

CITY COUNCIL BUDGET GUIDELINES

FY 2014–2015

The City of McKinney's annual budget process is an opportunity to continuously assure that McKinney residents receive exceptional services while enjoying top value for their tax dollars. These guidelines are intended to affirm Council goals for FY15 and to mirror the General Fund 5 Year Plan.

- Revenue estimates for all funds will be detailed, conservative, and realistic.
- The General Fund expenditure budget will be based broadly on the following:
 - The City Manager will propose a fully funded and balanced budget with a target reduction of the ad valorem tax rate by at least $\frac{1}{4}$ of a cent from \$.05855 in FY14 to \$0.5830 in FY15.
 - Clearly align service levels or programs and allocate sufficient resources to meet goals and objectives as approved by the City Council.
 - Civilian employee pay structures will be based on a market-based total compensation system and allocate resources to reward performance through a merit system.
 - Police and Fire Sworn Personnel pay structures will be based on continuing the current and expected labor agreements with appropriate market-based adjustments.
 - In accordance with the 5 Year General Fund Plan, the City of McKinney will continue to address ongoing critical staffing needs.
 - Maintenance of minimum fund balances and reserves as required by the City's financial policies and to maintain current bond ratings with a General Fund reserve of not less than 25% of budgeted expenditures and an ideal target of 30% when possible.

- The Utility Fund and Solid Waste Fund expenditure budgets will be broadly based on:
 - Long-term financial sustainability of the funds.
 - Implementation of rate adjustments as recommended by appropriate rate studies. An annual update of rate studies will be done to determine the fiscal condition of the funds.
- The proposed budget will seek to sustain the support of the Equipment Replacement Fund that is being used to modernize our fleet and upgrade facilities and technology.