

Tax Rate Record Vote  
City of McKinney  
Financial Services



- MONEY MAGAZINE 2014 -

# Purpose of Vote

- Record Vote on Proposed Tax Rate and Schedule Public Hearings
  - Vote will be required with specific wording of motion
  - Sets ceiling for FY16 Tax Rate
- Required when proposed tax rate will exceed effective or rollback tax rate
- Proposed tax rate is recommended to remain at \$0.5830

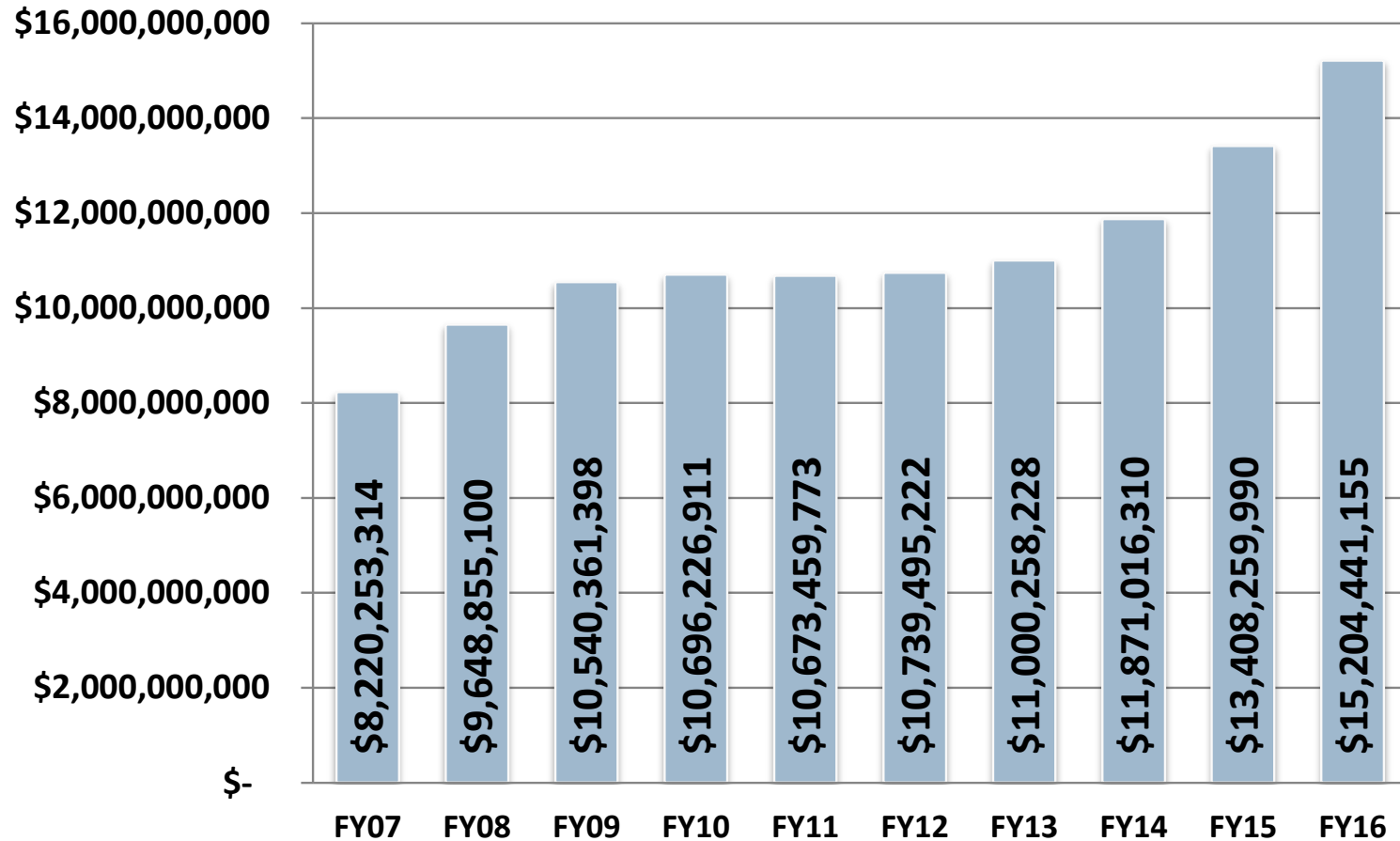
# Effective and Rollback Tax Rates

- The effective tax rate is a calculated rate that would provide a taxing unit with about the same amount of revenue it received in the year before on properties taxed in both years
- If property values rise, the effective tax rate will go down and vice versa
- The rollback tax rate is 8% above the effective tax rate
  - Citizens may petition for a rollback election if this rate is exceeded

# FY16 Calculated Tax Rates

	<u>2014-15</u>	<u>2015-16</u>
<b>Property Tax Rate</b>	<b>\$0.583000</b>	<b>\$0.583000</b>
<b>Effective Tax Rate</b>	<b>\$0.538235</b>	<b>\$0.537088</b>
<b>Effective M&amp;O Rate</b>	<b>\$0.387721</b>	<b>\$0.382681</b>
<b>Rollback Rate</b>	<b>\$0.586301</b>	<b>\$0.586322</b>
<b>Debt Rate</b>	<b>\$0.167563</b>	<b>\$0.173027</b>
<b>Actual M&amp;O Rate</b>	<b>\$0.415437</b>	<b>\$0.409973</b>

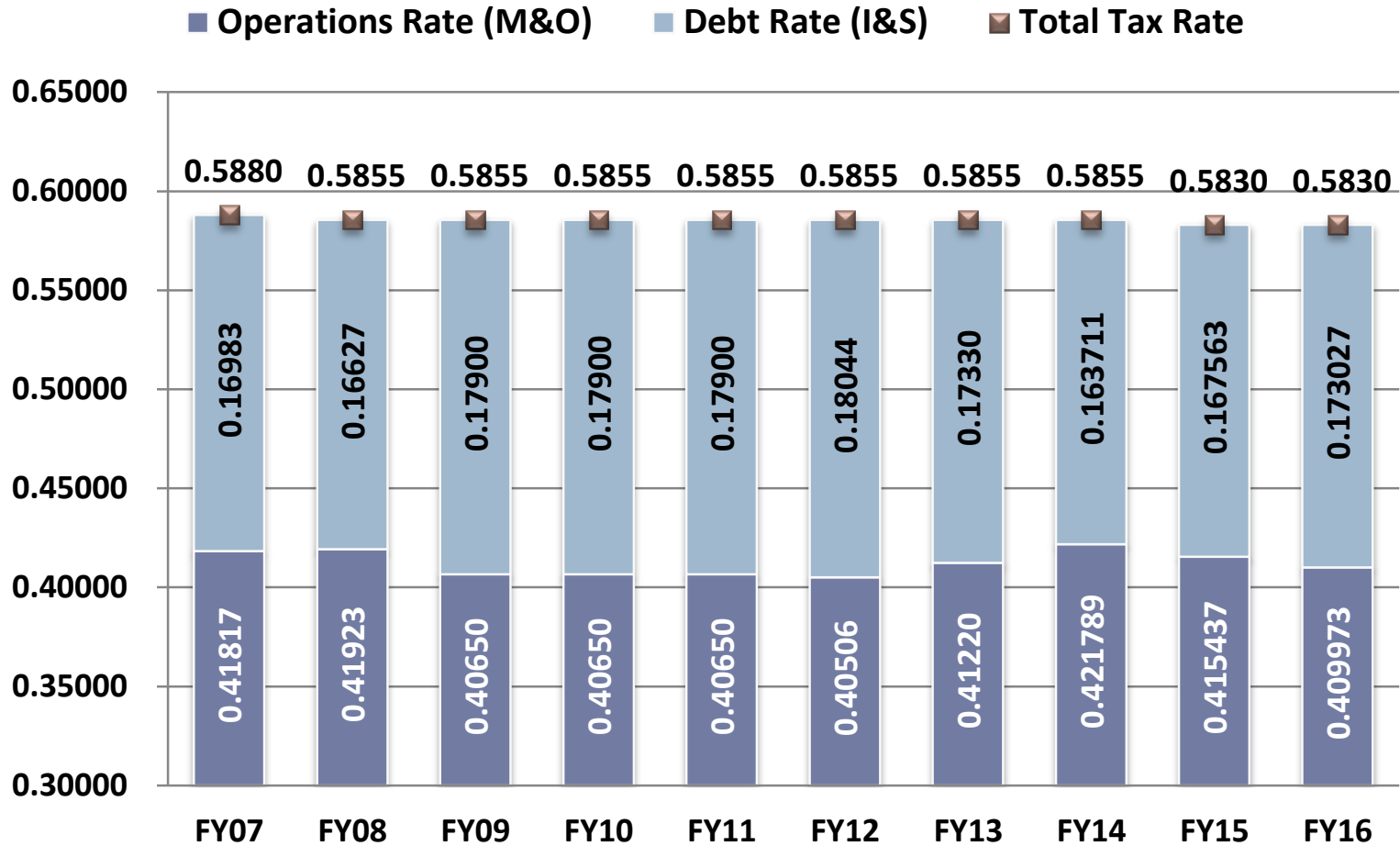
# Taxable Value History



# Tax Rate

- Tax Rate has 2 parts
  - I&S or Debt Service Rate
    - Set to match amount required to meet debt service payments in a given year
  - M&O Tax Rate (Maintenance and Operations)
    - Funds general operational expenses (salaries and supplies)
    - Subject to effective and rollback calculations

# Property Tax Rate History



# Upcoming Events

August 7<sup>th</sup> –  
Budget Workshop

- Council reviews proposed budget
- Suggest changes and request clarification
- Council will take no action on the budget

August 18<sup>th</sup> – First  
Public Hearing on  
Tax Rate

- Hear Citizen input on tax rate
- Council will take no action



# Upcoming Events

September 1<sup>st</sup> –  
First Public  
Hearing on Budget  
& Second PH on  
Tax Rate

- Hear Citizen input on budget and tax rate
- Council will take no action

September 15<sup>th</sup> –  
Adopt Budget and  
Tax Rate

- Council will adopt budget
- Council takes 2 votes on tax rate
- Council adopts fee schedule

# General Fund 10 Year Plan

	Budget 2014-15	Projected 2015-16	Projected 2016-17	Projected 2017-18	Projected 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24
Available Beginning Fund Balance	\$ 39,412,402	\$ 39,412,403	\$ 40,308,036	\$ 40,628,342	\$ 41,806,842	\$ 43,292,010	\$ 44,668,693	\$ 46,441,248	\$ 48,671,571	\$ 49,171,396
<b>REVENUES</b>										
Property Taxes	\$ 56,079,359	\$ 59,635,915	\$ 62,617,711	\$ 65,122,419	\$ 67,076,092	\$ 69,088,375	\$ 71,161,026	\$ 73,295,857	\$ 75,494,732	\$ 77,759,574
Sales & Use Taxes	19,800,000	20,592,000	21,415,680	22,272,307	23,163,199	24,089,727	25,053,317	26,055,449	27,097,667	28,181,574
Franchise Fees	13,686,149	14,096,733	14,519,635	14,955,225	15,403,881	15,865,998	16,341,978	16,832,237	17,337,204	17,857,320
Licenses & Permits	7,584,500	7,963,725	8,202,637	8,366,689	8,534,023	8,704,704	8,878,798	9,056,374	9,237,501	9,422,251
Charges & Fines	6,568,800	9,700,176	9,894,180	10,092,063	10,293,904	10,499,782	10,709,778	10,923,974	11,142,453	11,365,302
Other	1,259,795	1,284,991	1,310,691	1,336,905	1,363,643	1,390,915	1,418,734	1,447,108	1,476,051	1,505,572
Transfer	3,248,219	3,313,183	3,379,447	3,447,036	3,515,977	3,586,296	3,658,022	3,731,183	3,805,806	3,881,922
<b>Total Revenues</b>	<b>\$ 108,226,822</b>	<b>\$ 116,586,724</b>	<b>\$ 121,339,980</b>	<b>\$ 125,592,644</b>	<b>\$ 129,350,719</b>	<b>\$ 133,225,798</b>	<b>\$ 137,221,652</b>	<b>\$ 141,342,181</b>	<b>\$ 145,591,415</b>	<b>\$ 149,973,516</b>
<b>EXPENDITURES</b>										
Personnel	\$ 74,551,866	\$ 79,696,216	\$ 84,258,702	\$ 86,882,953	\$ 89,575,236	\$ 92,599,993	\$ 95,377,993	\$ 98,239,332	\$ 103,358,112	\$ 106,588,856
Supplies	4,683,736	4,777,411	4,872,959	4,970,418	5,069,826	5,171,223	5,274,647	5,380,140	5,487,743	5,597,498
Maintenance	5,231,375	6,982,423	7,168,271	7,346,636	7,502,069	7,845,110	8,039,013	8,199,793	8,407,289	8,665,435
Service/Sundry	17,096,881	17,438,819	17,787,595	18,143,347	18,506,214	18,876,338	19,253,865	19,638,942	20,031,721	20,432,355
Capital Outlay	514,313	524,599	535,091	545,793	556,709	567,843	579,200	590,784	602,600	614,652
Transfers	6,148,651	6,271,624	6,397,056	6,524,997	6,655,497	6,788,607	6,924,379	7,062,867	7,204,124	7,348,207
<b>Total Expenditures</b>	<b>\$ 108,226,822</b>	<b>\$ 115,691,090</b>	<b>\$ 121,019,674</b>	<b>\$ 124,414,145</b>	<b>\$ 127,865,551</b>	<b>\$ 131,849,115</b>	<b>\$ 135,449,097</b>	<b>\$ 139,111,859</b>	<b>\$ 145,091,589</b>	<b>\$ 149,247,002</b>
<b>Ending Fund Balance</b>	<b>\$ 39,412,403</b>	<b>\$ 40,308,036</b>	<b>\$ 40,628,342</b>	<b>\$ 41,806,842</b>	<b>\$ 43,292,010</b>	<b>\$ 44,668,693</b>	<b>\$ 46,441,248</b>	<b>\$ 48,671,571</b>	<b>\$ 49,171,396</b>	<b>\$ 49,897,910</b>
<i>Fund Balance Increase / Decrease</i>	0	895,633	320,306	1,178,499	1,485,168	1,376,683	1,772,555	2,230,323	499,826	726,514
<i>Fund Balance % of Change</i>	0%	2%	1%	3%	4%	3%	4%	5%	1%	1%
<i>Fund Balance % of Expenditures</i>	36%	35%	34%	34%	34%	34%	34%	35%	34%	33%
<b>Minimum Fund Requirement (25% Exp)</b>	<b>26,928,127</b>	<b>28,791,623</b>	<b>30,121,146</b>	<b>30,967,088</b>	<b>31,827,211</b>	<b>32,820,318</b>	<b>33,717,474</b>	<b>34,630,269</b>	<b>36,122,247</b>	<b>37,158,088</b>
<b>Available Ending Fund Balance</b>	<b>\$ 12,484,276</b>	<b>\$ 11,516,413</b>	<b>\$ 10,507,196</b>	<b>\$ 10,839,754</b>	<b>\$ 11,464,799</b>	<b>\$ 11,848,375</b>	<b>\$ 12,723,774</b>	<b>\$ 14,041,302</b>	<b>\$ 13,049,149</b>	<b>\$ 12,739,822</b>

<b>TAX RATE VARIABLE</b>										
General fund	\$ 0.41544	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500
Debt service fund	0.16756	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800
<b>Total Tax Rate</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>

<b>STAFFING VARIABLE</b>										
Full time equivalent positions	798.6	832.7	859.7	865.7	867.7	877.7	877.7	877.7	904.7	906.7
Average salary per FTE	\$ 66,681	\$ 68,362	\$ 70,005	\$ 71,686	\$ 73,737	\$ 75,358	\$ 77,619	\$ 79,947	\$ 81,603	\$ 83,968
Average cost per FTE	\$ 93,353	\$ 95,706	\$ 98,008	\$ 100,360	\$ 103,231	\$ 105,501	\$ 108,666	\$ 111,926	\$ 114,244	\$ 117,555

# GO Debt Service Long-Term Financial Plan

	Budget 2014-15	Projected 2015-16	Projected 2016-17	Projected 2017-18	Projected 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
<b>Available Beginning Fund Balance</b>	\$ 3,723,214	\$ 4,313,152	\$ 4,320,613	\$ 4,325,521	\$ 4,330,067	\$ 4,330,990	\$ 4,335,827	\$ 4,338,187	\$ 4,343,290	\$ 4,351,688	\$ 4,354,384
<b>REVENUES</b>											
Property Taxes	\$ 22,502,020	\$ 24,141,768	\$ 25,348,856	\$ 26,362,811	\$ 27,153,695	\$ 27,968,306	\$ 28,807,355	\$ 29,671,576	\$ 30,561,723	\$ 31,478,575	\$ 32,422,932
Interest	11,938	12,177	12,420	12,793	13,177	13,572	13,979	14,538	15,265	16,028	16,990
Lease Income	588,000	588,000	588,000	588,000	588,000	588,000	588,000	0	0	0	0
Transfer from Airport	0	1,383,276	1,381,741	1,381,455	1,382,537	1,384,386	1,383,263	1,379,028	1,382,948	1,384,336	1,252,757
Transfer from Hotel/Motel	0	629,909	627,039	627,930	627,490	625,925	628,308	629,348	629,428	628,596	631,812
<b>Total Revenues</b>	<b>\$ 23,101,958</b>	<b>\$ 26,755,129</b>	<b>\$ 27,958,056</b>	<b>\$ 28,972,988</b>	<b>\$ 29,764,898</b>	<b>\$ 30,580,188</b>	<b>\$ 31,420,905</b>	<b>\$ 31,694,489</b>	<b>\$ 32,589,364</b>	<b>\$ 33,507,534</b>	<b>\$ 34,324,491</b>
<b>EXPENDITURES</b>											
Debt Service	22,502,020	22,553,468	26,582,745	27,797,830	28,801,152	28,324,310	30,423,284	31,253,899	31,537,250	31,364,888	31,363,500
New Debt Service	0	4,184,000	1,360,000	1,160,000	952,000	2,240,000	984,000	424,000	1,032,000	2,128,000	2,944,000
Paying Agent Fees/Other	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190
<b>Total Expenditures</b>	<b>\$ 22,512,020</b>	<b>\$ 26,747,668</b>	<b>\$ 27,953,149</b>	<b>\$ 28,968,442</b>	<b>\$ 29,763,976</b>	<b>\$ 30,575,351</b>	<b>\$ 31,418,545</b>	<b>\$ 31,689,386</b>	<b>\$ 32,580,966</b>	<b>\$ 33,504,838</b>	<b>\$ 34,319,690</b>
<i>Net Increase / Decrease</i>	<i>589,938</i>	<i>7,461</i>	<i>4,908</i>	<i>4,546</i>	<i>922</i>	<i>4,837</i>	<i>2,360</i>	<i>5,103</i>	<i>8,398</i>	<i>2,696</i>	<i>4,801</i>
<b>Ending Fund Balance</b>	<b>\$ 4,313,152</b>	<b>\$ 4,320,613</b>	<b>\$ 4,325,521</b>	<b>\$ 4,330,067</b>	<b>\$ 4,330,990</b>	<b>\$ 4,335,827</b>	<b>\$ 4,338,187</b>	<b>\$ 4,343,290</b>	<b>\$ 4,351,688</b>	<b>\$ 4,354,384</b>	<b>\$ 4,359,185</b>

<b>TAX RATE VARIABLE</b>											
General fund	\$ 0.41544	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500	\$ 0.41500
Debt service fund	0.16756	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800	0.16800
<b>Total Tax Rate</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>	<b>\$ 0.58300</b>

<b>Estimated Amount of Sale</b>	<b>\$ 52,300,000</b>	<b>\$ 17,000,000</b>	<b>\$ 14,500,000</b>	<b>\$ 11,900,000</b>	<b>\$ 28,000,000</b>	<b>\$ 12,300,000</b>	<b>\$ 5,300,000</b>	<b>\$ 12,900,000</b>	<b>\$ 26,600,000</b>	<b>\$ 36,800,000</b>	<b>\$ -</b>
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<b>Debt Sale-Authorized CIP</b>											
<b>Estimated Amount of Sale</b>	<b>\$ 52,300,000</b>	<b>\$ 17,000,000</b>	<b>\$ 14,500,000</b>	<b>\$ 11,900,000</b>	<b>\$ 28,000,000</b>	<b>\$ 12,300,000</b>	<b>\$ 5,300,000</b>	<b>\$ 12,900,000</b>	<b>\$ 26,600,000</b>	<b>\$ 36,800,000</b>	<b>\$ -</b>
<b>Voter Authorized GO Debt</b>											
Streets/Traffic	35,904,080	0	0	0	0	0	0	0	0	0	0
Parks	0	0	0	0	0	0	0	0	0	0	0
Fire	6,321,000	0	0	0	0	0	0	0	0	0	0
Public Safety	7,350,000	0	0	0	0	0	0	0	0	0	0
Facilities	2,724,920	0	2,275,080	0	0	0	0	0	0	0	0
Airport	0	0	0	0	0	0	0	0	0	0	0
Drainage	0	2,425,000	420,000	2,500,000	400,000	0	0	0	0	0	0
Public Works	0	0	0	0	0	0	0	0	0	0	0
<b>Total Voter Authorized Planned</b>	<b>\$ 52,300,000</b>	<b>\$ 2,425,000</b>	<b>\$ 2,695,080</b>	<b>\$ 2,500,000</b>	<b>\$ 400,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Variance</b>	<b>\$ -</b>	<b>\$ 14,575,000</b>	<b>\$ 11,804,920</b>	<b>\$ 9,400,000</b>	<b>\$ 27,600,000</b>	<b>\$ 12,300,000</b>	<b>\$ 5,300,000</b>	<b>\$ 12,900,000</b>	<b>\$ 26,600,000</b>	<b>\$ 36,800,000</b>	<b>\$ -</b>

<b>Debt Sale-Non-Voter Authorized CIP</b>											
<b>Estimated Amount of Sale</b>	<b>\$ -</b>	<b>\$ 14,575,000</b>	<b>\$ 11,804,920</b>	<b>\$ 9,400,000</b>	<b>\$ 27,600,000</b>	<b>\$ 12,300,000</b>	<b>\$ 5,300,000</b>	<b>\$ 12,900,000</b>	<b>\$ 26,600,000</b>	<b>\$ 36,800,000</b>	<b>\$ -</b>
<b>Non-Voter Authorized GO Debt</b>											
Streets/Traffic	0	0	0	7,900,000	14,100,000	3,300,000	5,000,000	3,600,000	15,550,000	14,645,920	0
Parks	0	0	0	0	0	0	0	0	0	0	0
Fire	0	0	0	0	1,500,000	1,500,000	0	9,000,000	0	7,500,000	0
Public Safety	0	0	0	0	0	1,500,000	0	0	1,500,000	0	0
Facilities	0	5,000,000	5,000,000	0	0	1,000,000	300,000	300,000	1,800,000	8,300,000	0
Airport	0	10,000,000	6,500,000	1,500,000	11,500,000	5,000,000	0	0	7,750,000	7,750,000	0
Drainage	0	0	0	0	0	0	0	0	0	2,000,000	0
Public Works	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Voter Authorized Planned</b>	<b>\$ -</b>	<b>\$ 15,000,000</b>	<b>\$ 11,500,000</b>	<b>\$ 9,400,000</b>	<b>\$ 27,100,000</b>	<b>\$ 12,300,000</b>	<b>\$ 5,300,000</b>	<b>\$ 12,900,000</b>	<b>\$ 26,600,000</b>	<b>\$ 40,195,920</b>	<b>\$ -</b>
<b>Variance</b>	<b>\$ -</b>	<b>\$ (425,000)</b>	<b>\$ 304,920</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,395,920)</b>	<b>\$ -</b>