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405 Municipal Drive, Kennedale, Texas 76060

AGENDA
KENNEDALE CITY COUNCIL
SPECIAL SESSION - September 22, 2011
CITY COUNCIL CHAMBERS – 7:00PM

I. CALL TO ORDER

II. ROLL CALL

III. REGULAR ITEMS

A. Discuss and consider A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, ESTABLISHING FUND BALANCE POLICIES AS REQUIRED BY GASB 54; PROVIDING AN EFFECTIVE DATE AND COMPLIANCE WITH THE TEXAS OPEN MEETINGS ACT.

B. Discuss and consider AN ORDINANCE OF THE CITY OF KENNEDALE, TEXAS ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2011, AND ENDING SEPTEMBER 30, 2012; AMENDING BUDGET FIGURES FOR THE PRIOR FISCAL YEAR BEGINNING OCTOBER 1, 2010, AND ENDING SEPTEMBER 30, 2011; APPROPRIATING RESOURCES FOR EACH DEPARTMENT, PROJECT, OPERATION, ACTIVITY, PURCHASE, ACCOUNT AND OTHER EXPENDITURES; PROVIDING FOR EMERGENCY EXPENDITURES AND EXPENDITURES AS ALLOWED BY APPLICABLE STATE LAW; PROVIDING FOR THE FILING OF THE BUDGET AS REQUIRED BY STATE LAW; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE AND PROVIDING AN EFFECTIVE DATE.

C. Discuss and consider AN ORDINANCE FIXING AND LEVYING MUNICIPAL AD VALOREM TAXES FOR THE CITY OF KENNEDALE, TEXAS, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2011 AND ENDING SEPTEMBER 30, 2012; DIRECTING THE ASSESSMENT AND COLLECTION THEREOF; PROVIDING A SEVERABILITY CLAUSE; AND AN EFFECTIVE DATE CLAUSE.

D. Discuss and consider approval for ratification of property tax increase in FY2011-12 Adopted Budget.

IV. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the City of Kennedale will provide for reasonable accommodations for persons attending City Council meetings. This building is wheelchair accessible, and parking spaces for disabled citizens are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meetings. Please contact Amethyst Cirmo, City Secretary, at 817.985.2104 or (TDD) 1.800.735.2989

CERTIFICATION

I certify that a copy of the September 22, 2011, agenda was posted on the City Hall bulletin board next to the main entrance of the City Hall building, 405 Municipal Drive, of the City of Kennedale, Texas, in a place convenient and readily accessible to the general public at all times and said Agenda was posted at least 72 hours preceding the schedule time of said meeting, in accordance with Chapter 551 of the Texas Government Code.

Amethyst G. Cirmo

Amethyst G. Cirmo, City Secretary

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Staff Report to the Honorable Mayor and City Council

Date: September 22, 2011

Agenda Item No: REGULAR ITEMS - A.

I. Subject:

Discuss and consider A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, ESTABLISHING FUND BALANCE POLICIES AS REQUIRED BY GASB 54; PROVIDING AN EFFECTIVE DATE AND COMPLIANCE WITH THE TEXAS OPEN MEETINGS ACT.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

The objective of the Governmental Accounting Standards Board Statement Number 54 (GASB 54) is "to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions."

Prior to the recent guidelines provided by GASB 54, the fund balance for governmental funds was divided into 3 classifications: *reserved, designated and unreserved*. *Reserved* fund balance was simply to isolate the portion of fund balance that was **not** available for the following period's budget, so that *unreserved* fund balance could serve as a measure of current available financial resources. *Unreserved* fund balance, in turn, was further subdivided into *designated* and *undesignated* portions. *Designated* fund balance represented management's intended use of resources and reflected actual plans approved by government's senior management (i.e., our self-imposed limiations on the use of otherwise available current financial resources). *Undesignated* fund balance was that which was available for appropriation or spending and not subject to legal limitation.

Given the new GASB 54 guideline, and in order to be consistent with recommended practices, GASB54 not only advises us to update current policies and procedures, but it also eliminates the aforementioned three fund balance classifications and requires governments to incorporate five new categories in their place: *Nonspendable, restricted, committed, assigned and unassigned.*

Previous Categories	**New Categories**
Reserved	Nonspendable Restricted Committed
Unreserved - Designated	Assigned

Unreserved - Undesignated	Unassigned

Nonspendable Fund Balance typically takes one of two forms. It might be in a form that is not expected to be converted to cash, such as inventory or prepaid expenses. Alternatively, there might be legal or contractual reasons that require it to be maintained intact, such as the corpus of a permanent fund, where the principal can never be spent.

Restricted Fund Balance is for those funds that must be spent for specific purposes due to restrictions by external parties. External parties include creditors, grantors, contributors, or laws or regulations of other governments.

Committed Fund Balance occurs when the City Council sets aside funds to be used solely for a specific purpose. This constraint on use can only be imposed by the highest level of decision making authority and the constraint can only be removed or changed by that same authority.

Assigned Fund Balance is for amounts intended to be used for specific purposes, but the intent does not have to be determined by the highest level of decision making authority. In this case, the funds might be constrained by a body (such as a budget or finance committee) or an official to whom the City Council has delegated the authority to assign amounts (such as the City Manager or CFO).

Unassigned Fund Balance is the amount of the General Fund's fund balance that has not been restricted, committed or assigned. It is available for any purpose.

Staff recommends approving this policy, which is consistent with the recommended practices of the Government Finance Officers Association (GFOA) and GASB 54.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

This policy must be adopted prior to the end of September 30, 2011 so that it may be in effect for our FY2010-2011 upcoming audit.

VIII. Attachments:

1.	Fund Balance Resolution	Resolution To Adopt Fund Balance Policy.doc
2.	Fund Balance Policy	20110922 Fund Balance Policy.docx

RESOLUTION NO. _______________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, ESTABLISHING FUND A FUND BALANCE POLICY AS REQUIRED BY GASB 54, PROVIDING AN EFFECTIVE DATE, AND COMPLIANCE WITH THE TEXAS OPEN MEETINGS ACT.

WHEREAS, the Governmental Accounting Standards Board ("GASB") has adopted Statement 54 ("GASB 54"), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15,2010, and

WHEREAS, the City of Kennedale, Texas (“City") elects to implement GASB 54 requirements, and to apply such requirements to its financial statements beginning with the current October 1, 2010 – September 30, 2011 fiscal year.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

Section 1. Fund balance measures the net financial resources available to finance expenditures of future periods. The City’s Unassigned General Fund Balance will be maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the City Council. Fund Balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications of the committed fund balance must also be approved by formal action of the City Council. All commitments of fund balance must occur prior to the City’s fiscal year end.

Section 2. When it is appropriate for fund balance to be assigned, the City Council hereby delegates authority to the City Manager, the Director of Finance or their designee.

Section 3. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Section 4. This resolution shall be effective immediately upon its adoption.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 22nd day of September, 2011.

APPROVED:

____

Mayor, Bryan Lankhorst

ATTEST:

____

City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

FUND BALANCE POLICY

ADOPTED BY CITY COUNCIL: SEPTEMBER 22, 2011

PREFACE

The purpose of this policy is to establish guidelines for fund balance levels within each of City of Denton's funds. It is essential that the City maintain adequate levels of fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, or adverse circumstances. The fund balance level is also designed to provide an appropriate amount of working capital for the City's general operations. In general, the City of Kennedale should strive to avoid appropriating fund balance for recurring expenses. However, in the event that fund balance is used to support recurring expenses, the budget should clearly identify the uses of fund balance and provide an explanation of the circumstances requiring the use of fund balance. In addition, the budget should also address the future potential uses of fund balance for operating expenditures.

It is our intent to bring forth this policy to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

I. BACKGROUND

The Governmental Accounting Standards Board (GASB) has adopted Statement 54 (GASB 54), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010.

The City of Kennedale elects to implement GASB 54 requirements, and to apply such requirements to its financial statements beginning with the current October 1, 2010 – September 3, 2011 fiscal year.

III. DEFINITIONS & CATEGORIES

Fund Balance is defined as the difference between a fund’s assets and liabilities. According to the Governmental Accounting Standards Board (GASB) statement number 54, fund balance must be allocated into one the following five categories:

Non-spendable Fund Balance - Includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact. Examples include inventory or endowments.

Restricted Fund Balance - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and hotel occupancy taxes.

Committed Fund Balance - Includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned Fund Balance - Comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned Fund Balance - Is the residual classification of the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Note: The above fund balance categories only apply to governmental funds.

III. POLICY

Committed Fund Balance
The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the City Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance
The City Council authorizes the City Manager, Director of Finance or their designee as the official authorized person to assign fund balance to a specific purpose approved by this fund balance policy.

Order of Expenditure of Fund Balance
When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally, this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

Minimum Unassigned Fund Balance
It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund equal to twenty-five percent (25%) of budgeted expenditures for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level, however, may be reduced to the equivalent of fifteen percent (15%) of budgeted expenditures in unusual financial circumstances. However, if such a situation occurs, the City will implement necessary corrective action within a five-year plan to restore the unassigned fund balance to twenty percent (25%) of budgeted expenditures.

As for the General Fund Debt Service Fund, it is the goal of the City to achieve and maintain an unassigned fund balance equal to ten percent (10%). Should the fund balance level be reduced to five percent (5%) in unusual financial circumstances, the City will implement necessary corrective action within a five-year plan to restore the unassigned fund balance to ten percent (10%) of budgeted expenditures.

Non-Governmental Fund Balance
The fund balance categories discussed above do not apply to proprietary funds according to GASB 54. While not required by the GASB, the City recognizes the need to apply a minimum balance policy to the proprietary funds maintained by the City. Therefore, the City shall maintain a minimum ending working capital balance (current assets minus current liabilities) of

at twenty-five percent (25%) of budgeted expenditures for the Water/Sewer Fund. If the working capital level should fall below the desired minimum, the City will implement necessary corrective action within a five-year plan to restore the working capital balance to twenty percent (25%) of budgeted expenditures.

XII. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

Staff Report to the Honorable Mayor and City Council

Date: September 22, 2011

Agenda Item No: REGULAR ITEMS - B.

I. Subject:

Discuss and consider AN ORDINANCE OF THE CITY OF KENNEDALE, TEXAS ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2011, AND ENDING SEPTEMBER 30, 2012; AMENDING BUDGET FIGURES FOR THE PRIOR FISCAL YEAR BEGINNING OCTOBER 1, 2010, AND ENDING SEPTEMBER 30, 2011; APPROPRIATING RESOURCES FOR EACH DEPARTMENT, PROJECT, OPERATION, ACTIVITY, PURCHASE, ACCOUNT AND OTHER EXPENDITURES; PROVIDING FOR EMERGENCY EXPENDITURES AND EXPENDITURES AS ALLOWED BY APPLICABLE STATE LAW; PROVIDING FOR THE FILING OF THE BUDGET AS REQUIRED BY STATE LAW; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE AND PROVIDING AN EFFECTIVE DATE.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

According to Chapter 102, Municipal Budget, of the Local Government Code (LGC), a municipal budget shall be prepared to cover the proposed expenditures of the municipal government for the succeeding year. The proposed budget must be filed with the municipal clerk for public inspection, and a public hearing conducted on the budget with special notice published in relation to the budget hearing. At the conclusion of the public hearing, the governing body of the municipality shall take action on the proposed budget (or table it for adoption at a later meeting), and it may make any changes in the budget that it considers warranted by the law or by the best interest of the municipal taxpayers. A vote to adopt the budget under this Chapter is in addition to and separate from the vote to set the tax rate required by Chapter 26, Tax Code, or other law. The following timetable represents key dates during which notices were published and meetings were conducted:

08/26/11	Publish Notice of Public Hearing On Budget
09/08/11	Hold Public Hearing On Budget
09/22/11	Adopt Budget, Ratify Tax Increase Reflected In Budget

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Ordinance To Adopt FY2011-12 Budget	Ordinance To Adopt FY2011-12 Budget.doc

ORDINANCE NO. ____________

AN ORDINANCE OF THE CITY OF KENNEDALE, TEXAS ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2011, AND ENDING SEPTEMBER 30, 2012; AMENDING BUDGET FIGURES FOR THE PRIOR FISCAL YEAR BEGINNING OCTOBER 1, 2010, AND ENDING SEPTEMBER 30, 2011; APPROPRIATING RESOURCES FOR EACH DEPARTMENT, PROJECT, OPERATION, ACTIVITY, PURCHASE, ACCOUNT AND OTHER EXPENDITURES; PROVIDING FOR EMERGENCY EXPENDITURES AND EXPENDITURES AS ALLOWED BY APPLICABLE STATE LAW; PROVIDING FOR THE FILING OF THE BUDGET AS REQUIRED BY STATE LAW; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Kennedale, is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City Manager of the City has filed with the City Secretary a budget outlining all proposed expenditures of the Government of the City for the fiscal year beginning October 1, 2011, and ending September 30, 2012, (hereinafter referred as the "Budget"); and

WHEREAS, the Budget, a copy of which is attached hereto as Exhibit "A" and incorporated herein for all purposes, specifically sets forth each of the various projects for which appropriations are delineated, and the estimated amount of money carried in the Budget for each of such projects; and

WHEREAS, the Budget has been filed with the City Secretary for at least thirty (30) days before the date the City Council makes its tax levy for the fiscal year and such Budget has been available for inspection by any taxpayer; and

WHEREAS, the public notice of public hearings on the proposed Budget, stating the date, time, place and subject matter of said public hearings, was given as required by the laws of the State of Texas; and

WHEREAS, such public hearings were held on September 8, 2011, prior approval of such date being hereby ratified and confirmed by the City Council, and those wishing to speak on the Budget were heard; and

WHEREAS, the City Council has studied the Budget and listened to the comments of the taxpayers at the public hearings held thereon and has determined that the Budget attached hereto is in the best interest of the City and that same should be approved and adopted.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE TEXAS, THAT:

SECTION 1. All of the above premises are found to be true and correct and are incorporated into the body of this Ordinance as if copied in their entirety.

SECTION 2. The Budget as set forth in Exhibit "A," of the revenue of the City and the expenses of conducting the affairs thereof for the ensuing fiscal year beginning October 1, 2011 and ending September 30, 2012, is hereby adopted and approved, and there is hereby appropriated from the funds indicated therein such sums for the projects, operations, activities, purchases, accounts and other expenditures proposed in the Budget.

SECTION 3. That the revised figures, prepared and submitted by the City Manager for the prior fiscal year beginning October 1, 2010 and ending September 30, 2011, be, and the same are hereby, in all things, approved and appropriated, and any necessary transfers between accounts and departments are hereby authorized, approved and appropriated.

SECTION 4. No expenditure of the funds of the City of Kennedale shall hereafter be made except in compliance with the budget and applicable state law; provided, however, that in case of grave public necessity to meet unusual and unforeseen conditions, which could not by reasonable, diligent thought and attention have been include in the original budget, may from time to time be authorized by the City Council as amendments to the original Budget.

SECTION 5. The City Manager shall file or cause to be filed a true and correct copy of this ordinance, along with the approved Budget attached hereto, with the City Secretary. The City Manager shall file or cause to be filed a true and correct copy of this ordinance, along with the approved Budget attached hereto, and any amendments thereto, in the office of the County Clerk of Tarrant County, Texas, as required by State law.

SECTION 6. Any and all ordinances, resolutions, rules, regulations, policies or provisions in conflict with the provisions of this ordinance are hereby repealed and rescinded to the extent of conflict therewith.

SECTION 7. It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

SECTION 8. That this ordinance be in full force and effect from and after its adoption.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 22nd day of September, 2011.

APPROVED:

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MAYOR, BRYAN LANKHORST

ATTEST:

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AMETHYST CIRMO, CITY SECRETARY

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Staff Report to the Honorable Mayor and City Council

Date: September 22, 2011

Agenda Item No: REGULAR ITEMS - C.

I. Subject:

Discuss and consider AN ORDINANCE FIXING AND LEVYING MUNICIPAL AD VALOREM TAXES FOR THE CITY OF KENNEDALE, TEXAS, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2011 AND ENDING SEPTEMBER 30, 2012; DIRECTING THE ASSESSMENT AND COLLECTION THEREOF; PROVIDING A SEVERABILITY CLAUSE; AND AN EFFECTIVE DATE CLAUSE.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

According to the Texas Constitution and Property Tax Code, which both embody the concept of truth-in-taxation, a municipality is required to comply with certain steps in adopting their tax rate in an effort to make taxpayers aware of tax rate proposals and allow taxpayers, in certain cases, roll back or limit a tax increase. A vote to set the tax rate required by Chapter 26, Tax Code, is in addition to and separate from the vote to adopt the budget. The following timetable represents key dates during which notices were published and meetings were conducted:

08/12/11	Publish Notice of Effective Tax Rate
08/25/11	Vote To Place Proposal For Tax Increase On Future Agenda
08/26/11	Publish Notice of Public Hearing On Budget & 1st Public Hearing On Tax Increase
09/01/11	Publish Notice of 2nd Public Hearing On Tax Increase
09/08/11	Hold Public Hearing On Budget & 1st Public Hearing On Tax Increase
09/09/11	Publish Notice of Vote On Tax Revenue Increase
09/15/11	Hold 2nd Public Hearing On Tax Increase
09/22/11	Adopt Budget, Adopt Tax Rate, Ratify Tax Increase Reflected In Budget

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

Vote on tax rate must be a **record** vote.

Required wording for a motion by a governing body to set the tax rate:

"**I move that the property tax rate be increased by the adoption of a tax rate of $0.722500 per $100 of taxable value, which is effectively a 2.75 percent increase in the tax rate.**"

VIII. Attachments:

1.	Ordinance To Adopt FY2011-12 Tax Rate	Ordinance To Adopt FY2011-12 Tax Rate.doc

ORDINANCE NO. __________

AN ORDINANCE FIXING AND LEVYING MUNICIPAL AD VALOREM TAXES FOR THE CITY OF KENNEDALE, TEXAS, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2011 AND ENDING SEPTEMBER 30, 2012; DIRECTING THE ASSESSMENT AND COLLECTION THEREOF; PROVIDING A SEVERABILITY CLAUSE; AND AN EFFECTIVE DATE CLAUSE.

WHEREAS, the City Council of the City of Kennedale, Texas hereby finds that the tax for the fiscal year beginning October 1, 2011, and ending September 30, 2012, hereinafter levied for current expenses and the general improvements of the City and its property, must be levied to provide the revenue requirements of the budget for the ensuing year; and

WHEREAS, the City Council has approved on the 22nd day of September 2011, the budget for the fiscal year beginning October 1, 2011, and ending September 30, 2012; and

WHEREAS, all statutory and constitutional requirements concerning the levying and assessing of ad valorem taxes have been completed in due and correct time, including providing notice of and conducting a public hearing regarding the ad valorem tax levied hereby.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE TEXAS, THAT:

SECTION 1. For the current expense of the City of Kennedale and for the general improvements of the City and its property, there is hereby levied and ordered to be assessed and collected for the fiscal year beginning October 1, 2011 and ending September 30, 2012, and for each fiscal year thereafter until it be otherwise provided and ordained, on all property situated within the corporate limits of the City limits of the City of Kennedale, and not exempt from taxation by valid laws, an ad valorem tax rate of $0.722500 cents on the One Hundred ($100.00) Dollars valuation of such property.

$0.516013 For the purpose of maintenance and operation.

$0.206487 For the purpose of interest and sinking.

$0.722500 Total Tax Rate

This year's tax levy to fund maintenance and operations expenditures does not exceed last year's maintenance and operations tax levy.

SECTION 2. That the taxes herein are levied according to law and shall be due and payable on October 1, 2011, and the same shall become delinquent on February 1, 2012. Should any taxpayer fail to make payment before the date of delinquency, the penalty as provided by law shall be assessed until the unpaid taxes and penalty have been satisfied.

SECTION 3. Pursuant to the authority granted by Section 33.07 of the Texas Tax Code, in the event that 2011 taxes and taxes for all subsequent years become delinquent on or after February 1 but not later than May 1 of the year in which they become delinquent, and in the event such delinquent taxes are referred to an attorney for collection, an additional amount of twenty percent (20%) of the total amount of tax, penalty and interest then due shall be added as collection costs to be paid by the taxpayer, for all taxes delinquent on or after July 1, 2012.

SECTION 4. Pursuant to the authority granted by Section 33.08 of the Texas Tax Code, the City further provides that all 2011 taxes and taxes for all subsequent years that become delinquent on or after June 1 of the year in which they become delinquent shall, in order to defray the costs of collection, incur an additional 20% of the delinquent tax, penalty and interest.

SECTION 5. In the event any section, sub-section, clause, sentence, or phrase of this ordinance shall be declared or adjudged invalid or unconstitutional, such adjudication shall in no means affect any other section, sub-section, clause sentence, or phrase of this ordinance, but all the rest thereof shall be in full force and effect just as though the section, sub-section, sentence, clause or phrase so declared or adjudged invalid or unconstitutional was not originally a part thereof.

SECTION 6. This ordinance shall be in full force and effect from and after its passage and publication as provided by law.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 22nd day of September, 2011.

APPROVED:

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MAYOR, BRYAN LANKHORST

ATTEST:

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AMETHYST CIRMO, CITY SECRETARY

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Staff Report to the Honorable Mayor and City Council

Date: September 22, 2011

Agenda Item No: REGULAR ITEMS - D.

I. Subject:

Discuss and consider approval for ratification of property tax increase in FY2011-12 Adopted Budget.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

According to Chapter 102, Municipal Budget, of the Local Government Code (LGC), a municipal budget shall be prepared to cover the proposed expenditures of the municipal government for the succeeding year. In addition to the adoption of a budget, should that budget require raising more revenue from property taxes than in the previous year, the governing body must conduct a separate vote to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code, or other law.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

Required wording for a motion by a governing body to ratify a property tax increase in an approved budget:

"<u>I move that this budget will raise more total property taxes than last year's budget by $154,927 or 4.12%, and of that amount $56,673 is tax revenue to be raised from new property added to the tax roll this year.</u>"

VIII. Attachments: