

BUDGET & FINANCE

2021 Bond Committee

May 24, 2021



The City of
SACHSE

OVERVIEW

- General Fund Budget
 - Revenues and expenditures
 - Capital funding
 - Fund balance policy
- Debt Service
- Property Tax
 - Sachse history
 - Components and policy
 - Legislative background and limitations



BUDGET



The City of
SACHSE

GENERAL FUND



The City of
SACHSE

FY 2020-2021 BUDGET SUMMARY

Revenues		Expenditures	
Ad Valorem Taxes	13,350,000	Administration	3,159,555
Other Taxes	1,770,000	Public Safety	10,344,976
Franchise Fees	1,847,825	Public Works	2,289,008
Licenses and Permits	621,000	Development	739,015
Fees	914,500	Culture and Recreation	2,007,547
Fines	250,000	Capital Projects	1,897,395
Intragovernmental	1,443,819	Capital Equipment	555,533
Other Revenue	454,218		
	20,651,362		20,993,029
Revenues over expenditures			-341,667



BUDGET HIGHLIGHTS

- Ad valorem taxes make up 65% of general fund revenue.
- Intragovernmental consists of transfers from other funds for allocated overhead costs.
- Capital equipment is an annual transfer to the vehicle and equipment replacement fund.
- Capital projects transfers are limited by revenue available after operating expenditures and vary widely year-to-year.



CAPITAL PROJECTS TRANSFERS

- 2012--\$750,000
- 2013--\$179,000
- 2015--\$750,000
- 2016--\$400,000
- 2017--\$168,750
- 2018--\$965,000
- 2019--\$455,000
- 2020--\$800,000



SALES TAX

- Sachse sales and use tax rate is 8.25%
 - State of Texas – 6.25%
 - City of Sachse – 1.00%
 - 4B Economic Development – 0.50%
 - Street Maintenance Tax – 0.25%
 - Municipal Development District – 0.25%
- General Fund sales taxes for FY 2020 totaled \$1.97 million, a 15% increase over the previous year.



GENERAL FUND BALANCE

FISCAL YEAR	UNRESERVED FUND BALANCE	PERCENT OF OPERATING EXPENSE
2013	4,631,243	41%
2014	5,568,904	54%
2015	6,546,528	53%
2016	7,723,757	51%
2017	8,829,452	59%
2018	8,640,784	53%
2019	10,355,357	50%
2020	\$10,131,924	57%



FUND BALANCE POLICY

- Target range is 25% - 35% of operating expenditures.
- Council review annually, excess transferred to Capital Projects.
- FY 2018 – FY 2020 \$4 million was transferred.



DEBT SERVICE



The City of
SACHSE

SUMMARY OF REVENUES AND EXPENDITURES				
FISCAL YEAR 2020-2021				
DEBT SERVICE FUND				
	Actual	Budget	Projected	Budget
	FY 2018/2019	FY 2019/2020	FY 2019/2020	FY 2020/2021
BEGINNING FUND BALANCE	\$ 776,042	\$ 831,218	\$ 831,218	\$ 514,728
REVENUES				
Property Taxes	\$ 4,508,392	\$ 4,713,027	\$ 4,796,414	\$ 5,035,703
Interest, Rent & Leases	27,608	8,000	15,541	5,000
Other Government Sources	-	-	-	-
Intragovernmental Transfers	-	-	-	-
Other Financing Sources	-	-	2,070,000	-
TOTAL REVENUES	\$ 4,535,999	\$ 4,721,027	\$ 6,881,956	\$ 5,040,703
EXPENDITURES				
Debt Service Obligations	\$ 4,480,823	\$ 4,816,070	\$ 4,757,324	\$ 5,042,217
Financing Costs - Refunding Bonds	-	-	34,490	-
Transfers	-	-	2,030,680	-
TOTAL EXPENDITURES	\$ 4,480,823	\$ 4,816,070	\$ 6,822,494	\$ 5,042,217
TOTAL REVENUES OVER EXPENDITURES	\$ 55,176	\$ (95,043)	\$ 59,462	\$ (1,514)
ENDING FUND BALANCE	\$ 831,218	\$ 736,175	\$ 890,680	\$ 513,214



City of Sachse, Texas
 Outstanding General Bonded Debt

Debt Service Schedule General Bonded Aggregate

Date	Principal	#	Interest	Total Principal + Interest
2021	3,655,000.00	#	1,278,267.76	4,933,267.76
2022	2,830,000.00		1,224,318.50	4,054,318.50
2023	2,475,000.00		1,157,608.50	3,632,608.50
2024	2,370,000.00		1,084,244.50	3,454,244.50
2025	2,435,000.00		1,010,712.75	3,445,712.75
2026	2,355,000.00		935,662.50	3,290,662.50
2027	2,440,000.00		849,387.50	3,289,387.50
2028	2,545,000.00		749,687.50	3,294,687.50
2029	2,215,000.00		654,487.50	2,869,487.50
2030	2,305,000.00		564,087.50	2,869,087.50
2031	2,405,000.00		469,887.50	2,874,887.50
2032	2,770,000.00		368,662.50	3,138,662.50
2033	2,865,000.00		271,362.50	3,136,362.50
2034	2,955,000.00		182,862.50	3,137,862.50
2035	495,000.00		131,112.50	626,112.50
2036	510,000.00		116,037.50	626,037.50
2037	525,000.00		100,184.38	625,184.38
2038	545,000.00		83,465.63	628,465.63
2039	560,000.00		66,200.00	626,200.00
2040	580,000.00		48,387.50	628,387.50
2041	595,000.00		29,656.25	624,656.25
2042	615,000.00		9,993.75	624,993.75
Total	41,045,000.00		11,386,277.02	52,431,277.02

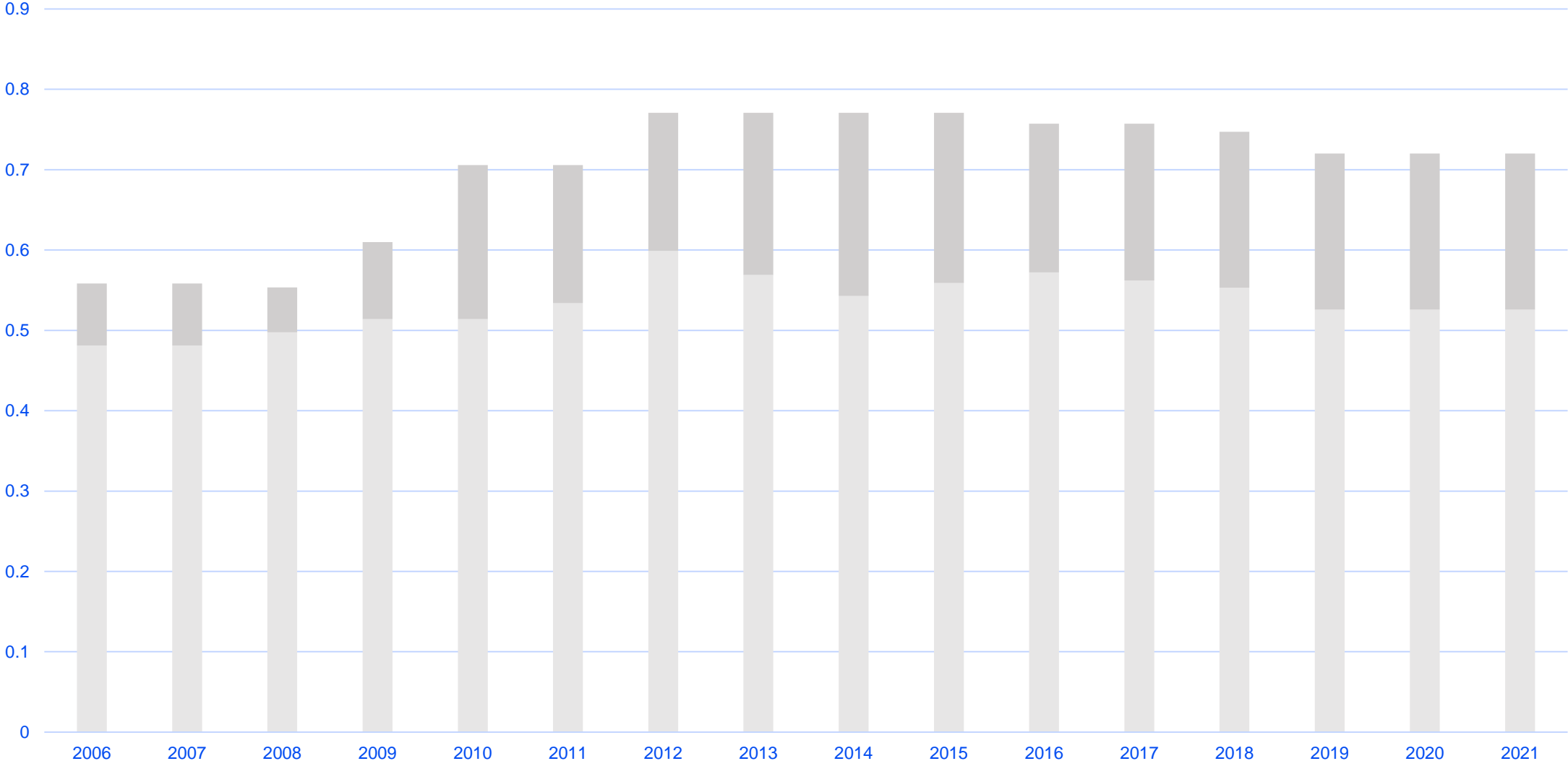


PROPERTY TAX

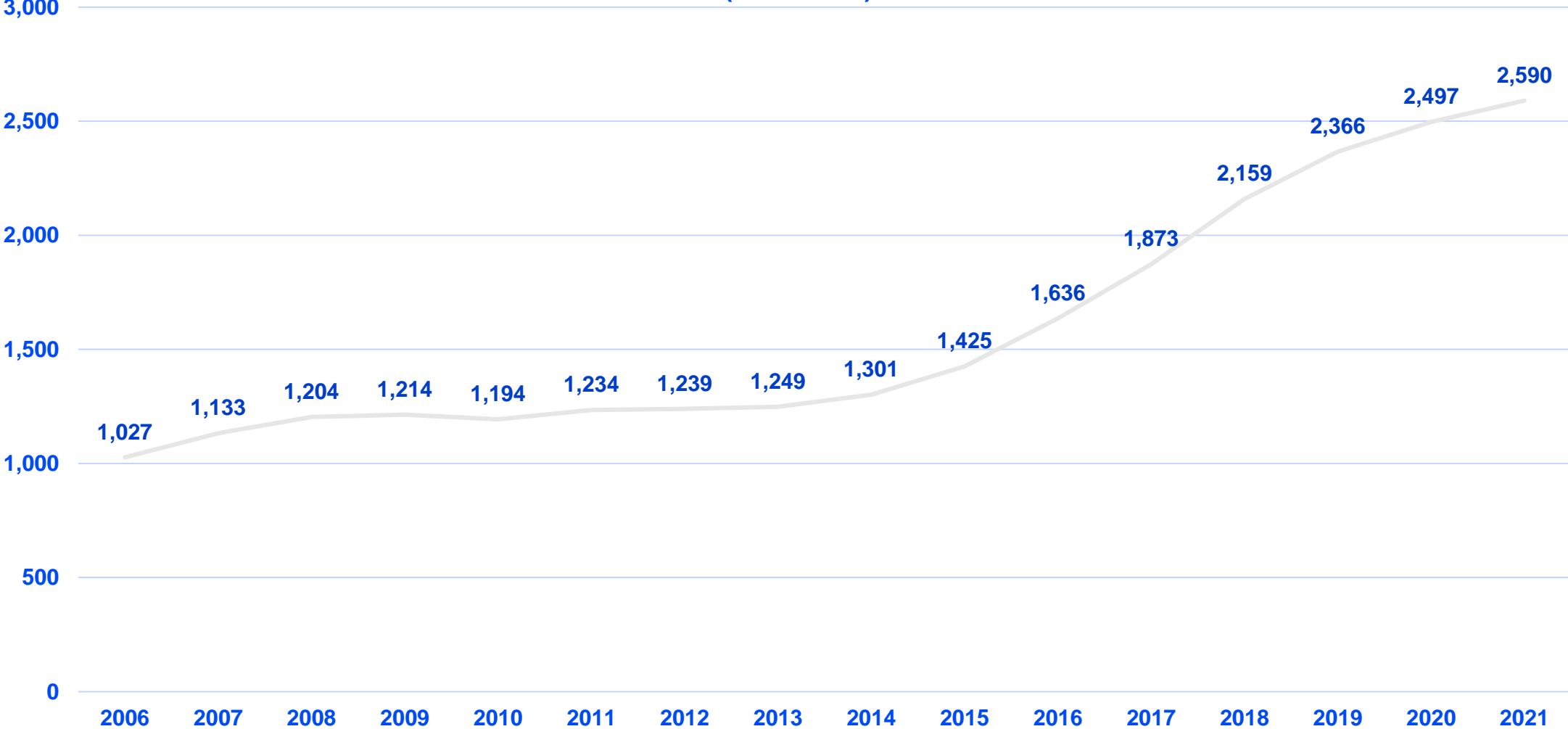


The City of
SACHSE

Tax Rate History



Taxable Value (in millions)



The City of
SACHSE

KEY DATES

- 2006 - \$37,925,000 approved by voters.
- 2007 - \$6,130,000 issued.
- 2009 – Remaining \$31,795,000 plus \$2,765,000 refunding issued.
- 2010 – Taxable values declined.
- 2006 to 2015, cumulative increase in taxable values was 39%
- 2015 to 2021, cumulative increase in taxable values was 82%



PROPERTY TAX BASICS

- Tax Rate is composed of two levies:
 - O&M – Operations and Maintenance (General Fund)
 - I&S – Interest and Sinking (Debt Service)
- The total tax rate is limited to \$2.50/ \$100 assessed valuation.
- The I&S rate must be sufficient to pay annual debt service. The statutory cap is \$1.50/ \$100 assessed valuation.



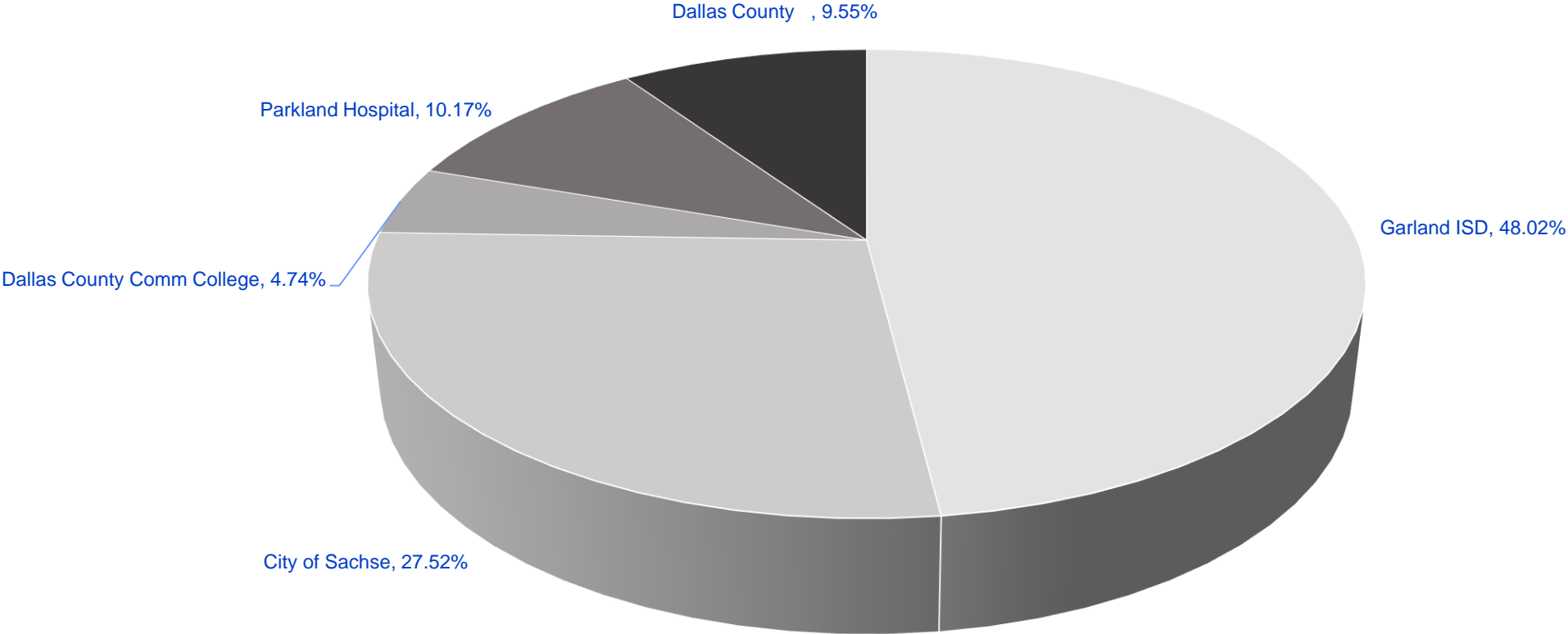
OVERLAPPING ENTITIES

Taxing Entity	2020 Rate	Exemptions
Dallas County:		
Garland ISD	\$1.2563	HS \$25,000; Over 65, DP \$10,000
Dallas County Comm College	\$0.124	HS 20%; Over 65, DP \$69,000
Parkland Hospital	\$0.2661	HS 20%; Over 65, DP \$69,000
Dallas County	\$0.24974	HS 20%; Over 65, DP \$69,000
Collin County:		
Wylie ISD	\$1.5205	HS \$25,000; Over 65, DP \$10,000
Collin College	\$0.081222	HS 1%; Over 65 \$30,000; DP \$20,000
Collin County	\$0.172531	HS 5%; Over 65 \$30,000, DP \$20,000



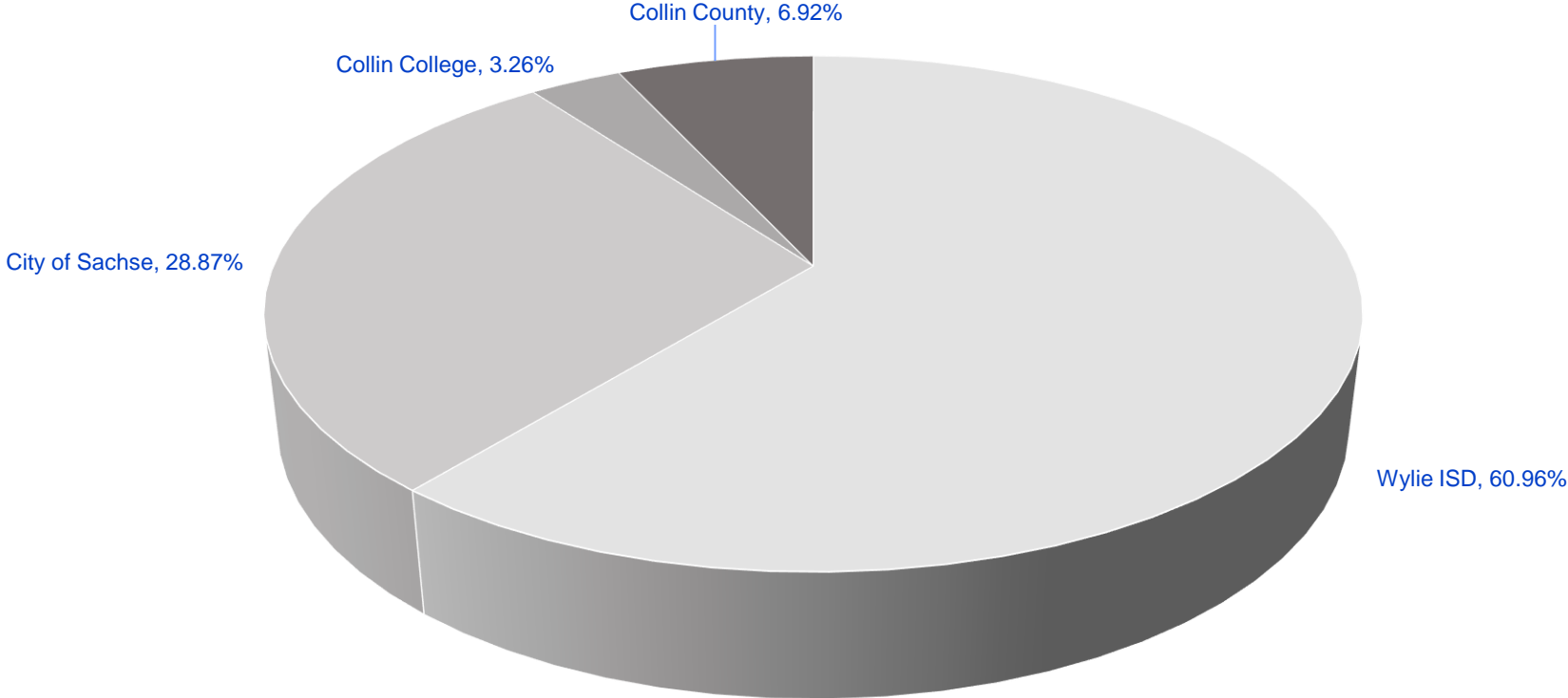
DALLAS COUNTY ALLOCATION

Dallas County Property Tax Allocation



COLLIN COUNTY ALLOCATION

Collin County Property Tax Allocation



PENNY YIELD

City	Taxable Value	Revenue per 1-cent
Garland	16,086,123,217	1,608,612
Plano	45,149,517,322	4,514,952
Wylie	5,275,698,137	527,570
Rowlett	4,854,236,720	485,424
Murphy	2,649,672,031	264,967
SACHSE	2,589,677,381	\$258,968



SENATE BILL 2 (2019 Session)

Changed terminology

- Previously called Effective tax rate is now called No-new-revenue tax rate
- Previous Rollback rate is now called Voter-approval tax rate

• Changed rate calculation

- No-new-revenue tax rate = $\text{Last year's M\&O levy-lost property levy} / \text{Current total value-new value}$
- Voter-approval tax rate = $\text{No-new-revenue M\&O rate} \times 1.035\% + \text{Current debt rate} + \text{unused increment rate}$ (unused space between past adopted rate and voter-approval rate).

• Changed election trigger from requiring a petition to automatic election



SB 2 CONSIDERATIONS

- The Rollback factor previously was 8%, now 3.5%
- Exceeding the Rollback Rate previously allowed citizens to petition for an election, now exceeding the Voter-Approval Rate triggers an automatic election.
- The 3.5% cap factor will be a bigger issue during periods of inflation.
- New construction values are deducted from current values in calculating the No-New-Revenue Rate.
- Rate calculation limits only apply to M&O.



CITY POLICY AND PRACTICE

- Current policy states that the I&S rate cannot exceed 30% of the total rate. City Council can change this limit.
- As taxable values have increased since 2015, the adopted M&O rate has been reduced, while leaving the I&S level stable.
- If existing property values continue to increase, it will put downward pressure on the M&O rate due to the limits imposed by SB 2.
- The combination of inflation and limits on the M&O rate will result in reduced ability to fund capital projects through the General Fund.



FINAL THOUGHTS

- There is pending legislation that could affect the City's ability to issue debt other than voter-approved bonds – House Bill 1869.
- For more detailed financial information, please refer to the City of Sachse Financial Transparency website:
 - <http://www.cityofsachse.com/599/Financial-Transparency>
- Contact information:
 - Teresa Savage, Director of Finance, tsavage@cityofsachse.com, 469-429-4772.

