

## Municipal Budget

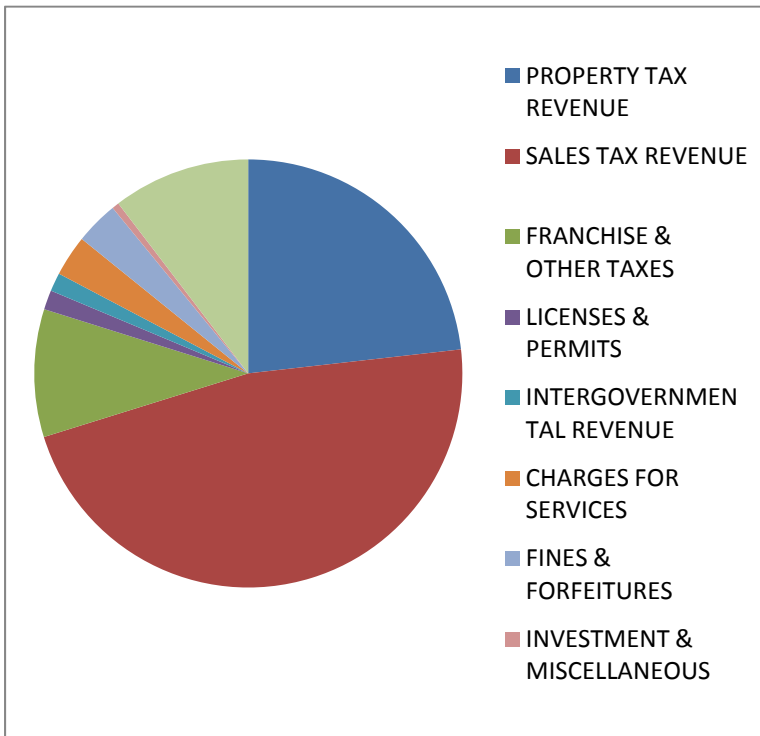
Rio Grande City's municipal budget establishes spending priorities for each Fiscal Year (FY), which runs from October 1 through September 30. The Finance Director works in conjunction with the department directors and the City Manager to deliver a proposed budget to the City Commission. The Commission then reviews the proposed budget, makes appropriate and necessary changes, and adopts the budget before the end of each fiscal year.

## Municipal Revenues

Texas cities finance their public services from a variety of revenue sources such as property taxes, sales taxes and other sources. Rio Grande City is unique in that it did not assess an ad valorem property tax for the first twelve years of its existence, and funded most operations from sales tax alone. Rio Grande City's sales tax of 8.25% breaks out as follows:

SALES TAX RATES	
CITY OF RIO GRANDE CITY	1.00%
SALES TAX IN LIEU OF AD VALOREM TAX	0.50%
ECONOMIC DEVELOPMENT - 4B	0.50%
STATE OF TEXAS	6.25%

Even now that the City is a taxing entity, sales tax by far makes up the largest source of revenue for Rio Grande City, as illustrated by the following table (source: 12-13 Adopted Budget).



In 2005 the City became a taxing entity and assessed its first ad valorem property tax for operations and maintenance at a rate of 29 cents per \$100 valuation. In 2010, the City undertook its first capital improvement project and added its first tax for repayment of debt service. It was also the first time that Rio Grande City obtained a **bond rating from Standard & Poor's** – an impressive solid A rating. The following table reflects the City's historical tax rates.

PROPERTY TAX RATES	
<u>FISCAL YEAR</u>	<u>TOTAL AD VALOREM TAX RATE</u>
2012-2013	0.514160
2011-2012	0.507459
2010-2011	0.506460
2009-2010	0.350000
2008-2009	0.292292
2007-2008	0.292292
2006-2007	0.292292
2005-2006	0.290000

Municipal Expenditures

Budget setting is about prioritizing municipal programs. Budgets are a good way of determining which programs the City has decided to focus on. The City Commission has consistently chosen to direct the majority of funding to its public safety programs – Police and Fire – as illustrated in the following chart (source: 12-13 Adopted Budget):

