,800
Cert Of Occupancy	4,929	7,700	4,272	7,900
Specific Use Permit	23,818	23,300	31,849	28,200
Site Development Permit	369,860	340,000	407,611	402,200
Plat Review-Subdivisions	139,082	118,200	139,458	149,300
Construction Plan Review	71,354	102,500	115,506	121,600
Food Permits/Food Handler	213,607	178,800	202,526	208,600
Other Permits/Fees	27,026	28,100	31,088	30,800
Street Closure Permits	57,887	60,000	11,338	38,800
Architectural Barrier Review	55,559	38,800	96,112	61,300
Moving	720	3,200	891	2,900
Security Alarm Permit Fee	26,108	25,700	24,787	28,900
Fire Prev & Prot Permit Fee	24,040	20,900	20,861	22,500
After Hours Engineering Inspection fee	26,288	37,900	7,377	25,900
Total	5,424,280	3,896,200	5,020,723	5,182,500

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Fines & Penalties				
Parking Meter Fines	52,399	116,900	129,290	157,125
Local Traffic Fines	369,071	473,900	458,188	574,050
Other-Expunction	29,173	36,100	27,872	36,100
Complaints	99,104	263,600	33,865	45,000
Over-Under	1,207	1,400	365	1,400
Warrant Fee	41,853	58,300	31,788	58,300
False Alarm Charges	24,807	22,000	20,205	22,000
Defensive Driving Admin Fee	4,454	6,800	5,261	6,800
Arrest Fee	13,912	24,600	16,291	24,600
Mc-Special Exp Fee	15,596	4,400	2,400	4,400
Dismissal Fee	960	6,400	3,511	6,400
Traffic Fee	644	5,100	475	5,100
Child Safety-SB 460	1,488	1,900	1,083	1,900
Total	654,670	1,021,400	730,594	943,175
Interest Income				
Interest Income	44,212	130,000	120,000	190,000
Total	44,212	130,000	120,000	190,000
Cultural and Recreational				
Library Fees and Fines	17,346	45,500	29,411	45,500
Hays County Library Donations	85,000	85,000	85,127	85,000
Summer Program Fees	18,774	81,000	19,553	81,000
Aquatic	19,918	44,500	20,388	44,500
PARD Building User Fee	77,834	80,000	86,723	80,000
Swimming Lessons	5,045	8,000	4,015	8,000
Annual Entry Fees	102,921	155,000	78,008	155,000
Daily Entry Fees	16,281	30,000	11,966	30,000
Athletic Field Rentals	20,312	35,000	37,626	35,000
Court Rentals	-	6,200	670	6,200
Equipment Rental Fee	3,286	7,000	3,459	7,000
Aerobics Fee	6,023	30,000	9,920	30,000
Instructional Fee	5,500	19,000	13,403	19,000
Senior Activities	-	1,000	-	1,000
DC-Plant Sales	33,106	25,000	48,700	45,000
Other Facility Rentals	58,853	65,000	25,214	65,000
PARD-Other Revenue	(13,062)	6,500	(9,953)	6,500
Total	457,136	723,700	464,230	743,700

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Charges for Services				
Passports	43,991	150,000	48,077	60,000
Animal Shelter Chrgs (Pound)	21,244	20,000	5,913	20,000
Adoption Fee	101,647	45,000	113,331	45,000
Pet Vaccinations - Microchip	9,517	8,000	6,766	8,000
Births-Vital Stats	25,189	25,000	17,945	25,000
Deaths-Vital Stats	1,975	1,500	1,824	1,500
Police Fees-Variou	12,381	11,500	13,020	11,500
Fire Dept Rescue	286	-	606	-
Community Enhancement Fee	629,308	-	-	-
Total	845,538	261,000	207,482	171,000
Other Revenues				
TX State Reimbursement	71,797	72,000	73,693	75,600
SMCISD Reimbursement	227,657	225,000	222,429	234,600
Regional Animal Shelter Partnership	775,954	805,000	805,000	805,000
Auction Sales	24,016	-	-	-
Rebates	48,939	120,000	157	75,000
Vehicle Sales	76,500	75,000	116,000	50,000
Miscellaneous	68,132	66,368	43,381	66,000
PILOT	84,400	85,000	65,256	85,000
Loan Repayment - JQH	549,200	502,760	547,820	484,026
Insurance Proceeds	325,383	-	175,000	-
Other Financing Sources	243,372	-	-	-
NSF Service Charge	60	-	30	-
Total	2,495,410	1,951,128	2,048,767	1,875,226
Reimbursement from Other Funds				
Water/Wastewater Utility Fund	2,896,415	3,746,965	3,746,966	3,114,053
Electric Utility Fund	1,644,803	1,908,998	1,908,998	1,969,051
Stormwater Utility Fund	1,206,589	1,015,213	1,015,213	1,138,825
Transit Fund	56,825	24,907	24,907	68,512
Resource Recovery Fund	136,785	138,988	138,988	204,894
Airport Fund	39,916	118,380	30,181	36,332
Special Revenue Fund	437,931	1,157,290	401,289	495,541
Tax Increment Financing Zone Funds	-	-	1,656,753	-
Total	6,419,264	8,110,741	8,923,295	7,027,208
Total Revenues	92,254,609	86,476,747	91,090,843	96,015,001

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Recap of Revenues:				
Taxes	75,914,099	70,382,578	73,575,752	79,882,192
Licenses and Permits	5,424,280	3,896,200	5,020,723	5,182,500
Fines and Penalties	654,670	1,021,400	730,594	943,175
Interest Income	44,212	130,000	120,000	190,000
Cultural and Recreational	457,136	723,700	464,230	743,700
Charges for Services	845,538	261,000	207,482	171,000
Other Revenue	2,495,410	1,951,128	2,048,767	1,875,226
Reimbursements from Other Funds	6,419,264	8,110,741	8,923,295	7,027,208
One-Time Revenues	-	-	-	-
Total Revenues	92,254,609	86,476,747	91,090,843	96,015,001

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Administrative Services				
City Manager				
Personnel Services	1,583,275	1,694,871	1,566,910	1,784,050
Contracted Services	9,981	14,000	14,000	13,000
Materials and Supplies	6,321	10,110	12,910	12,000
Other Charges	28,540	47,200	48,900	46,300
Total	1,628,117	1,766,181	1,642,720	1,855,350
Communications				
Personnel Services	388,399	778,265	627,527	825,887
Contracted Services	47,348	21,015	21,015	16,547
Materials and Supplies	8,008	7,457	7,457	7,750
Other Charges	16,069	33,380	33,380	34,256
Total	459,824	840,117	689,380	884,441
City Clerk				
Personnel Services	487,534	551,177	473,224	546,182
Contracted Services	67,288	81,210	81,210	152,280
Materials and Supplies	27,895	42,446	35,401	53,359
Other Charges	13,798	23,516	23,516	25,408
Total	596,515	698,350	613,352	777,230
City Council				
Personnel Services	11,639	13,325	11,191	16,870
Contracted Services	6,199	8,200	8,200	8,200
Materials and Supplies	2,274	5,000	5,000	5,000
Other Charges	228,546	283,100	283,100	359,400
Total	248,657	309,625	307,491	389,470
Legal				
Personnel Services	706,594	920,721	748,026	924,134
Contracted Services	68,718	184,539	184,539	84,539
Materials and Supplies	583	7,300	7,300	7,300
Other Charges	4,216	17,010	17,010	17,010
Total	780,112	1,129,570	956,875	1,032,983

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Human Resources				
Personnel Services	1,133,621	1,208,014	1,048,354	1,363,993
Contracted Services	78,533	150,245	148,245	380,650
Materials and Supplies	8,982	15,270	15,270	15,450
Other Charges	6,604	25,500	25,500	250,067
Total	1,227,740	1,399,029	1,237,369	2,010,160
Finance				
Personnel Services	1,783,252	2,274,418	1,826,659	2,342,521
Contracted Services	148,276	60,983	60,983	441,500
Materials and Supplies	22,935	28,955	28,955	26,120
Other Charges	9,360	40,820	40,820	63,405
Capital Outlay	-	-	-	-
Total	1,963,824	2,405,177	1,957,417	2,873,546
Total Administrative Services	6,904,789	8,548,048	7,404,604	9,823,179
Technology Services				
Technology Services				
Personnel Services	1,850,183	1,992,336	1,844,910	2,280,461
Contracted Services	170,414	257,164	177,164	363,838
Materials and Supplies	26,576	23,652	30,435	46,622
Other Charges	67,361	114,734	114,734	114,734
Total	2,114,534	2,387,885	2,167,242	2,805,654
GIS Division				
Personnel Services	272,379	502,900	351,579	611,387
Contracted Services	7,692	16,200	16,200	53,400
Materials and Supplies	2,363	8,350	8,350	8,350
Other Charges	8,088	25,350	25,350	25,350
Total	290,522	552,800	401,479	698,487
Total Technology Services	2,405,056	2,940,685	2,568,721	3,504,142

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Community Development				
Engineering Department				
Personnel Services	2,649,628	2,765,297	2,704,551	3,003,952
Contracted Services	129,124	219,978	240,096	215,160
Materials and Supplies	24,414	40,233	40,233	41,870
Other Charges	14,846	33,009	33,009	51,109
Total	2,818,012	3,058,516	3,017,889	3,312,091
Real Estate				
Personnel Services	98,465	201,086	208,888	231,211
Contracted Services	11,268	10,465	10,465	9,857
Materials and Supplies	1,637	1,750	1,750	1,750
Other Charges	1,101	2,695	2,695	6,355
Total	112,470	215,996	223,798	249,173
Development Services Admin				
Personnel Services	526,774	435,588	519,882	888,318
Contracted Services	19,207	99,472	89,472	17,540
Materials and Supplies	24,735	41,520	41,520	39,600
Other Charges	29,778	69,973	69,973	70,442
Total	600,493	646,553	720,846	1,015,900
Planning-Permit Division				
Personnel Services	1,318,810	1,573,447	1,452,906	1,661,621
Contracted Services	96,534	167,582	143,850	219,086
Materials and Supplies	-	-	-	9,770
Other Charges	12,272	5,576	5,576	69,241
Total	1,427,615	1,746,605	1,602,332	1,959,718
Inspections Division				
Personnel Services	484,530	588,159	419,478	569,480
Contracted Services	7,759	10,278	10,278	10,278
Materials and Supplies	8,281	16,280	16,280	1,800
Other Charges	1,137	1,575	1,575	-
Total	501,707	616,292	447,611	581,558

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Library				
Personnel Services	1,504,464	1,649,889	1,572,244	1,752,627
Contracted Services	57,775	65,714	65,714	69,305
Materials and Supplies	186,248	189,020	189,020	200,850
Other Charges	16,482	24,620	24,620	24,920
Total	1,764,969	1,929,243	1,851,598	2,047,702
Total Community Development	7,225,267	8,213,205	7,864,074	9,166,143
Public Safety				
Fire Operations				
Personnel Services	11,305,190	12,107,029	11,850,156	13,414,473
Contracted Services	187,895	260,994	260,994	374,347
Materials and Supplies	688,332	833,427	833,427	938,741
Other Charges	139,197	212,047	212,047	244,951
Total	12,320,614	13,413,496	13,156,623	14,972,512
Police Operations				
Personnel Services	17,408,391	18,620,809	17,469,023	19,775,836
Contracted Services	716,461	960,770	960,770	1,113,348
Materials and Supplies	675,886	1,098,249	1,098,249	1,003,085
Other Charges	86,507	155,146	155,146	158,490
Total	18,887,245	20,834,974	19,683,188	22,050,759
Municipal Court				
Personnel Services	668,897	953,426	786,884	910,463
Contracted Services	29,938	52,292	27,900	58,468
Materials and Supplies	9,660	16,090	16,090	17,500
Other Charges	1,916	13,200	13,200	13,500
Total	710,411	1,035,008	844,074	999,931

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Office of Emergency Management				
Personnel Services	207,902	293,386	253,174	306,520
Contracted Services	11,861	56,405	46,405	38,500
Materials and Supplies	19,028	17,017	15,817	12,550
Other Charges	1,986	10,549	10,549	7,900
Total	240,777	377,357	325,945	365,470
City Marshal				
Personnel Services	554,945	770,778	650,595	1,088,615
Contracted Services	95,319	93,246	93,246	124,144
Materials and Supplies	72,186	115,890	115,890	131,835
Other Charges	8,274	32,983	32,983	24,700
Total	730,724	1,012,897	892,713	1,369,294
Parking Enforcement				
Personnel Services	-	-	-	122,243
Contracted Services	-	-	-	500
Materials and Supplies	-	-	-	11,500
Other Charges	-	-	-	-
Total	-	-	-	134,243
Total Public Safety	32,889,771	36,673,732	34,902,544	39,892,210
Public Works Department				
Public Works Administration				
Personnel Services	592,291	812,589	774,274	1,007,429
Contracted Services	39,476	89,266	54,398	108,173
Materials and Supplies	22,219	29,505	29,505	39,385
Other Charges	9,313	25,218	25,218	139,515
Total	663,298	956,578	883,395	1,294,503
Traffic Control				
Personnel Services	780,021	819,892	824,218	911,417
Contracted Services	169,066	181,927	154,897	100,760
Materials and Supplies	335,545	397,605	397,605	408,458
Other Charges	6,397	15,734	15,734	19,650
Total	1,291,029	1,415,158	1,392,454	1,440,285

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Streets				
Personnel Services	1,149,045	1,388,159	1,130,048	1,392,146
Contracted Services	117,013	269,997	247,805	286,173
Materials and Supplies	1,953,497	2,143,452	2,143,452	2,219,440
Other Charges	9,260	10,674	10,674	11,074
Total	3,228,815	3,812,283	3,531,979	3,908,832
Fleet Services				
Personnel Services	671,816	734,554	678,163	832,250
Contracted Services	6,557	35,040	35,040	22,540
Materials and Supplies	53,151	72,647	72,647	72,887
Other Charges	6,033	18,800	18,800	24,500
Total	737,557	861,041	804,649	952,177
Facilities & Grounds				
Personnel Services	307,086	512,970	540,289	637,539
Contracted Services	1,145,250	1,748,091	1,748,091	1,916,474
Materials and Supplies	118,737	73,660	73,660	87,070
Other Charges	815	9,285	9,285	14,910
Total	1,571,888	2,344,006	2,371,325	2,655,993
Total Public Works Department	7,492,587	9,389,065	8,983,803	10,251,790
Neighborhood Enhancement				
Neighborhood Enhancement Admin				
Personnel Services	448,772	407,301	463,250	465,802
Contracted Services	14,027	42,274	31,374	51,840
Materials and Supplies	19,845	37,580	37,580	37,900
Other Charges	3,454	18,400	18,400	17,570
Total	486,098	505,555	550,604	573,112
Community Enhancement				
Personnel Services	242,407	-	-	-
Contracted Services	14,176	-	-	-
Materials and Supplies	8,618	-	-	-
Other Charges	258,568	-	-	-
Total	523,768	-	-	-

GENERAL FUND SUMMARY	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Code Compliance				
Personnel Services	579,722	634,816	534,559	636,017
Contracted Services	27,895	66,239	66,239	67,639
Materials and Supplies	23,605	37,630	37,630	31,573
Other Charges	4,780	3,407	3,407	7,750
Total	636,002	742,092	641,835	742,979
Animal Services-Protection				
Personnel Services	375,036	384,824	449,772	369,681
Contracted Services	16,386	31,228	31,228	33,382
Materials and Supplies	23,519	40,412	40,412	40,107
Other Charges	3,073	7,090	7,090	6,250
Total	418,014	463,554	528,501	449,420
Animal Services- Shelter				
Personnel Services	817,131	1,017,130	729,728	1,406,625
Contracted Services	205,746	270,620	270,620	125,012
Materials and Supplies	160,972	254,242	254,242	213,796
Other Charges	1,157	86,160	86,160	128,950
Capital Outlay	-	-	-	-
Total	1,185,005	1,628,151	1,340,750	1,874,383
Total Neighborhood Enhancement	3,248,888	3,339,353	3,061,690	3,639,894
General Services				
General Services Admin				
Personnel Services	125,394	-	-	-
Contracted Services	1,466	-	-	-
Materials and Supplies	406	-	-	-
Other Charges	112	-	-	-
Total	127,378	-	-	-
Total General Services	127,378	-	-	-

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Parks and Recreation Services				
PARD Administration				
Personnel Services	570,839	656,271	524,889	646,613
Contracted Services	-	12,700	12,700	23,265
Materials and Supplies	318	2,500	2,500	2,500
Other Charges	1,574	2,250	2,250	2,250
Total	572,731	673,721	542,339	674,628
Parks Operations				
Personnel Services	1,361,429	1,573,803	1,368,651	1,714,909
Contracted Services	280,211	415,372	415,372	444,572
Materials and Supplies	380,818	360,594	360,594	471,458
Other Charges	7,107	6,750	6,750	6,750
Total	2,029,564	2,356,519	2,151,366	2,637,689
PARD Recreation Programs				
Personnel Services	585,242	746,194	481,109	747,534
Contracted Services	20,068	88,500	88,500	90,300
Materials and Supplies	21,813	60,000	60,000	58,200
Other Charges	19,169	38,000	38,000	48,000
Total	646,292	932,694	667,609	944,034
Activity Center				
Personnel Services	683,679	939,330	867,782	992,379
Contracted Services	56,158	80,500	80,500	80,500
Materials and Supplies	45,052	37,815	37,815	37,815
Other Charges	2,303	2,750	2,750	2,750
Total	787,192	1,060,395	988,847	1,113,444
Outdoor Pool				
Personnel Services	38,003	125,168	72,837	140,211
Contracted Services	159	-	-	-
Materials and Supplies	20,663	52,000	52,000	52,000
Other Charges	-	-	-	-
Total	58,825	177,168	124,837	192,211
Discovery Center				
Personnel Services	212,417	194,077	187,330	202,805
Contracted Services	18,900	25,000	25,000	182,000
Materials and Supplies	38,107	29,000	29,000	52,350
Other Charges	18,137	39,095	39,095	30,450
Total	287,560	287,172	280,425	467,605
Total Parks and Recreation Services	4,382,164	5,487,669	4,755,423	6,029,611

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Government Services				
Social Services				
Social Services	500,000	670,000	520,000	500,000
Total	500,000	670,000	520,000	500,000
Special Services				
Personnel Services	7,099	(1,206,910)	2,033	(46,300)
Contracted Services	4,899,164	5,024,924	4,501,553	4,694,973
Materials and Supplies	-	5,000	-	-
Other Charges	3,007,717	3,363,333	3,253,633	3,962,834
Debt Service	106,772	106,820	106,820	98,630
Arts Funding	14,550	30,000	30,000	85,000
Operating Transfers	6,355,801	5,876,202	5,643,987	8,930,169
Economic Development	4,390,888	3,135,000	1,535,000	2,122,000
One -Time Retention Incentive	-	-	-	1,565,000
Capital Outlay	261,293	2,508,915	3,508,915	3,459,517
Total	19,043,284	18,843,284	18,581,941	24,871,823
Total Government Services	19,543,284	19,513,284	19,101,941	25,371,823
Total General Fund Expenditures	84,219,182	94,105,042	88,642,799	107,678,790
	87,309,503	96,279,042	90,855,840	111,757,663
Summary of Expenditures by Services				
Government Services	19,543,284	19,513,284	19,101,941	25,371,823
Administrative Services	6,904,789	8,548,048	7,404,604	9,823,179
Technology Services	2,405,056	2,940,685	2,568,721	3,504,142
Community Development	7,225,267	8,213,205	7,864,074	9,166,143
General Services	127,378	-	-	-
Parks & Recreation	4,382,164	5,487,669	4,755,423	6,029,611
Neighborhood Enhancement	3,248,888	3,339,353	3,061,690	3,639,894
Public Safety	32,889,771	36,673,732	34,902,544	39,892,210
Public Works	7,492,587	9,389,065	8,983,803	10,251,790
Total General Fund Expenditures	84,219,182	94,105,042	88,642,799	107,678,790

CITY OF SAN MARCOS

Debt Service Fund Summary

FY 2023 Proposed Annual Budget

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	10,953,338	10,275,864	10,275,864	10,462,499
Operating Revenues				
Current Ad Valorem	9,575,364	11,815,488	12,135,320	12,398,722
Delinquent Ad Valorem	45,228	100,000	100,000	100,000
Penalties and Interest	60,383	75,000	75,000	75,000
Interest Income	(2,299)	5,000	10,000	15,000
Hammon's Transfer	502,315	502,760	502,760	484,026
Pass Thru Toll Revenue	3,560,709	2,802,550	2,802,550	2,750,000
TIRZ Transfer	155,895	132,750	132,750	154,659
Venue Tax Transfer	499,202	748,930	931,450	935,700
Other Revenue	1,389	-	-	-
Total Operating Revenues	14,398,186	16,182,478	16,689,830	16,913,107
Operating Expenditures				
Principal Payments	8,995,000	9,980,000	10,485,000	11,025,000
Interest Payments	6,073,883	6,711,754	6,007,801	5,835,029
Fiscal Agent Fees	6,777	8,100	10,394	10,750
Total Operating Expenditures	15,075,660	16,699,854	16,503,195	16,870,779
Ending Fund Balance	10,275,864	9,758,488	10,462,499	10,504,827
Fund Balance as a Percentage of Total Expenditures	68.16%	58.43%	63.40%	62.27%

Outstanding Tax Supported Debt	Outstanding Principal
Series 2008A Combination Tax and Revenue Certificates of Obligation	3,125,000
Series 2012 General Obligation Refunding Bonds	455,000
Series 2013 Combination Tax & Revenue Bonds	170,000
Series 2014 Combination Tax & Revenue Bonds	2,975,000
Series 2014 General Obligation Refunding Bonds	3,455,000
Series 2014A General Obligation Refunding Bonds	4,290,000
Series 2015 Combination Tax & Revenue Bonds	1,490,000
Series 2016 GO Refunding Bonds	4,810,000
Series 2016 Combination Tax & Revenue Bonds	7,850,000
Series 2017 Combination Tax & Revenue Bonds	5,815,000
Series 2018 Combination Tax & Revenue Bonds	8,065,000
Series 2018 General Obligation Bonds	21,175,000
Series 2018 Combination Tax & Revenue Bonds TWDB	1,570,000
Series 2019 GO Refunding Bonds	3,780,000
Series 2019 Combination Tax & Revenue Bonds	8,265,000
Series 2020 Refunding Bonds	560,000
Series 2020 Combination Tax & Revenue Bonds	11,165,000
Series 2021 Refunding Bonds	9,090,000
Series 2021 General Obligation Bonds	4,460,000
Series 2021A Combination Tax & Revenue Bonds	6,235,000
Series 2021B Combination Tax & Revenue Bonds	10,745,000
Series 2022 Combination Tax & Revenue Bonds	5,910,000
Total	125,455,000
Fund Balance as a Percentage of Total Principal Amount for Outstanding Tax Supported Debt	8.37%

ELECTRIC UTILITY FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	12,142,148	13,980,889	13,980,889	12,929,401
Operating Revenues				
Interest Income	4,458	18,500	52,640	87,030
Sales Tax Discount	8,790	8,980	26,260	26,260
Electric Service Revenue	53,899,637	58,832,880	57,479,500	59,488,025
Connections - Electric	505,460	537,600	521,410	539,700
Reconnection Charges	7,440	100,000	193,850	199,000
Penalties	35,148	550,000	678,300	695,000
Pole Attachment Contracts	482,536	500,000	500	500,000
Ferguson Revenue	-	500,000	656,194	1,197,792
Service Charges	22,350	10,000	5,380	5,380
Other Revenue	144,795	68,640	78,483	74,150
Reimbursement from Other Funds	2,225,570	2,541,092	2,541,092	2,315,534
Total Operating Revenues	57,336,186	63,667,692	62,233,609	65,127,871
Operating Expenses				
Personnel Services	6,421,963	7,784,792	6,234,671	7,998,206
Purchased Power	30,119,468	35,472,925	36,300,284	36,300,284
Contracted Services	3,163,571	4,929,307	4,390,696	5,225,975
Materials and Supplies	802,442	761,421	835,898	959,581
Other Charges	1,971,641	1,808,998	1,514,015	1,077,475
Franchise Fee	4,311,628	4,860,000	4,680,000	4,730,000
Debt Service	4,216,760	5,460,311	5,137,036	6,311,583
Operating Transfers	1,694,803	1,908,998	1,908,998	1,969,051
Total Operating Expenses	52,702,276	62,986,752	61,001,598	64,572,156
One-Time Expenses				
Capital Outlay	417,867	662,999	662,999	1,053,032
One-Time Retention Incentive	-	-	-	175,000
Transfer to Capital Reserves	1,600,000	1,620,500	1,620,500	1,000,000
Total One-Time Expenses	2,017,867	2,283,499	2,283,499	2,228,032
Total Expenses	54,720,144	65,270,251	63,285,097	66,800,188
Ending Fund Balance	14,758,190	12,378,330	12,929,401	11,257,085
Fund Balance Reserve-Revenue Stabilization	777,301	-	-	-
Ending Unreserved Fund Balance	13,980,889	12,378,330	12,929,401	11,257,085
Fund Balance in Days of Operation	104.01	76.66	82.64	67.72

**ELECTRIC UTILITY
DETAIL BY DEPARTMENT**
FY 2021
ACTUALS

FY 2022
CURRENT

FY 2022
ESTIMATED

FY 2023
PROPOSED
Conservation

Personnel Services	96,683	102,306	65,956	98,674
Contracted Services	103,266	137,864	106,864	137,864
Materials and Supplies	2,608	20,750	8,500	20,750
Other Charges	200	3,931	3,931	6,230
Capital Outlay	-	-	-	-

Total

202,757

264,851

185,251

263,518

Meter Operations

Personnel Services	1,315,839	1,563,307	1,567,595	1,587,689
Contracted Services	42,621	79,700	152,200	215,200
Materials and Supplies	106,076	164,368	106,261	390,700
Other Charges	10,996	47,600	33,700	48,100
Capital Outlay	43,402	53,999	53,999	393,032

Total

1,518,933

1,908,974

1,913,755

2,634,721

Operations

Personnel Services	1,266,552	1,588,992	1,061,080	1,569,538
Contracted Services	278,757	672,028	680,528	622,028
Materials and Supplies	28,827	37,716	40,550	40,694
Other Charges	63,528	87,350	62,500	87,700
Capital Outlay	255,809	325,000	325,000	146,000

Total

1,893,473

2,711,086

2,169,658

2,465,960

Maintenance

Personnel Services	2,186,432	2,828,890	2,152,670	2,908,578
Contracted Services	1,316,467	1,867,800	1,586,800	1,876,000
Materials and Supplies	641,933	472,196	612,196	447,287
Other Charges	64,820	130,750	113,750	127,500
Capital Outlay	86,990	204,000	204,000	514,000

Total

4,296,643

5,503,636

4,669,416

5,873,366

Utility Business Office

Personnel Services	1,161,724	1,221,241	1,163,260	1,432,593
Contracted Services	302,615	665,776	449,289	656,735
Materials and Supplies	20,722	53,458	53,458	50,600
Other Charges	213	17,871	17,871	20,745
Capital Outlay	-	-	-	-

Total

1,485,274

1,958,346

1,683,878

2,160,674

ELECTRIC UTILITY DETAIL BY DEPARTMENT

FY 2021
ACTUALS

FY 2022
CURRENT

FY 2022
ESTIMATED

FY 2023
PROPOSED

Public Services Administration

Personnel Services	394,096	480,056	224,110	401,132
Contracted Services	127,702	211,200	146,200	211,200
Materials and Supplies	2,111	8,933	10,933	9,550
Other Charges	186	6,200	5,500	9,200
Capital Outlay	-	30,000	30,000	-
Total	524,095	736,389	416,743	631,082

Special Services

Personnel Services	637	-	-	-
Purchased Power	30,119,468	35,472,925	36,300,284	36,300,284
Contracted Services	992,144	1,294,939	1,268,815	1,506,948
Materials and Supplies	165	4,000	4,000	-
Other Charges	1,831,697	1,515,296	1,276,763	778,000
Franchise Fee	4,311,628	4,860,000	4,680,000	4,730,000
Debt Service	12,415	12,416	12,416	11,470
Operating Transfers	1,694,803	1,908,998	1,908,998	1,969,051
Capital Outlay	31,667	50,000	50,000	-
One-Time Retention Incentive				175,000
Transfer to Capital Reserves	1,600,000	1,620,500	1,620,500	1,000,000
Total	40,594,624	46,739,074	47,121,776	46,470,753

Debt Service

Principal Payments	1,960,000	2,665,000	3,076,679	4,155,000
Interest Payments	2,240,666	2,777,945	2,042,991	2,140,813
Fiscal Agent Fees	3,679	4,950	4,950	4,300
Total	4,204,345	5,447,895	5,124,620	6,300,113

Total Electric Utility Fund Expenses

54,720,144 65,270,251 63,285,097 66,800,188

Summary of Expenses by Department

Conservation	202,757	264,851	185,251	263,518
Meter Operations	1,518,933	1,908,974	1,913,755	2,634,721
Administration	1,893,473	2,711,086	2,169,658	2,465,960
Maintenance	4,296,643	5,503,636	4,669,416	5,873,366
Utility Business Office	1,485,274	1,958,346	1,683,878	2,160,674
Public Services Administration	524,095	736,389	416,743	631,082
Special Services	40,594,624	46,739,074	47,121,776	46,470,753
Debt Service	4,204,345	5,447,895	5,124,620	6,300,113

Total Electric Utility Fund Expenses

54,720,144 65,270,251 63,285,097 66,800,188

WATER / WASTEWATER UTILITY FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	15,289,571	15,098,796	15,098,796	15,329,995
Operating Revenues				
Interest Income	11,288	51,240	56,915	114,912
Water Service Revenue	26,397,144	30,601,800	29,863,280	30,908,500
Wastewater Service Revenue	18,780,106	19,964,300	20,815,620	21,544,200
Pretreatment Program	960,592	904,660	1,095,990	1,134,300
Connections-Water	456,761	292,600	575,840	593,100
Connections-Sewer	7,575	5,790	29,740	30,600
Reuse Water Revenue	541,578	566,900	656,900	676,600
Wholesale Water Sales	836,269	679,800	960,577	989,400
Alliance Water Revenue	191,116	167,580	263,310	265,900
Penalties	29,972	350,000	675,900	696,200
Other Revenue	305,571	99,000	125,185	129,000
Service Charges	156,914	150,000	258,020	265,800
Debt Service Reimbursement (Series 2006 and 2006A)	452,757	450,000	450,000	450,000
Total Operating Revenues	49,127,642	54,283,670	55,827,277	57,798,512
Operating Expenses				
Personnel Services	5,313,969	5,850,343	5,326,981	6,788,001
Contracted Services	11,508,285	14,083,824	14,371,192	16,270,117
Materials and Supplies	1,734,958	1,782,097	1,836,547	1,710,162
Other Charges	1,420,210	1,662,084	1,625,488	1,317,708
Franchise fee	3,681,081	4,180,000	4,130,000	4,250,000
Debt Service	13,763,838	18,318,230	18,107,566	21,107,879
Operating Transfers	4,511,301	5,403,804	5,490,304	5,017,800
Total Operating Expenses	41,933,644	51,280,382	50,888,078	56,461,666
Non-Recurring Expenses				
Capital Outlay	406,053	1,398,000	1,398,000	1,634,197
One-Time Retention Incentive	-	-	-	182,500
Transfer to Capital Reserves	3,400,000	4,310,000	3,310,000	-
Total One-Time Expenses	3,806,053	5,708,000	4,708,000	1,816,697
Total Expenses	45,739,696	56,988,382	55,596,078	58,278,363
Ending Fund Balance	18,677,516	12,394,084	15,329,995	14,850,144
Fund Balance Reserve-Revenue Stabilization	3,578,720	-	-	-
Ending Unreserved Fund Balance	15,098,796	12,394,084	15,329,995	14,850,144
Fund Balance as a Percentage of Total Expenses	36.0%	24.2%	30.1%	26.3%
	131	88	110	96

W/WW UTILITY DETAIL BY DEPARTMENT

FY 2021
ACTUALS

FY 2022
CURRENT

FY 2022
ESTIMATED

FY 2023
PROPOSED

Wastewater Collection

Personnel Services	1,421,385	1,479,684	1,333,830	1,683,515
Contracted Services	61,825	75,705	75,705	83,495
Materials and Supplies	403,718	677,890	637,423	574,992
Other Charges	35,837	42,363	43,726	51,387
Capital Outlay	49,791	473,000	473,000	449,000
Total	1,972,556	2,748,642	2,563,684	2,842,390

Water Quality Services

Personnel Services	676,992	726,836	673,920	831,410
Contracted Services	175,911	306,535	277,479	311,686
Materials and Supplies	42,916	67,241	74,355	79,156
Other Charges	7,336	13,130	13,130	19,130
Capital Outlay	-	-	-	48,111
Total	903,155	1,113,743	1,038,884	1,289,494

Water Distribution Maintenance

Personnel Services	2,656,988	2,806,656	2,584,860	3,256,379
Contracted Services	254,291	257,997	196,977	261,547
Materials and Supplies	1,280,374	969,292	1,071,976	992,402
Other Charges	52,866	72,200	69,750	79,020
Capital Outlay	74,595	480,000	480,000	734,586
Total	4,319,113	4,586,145	4,403,563	5,323,933

Water Conservation

Personnel Services	96,685	178,683	69,500	175,568
Contracted Services	88,818	135,540	72,769	135,540
Materials and Supplies	1,127	32,912	15,831	32,912
Other Charges	89	3,559	3,559	3,260
Capital Outlay	-	-	-	-
Total	186,719	350,694	161,659	347,280

Water/Wastewater Administration

Personnel Services	460,723	658,484	664,871	674,128
Contracted Services	154,646	310,246	298,246	324,500
Materials and Supplies	6,824	28,710	30,910	28,700
Other Charges	7,926	21,909	13,500	28,610
Capital Outlay	250,000	395,000	395,000	402,500
Total	880,119	1,414,349	1,402,527	1,458,438

W/WW UTILITY DETAIL BY DEPARTMENT

FY 2021
ACTUALS

FY 2022
CURRENT

FY 2022
ESTIMATED

FY 2023
PROPOSED

Special Services

Personnel Services	1,198	-	-	167,000
Contracted Services	10,772,794	12,997,801	13,450,016	15,153,348
Materials and Supplies	-	6,052	6,052	2,000
Other Charges	1,316,157	1,508,923	1,481,823	1,136,301
Franchise fee	3,681,081	4,180,000	4,130,000	4,250,000
Debt Service	129,120	129,121	129,121	119,270
Operating Transfers	4,511,301	5,403,804	5,490,304	5,017,800
Capital Outlay	31,667	50,000	50,000	-
One-Time Retention Incentive				182,500
Transfer to Capital Reserves	3,400,000	4,310,000	4,310,000	-
Total	23,843,318	28,585,701	29,047,316	26,028,219

Debt Service

Interest Payments	5,307,369	5,734,759	5,234,095	7,438,859
Fiscal Agent Fees	7,348	9,350	9,350	9,750
Total	13,634,718	18,189,109	17,978,445	20,988,609

Total Water/Wastewater Utility Fund Expenses

45,739,696 56,988,382 56,596,078 58,278,363

Summary of Expenses by Department

Wastewater Collection	1,972,556	2,748,642	2,563,684	2,842,390
Water Quality Services	903,155	1,113,743	1,038,884	1,289,494
Water Distribution Maintenance	4,319,113	4,586,145	4,403,563	5,323,933
Water Conservation	186,719	350,694	161,659	347,280
Water/ Wastewater Administration	880,119	1,414,349	1,402,527	1,458,438
Special Services	23,843,318	28,585,701	29,047,316	26,028,219
Debt Service	13,634,718	18,189,109	17,978,445	20,988,609

Total Water/Wastewater Utility Fund Expenses

45,739,696 56,988,382 56,596,078 58,278,363

STORMWATER UTILITY FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	1,626,069	1,402,085	1,402,085	1,683,578
Operating Revenues				
Interest Income	-	9,000	-	10,000
Stormwater Utility Fee	6,859,317	7,940,400	7,890,000	8,773,960
Penalties	2,675	50,000	88,000	90,000
Other Revenue	0	-	-	-
Total Operating Revenues	6,861,991	7,999,400	7,978,000	8,873,960
Operating Expenses				
Personnel Services	1,258,961	1,204,538	1,161,066	1,554,042
Contracted Services	794,417	1,270,477	1,144,769	1,137,886
Materials and Supplies	187,458	226,146	227,672	267,602
Other Charges	76,930	29,190	25,390	27,000
Debt Service	3,404,960	3,917,591	3,872,261	4,335,701
Operating Transfer	1,363,249	1,183,400	1,183,400	1,330,286
Total Operating Expenses	7,085,975	7,831,342	7,614,557	8,652,516
One-Time Expenses				
Capital Outlay	-	81,950	81,950	101,821
One-Time Retention Incentive	-	-	-	35,000
Total One-Time Expenses	-	81,950	81,950	136,821
Ending Unreserved Fund Balance	1,402,085	1,488,193	1,683,578	1,768,201
Fund Balance as a Percentage of Total Expenses	19.8%	19.0%	22.1%	20.4%

TRANSIT FUND SUMMARY

	FY 2021 <i>ACTUALS</i>	FY 2022 <i>CURRENT</i>	FY 2022 <i>ESTIMATED</i>	FY 2023 <i>PROPOSED</i>
Beginning Fund Balance	204,906	103,453	103,453	202,592
Operating Revenues				
Federal Transit Funds	1,987,028	1,450,000	556,000	1,398,605
State Transit Funds	-	287,452	287,452	257,257
Fare Revenue	23,059	50,000	50,000	50,000
Other Sources	10,000	-	700,000	439,881
Operating Transfers	150,000	832,215	600,000	1,013,425
Total Operating Revenue	2,170,087	2,619,667	2,193,452	3,159,168
Operating Expenses				
Personnel Services	203,108	241,286	158,274	339,908
Contracted Services	2,010,671	2,303,624	1,903,624	2,308,160
Materials and Supplies	111	2,154	2,154	9,765
Other Charges	825	5,355	5,355	9,275
Operating Transfers	56,825	24,907	24,907	68,512
Total Operating Expenses	2,271,540	2,577,326	2,094,314	2,735,620
Capital Improvements	-	423,548	-	423,548
One-Time Retention Incentives	-	-	-	5,000
Total Non-Recurring Expense	-	423,548	-	428,548
Ending Unreserved Fund Balance	103,453	(277,754)	202,592	197,592
Fund Balance as a Percentage of Operating Expenses				7.2%

RESOURCE RECOVERY UTILITY FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Fund Balance - Reserved and Unreserved	1,993,655	2,082,289	2,082,289	2,333,234
Operating Revenues				
Residential Garbage Collection Fee	3,651,427	3,950,000	4,025,000	4,837,500
Recycling Collection Fee	1,741,584	1,890,000	1,875,000	2,083,500
Penalties	3,728	84,000	84,000	107,275
Other Revenue	69,940	90,000	82,622	58,460
Operating Transfers	-	-	-	-
Total Operating Revenue	5,466,680	6,014,000	6,066,622	7,086,735
Operating Expenses				
Personnel Services	400,264	410,739	388,469	664,010
Contracted Services	4,432,979	5,097,980	4,961,700	5,854,100
Materials and Supplies	32,871	40,831	40,831	45,345
Other Charges	163,695	40,500	40,500	21,500
Operating Transfers	348,235	384,177	384,177	450,220
Total Operating Expenses	5,378,045	5,974,227	5,815,677	7,035,175
Capital Improvements	-	-	-	196,665
One-Time Retention Incentives	-	-	-	12,500
Total Expenses	5,378,045	5,974,227	5,815,677	7,244,341
Ending Unreserved Fund Balance	2,082,289	2,122,062	2,333,234	2,175,629
Fund Balance as a Percentage of Operating Expenses	38.7%	35.5%	40.1%	30.9%

MUNICIPAL AIRPORT FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	(23,244)	(2,050)	(2,050)	19,483
Operating Revenues				
Interest Income	-	-	-	-
Penalties Assessed	-	-	-	-
City-Owned T-Hangar Rentals	61,800	86,400	86,400	86,400
City-Owned Shelter Rentals	17,420	21,000	21,000	21,000
Agricultural Land Lease	64,474	64,474	61,245	61,245
Fuel Flowage Fees	74,463	70,000	78,000	80,000
City-Owned Storage Area Rentals	5,015	5,100	5,100	6,000
Private Hangar/Land Rentals	116,179	147,330	111,260	159,795
Commercial Land/Facility Rentals	333,761	310,577	319,720	314,802
Tie-Down Rent	16,600	16,500	7,250	16,500
Commercial Gross Receipts	23,145	17,400	20,000	20,400
Other Sources	-	90,500	90,500	90,500
Total Operating Revenues	712,857	829,281	800,475	856,642
Non-Operating Revenues				
Commercial Land/Facility Improvement Credits	(69,261)	(69,261)	(69,261)	(89,629)
Transfer from General Fund	-	-	-	-
Total Non-Operating Revenues	(69,261)	(69,261)	(69,261)	(89,629)
Total Revenue	643,596	760,020	731,214	767,013
Operating Expenses				
Contracted Services	479,247	579,500	579,500	589,280
Materials and Supplies	215	-	-	-
Other Charges	103,024	100,000	100,000	120,000
Operating Transfers	39,916	118,380	30,181	36,332
Total Operating Expenses	622,402	797,880	709,681	745,612
One-Time Expenses				
Capital Outlay	-	-	-	20,199
Total One-Time Expenses	-	-	-	20,199
Total Expenses	622,402	797,880	709,681	765,811
Ending Unreserved Fund Balance	(2,050)	(39,910)	19,483	20,685
Fund Balance as a Percentage of Operating Expenses	-0.3%	-5.0%	2.7%	2.8%

HEALTH INSURANCE FUND SUMMARY

	FY 2021 <i>ACTUALS</i>	FY 2022 <i>CURRENT</i>	FY 2022 <i>ESTIMATED</i>	FY 2023 <i>PROPOSED</i>
Beginning Unreserved Fund Balance	4,497,086	6,503,120	6,503,120	6,530,120
Operating Revenues				
Interest Income	1,973	5,000	12,000	20,000
Employee Contributions	1,964,633	1,991,500	1,910,000	1,996,750
Employer Contributions	7,887,500	8,010,000	7,121,000	7,994,750
Retiree Contributions	343,102	334,500	315,000	320,000
Pharmacy Rebates	10,080	5,000	15,000	15,000
Other Refunds	-	-	-	-
Total Operating Revenues	10,207,288	10,346,000	9,373,000	10,346,500
Operating Expenditures				
Health Claims	8,201,254	8,778,500	9,346,000	9,948,500
Total Operating Expenditures	8,201,254	8,778,500	9,346,000	9,948,500
Ending Unreserved Fund Balance	6,503,120	8,070,620	6,530,120	6,928,120
Fund Balance as a Percentage of Total Expenditure	79.3%	91.9%	69.9%	69.6%

COMMUNITY ENHANCEMENT FUND SUMMARY

	FY 2021	FY 2022	FY 2022	FY 2023
	<i>ACTUALS</i>	<i>CURRENT</i>	<i>ESTIMATED</i>	<i>PROPOSED</i>
Beginning Unreserved Fund Balance	-	804,042	804,042	648,665
Operating Revenues				
Community Enhancement	-	667,972	648,000	667,000
Transfer from General fund	804,042	-	-	-
Total Operating Revenues	804,042	667,972	648,000	667,000
Operating Expenditures				
Personnel Services	-	322,821	322,821	346,466
Contracted Services	-	104,521	98,571	112,269
Materials and Supplies	-	24,835	10,885	24,835
Other Charges	-	457,078	371,100	620,356
Total Operating Expenditures	-	909,255	803,377	1,103,926
One-Time Expenditures				
One-Time Non-recurring expenditures	-	-	-	12,500
Total One-Time Expenditures	-	-	-	12,500
Ending Unreserved Fund Balance	804,042	562,759	648,665	199,239
Fund Balance as a Percentage of Total				18.05%

PARD SPECIAL REVENUE FUND SUMMARY

	FY 2021 <i>ACTUALS</i>	FY 2022 <i>CURRENT</i>	FY 2022 <i>ESTIMATED</i>	FY 2023 <i>PROPOSED</i>
Beginning Unreserved Fund Balance	295,379	348,327	348,327	386,904
Operating Revenues				
Program Revenues	130,773	151,500	170,177	179,525
Transfer from General fund	-	-	-	-
Total Operating Revenues	130,773	151,500	170,177	179,525
Operating Expenditures				
Contracted Services	47,574	73,700	71,000	68,600
Materials and Supplies	24,655	48,600	43,100	46,100
Other Charges	5,596	19,250	17,500	17,500
Total Operating Expenditures	77,825	141,550	131,600	132,200
Ending Unreserved Fund Balance	348,327	358,277	386,904	434,229
Fund Balance as a Percentage of Total	447.6%		294.0%	328.5%

MUNICIPAL COURT EFFICIENCY FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	49,823	54,377	54,377	54,377
Operating Revenues				
Efficiency Fee	4,554	4,500	5,000	5,000
Other Revenue	-	-	-	-
Total Operating Revenues	4,554	4,500	5,000	5,000
Operating Expenditures				
Contracted Services	-	5,000	5,000	5,000
Total Operating Expenditures	-	5,000	5,000	5,000
Ending Unreserved Fund Balance	54,377	53,877	54,377	54,377
Fund Balance as a Percentage of Total Expenditure	100.0%	1077.5%	1087.5%	1087.5%

MUNICIPAL COURT JUVENILE FEE FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	45,932	30,929	30,929	33,342
Operating Revenues				
Juvenile Court Fees	15,721	17,000	18,000	18,000
Total Operating Revenues	15,721	17,000	18,000	18,000
Operating Expenditures				
Personnel Services	30,724	16,630	15,587	18,203
Total Operating Expenditures	30,724	16,630	15,587	18,203
Ending Unreserved Fund Balance	30,929	31,299	33,342	33,139
Fund Balance as a Percentage of Total Expenditure	100.7%	188.2%	213.9%	182.0%

MUNICIPAL COURT SECURITY FEE FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	107,097	90,876 ▲	90,876	80,860
Operating Revenues				
Security Fee	13,015	15,000	16,350	17,000
Total Operating Revenues	13,015	15,000	16,350	17,000
Operating Expenditures				
Personnel	29,236	31,763	26,366	31,493
Contracted Services	-	-	-	-
Total Operating Expenditures	29,236	31,763	26,366	31,493
Ending Unreserved Fund Balance	90,876	74,113	80,860	66,367
Fund Balance as a Percentage of Total Expenditure	310.8%	233.3%	306.7%	210.7%

MUNICIPAL COURT TECHNOLOGY FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	189,699	102,218	102,218	95,513
Operating Revenues				
Technology Fee	11,942	15,000	14,250	15,000
Total Operating Revenues	11,942	15,000	14,250	15,000
Operating Expenditures				
Contracted Services	99,423	17,077	18,955	20,000
Materials and Supplies	-	2,000	2,000	2,000
Total Operating Expenditures	99,423	19,077	20,955	22,000
One-Time Expenditures				
Capital Outlay	-	-	-	-
Total One-Time Expenditures	-	-	-	-
Ending Unreserved Fund Balance	102,218	98,141	95,513	88,513
Fund Balance as a Percentage of Total Expenditure	102.8%	514.4%	455.8%	402.3%

HOTEL OCCUPANCY TAX FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Fund Balance - Reserved and Unreserved	882,831	1,348,980	1,348,980	2,257,071
Operating Revenues				
Hotel Occupancy Tax	2,271,069	2,062,670	2,605,600	2,615,000
Embassy Tax Revenue	461,083	558,580	654,500	660,000
Venue Tax-2%	780,617	748,930	931,450	935,700
Penalties	1,470	10,000	7,000	10,000
Interest Income	-	1,000	-	1,000
Other Revenue	-	-	-	-
Operating Transfer from General Fund	170,995	166,850	166,850	147,718
Total Operating Revenues	3,685,234	3,548,030	4,365,400	4,369,418
Operating Expenditures				
Tanger Marketing Program	73,205	50,000	50,000	50,000
Downtown Mrktng Coop	-	20,000	20,000	20,000
Eco Tourism	11,388	19,500	19,500	24,000
Special Events	-	-	-	187,000
Mural Funding	30,731	35,000	35,000	60,000
Arts Master Plan	7,519	-	6,928	-
Arts Project Funding	35,457	125,000	125,000	200,000
Permanent Art	73,328	200,000	200,000	200,000
Facility Maintenance	79,600	10,000	10,000	10,000
Main Street Program	401,897	467,497	438,453	529,614
Convention & Visitor Bureau (City Department)	1,485,497	1,680,119	1,620,978	1,999,012
Total Operating Expenditures	2,198,622	2,607,116	2,525,859	3,279,626
Operating Transfers and One-Time Expense				
Transfer of Venue Tax	499,202	748,930	931,450	935,700
One-Time Retention Incentive	-	-	-	26,250
Capital Outlay	-	-	-	700,000
Total Transfers and One-Time Expense	499,202	748,930	931,450	1,661,950
Reserved for Unspent Allocations - Arts Funding (Permanent Art)	411,994	-	-	-
Reserved for Unspent Allocations - Mural Funding	49,867	-	-	-
Reserved for Unspent Allocations - Conference Ctr Repairs	59,400	-	-	-
Total Reserves for Unspent Allocations	521,261	-	-	-
Ending Unreserved Fund Balance	1,348,980	1,540,964	2,257,071	1,684,913
Fund Balance as a Percentage of Total Expenditures	61.4%	59.1%	89.4%	51.4%


PEG FUND SUMMARY

	FY 2021 <i>ACTUALS</i>	FY 2022 <i>CURRENT</i>	FY 2022 <i>ESTIMATED</i>	FY 2023 <i>PROPOSED</i>
Beginning Unreserved Fund Balance	683,151	707,498	707,498	781,693
Operating Revenues				
Public Education Governmental Fee	93,273	99,000	94,195	95,000
Total Operating Revenues	93,273	99,000	94,195	95,000
Expenditures				
Equipment and Supplies	68,927	100,000	20,000	100,000
Total One-Time Expenditures	68,927	100,000	20,000	100,000
Ending Unreserved Fund Balance	707,498	706,498	781,693	776,693


ANIMAL SHELTER DONATIONS

	FY 2021 <i>ACTUALS</i>	FY 2022 <i>CURRENT</i>	FY 2022 <i>ESTIMATED</i>	FY 2023 <i>PROPOSED</i>
Beginning Unreserved Fund Balance	77,815	168,259	168,259	193,259
Operating Revenues				
Animal Shelter Restricted Donations	104,777	-	40,000	15,000
Total Operating Revenues	104,777	-	40,000	15,000
Operating Expenses				
Other Charges	14,333	75,000	15,000	185,000
Total Operating Expenses	14,333	75,000	15,000	185,000
Ending Unreserved Fund Balance	168,259	93,259	193,259	23,259


CEMETERY OPERATIONS FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	206,674	238,814 	238,814	165,107
Operating Revenues				
Sale of Cemetery Lots	146,507	115,000	130,000	140,000
Other Revenue	600	-	-	-
Total Operating Revenues	147,107	115,000	130,000	140,000
One-Time Operating Revenues				
Operating Transfer - General Fund	65,000	25,000	25,000	85,000
Total One-Time Operating Revenues	65,000	25,000	25,000	85,000
Operating Expenditures				
Contracted Services	178,247	223,707	223,707	219,713
Materials and Supplies	1,720	5,000	5,000	5,000
Total Operating Expenditures	179,966	228,707	228,707	224,713
Ending Unreserved Fund Balance	238,814	150,107	165,107	165,394
Fund Balance as a Percentage of Total Expenditure	132.7%	65.6%	72.2%	73.6%

SEIZED ASSETS FUND SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	129,537	165,187 	165,187	216,793
Operating Revenues				
Seized Assets	58,610	126,000	178,960	45,000
Total Operating Revenues	58,610	126,000	178,960	45,000
Operating Expenditures				
Contracted Services	22,960	28,500	28,500	87,000
Materials and Supplies	-	-	-	-
Other Charges	-	5,000	5,000	-
Total Operating Expenditures	22,960	33,500	33,500	87,000
One-Time Expenditures				
Capital Outlay	-	93,854	93,854	53,000
Total One-Time Expenditures	-	93,854	93,854	53,000
Ending Unreserved Fund Balance	165,187	163,833	216,793	121,793
Fund Balance as a Percentage of Total Expenditures	719.5%	489.1%	647.1%	140.0%

LIBRARY MEMORIAL FUND SUMMARY


	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	41,688	34,058 	34,058	20,402
Operating Revenues				
Restricted Donations	843,878	-	350	-
Total Operating Revenues	843,878	-	350	-
Operating Expenditures				
Materials and Supplies	-	-	-	-
Operating Transfers	-	-	-	-
Total Operating Expenditures	-	-	-	-
One-Time Expenditures				
Capital Outlay	851,508	34,058	14,006	20,402
Total One-Time Expenditures	851,508	34,058	14,006	20,402
Ending Unreserved Fund Balance	34,058	0	20,402	0
Fund Balance as a Percentage of Total Expenditure	100.00%	100.00%	100.00%	100.00%

WIC PROGRAM FUND SUMMARY

WOMEN, INFANT, & CHILDREN (WIC)

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	-	-	-	-
Operating Revenues				
Grant Revenue	1,685,298	2,513,686	1,882,037	2,800,497
Total Operating Revenues	1,685,298	2,513,686	1,882,037	2,800,497
Operating Expenditures				
Personnel Services	1,186,131	1,611,746	1,086,097	1,770,174
Contract Services	145,504	313,299	313,299	333,857
Materials and Supplies	74,668	190,502	190,502	188,872
Other Charges	11,020	77,139	77,139	76,739
Operating Transfers	238,056	321,000	215,000	209,855
Total Operating Expenditures	1,655,379	2,513,686	1,882,037	2,579,497
One-Time Expenditures				
Capital Outlay	29,919	-	-	221,000
Total One-Time Expenditures	29,919	-	-	221,000
Ending Unreserved Fund Balance	-	-	-	-
Fund Balance as a Percentage of Total Expenditure	0.0%	0.0%	0.0%	0.0%

TAX INCREMENT FINANCING SUMMARY

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	3,856,473	4,642,492 	4,642,492	3,341,664
Operating Revenues				
TIRZ Revenue City	4,369,480	3,073,512	3,273,955	5,819,951
TIRZ Revenue County	491,455	608,159	676,642	1,537,111
Interest	667	-	-	-
Other Sources	8,700,736	-	-	-
Total Operating Revenues	13,562,338	3,681,671	3,950,597	7,357,062
Operating Expenditures				
Distribution	12,619,852	5,354,553	3,462,636	8,009,780
Debt Service Transfer	156,467	132,750	134,167	153,026
Transfer on Dissolution	-	-	1,654,622	-
Total Operating Expenditures	12,776,319	5,487,303	5,251,425	8,162,806
Ending Unreserved Fund Balance	4,642,492	2,836,860	3,341,664	2,535,920

TAX INCREMENT REINVESTMENT ZONE #2

BLANCO VISTA DEVELOPMENT

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	(5,047)	1,654,622	1,654,622	-
Operating Revenues				
TIRZ Revenue City	1,696,668	-	-	-
TIRZ Revenue County	-	-	-	-
Interest	667	-	-	-
Other Resources	8,700,736	-	-	-
Total Operating Revenues	10,398,071	-	-	-
Operating Expenditures				
Distributions	8,738,402	-	-	-
Transfer on Dissolution	-	-	1,654,622	-
Total Operating Expenditures	8,738,402	-	1,654,622	-
Ending Unreserved Fund Balance	1,654,622	1,654,622	-	-

TAX INCREMENT REINVESTMENT ZONE #3

CONFERENCE CENTER

	FY 2021 <i>ACTUALS</i>	FY 2022 <i>CURRENT</i>	FY 2022 <i>ESTIMATED</i>	FY 2023 <i>PROPOSED</i>
Beginning Unreserved Fund Balance	-	-	-	-
Operating Revenues				
TIRZ Revenue City	107,935	84,086	85,401	96,812
TIRZ Revenue County	48,532	48,664	48,766	56,214
Total Operating Revenues	156,467	132,750	134,167	153,026
Operating Expenditures				
Operating Transfers To Debt Service Fund	156,467	132,750	134,167	153,026
Total Operating Expenditures	156,467	132,750	134,167	153,026
Ending Unreserved Fund Balance	-	-	-	-

TAX INCREMENT REINVESTMENT ZONE #4

KISSING TREE

	FY 2021 <i>ACTUALS</i>	FY 2022 <i>CURRENT</i>	FY 2022 <i>ESTIMATED</i>	FY 2023 <i>PROPOSED</i>
Beginning Unreserved Fund Balance	530,110	1,086,738	1,086,738	951,091
Operating Revenues				
TIRZ Revenue City	342,139	547,772	577,609	885,579
TIRZ Revenue County	215,298	359,966	373,482	582,272
Total Operating Revenues	557,437	907,738	951,091	1,467,851
Operating Expenditures				
Distributions	809	1,086,738	1,086,738	2,418,942
Total Operating Expenditures	809	1,086,738	1,086,738	2,418,942
Ending Unreserved Fund Balance	1,086,738	907,738	951,091	-

TAX INCREMENT REINVESTMENT ZONE #5

DOWNTOWN

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	3,332,037	1,902,746	1,902,746	2,390,573
Operating Revenues				
TIRZ Revenue City	344,464	303,839	393,433	1,366,722
TIRZ Revenue County	227,625	199,529	254,394	898,625
Total Operating Revenues	572,089	503,368	647,827	2,265,347
Operating Expenditures				
Contracted Services	1,385	5,000	10,000	270,000
Capital Outlay	-	-	50,000	-
Projects	1,999,995	2,125,000	100,000	1,850,000
Total Operating Expenditures	2,001,380	2,130,000	160,000	2,120,000
Ending Unreserved Fund Balance	1,902,746	276,114	2,390,573	2,535,920

TRANSPORTATION REINVESTMENT ZONE

LOOP 110

	FY 2021 ACTUALS	FY 2022 CURRENT	FY 2022 ESTIMATED	FY 2023 PROPOSED
Beginning Unreserved Fund Balance	(627)	(1,614)	(1,614)	-
Operating Revenues				
TRZ Revenue City	1,878,274	2,137,815	2,217,512	3,470,838
Total Operating Revenues	1,878,274	2,137,815	2,217,512	3,470,838
Operating Expenditures				
Distributions	1,879,261	2,137,815	2,215,898	3,470,838
Total Operating Expenditures	1,879,261	2,137,815	2,215,898	3,470,838
Ending Unreserved Fund Balance	(1,614)	(1,614)	-	-



Tax Rate Calculation Worksheet

2022 Tax Rate Calculation Worksheet Taxing Units Other Than School Districts or Water Districts

Form 50-856

City of San Marcos

512-393-8000

Taxing Unit Name

Phone (area code and number)

630 E Hopkins - San Marcos, TX 78868

www.sanmarcostx.gov

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2021 total taxable value. Enter the amount of 2021 taxable value on the 2021 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). ¹	\$ 6,544,949,315
2.	2021 tax ceilings. Counties, cities and junior college districts. Enter 2021 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2021 or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ 0
3.	Preliminary 2021 adjusted taxable value. Subtract Line 2 from Line 1.	\$ 6,544,949,315
4.	2021 total adopted tax rate.	\$ 0.6030 /\$100
5.	2021 taxable value lost because court appeals of ARB decisions reduced 2021 appraised value. A. Original 2021 ARB values: \$ 237,023,159 B. 2021 values resulting from final court decisions: - \$ 221,100,000 C. 2021 value loss. Subtract B from A. ³	\$ 15,923,159
6.	2021 taxable value subject to an appeal under Chapter 42, as of July 25. A. 2021 ARB certified value: \$ 130,368,347 B. 2021 disputed value: - \$ 13,036,835 C. 2021 undisputed value. Subtract B from A. ⁴	\$ 117,331,512
7.	2021 Chapter 42 related adjusted values. Add Line 5C and Line 6C.	\$ 133,254,671

¹ Tex. Tax Code § 26.012(14)² Tex. Tax Code § 26.012(14)³ Tex. Tax Code § 26.012(13)⁴ Tex. Tax Code § 26.012(13)

2022 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

Form 50-856

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
8.	2021 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 6,678,203,986
9.	2021 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2021. Enter the 2021 value of property in deannexed territory. ⁵	\$ 0
10.	2021 taxable value lost because property first qualified for an exemption in 2022. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2022 does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use 2021 market value: \$ 1,095,638 B. Partial exemptions. 2022 exemption amount or 2022 percentage exemption times 2021 value: + \$ 15,932,104 C. Value loss. Add A and B. ⁶	\$ 17,027,742
11.	2021 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2022. Use only properties that qualified in 2022 for the first time; do not use properties that qualified in 2021. A. 2021 market value: \$ 0 B. 2022 productivity or special appraised value: - \$ 0 C. Value loss. Subtract B from A. ⁷	\$ 0
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ 17,027,742
13.	2021 captured value of property in a TIF. Enter the total value of 2021 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which 2021 taxes were deposited into the tax increment fund. ⁸ If the taxing unit has no captured appraised value in line 18D, enter 0.	\$ 443,252,404
14.	2021 total value. Subtract Line 12 and Line 13 from Line 8.	\$ 6,217,923,840
15.	Adjusted 2021 total levy. Multiply Line 4 by Line 14 and divide by \$100.	\$ 37,494,080
16.	Taxes refunded for years preceding tax year 2021. Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2021. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. ⁹	\$ 145,101
17.	Adjusted 2021 levy with refunds and TIF adjustment. Add Lines 15 and 16. ¹⁰	\$ 37,639,181
18.	Total 2022 taxable value on the 2022 certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. ¹¹ A. Certified values: \$ 7,891,425,501 B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$ C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ 0 D. Tax increment financing: Deduct the 2022 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2022 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below. ¹² - \$ 849,411,553 E. Total 2022 value. Add A and B, then subtract C and D.	\$ 7,042,013,948

⁵ Tex. Tax Code § 26.012(15)⁶ Tex. Tax Code § 26.012(15)⁷ Tex. Tax Code § 26.012(15)⁸ Tex. Tax Code § 26.03(c)⁹ Tex. Tax Code § 26.012(13)¹⁰ Tex. Tax Code § 26.012, 26.04(c-2)¹² Tex. Tax Code § 26.03(c)

2022 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

Form 50-856

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	Total value of properties under protest or not included on certified appraisal roll. ¹³	
	A. 2022 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁴ \$ 241,875,622	
	B. 2022 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁵ + \$ 0	
	C. Total value under protest or not certified. Add A and B.	\$ 241,875,622
20.	2022 tax ceilings. Counties, cities and junior colleges enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2021 or a prior year for homeowners age 65 or older or disabled, use this step. ¹⁶	\$ 0
21.	2022 total taxable value. Add Lines 18E and 19C. Subtract Line 20. ¹⁷	\$ 7,283,889,570
22.	Total 2022 taxable value of properties in territory annexed after Jan. 1, 2021. Include both real and personal property. Enter the 2022 value of property in territory annexed. ¹⁸	\$ 1,613,970
23.	Total 2022 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2021. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2021 and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for 2022. ¹⁹	\$ 387,624,226
24.	Total adjustments to the 2022 taxable value. Add Lines 22 and 23.	\$ 389,238,196
25.	Adjusted 2022 taxable value. Subtract Line 24 from Line 21.	\$ 6,894,651,374
26.	2022 NNR tax rate. Divide Line 17 by Line 25 and multiply by \$100. ²⁰	\$ 0.5459 /\$100
27.	COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the 2022 county NNR tax rate. ²¹	\$ /\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
28.	2021 M&O tax rate. Enter the 2021 M&O tax rate.	\$ 0.4076 /\$100
29.	2021 taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 6,678,203,986

¹³ Tex. Tax Code § 26.01(c) and (d)

¹⁴ Tex. Tax Code § 26.01(c)

¹⁵ Tex. Tax Code § 26.01(d)

¹⁶ Tex. Tax Code § 26.012(6)(B)

¹⁷ Tex. Tax Code § 26.012(6)

¹⁸ Tex. Tax Code § 26.012(17)

¹⁹ Tex. Tax Code § 26.012(17)

²⁰ Tex. Tax Code § 26.04(c)

²¹ Tex. Tax Code § 26.04(d)

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Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
30.	Total 2021 M&O levy. Multiply Line 28 by Line 29 and divide by \$100	\$ 27,220,359
31.	Adjusted 2021 levy for calculating NNR M&O rate.	
	A. M&O taxes refunded for years preceding tax year 2021. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. + \$ 101,718	
	B. 2021 taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2022 captured appraised value in Line 18D, enter 0. - \$ 1,890,349	
	C. 2021 transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0. +/- \$ 0	
	D. 2021 M&O levy adjustments. Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function. \$ -1,788,631	
	E. Add Line 30 to 31D.	\$ 25,431,728
32.	Adjusted 2022 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 8,894,651,374
33.	2022 NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by \$100.	\$ 0.3688 /\$100
34.	Rate adjustment for state criminal justice mandate.²³	
	A. 2022 state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ 0	
	B. 2021 state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0/\$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0/\$100
35.	Rate adjustment for indigent health care expenditures.²⁴	
	A. 2022 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state assistance received for the same purpose. \$ 0	
	B. 2021 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2020 and ending on June 30, 2021, less any state assistance received for the same purpose. - \$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0/\$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0/\$100

²³ (Reserved for expansion)²⁴ Tex. Tax Code § 26.044²⁵ Tex. Tax Code § 26.0441

2022 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

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Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
36.	Rate adjustment for county indigent defense compensation. ²⁵ A. 2022 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state grants received by the county for the same purpose \$ _____ 0 B. 2021 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2020 and ending on June 30, 2021, less any state grants received by the county for the same purpose. \$ _____ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ _____ 0/\$100 D. Multiply B by 0.05 and divide by Line 32 and multiply by \$100..... \$ _____ 0/\$100 E. Enter the lesser of C and D. If not applicable, enter 0.	\$ _____ 0/\$100
37.	Rate adjustment for county hospital expenditures. ²⁶ A. 2022 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2021 and ending on June 30, 2022. \$ _____ 0 B. 2021 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2020 and ending on June 30, 2021. \$ _____ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ _____ 0/\$100 D. Multiply B by 0.08 and divide by Line 32 and multiply by \$100..... \$ _____ 0/\$100 E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.	\$ _____ 0/\$100
38.	Rate adjustment for defunding municipality. This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code 26.0444 for more information. A. Amount appropriated for public safety in 2021. Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year \$ _____ 0 B. Expenditures for public safety in 2021. Enter the amount of money spent by the municipality for public safety during the preceding fiscal year \$ _____ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100 \$ _____ 0/\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ _____ 0/\$100
39.	Adjusted 2022 NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	\$ _____ 0.3688/\$100
40.	Adjustment for 2021 sales tax specifically to reduce property values. Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in 2021 should complete this line. These entities will deduct the sales tax gain rate for 2022 in Section 3. Other taxing units, enter zero. A. Enter the amount of additional sales tax collected and spent on M&O expenses in 2021, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent \$ _____ 12,238,194 B. Divide Line 40A by Line 32 and multiply by \$100 \$ _____ 0.1775/\$100 C. Add Line 40B to Line 39.	\$ _____ 0.5463/\$100
41.	2022 voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below. Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 40C by 1.08. - or - Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 40C by 1.035.	\$ _____ 0.5654/\$100

²⁵ Tex. Tax Code § 26.0442
²⁶ Tex. Tax Code § 26.0443

2022 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

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Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
D41.	Disaster Line 41 (D41): 2022 voter-approval M&O rate for taxing unit affected by disaster declaration. If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred, or 2) the third tax year after the tax year in which the disaster occurred If the taxing unit qualifies under this scenario, multiply Line 40C by 1.08. ²⁷ If the taxing unit does not qualify, do not complete Disaster Line 41 (Line D41).	\$ _____ /\$100
42.	Total 2022 debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes, (2) are secured by property taxes, (3) are scheduled for payment over a period longer than one year, and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. ²⁸ Enter debt amount \$ 16,860,027 B. Subtract unencumbered fund amount used to reduce total debt. - \$ 0 C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) - \$ 0 D. Subtract amount paid from other resources - \$ 3,489,715 E. Adjusted debt. Subtract B, C and D from A.	\$ 13,370,312
43.	Certified 2021 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ 442,002
44.	Adjusted 2022 debt. Subtract Line 43 from Line 42E.	\$ 12,928,310
45.	2022 anticipated collection rate. A. Enter the 2022 anticipated collection rate certified by the collector. ³⁰ 100.00 % B. Enter the 2021 actual collection rate. 98.98 % C. Enter the 2020 actual collection rate. 98.31 % D. Enter the 2019 actual collection rate. 98.45 % E. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³¹	100.00 %
46.	2022 debt adjusted for collections. Divide Line 44 by Line 45E.	\$ 12,928,310
47.	2022 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 7,283,889,570
48.	2022 debt rate. Divide Line 46 by Line 47 and multiply by \$100.	\$ 0.1774 /\$100
49.	2022 voter-approval tax rate. Add Lines 41 and 48.	\$ 0.7428 /\$100
D49.	Disaster Line 49 (D49): 2022 voter-approval tax rate for taxing unit affected by disaster declaration. Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D41. Add Line D41 and 48.	\$ _____ /\$100

²⁷ Tex. Tax Code § 26.042(a)²⁸ Tex. Tax Code § 26.012(7)²⁹ Tex. Tax Code § 26.012(10) and 26.04(b)³⁰ Tex. Tax Code § 26.04(b)³¹ Tex. Tax Code §§ 26.04(h), (h-1) and (h-2)

2022 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

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Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
50.	COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the 2022 county voter-approval tax rate.	\$ 0.0000 /\$100

SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
51.	Taxable Sales. For taxing units that adopted the sales tax in November 2021 or May 2022, enter the Comptroller's estimate of taxable sales for the previous four quarters. ³² Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2021, enter 0.	\$ 0
52.	Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ³³ Taxing units that adopted the sales tax in November 2021 or in May 2022. Multiply the amount on Line 51 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ³⁴ - or - Taxing units that adopted the sales tax before November 2021. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ 12,238,194
53.	2022 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 7,283,889,570
54.	Sales tax adjustment rate. Divide Line 52 by Line 53 and multiply by \$100.	\$ 0.1680 /\$100
55.	2022 NNR tax rate, unadjusted for sales tax. ³⁵ Enter the rate from Line 26 or 27, as applicable, on the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.5459 /\$100
56.	2022 NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November 2021 or in May 2022. Subtract Line 54 from Line 55. Skip to Line 57 if you adopted the additional sales tax before November 2021.	\$ 0.5459 /\$100
57.	2022 voter-approval tax rate, unadjusted for sales tax. ³⁶ Enter the rate from Line 49, Line D49 (disaster) or Line 50 (counties) as applicable, of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.7428 /\$100
58.	2022 voter-approval tax rate, adjusted for sales tax. Subtract Line 54 from Line 57.	\$ 0.5748 /\$100

SECTION 4: Voter-Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
59.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³⁷ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ³⁸	\$ 0
60.	2022 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 7,283,889,570
61.	Additional rate for pollution control. Divide Line 59 by Line 60 and multiply by \$100.	\$ 0 /\$100
62.	2022 voter-approval tax rate, adjusted for pollution control. Add Line 61 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties) or Line 58 (taxing units with the additional sales tax).	\$ 0.5748 /\$100

³² Tex. Tax Code § 26.041(d)³³ Tex. Tax Code § 26.041(g)³⁴ Tex. Tax Code § 26.041(d)³⁵ Tex. Tax Code § 26.04(c)³⁶ Tex. Tax Code § 26.04(c)³⁷ Tex. Tax Code § 26.045(d)³⁸ Tex. Tax Code § 26.045(g)

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SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the difference between the adopted tax rate and voter-approval tax rate before the unused increment rate for the prior three years.³⁹ In a year where a taxing unit adopts a rate by applying any portion of the unused increment rate, the unused increment rate for that year would be zero.

The difference between the adopted tax rate and voter-approval tax rate is considered zero in the following scenarios:

- a tax year before 2020;⁴⁰
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a);⁴¹ or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval.⁴²

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit.⁴³

Line	Unused Increment Rate Worksheet	Amount/Rate
63.	2021 unused increment rate. Subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approval tax rate. If the number is less than zero, enter zero.	\$ 0.1330 /\$100
64.	2020 unused increment rate. Subtract the 2020 actual tax rate and the 2020 unused increment rate from the 2020 voter-approval tax rate. If the number is less than zero, enter zero.	\$ 0.0192 /\$100
65.	2019 unused increment rate. Subtract the 2019 actual tax rate and the 2019 unused increment rate from the 2019 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ 0 /\$100
66.	2022 unused increment rate. Add Lines 63, 64 and 65.	\$ 0.1522 /\$100
67.	2022 voter-approval tax rate, adjusted for unused increment rate. Add Line 66 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax) or Line 62 (taxing units with pollution control).	\$ 0.7270 /\$100

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit.⁴⁴

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit.⁴⁵

Line	De Minimis Rate Worksheet	Amount/Rate
68.	Adjusted 2022 NNR M&O tax rate. Enter the rate from Line 39 of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.3688 /\$100
69.	2022 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 7,283,889,570
70.	Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 69 and multiply by \$100.	\$ 0.0068 /\$100
71.	2022 debt rate. Enter the rate from Line 48 of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.1774 /\$100
72.	De minimis rate. Add Lines 68, 70 and 71.	\$ 0.0000 /\$100

SECTION 7: Voter-Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.⁴⁶

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(d), in the prior year, it must also reduce its voter-approval tax rate for the current tax year.⁴⁷

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago.

³⁹ Tex. Tax Code § 26.013(a)

⁴⁰ Tex. Tax Code § 26.013(c)

⁴¹ Tex. Tax Code §§ 26.0501(a) and (c)

⁴² Tex. Local Gov't Code § 120.007(d), effective Jan. 1, 2022

⁴³ Tex. Tax Code § 26.063(a)(1)

⁴⁴ Tex. Tax Code § 26.012(b-a)

⁴⁵ Tex. Tax Code § 26.063(a)(1)

⁴⁶ Tex. Tax Code § 26.042(b)

⁴⁷ Tex. Tax Code § 26.042(f)

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This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
73.	2021 adopted tax rate. Enter the rate in Line 4 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.6030 /\$100
74.	Adjusted 2021 voter-approval tax rate. Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. If a disaster occurred in 2021 and the taxing unit calculated its 2021 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2021 worksheet due to a disaster, enter the 2021 voter-approval tax rate as calculated using a multiplier of 1.035 from Line 49. - or - If a disaster occurred prior to 2021 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2021, complete the separate <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> to recalculate the voter-approval tax rate the taxing unit would have calculated in 2021 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the year(s) following the disaster. ⁴⁸ Enter the final adjusted 2021 voter-approval tax rate from the worksheet. - or - If the taxing unit adopted a tax rate above the 2021 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	\$ 0 /\$100
75.	Increase in 2021 tax rate due to disaster. Subtract Line 74 from Line 73.	\$ 0.6030 /\$100
76.	Adjusted 2021 taxable value. Enter the amount in Line 14 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 6,217,923,840
77.	Emergency revenue. Multiply Line 75 by Line 76 and divide by \$100.	\$ 37,494,080
78.	Adjusted 2022 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 6,894,851,374
79.	Emergency revenue rate. Divide Line 77 by Line 78 and multiply by \$100. ⁴⁹	\$ 0 /\$100
80.	2022 voter-approval tax rate, adjusted for emergency revenue. Subtract Line 79 from one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax), Line 62 (taxing units with pollution control) or Line 67 (taxing units with the unused increment rate).	\$ 0.7270 /\$100

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate. \$ 0.5459 /\$100
As applicable, enter the 2022 NNR tax rate from: Line 26, Line 27 (counties), or Line 56 (adjusted for sales tax). Indicate the line number used: 26

Voter-approval tax rate. \$ 0.7270 /\$100
As applicable, enter the 2022 voter-approval tax rate from: Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (adjusted for sales tax), Line 62 (adjusted for pollution control), Line 67 (adjusted for unused increment), or Line 80 (adjusted for emergency revenue). Indicate the line number used: 67

De minimis rate. \$ 0.0000 /\$100
If applicable, enter the 2022 de minimis rate from Line 72.

SECTION 9: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in Tax Code.⁵⁰

print
here

Jenifer O'Kane

Printed Name of Taxing Unit Representative

sign
here

Jenifer O'Kane

Taxing Unit Representative

8.10.22

Date

⁴⁸ Tex. Tax Code §26.042(c)

⁴⁹ Tex. Tax Code §26.042(b)

⁵⁰ Tex. Tax Code §§ 26.04(c-2) and (d-2)

APPENDIX

List Of Acronyms

CA	Current Assets
CAFR	Comprehensive Annual Financial Report
CDBG	Community Development Block Program
CIP	Capital Improvement Program
CL	Current Liabilities
CO's	Certificates of Obligation Debt
CUAB	Citizen's Utility Advisory Board
CVB	Convention & Visitor's Bureau
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GBRA	Guadalupe-Blanco River Authority
GFOA	Government Finance Officers Association
GO's	General Obligation Debt
HCTAD	Hays County Tax Appraisal District
I&S	Interest and Sinking
LCRA	Lower Colorado River Authority
NRMSIRs	Nationally Recognized Municipal Securities Information Repositories
O&M	Operations and Maintenance
OPS	Operations
P&Z	Planning and Zoning Commission
PARD	Parks and Recreation Department
RB's	Revenue Bonds
SEC	Securities and Exchange Commission
SMCISD	San Marcos Independent School District
SMPD	San Marcos Police Department
TML	Texas Municipal League
TSUSM	Texas State University – San Marcos
WIC	Women, Infants and Children Program Fund
W/WW	Water/ Wastewater Utility Fund

Glossary Of Terms

ACCOUNT - A code made up of numbers used to classify how specific dollar amounts come into the City or how they are being spent.

ACCRUAL BASIS OF ACCOUNTING – A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

AD VALOREM TAX - A tax levied on the assessed value of real property (also known as "property taxes").

AMORTIZE - To provide for the gradual extinguishment of (as a mortgage) usually by contribution to a sinking fund at the time of each periodic payment.

APPROPRIATION - A specific amount of money authorized by City Council to make expenditures and incur obligations for specific purposes, frequently used interchangeable with "expenditures".

ASSESSED VALUATION - A value that is established for real and personal property for use as a basis for levying property taxes.

AUDIT - A comprehensive examination as to the manner in which the government's resources were actually utilized, concluding in a written report. A financial audit is a review of the accounting system and financial information to determine how government funds were spent and whether expenditures were in compliance with the legislative body's appropriations. A performance audit consists of a review of how well the government met its stated goals.

BALANCE SHEET - A financial statement that

discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.

BASIS DIFFERENCES – Differences that arise through the employment of a basis of accounting for budgetary purposes that differs from the basis of accounting prescribed by GAAP for a given fund type.

BASIS OF ACCOUNTING – The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid). Basis of accounting is an essential part of measurement focus because a particular timing of recognition is necessary to accomplish a particular measurement focus.

BOND - A written promise to pay a specific sum of money, called the face value or principal amount, at a specific date or dates in the future, called the maturity date, together with periodic interest at a specified rate.

BONDED DEBT - The portion of indebtedness represented by outstanding bonds.

BUDGET - A plan of financial operation specifying expenditures to be incurred for a given period to accomplish specific goals, and the means of financing them.

BUDGET CALENDAR - The schedule of key dates or milestones which the City departments follow in preparation, specific goals, and the means of financing them.

BUDGETARY BASIS OF ACCOUNTING – The method used to determine when revenues and expenses are recognized for budgetary purposes.

BUDGET DOCUMENT - The official plan showing how the City finances all of its services.

BUDGET YEAR - From October 1st through September 30th, which is the same as the fiscal year.

BUDGETARY CONTROL - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

CAPITAL EXPENDITURE – An expense for a major asset or improvement as shown in the Capital Improvement Program. The amount usually exceeds \$50,000.

CAPITAL IMPROVEMENTS PROGRAM - A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years. Examples include land, improvements to land, easements, buildings, building improvements, and infrastructure.

CASH BASIS OF ACCOUNTING – Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

CASH MANAGEMENT - The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for

investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

CDBG - Community Development Block Grant - Federal HUD entitlement funds to meet a variety of needs of low income citizens including housing, infrastructure, equipment, facilities and public services.

CERTIFICATE OF OBLIGATION (C.O.) - Legal debt instruments used to finance capital improvement projects. Certificates of obligation are backed by the full faith and credit of the government entity and are fully payable from a property tax levy. Certificates of obligation differ from general obligation debt in that they are approved by the City Council and are not voter approved.

CERTIFIED TAX ROLL - A list of all-taxable properties, values and exemptions in the City. The Hays County Appraisal District establishes this roll.

CONTINGENCY - The appropriation of reserve funds for future allocation in the event specific budget allotments have expired and additional funds are needed.

CURRENT TAXES - Taxes that are levied and due within the ensuing fiscal year.

DEBT SERVICE - The payment of principal and interest on borrowed funds.

DEBT SERVICE FUNDS - Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DELINQUENT TAXES - Taxes remaining unpaid after January 31st.

DEPARTMENT - An administrative division of the City having management responsibility for an operation or a group of related operations within a functional area.

DEPRECIATION - The decrease in value of physical assets due to use and the passage of time.

ENCUMBRANCE – Commitments related to unperformed (executory) contracts for goods or services.

ENTERPRISE FUND - A fund used to account for operations financed and operated in a manner similar to private business enterprises in that they are self supported by user fees. These funds use full accrual accounting.

ESTIMATED REVENUE - The amount of revenue expected to be collected during the year.

EXPENDITURE - The incurring of liability, payment of cash, or the transfer of property for the purpose of acquiring an asset or service or settling a loss.

EXPENSE - A charge incurred in an accounting period, whether actually paid in that accounting period or not.

FISCAL YEAR - October 1st through September 30th of each year.

FIXED ASSETS - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

FRANCHISE FEE - A fee paid by public service businesses for use of City streets, alleys and property in providing their services to the citizens of a community. Services requiring franchises include electricity, telephone,

natural gas, water, wastewater, and cable television.

FULL ACCRUAL ACCOUNTING - A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

FULL FAITH AND CREDIT - A pledge of the general taxing power of the City to repay debt obligations. This term is typically used in reference to general obligations bonds.

FULL TIME EQUIVALENT (F.T.E.) - A quantifiable unit of measure utilized to convert hours worked by part-time, seasonal or temporary employees into hours worked by full-time employees. Full-time employees work 2080 hours annually. A part-time employee working 1040 hours annually represents a .5 FTE.

FUND - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are usually established to account for activities of a certain type.

FUND BALANCE - The excess of assets over liabilities for governmental funds.

GAAP - Generally Accepted Accounting Principles.

GENERAL FUND - The general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL OBLIGATION BONDS - Bonds that finance a variety of public projects such as streets, buildings, and capital improvements. The repayment of these bonds is usually made from the General Fund. They are backed by the full faith and credit of the City.

GENERAL OBLIGATION DEBT - The supported bonded debt, which is backed by the full faith and credit of the City.

GOAL - A long-term, attainable target for an organization Vision of the future.

GOVERNMENTAL FUND - It refers to the General Fund, all Special Revenue Funds and the Debt Service Fund.

GRANT - Contributions or gifts of cash or other assets from another government to be used for a specific purpose, activity or facility.

INDIRECT COSTS – Those costs that are fully expensed within one fund or division that can be allocated to another fund or division. i.e., Human Resources is fully expensed to the General Fund but services relate to the Electric Utility Fund as well.

INFRASTRUCTURE - Substructure or underlying foundation of the City (e.g. streets, utility lines, water and wastewater facilities, etc.)

INTERGOVERNMENTAL REVENUES - Revenues received from another governmental entity, such as county, state or federal governments.

INVENTORY - A detailed listing of property currently held by the City.

LEVY - To impose taxes, special assessments, or service charges for the support of City activities.

LINE ITEM BUDGET - A budget that lists each

expenditure category (salary, materials, telephone service, travel, etc.) Separately along with the dollar amount budgeted for each specified category.

LIMITED TAX NOTES – Short-term, interest-bearing note issued by a government in anticipation of tax revenues to be received at a later date. The note is retired from the tax revenues to which it is related.

LONG-TERM DEBT - Any unmatured debt that is not a fund liability with a maturity of more than one year.

MODIFIED ACCRUAL ACCOUNTING – Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

NON-OPERATING EXPENDITURES - The costs of government services which are not directly attributable to a specific City program or operation. An example includes debt service obligations.

NON-OPERATING REVENUES - The incomes received by the government which are not directly attributable to providing a service. An example would be interest on investments.

O & M - Operations and Maintenance

OBJECTIVES - A specific, measurable and observable result of an organization's activity which advances the organization toward a goal.

OPERATING BUDGET - A financial plan that presents expenditures for the fiscal year and estimates of revenue to finance them.

OPERATING TRANSFERS - Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

POLICY - A plan, course of action or guiding principle, designed to set parameters for decisions and actions.

PROPERTY TAX - Taxes that are levied on both real and personal property according to the Property's valuation and tax.

RESERVE - An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

RETAINED EARNINGS - The accumulated earnings of an Enterprise or Internal Service Fund which have been retained in the fund and which are not reserved for any specific purpose.

REVENUE - All money received by a government other than expense refunds, capital contributions, and residual equity transfers.

REVENUE BONDS - Bonds whose principle and interest are payable exclusively from user fees.

RISK MANAGEMENT - An organized effort to protect the City's assets against loss, utilizing the most economical methods.

ROUTINE CAPITAL OUTLAY - Vehicles and other equipment with a value in excess of \$5,000 and an expected life of more than three years.

SOURCES OF REVENUE - Revenues are classified according to their source or where they originate.

SPECIAL REVENUE FUNDS - Funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

TAX BASE - The total value of all real and personal property in the City as of January 1st of each year, as certified by the Appraisal Review Board.

TAX LEVY - The total amount of taxes imposed by the City on taxable property, as determined by the Hays County Tax Appraisal District.

TAX RATE - The tax rate is set by Council and is made up of two components; debt service and operations rates.

TIMING DIFFERENCES - Differences between the budgetary basis of accounting and GAAP that occur when the period used for budgeting differs from the period used for GAAP reporting (e.g., a special revenue fund that uses a grant-year budget rather than a fiscal-year budget).

TRUST AND AGENCY FUNDS - Funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

UNEARNED REVENUE - A type of deferred revenue account used in connection with resources that have not yet been earned.

UNENCUMBERED FUND BALANCE - For budget purposes, the unencumbered fund balance is the amount of undesignated fund balance of a fund, which is available for allocation.

UNREALIZED REVENUES – Term used in

connection with budgeting. The difference between estimated revenues and actual revenues.

WORKING CAPITAL – Current assets less current liabilities.

