

Making Cents of the City Budget

By Brit Macias

The time is rolling around for the San Angelo City Budget to be compiled for the Fiscal Year 2017. The next Fiscal Year begins October 1st of 2016, though planning a budget begins at the beginning of the calendar year.



As Councilman Harry Thomas, who compiled budgets for 20 years for Goodyear, puts it, “I know it takes time. You don’t start the budget today because you’re going to get it approved tomorrow.”

So how does the budget planning process work exactly? Around February of each year, the separate City departments submit their own proposed budget. Each department can look at the archived, previous budgets to use them as a guide when forming their new budget, or simply start fresh with their employees’ salaries.

“You start basically with the number of people you’ve got working for you so you know where the big numbers are. In the City’s budget its almost 70%,” Thomas explains to CRN.

From there, each department looks at approved raises for employees, factoring that in, as well as benefits packages, though this rarely changes significantly from year to year according to Thomas. “I will be surprised if there are significant raises this year because the sales tax revenue was down. It’s quoted to be down about 15%, but I think it’s going to be closer to 10-12% by the time the fiscal year ends.”

With the Sales Tax rate down 10%, CRN questioned if that meant the City budget would be decreased by 10% to accommodate the reduction. Thomas assured that this was an accurate assessment and the budget would need to be, overall, decreased by the amount Sales Tax decreased, though this is nearly impossible if the department’s budget is mostly personnel. For those with wriggle room, Thomas states, “Adjustments on certain projects will be down simply because they know they’re not going to have sufficient enough sales tax revenue this year.”

Morgan Chegwidden, Budget Manager for the City of San Angelo, tells CRN there is a possibility the rise in Property Taxes will offset the Sales Tax decline. However, “there are still a lot of unknowns going into FY17,” she states.

With the Sales Tax revenue drop and Property Tax increase in mind, departments will complete their budgets and turn them in to the City, to Morgan Chegwidden. If she has concerns, she will take them up directly with the department-head before the budget is presented to City Council for approval. The City Council’s approval of the budget is finalized in September.

The budget is a “fluid document,” Thomas informs CRN, as the City will take a look on a quarterly basis to determine if the budget is sufficient enough, or if items need to go back to council to adjust up or down based on sales tax revenue.

Many citizens wonder if the decrease in Sales Tax revenue is the reason they will have to pay more Property Tax in 2017. “My answer quite honestly is no. We can’t do that to the citizens,” Thomas states. He tells CRN, City Council takes the brunt of the blame from the public regarding appraisals, but Thomas explains the Council has nothing to do with appraisals. Property taxes are set at a local level, but they are based on appraisals completed by County Appraisal Districts—a political subdivision of the state—following Texas State law, which governs how the process works. Appraisal Districts follow the Uniform Standards of Professional Appraisal Practices and Tax Code Section 23.01, which requires [taxable](#) property to be appraised at market value as of January 1. Market value is determined by sales prices of similar properties. Local government takes the appraised value and calculates property tax rate by multiplying the taxable value of a property (appraised value) with the local tax rates.

Thomas tells CRN, “Each department is a separate unit, although they funnel to that final document that the City Council looks at. I’m hoping that each individual department-head is looking seriously at their own budget, not taking the stand that ‘I’m going to protect what I’ve got.’”

Charlotte Farmer, SMD6, states she would like to see the budget broken down further into a line item budget. She tells CRN a good example of a line item budget is water, “(There are) so many different sources of liability and income—it *must* be broken down by each source.”

Bill Richardson, SMD1, explains his budget concerns come down to infrastructure needs in the city and borrowing money to complete projects. “That was one of my concerns I saw with the City Council. They were borrowing too much money and spending too much money. A lot of people felt like the Council was looking at the frill items rather than taking care of

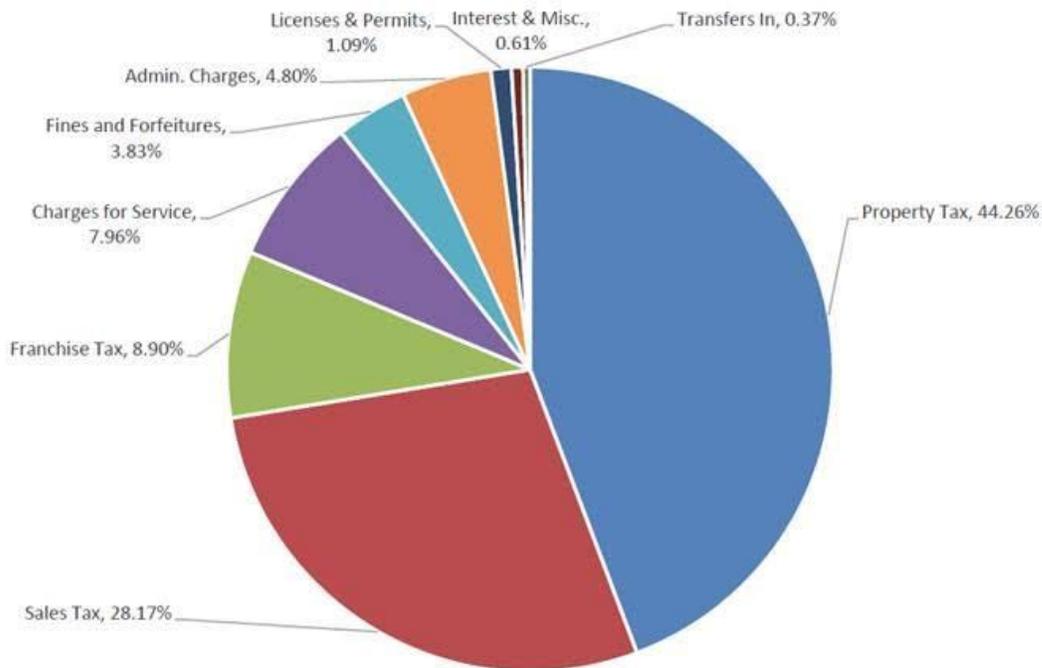
infrastructure. Then all of a sudden they want to do something about the infrastructure, but they want to go borrow a bunch of money (to do it.)”

Newly elected as the SMD5 representative, Lane Carter, tells CRN, “I want to focus on our money going toward our infrastructure because it has been neglected for years... the majority can go toward that and paying off debt. Our debt is horrendous. I’d like to see a little bit left over each month to where we can pay down on that \$200+ million.”

San Angelo has been recognized multiple times for transparency concerning our budget. San Angelo was awarded the Distinguished Budget Presentation Award for the 2014-2015 budget from the Government Finance Officers Association of the United States and Canada, as well as the Certificate of Achievement for Excellence in Financial Reporting Award for the 2012-2013 Comprehensive Annual Financial Report.

Below is a graph detailing the City’s Revenue Sources in FY16.

City of San Angelo
General Fund
2015-16 Budgeted Revenues by Source



The 2015-2016 budget can be viewed in full [here](#). Previous budgets and award recognition may be viewed [here](#).

City Budget discussion will begin on the July 12th at the City Council meeting with the deciding of Budget Workshop dates in the "follow up and administrative" section of the agenda. City Council meetings and budget workshops are open to the public.

Until Next Time...

Brit Macias

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