

# Budget FY21-22

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City Manager**

**Presented July 15, 2021**

# Budget FY21-22

- FY20-21 Review
- Revenue Sources
- Reserve Fund Balance
- Direction for FY21-22 Budget
- American Rescue Plan Act Funds
- Budget Calendar

# 2020



**Very Bad**, Would Not Recommend

7 billion people found this helpful

**“Unless you have bad times, you can’t appreciate the good times.”**

**Joe Torre**

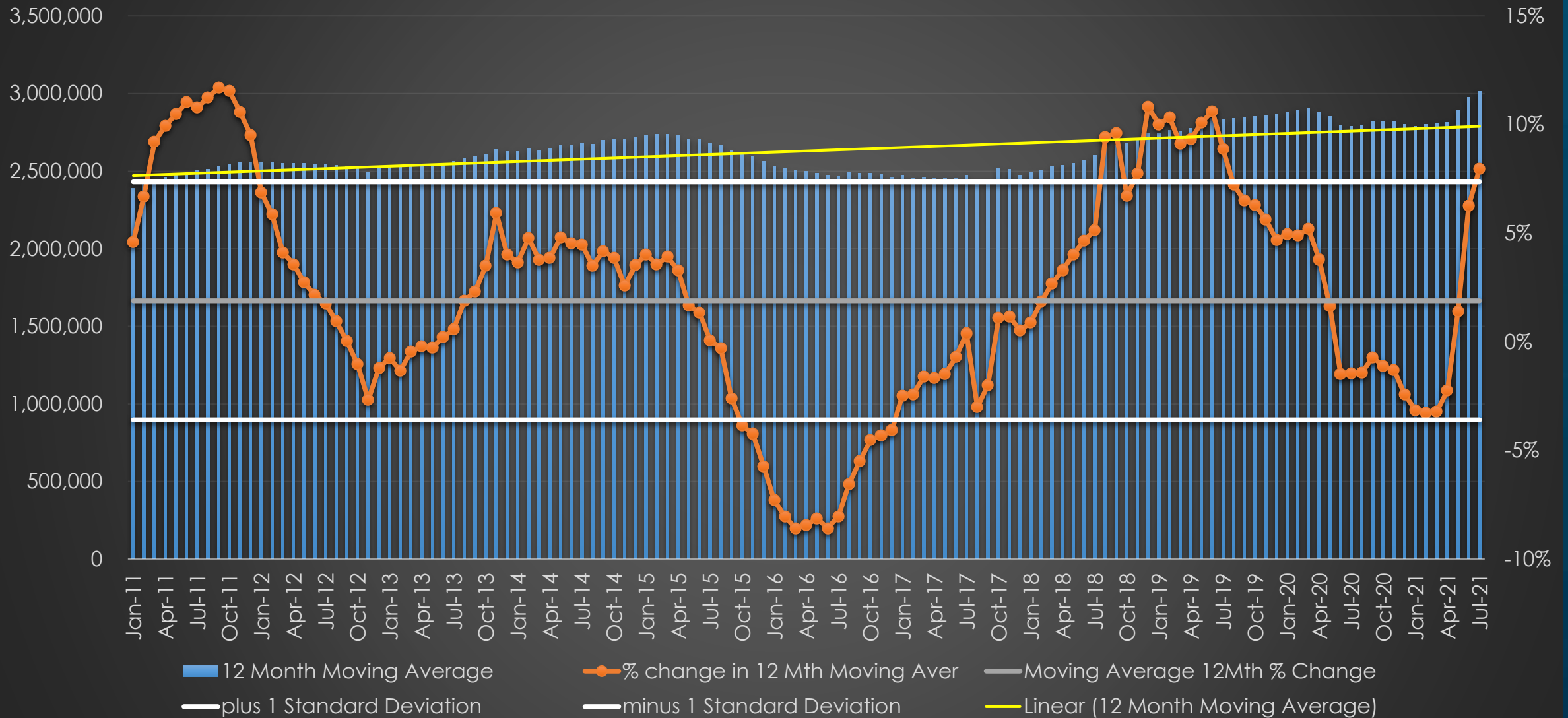
# FY20-21 Review

- Local economy recovering from COVID-19 impact.
  - Sales tax revenues improved above projections.
  - Property tax revenues remained stable.
- Assisted by CARES Act funding
  - FY19-20: \$1 million
  - FY20-21: \$3.5 million
- Used available general fund balance during recovery.
- Reduced expenditures across the board.
- Hiring Freeze was in effect March 2020 – March 2021

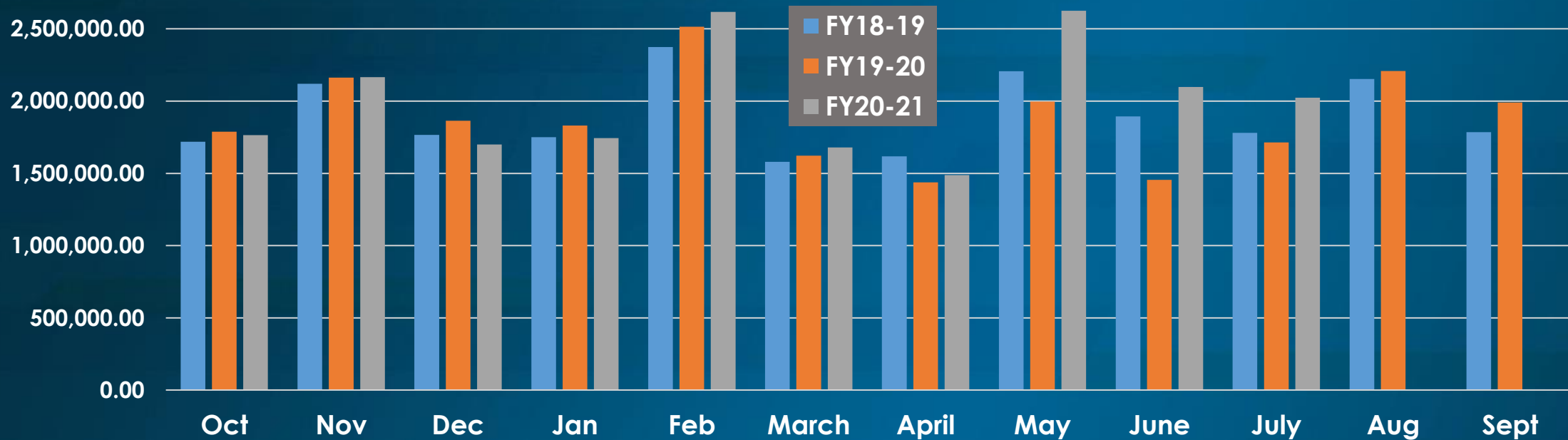
# FY21-22 Budget Goals

- Prioritize restoring cuts and deferred maintenance.
- Return to full staffing, but not add new staff.
- Implement 3% across-the-board pay raises.
- Utilize American Rescue Plan funds to recover and improve community.
- Minimize financial burden on residents:
  - No change to tax rate.
  - No change to water or sewer rates.
  - Small increase to sanitation rate.

# Sales Tax Rollercoaster



# Sales Tax Revenue Comparison



Period	Compared to same period prior year
Oct. 2019 – Mar. 2020	↑ +\$475,050
Apr. 2020 – Jan. 2021	↓ -\$906,627
Feb. 2021 – Jul. 2021	↑ +\$1,792,145



# Property Valuations

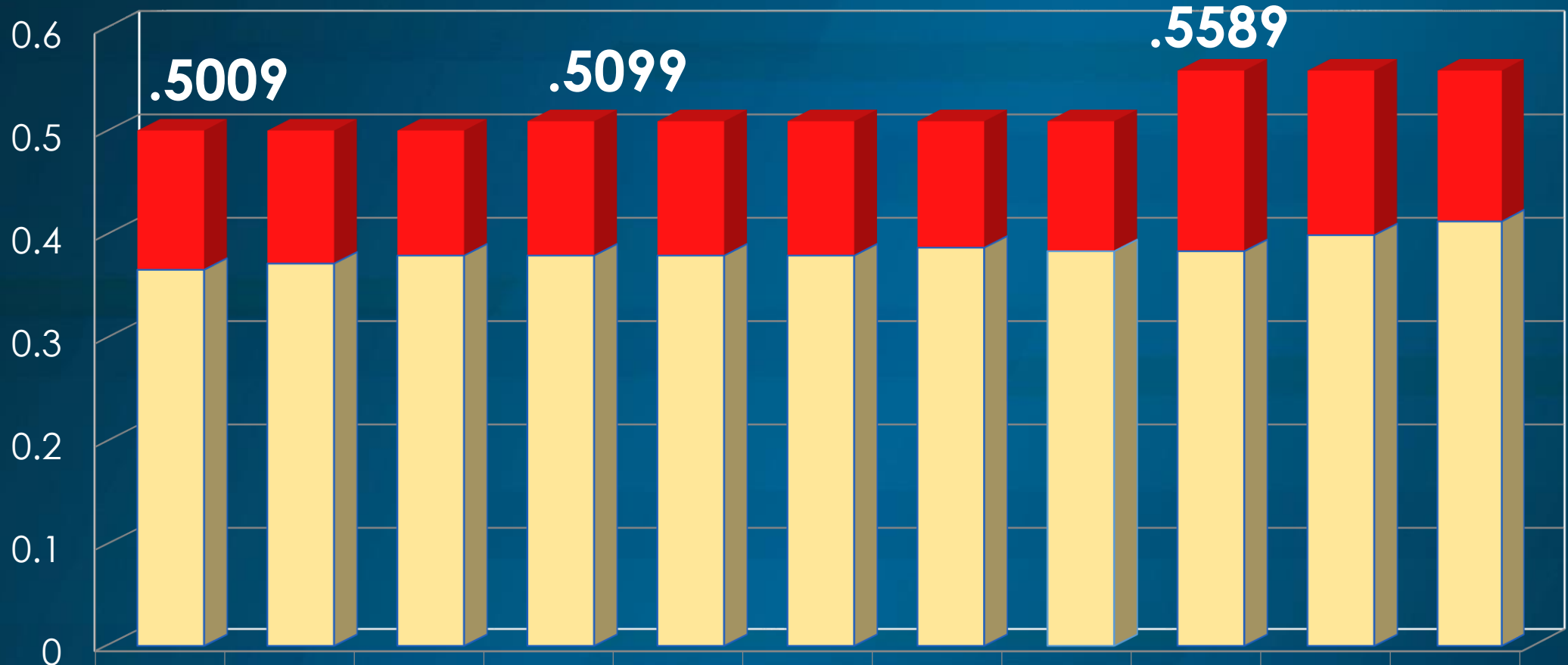
## **FY20-21:**

- Property valuations were up 2.22% from prior year.

## **FY21-22:**

- Estimate 4.5% increase to property valuations.
- Appraisal District to provide update by end of July.

# Property Tax Rates



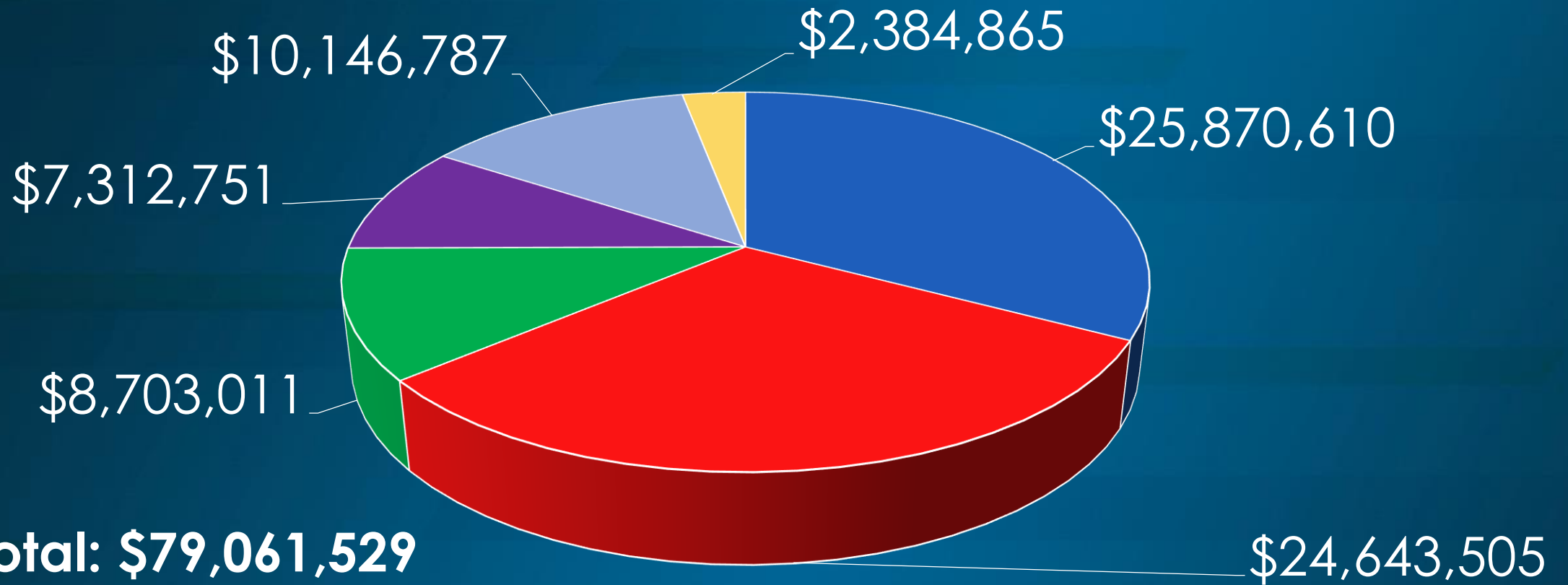
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<span style="color: red;">■</span> Debt Rate	0.1347	0.1287	0.1209	0.1299	0.1299	0.1299	0.1223	0.1257	0.1747	0.1592	0.1459
<span style="color: yellow;">■</span> M&O Rate	0.3662	0.3722	0.3800	0.3800	0.3800	0.3800	0.3876	0.3842	0.3842	0.3997	0.4130

# Property Tax Rates

	FY21-22
<b>Total Property Tax Rate</b>	0.55890
<b>No New Revenue Rate</b> (“Effective” Rate) <i>Tax rate that would produce last year’s revenue if applied to the same properties at this year’s value.</i>	<i>To be determined*</i>
<b>Voter Approval Rate</b> (“Rollback” Rate) <i>Maximum rate allowed by law without voter approval.</i>	<i>To be determined*</i>

Tax Assessor provides calculation by early August.

# FY21-22 General Fund Revenue



■ Property Tax

■ Sales Tax

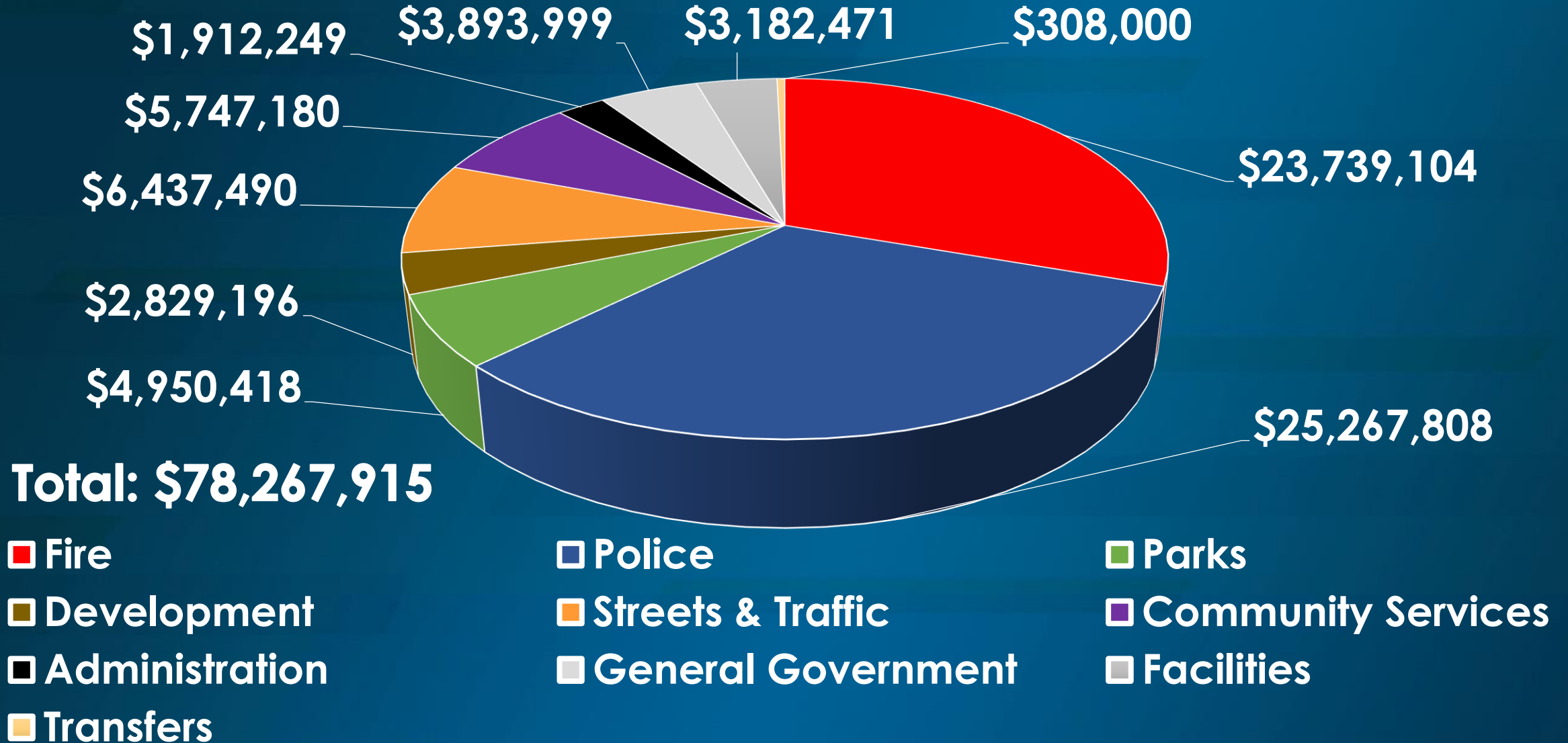
■ Services, Fees, & Fines

■ Franchise Tax

■ Interfund Transfers

■ Miscellaneous

# FY21-22 General Fund Expenditures



# FY21-22 Highlights

- Lease Purchase of Fire Engine 3
- Traffic signal at Eastman Road and Birdsong Street
- Digital plan review software for Development Services
- Police customer service technology
- Restroom on Cargill Trail at Fourth Street
- Increased maintenance budget for Parks
- 3% across-the-board pay raise
- Cost-of-Living increase for retirees, first since FY13

# American Rescue Plan Act

- Congress passed American Rescue Plan Act in March 2021
- Longview will receive up to \$17,045,310.
  - Received first 50% (\$8,524,255) in May 2021.
  - Second 50% no earlier than a year later.
  - Funds must be allocated by December 31, 2024 and spent by December 31, 2026.

# American Rescue Plan Act

## Broad Category Eligible Uses:

- Response to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries
- Premium pay to essential workers of the local government or other eligible employers
- Government services revenue replacement to the extent revenue was reduced during pandemic
- Necessary investments in water, sewer, or broadband infrastructure



# American Rescue Plan Act

Specific Eligible Use Suggestions	FY20-21	FY21-22	Total by FY23-24
<b>Revenue Replacement</b>	\$1.97 M	\$2.08 M	\$7.50 M
<b>Rehire Staff from Hiring Freeze</b>	\$0.32 M	\$0.97 M	\$1.29 M
<b>Qualified Infrastructure Projects</b>		\$2.12 M	\$8.26 M
<b>TOTAL:</b>	<b>\$2.29 million</b>	<b>\$5.17 million</b>	<b>\$17.05 million</b>

# American Rescue Plan Act

Qualified Infrastructure Projects	FY21-22
Wade Creek	\$962 K
Alta Street Drainage	\$200 K
Avenue B Drainage	\$460 K
Longview Convention Complex Drainage (match)	\$500 K
<b>TOTAL:</b>	<b>\$2.12 million</b>

# Budget Before Year-end Actuals

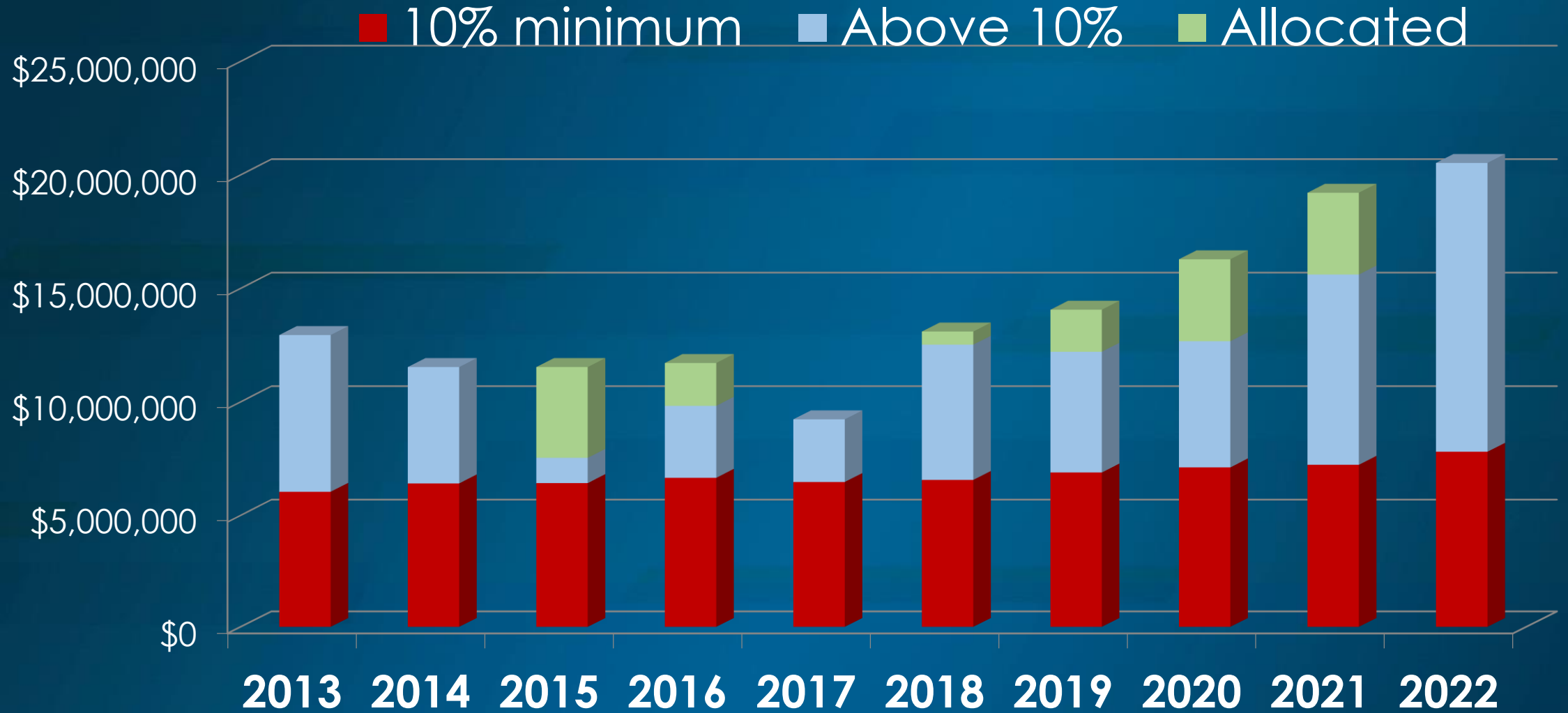
	FY20-21 Year-end	FY21-22 Budget
Beginning Fund Balance	\$15,666,632	\$19,520,403
Revenues	*\$76,526,932	*\$79,061,529
Expenditures	** <u>\$72,673,161</u>	<u>\$78,267,915</u>
Ending Fund Balance	<u>\$19,520,403</u>	<u>\$20,314,018</u>
	<u>26.86%</u>	<u>***25.95%</u>

*\*includes CARES / ARPA*

*\*\* includes encumbrances*

*\*\*\* \$12,559,889 above 10%*

# General Fund Reserve History



# FY21-22 Sanitation

## Sanitation Rate

Last year:

- Department originally requested either \$1.25 increase or eliminate recycling.
- To avoid rate increase, we utilized loan for capital equipment replacement, but predicted a rate increase would likely be needed in the future.

This year:

- Requesting \$0.30 rate increase (1.74%)

# FY21-22 Sanitation

<b>Sanitation Rate History</b>	<b>Increase</b>	<b>New Total</b>
<b>October 2008</b>	\$0.65	\$14.95
<b>October 2015</b>	\$1.00	\$15.95
<b>February 2020</b>	\$1.25	\$17.20
<b>October 2021 Request</b>	\$0.30	\$17.50

# FY21-22 Sanitation

Sanitation Rate Comparison	Current Rate
Austin	\$48.00
Denton	\$25.04
Tyler	\$22.99
Fort Worth	\$22.75
Texarkana	\$22.12
Corpus Christi	\$21.05
Garland	\$20.58
Killeen	\$19.78
Longview	\$17.20
Plano	\$17.10
Carrollton	\$16.95
Temple	\$16.20

# FY21-22 Total Budget

	FY 20-21	FY 21-22
General Fund	\$72,673,161	\$78,267,915
Enterprise Funds	\$41,023,088	\$44,219,227
Special Revenue Funds	\$31,786,419	\$32,275,620
Internal Service Funds	\$23,486,920	\$23,189,942
Debt Service Funds	\$14,825,551	\$14,164,113
<u>(Transfers &amp; Internal Services)</u>	<u>(\$21,222,259)</u>	<u>(\$25,012,891)</u>
<b>Total Budget</b>	<b><u>\$162,572,880</u></b>	<b><u>\$167,103,925</u></b>



# Budget Calendar

**Thursday, July 15**

**Special Council Meeting**

Present Budget to Council  
Set Public Hearing Dates

**Thursday, Aug. 5**

**Special Council Meeting**

Budget Discussion  
Fee Changes Discussion  
Preliminary Vote on Tax Rate

# Budget Calendar

**Thursday, Aug. 12**

## **Council Meeting**

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

**Thursday, Aug. 19**

## **Special Council Meeting**

Adopt Tax Rate  
LEDSCO Budget Adoption