



TEMPLE CITY COUNCIL

MUNICIPAL BUILDING
2 NORTH MAIN STREET
TEMPLE, TX

NOTICE OF SPECIAL MEETING

FRIDAY, AUGUST 10, 2007

CITY COUNCIL CHAMBERS – 2ND FLOOR

5:00 P.M.

AGENDA

I. CALL TO ORDER

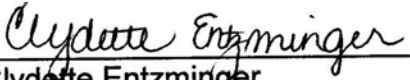
1. Invocation
2. Pledge of Allegiance

II. BUDGET ITEMS

3. **PUBLIC HEARING** – Conduct the first of two public hearings to receive comments on the proposed tax rate of \$0.5681 per \$100 valuation for fiscal year 2008 (2007 tax year), and announce meeting to adopt the proposed tax rate on August 23, 2007.
4. Discuss the proposed FY 2007-2008 City of Temple budget, Capital Improvement Plan and related issuance of bonds.

The City Council reserves the right to discuss any items in executive (closed) session whenever permitted by the Texas Open Meetings Act.

I hereby certify that a true and correct copy of this Notice of Meeting was posted in a public place at 8:45 AM, on August 6, 2007.



Clydette Entzminger
City Secretary

I certify that this Notice of Meeting Agenda was removed by me from the outside bulletin board in front of the City Municipal Building on _____ day of _____ 2007. _____



COUNCIL AGENDA ITEM MEMORANDUM

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Special Agenda
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DEPT./DIVISION SUBMISSION & REVIEW:

David Blackburn, City Manager
Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: PUBLIC HEARING – Conduct the first of two public hearings to receive comments on the proposed tax rate of \$0.5681 per \$100 valuation for fiscal year 2008 (2007 tax year), and announce meeting to adopt the proposed tax rate on August 23, 2007.

STAFF RECOMMENDATION: Conduct public hearing; no action is required.

BACKGROUND: At the August 2, 2007 regular meeting, Council discussed the proposed tax rate of 56.81 cents per \$100 valuation and adopted a resolution scheduling the adoption of the proposed tax rate for August 23, 2007, and setting public hearings for August 10, 2007 and August 16, 2007 on the proposed tax rate for FY 2007-2008. Following this action, the publication of a “Notice of Public Hearing on Tax Increase” occurred on August 3rd and the “Notice of Vote on Tax Rate” will occur on August 11th and 17th. The proposed meeting dates and publication schedules comply with the Truth-In-Taxation requirements set forth in SB 18 adopted by the 79th Legislature and the City Charter.

The FY 2007-2008 budget was prepared within the parameters of a tax rate that was 2.99% above the effective tax rate. Within these parameters, staff proposed a preliminary total tax rate of 57.34 cents per \$100 valuation, 2.99% above the preliminary effective tax rate. On July 25, 2007, the Chief Appraiser calculated a final effective tax rate of 55.16 cents. The decrease in the final effective tax rate as compared to the preliminary tax rate used in the filed budget June 29, 2007, required a decrease in the proposed total tax rate from 57.34 to 56.81 cents (2.99% above the effective tax rate). Changes in the tax rate components as compared to the proposed budget filed June 29, 2007 are as follows:

Comparing proposed tax rate of 56.81 cents to the *preliminary* rate of 57.34 cents as proposed in the budget filed on June 29, 2007:

	PRELIMINARY FY 2008	PROPOSED FY 2008	Increase (Decrease)	Effective Tax Rate	% FY 2008 > EFT
Proposed Tax Rate					
M&O (Maintenance & Operation)	\$ 0.3435	\$ 0.3392	\$ (0.0043)		
I&S (Interest & Sinking - Debt)	0.2299	0.2289	(0.0010)		
	<u>\$ 0.5734</u>	<u>\$ 0.5681</u>	<u>\$ (0.0053)</u>	\$ 0.5516	<u>2.99%</u>

The decrease in the proposed tax rate, along with an adjustment of the certified taxable value (\$2,854,755,588) from the preliminary taxable value (\$2,841,673,143) will decrease the M&O revenue by \$72,648 as compared to the preliminary budget filed on June 29, 2007. The frozen tax levy increased to \$1,337,905 from a preliminary levy total of \$1,320,520. This increase of \$17,385 will help offset the decrease revenue as mentioned above. The net decrease of \$55,263 in property tax revenue will be offset by an increase in sales tax revenues.

Comparing the proposed tax rate of 56.81 cents to the *current FY 2007 adopted* tax rate of 57.34 cents:

	FY 2007	PROPOSED FY 2008	Increase (Decrease)
Proposed Tax Rate			
M&O (Maintenance & Operation)	\$ 0.3395	\$ 0.3392	\$ (0.0003)
I&S (Interest & Sinking - Debt)	0.2339	0.2289	(0.0050)
	<u>\$ 0.5734</u>	<u>\$ 0.5681</u>	<u>\$ (0.0053)</u>

Example 1 – Annual Property Tax - \$100,000 Taxable Value:

With the proposed tax rate of 56.81 cents per \$100 valuation, the cost to a homeowner with a taxable value of \$100,000 would be an annual savings of \$5.30 if there was no change in taxable value from the prior year. If a homeowner with a taxable value of \$100,000 in 2007 experienced an increase in taxable value of 4.98% (average increase in appraised value), the annual property tax would increase by \$22.99.

Example 2 – Annual Property Tax - Average Taxable Value for City of Temple:

The preceding tax year's average taxable value of a residence homestead in Temple was \$80,777. In the current tax year, the average taxable value a residence homestead in Temple is \$85,865. With the proposed tax rate of 56.81 cents per \$100 valuation, there would be an annual increase of \$24.62 in taxes.

FISCAL IMPACT:

Changes from the preliminary tax rate and base used to calculate the filed budget on June 29, 2007 to the proposed rate with the certified tax roll as presented August 10, 2007 are as follows:

	Filed Budget 6/29/07	Proposed Budget 8/10/07	Increase/ (Decrease)
Tax Base	\$2,841,673,143	\$2,854,755,588	\$13,082,445
Tax Rate:			
M&O	34.35¢	33.92¢	(0.43¢)
I&S	22.99¢	22.89¢	(0.10¢)
Total Tax Rate	57.34¢	56.81¢	(0.53¢)
Tax Levy:			
M&O	\$8,880,397	\$8,807,749	(\$72,648)
Frozen Taxes	1,320,520	1,337,905	17,385
I&S	5,943,533	5,943,672	139
Total Tax Levy	\$16,144,450	\$16,089,326	(\$55,124)

General Fund:

Explanation of Changes from Filed Budget to Proposed Budget @ 8/10/2007:

^A **Revenue Changes:**

Property tax change - from preliminary to certified roll	\$ (55,263)
Increased sales tax revenue	55,263
Total Revenue Changes	\$ -

^B **Expenditure Changes:**

Total Expenditures Changes	\$ -
Net Revenue Over (Under) Expenditures	\$ -

Debt Service Fund:

Explanation of Changes from Filed Budget to Proposed Budget @ 8/10/2007:

^A **Revenue Changes:**

Property tax change - from preliminary to certified roll	\$ 139
Reduced interest income	(139)
Total Revenue Changes	\$ -

^B **Expenditure Changes:**

Total Expenditures Changes	\$ -
Net Revenue Over (Under) Expenditures	\$ -

ATTACHMENTS:

[Historical Tax Rate Information](#)

CITY OF TEMPLE, TEXAS
ADOPTED TAX RATE VS. EFFECTIVE TAX RATE

Fiscal Year	Adopted Tax Rate			Effective Tax Rate	Increase in Adopted Rate over Effective Tax Rate	
	I & S	M & O	Total		\$	%
1999	\$0.2302	\$0.3270	\$0.5572	\$0.5488	\$0.0084	1.53%
2000	0.2302	0.3270	0.5572	0.5404	0.0168	3.11%
2001	0.2402	0.3520	0.5922	0.5518	0.0404	7.32%
2002	0.2445	0.3520	0.5965	0.5792	0.0173	2.99%
2003	0.2620	0.3273	0.5893	0.5722	0.0171	2.99%
2004	0.2537	0.3510	0.6047	0.5972	0.0075	1.26%
2005	0.2349	0.3674	0.6023	0.5731	0.0292	5.10%
2006	0.2199	0.3546	0.5745	0.5579	0.0166	2.98%
2007	0.2339	0.3395	0.5734	0.5568	0.0166	2.98%
2008*	0.2289	0.3392	0.5681	0.5516	0.0165	2.99%

*Proposed Tax Rate