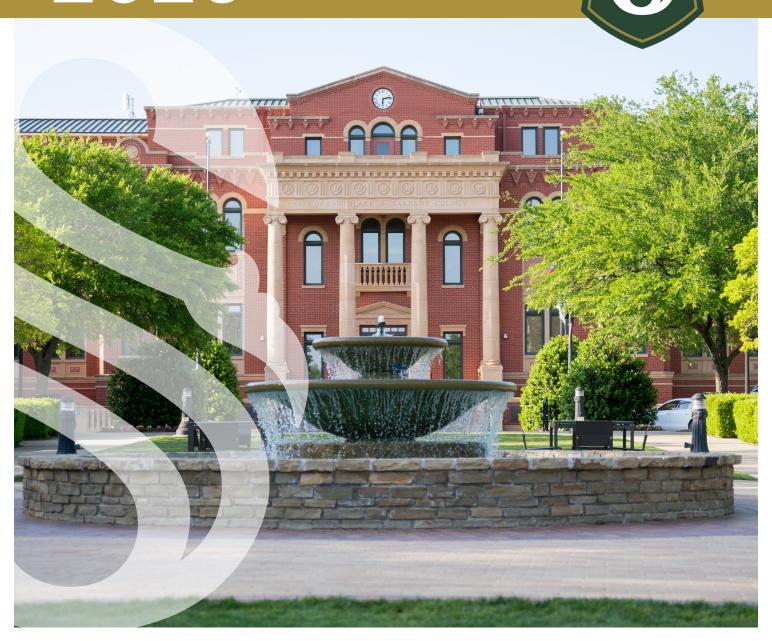
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Tarrant County Clerk
11:04 am, Sep 29 2025

Mary Louise Nicholson County Clerk

by ngorena

ADOPTED BUDGET

2026



City of Southlake, Texas

Fiscal Year 2025 - 2026

This adopted budget would raise more revenue from property taxes than last year's budget by an amount of \$2,291,610 which is a 6.6 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$421,859.



PROPERTY TAX RATE COMPARISON

	2025 - 2026	2024 - 2025
Property Tax Rate:	\$0.295000/100	\$0.305000/100
No-New Revenue Tax Rate:	\$0.274049/100	\$0.305956/100
No-New-Revenue Maintenance & Operations Tax Rate:	\$0.222807/100	\$0.254600/100
Voter-Approval Tax Rate:	\$0.364506/100	\$0.385397/100
Debt Rate:	\$0.055000/100	\$0.055000/100



City of Southlake Council Members

Mayor Shawn McCaskill
Mayor Pro Tem Randy Williamson
Deputy Mayor Pro Tem Kathy Talley
Councilmember Place 2 Randy Robbins
Councilmember Place 3 Frances Scharli
Councilmember Place 4 Austin Reynolds
Councilmember Place 5 Chuck Taggart

City of Southlake Staff

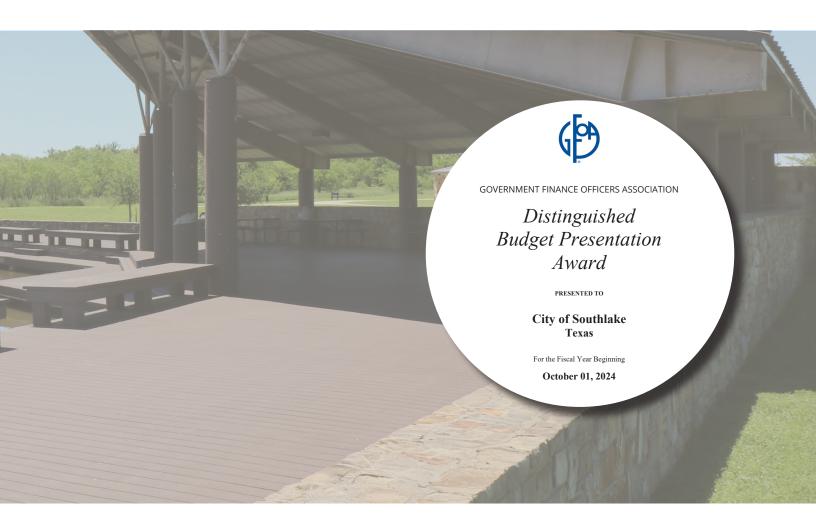
City Manager Alison D. Ortowski Chief Financial Officer Sharen Jackson Assistant City Manager Stacey Black Assistant City Manager James Brandon Assistant to the City Manager Bora Sulollari



How We Work

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Southlake, TX for its annual budget for the fiscal year beginning October 1, 2024. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Recipient of the Distinguished Gudget Presentation Award



Our Vision

"Southlake is a vibrant, attractive, safe, healthy and fiscally sound community that epitomizes both economic and environmental sustainability. We offer quality neighborhoods and a high standard of living, with abundant opportunities for learning, shopping, working, recreation and enjoyment of open spaces."

Our Mission

"The City of Southlake provides municipal services that support the highest quality of life for our residents, businesses, and visitors. We do this by being an exemplary model of balancing efficiency, fiscal responsibility, transparency, and sustainability."



OUR VALUES

Our corporate values underlie how the City accomplishes its work.
These are the principles that we hold important and standards by which the organization operates.
These values, as adopted by the City Council, form the cornerstones of the Strategic Management System and are designed to guide City staff in their day to day work and the Council as it conducts its business:

Integrity

Do the right thing. Being worthy of the public's trust in all things. We deal honestly and respectfully with each other and the public at all times.

Innovation

Think outside the box. Valuing progressive thinking, creativity, flexibility and adaptability in service delivery.

Accountability

Own it. Taking personal responsibility for our actions or inaction while putting the interests of the taxpayer first.

Commitment to Excellence

Go above and beyond. Behaving responsively in our delivery of service to the public. Our work is characterized by its quality and by the diligence with which it is carried out. We proactively seek to solve problems in advance.

Teamwork

Work together. Recognizing the importance of working together to meet our citizen's needs, communicating clearly, sharing resources and information freely.

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CITY OF SOUTHLAKE

BUDGET OVERVIEW







MANAGER'S MESSAGE

August 15, 2025

Honorable Mayor and Members of the City Council 1400 Main Street, Suite 270 Southlake, Texas 76092

Dear Mayor and Members of the City Council,

In accordance with the Texas Local Government Code and the Charter of the City of Southlake, it is my privilege to present you with the adopted annual operating budget for the fiscal year beginning October 1, 2025, and ending September 30, 2026. Guided by the City's financial principles, strategic priorities, and a firm commitment to service excellence, this year's budget builds on the progress of FY 2025 while adapting to the challenges and future opportunities. It maintains a focus on responsible stewardship, long-term sustainability, and delivering measurable value to the people of Southlake.

In developing the FY 2026 budget, we considered not only our strategic alignment and established financial guiding principles, but also the broader fiscal realities that are shaping Southlake's next chapter. As the City approaches full build-out, annual increases in taxable value are moderating, naturally tempering the growth of property-tax revenue. Sales-tax collections, still a vital and healthy source, are likewise rising at a more measured pace as revenue now reflects the performance of mature commercial districts rather than the addition of new retail development. These two sources fund the bulk of our core services, including police, fire, and streets. Ensuring that every dollar is deployed to its highest purpose, therefore, becomes paramount.

This new revenue environment coincides with Southlake's transition from an era of expansion to one of reinvestment. Our focus is shifting toward the systematic replacement and rehabilitation of aging infrastructure, targeted commercial redevelopment, and thoughtful build-out of the few remaining infill properties. Simultaneously, lingering supply-chain volatility and evolving trade conditions continue to introduce cost uncertainty for labor, materials, and contracted services, even as headline inflation has eased from recent highs.

Together, these dynamics signal moderating resource growth just as the costs of sustaining high service standards and meeting life-cycle obligations edge upward. This budget therefore reaffirms our commitment to disciplined spending, operational efficiency, and multi-year planning—ensuring we meet community expectations today while safeguarding financial flexibility for tomorrow.

This budget proposal reflects these considerations within the framework of our continued effort to align day-to-day operations with the Strategic Management System and ensure that funding decisions support the outcomes our community values. It was developed through collaborative planning, data-informed forecasting, and in alignment with our high standards for financial discipline and performance. I want to thank our department leaders and their teams for their thoughtful preparation and collaboration throughout this process—their commitment to excellence is evident in every aspect of this proposal.

Southlake's strong fiscal position—and its standing as a community of choice—are the outcome of decades of disciplined strategic and financial stewardship. This enduring strength is grounded in

deliberate planning, prudent resource management, and an unwavering commitment to delivering high-value, cost-effective services. The FY 2026 Adopted Operating Budget continues that commitment and has been developed to achieve the following goals:

Goal: Strategic Alignment and High-Quality Service Delivery

Our first goal is to ensure that every dollar in the FY 2026 budget advances the City Council's strategic priorities and supports exceptional service delivery. Figure 1, the City of Southlake Strategy Map, remains our compass—clarifying focus areas, objectives, and values that guide daily operations.

Consistent with prior years, this budget sustains high-value programs across all four Focus Areas—Safety & Security, Infrastructure & Development, Partnerships & Volunteerism, and Performance Management & Service Delivery—without reducing any service levels. Although the General Fund introduces no new programs for FY 2026, targeted enhancements are funded through special revenue sources and other dedicated funds. These investments allow us to refine existing services, incorporate best practices, and pursue efficiency gains while maintaining the award-winning, accredited standards our residents and businesses expect.

In short, the FY 2026 budget continues to align resources with strategy, protect service quality, and position Southlake to meet emerging needs through continuous improvement. Detailed information on these strategic investments is provided later in the Budget Overview section.

Goal: Alignment with Financial Policies and Financial Management Guiding Principles

The operating budget is structurally balanced and reflects the City's commitment to quality and sustainable financial management through:

Structural balance and strong net revenues. Maintaining structural balance is foundational to Southlake's budgeting standards. The FY 2026 budget once again matches recurring expenditures with reliable revenue streams, producing strong net revenues that reinforce long-term stability and preserve capacity for strategic investment. By protecting this balance, the City can sustain essential services, absorb economic shifts, and act decisively when new opportunities emerge.

Optimum fund balances. Healthy reserves strengthen the City's ability to respond to unexpected events and revenue fluctuations. In accordance with policy, the FY 2026 budget provides for optimum fund balances across all operating funds. Financial policies can be found in the Appendix of this document. As an example, per the Fund Balance Policy, the undesignated fund balance in the General Fund should range between 15% and 25% of operating expenses. For FY 2026, 25.6% of General Fund operating expenses are reserved for unanticipated or emergency needs. See Figure 2 for a full picture of the City's reserves and learn more in the Multi-Year Operating Plan section of this document.

Strategic use of debt and cash funding of capital projects. Debt management is one of Southlake's core financial guiding principles. The City's approach blends rapid amortization with aggressive pay-as-

Figure 1

City of Southlake Grategy Map

The mission of the City of Southlake is to provide municipal services that support the highest quality of life for our residents, a supportive environment for local businesses, and unique and special experiences for visitors.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers

We do this by

- Delivering outstanding customer experiences through innovation. passion, and a strong culture.
- Enhancing the sense of community by proactively creating opportunities for community partnerships. volunteer involvement. and citizen engagement

We Provide **Financial** Stewardship

We do this by

- Safeguarding the public trust through a commitment to thoughtful planning and responsible, conservative financial management.
- F2 Investing to provide & maintain high quality public assets.

We Manage The **Business**

We do this by

- Achieving strong outcomes through continual evaluation and pursuit of better practices that improve core business operations.
- Collaborating with select partners to implement service solutions
- Maintaining an **B3** environment of future readiness by understanding and acting upon the forces, trends, and coming challenges affecting services, and anticipating and responding to technology opportunities and enhance record keeping initiatives.

We Promote Learning & Growth

We do this by

- Defining. managing, and fostering a professional and engaged workplace culture that supports city values and promotes a positive employee experience.
- Provide L2 educational opportunities to retain a skilled workforce.

C = Customer Objectives

F = Financial Objectives

B = Business Objectives

L = Learning & Growth Objectives

Southlake Reserve Fund Balances

Southlake Reserve Funds

General **Fund** \$14.4M

> **Special Purpose** Reserves \$45.5M

Total Reserves

\$160.8M

Restricted Reserves

\$100.9M



General Fund

Per the Fund Balance Policy, the undesignated fund balance in the General Fund should range between 15% and 25% of operating expenses. For FY 2026, \$14.4 million will remain in the General Fund, providing 25.6% of operating expenses for unanticipated or emergency needs. Use of these funds is unrestricted.



Restricted Reserves

The use of reserves in restricted funds is dictated by Statute, unlike the General Fund reserves whose use is not restricted. These include: Utility, Debt Service, TIF, CCPD, Storm Water, Commercial Vehicle Enforcement, Hotel Occupancy Tax, Court Security/Technology, Red Light Camera, Recycling, CEDC, and SPDC funds.



Special Purpose Reserves

The City has several funds where the use of each fund's reserves was specified when the fund was created. While not restricted by Statute, the use is designated in accordance with the purpose of the fund and is not as flexible as the General Fund. These include: Reforestation, Park Dedication, Parks and Recreation, Library, Vehicle Replacement, Strategic Initiative, Facility Maintenance, Economic Investment, Public Art, and Technology Infrastructure and Security funds.

you-go funding to control long-term obligations:

- <u>Accelerated payoff schedule</u>. All existing tax-supported debt will be retired within ten years, well ahead of industry norms.
- Reduced leverage. Since 2010, property-tax-supported debt has fallen by 62%, even as major infrastructure has been added. Debt as a share of taxable assessed value will be an estimated 0.23% in 2026, reflecting prudent borrowing and steady property value growth.
- <u>Cash commitment</u>. The FY 2026 budget continues the use of cash to fund capital project needs by allocating \$17,125,000 million across all funds for parks, streets, facilities and utilities projects. Cash funding reduces interest expense, shortens project delivery timelines, and preserves borrowing capacity for future high-value projects. Final cash and debt allocations will be set with the Capital Improvements Program adoption in February 2026.

Collectively, these measures protect the City's low debt ratios, fully fund priority infrastructure through a balanced mix of pay-as-you-go cash and strategic borrowing, and keep the capital program agile enough to respond to emerging needs.

Managed expenditure growth. Updating the multi-year financial forecast is an integral part of every annual budget cycle. During the budget process, staff refreshed projections for FY 2026 and, after analyzing key cost drivers—compensation and benefits, existing contracts, utilities, and asset maintenance—total expenditure growth demands were estimated at about 5 percent. Additionally, the City has had a longstanding practice of evaluating our organic budget growth, or our cost of existing goods and services, against the growth of the Consumer Price Index (CPI) for the Dallas / Fort Worth Area. As a "cost-of-doing-business" benchmark, the CPI guideline is calculated from the trailing 12-month average and adjusted for local spending patterns. For FY 2026, this methodology resulted in a 2.5 percent guideline, well below the projected 5 percent expenditure growth demands. Evaluation of our cost drivers across expenditure categories of personnel, operations and capital, revealed that projected growth above the benchmark was largely reflective of the City's market-leadership pay philosophy (targeting the 85th percentile for public safety and the 70th percentile for general government) which by design, outpaces the market and cost-of-living factors used in CPI calculations.

Understanding cost drivers is important but managing their impact requires several operational strategies. To bridge the gap between the projected cost pressures and CPI guidelines, the City employs a suite of operational strategies:

- <u>Budget Optimization</u>. Before funding proposals reached the City Manager, each department completed a structured self-evaluation to verify alignment with strategic objectives, eliminate duplication, and redirect under-utilized dollars to higher priorities. Proposals then moved through two peer-review stages: Deputy Directors assessed the quality and rigor of each submission, and Directors judged the relative urgency and strategic value of competing needs. This collaborative process ensures that only the most impactful and well-justified investments advance for final consideration.
- <u>Vacancy & Workforce Optimization</u>. Personnel costs are the City's largest expense, making thoughtful
 workforce management essential. Whenever a position becomes vacant, we conduct a rigorous review
 to confirm that the role still aligns with current priorities and service demands. When appropriate, duties
 are redistributed, roles are redefined, or positions are temporarily held open. This approach enables
 responsible resource stewardship—maintaining competitive compensation and high service quality—
 while operating within our existing staffing levels.
- Contract Renegotiation & Cooperative Purchasing. All significant service contracts are systematically

evaluated for cost-saving opportunities and value enhancements. By adjusting terms and tapping cooperative purchasing agreements, the City secures more favorable unit pricing and multi-year rate stability without disrupting service quality.

- Process & Technology Efficiencies. Each year cross-functional teams conduct lean process reviews to map workflows, pinpoint bottlenecks, and eliminate redundant steps. The resulting improvements are paired with targeted technology investments—such as automated approvals, self-service portals, enhanced digital records management and process, and real-time performance dashboards—that shorten turnaround times, enhance data accuracy, and free staff capacity for higher-value service delivery. These continuous-improvement efforts keep operating costs in check while elevating the customer experience.
- <u>Lifecycle Asset Planning</u>. A comprehensive asset-management approach guides when to maintain, repair, or replace City assets. By prioritizing preventive care and aligning multi-year replacement schedules with funding plans, we reduce total cost of ownership, limit unexpected downtime, and ensure that essential resources remain reliable throughout their service life-all while smoothing year-to-year budget impacts.
- Targeted Use of One-Time Funds. Where appropriate, one-time revenues and dedicated reserves are deployed for non-recurring needs removing those costs from the operating baseline.

Through this disciplined blend of optimization, resource realignment, and strategic cost containment, the FY 2026 budget limits expenditure growth in the General Fund to approximately 3.5 percent-just one percentage point above the CPI benchmark—while still honoring our market-leadership Employer of Choice pay philosophy and maintaining high service standards. These measures reinforce the City's financial guiding principle of managed expenditure growth and position Southlake to deliver exceptional value to residents today and in the years ahead.

Goal: Tax Rate Management and Tax Relief

Tax rate management and tax relief has been a guiding financial management principle that Southlake has strategically implemented over time, beginning in 2009 with the adoption of a homestead exemption. Since that time, Southlake has annually implemented tax relief, first in the form of the homestead exemption and then beginning in 2019 with tax rate reductions. New development and strong sales tax revenues combined with expenditure management have made it possible to implement fourteen relief initiatives since 2009.

State law requires a taxing unit to calculate two rates after receiving its certified appraisal roll - the no new revenue tax rate and the voter approval tax rate. The no new revenue rate is the rate that will generate the same amount of property tax dollars as the previous year, excluding new construction and



Southlake homeowners benefit from some of the most robust tax relief options available, including a maximum 20% homestead exemption.

annexations, when the two years are compared.

If a city adopts a tax rate exceeding the no new revenue rate, the city must call and hold a public hearing to discuss that action. Additionally, if a city adopts a tax rate exceeding the voter approval rate (3.5 percent M&O growth, plus "unused increment rate"), the city must hold an automatic election. Depending on the ultimate rate that is chosen by the City and its relationship to these legally defined rates, there are requirements that must be followed to comply with truth-in-taxation laws. These requirements protect the public's right-to-know concerning tax rate decisions. The following table provides an overview of these rates:

	No New Revenue Rate	Voter Approval Rate	Voter Approval Rate Adjusted for Unused Increment
FY 2026	\$0.274049	\$0.299414	\$0.364506

On August 5, 2025, the City Council considered and provided direction on establishing the property tax rate for FY 2026. Staff prepared two tax relief options shown in the table below:

Options	Tax Rate	Rate Reduction from Current Tax Rate	Tax Rate Reduction - Revenue Impact	Average Valued Home Tax Bill	General Fund CIP Cash Funding	Facility Maintenance Reserve Transfer	Vehicle Replacement Transfer	Technology Fund Transfer
No New Revenue	\$0.274049	\$0.030951	(\$3,626,852)	\$2,510	\$0	\$1,500,000	\$1,000,000	\$1,000,000
Reduced New Revenue	\$0.295000	\$0.01	(\$1,363,624)	\$2,702	\$1,500,000	\$2,000,000	\$2,000,000	\$1,000,000

The City Council chose to set a ceiling for the tax rate at the adopted "Reduced New Revenue" rate of \$0.2950 and took action at that meeting to call a public hearing on the tax rate for August 19, 2025, in compliance with truth-in-taxation laws.

As a result of that discussion and action, this budget has been prepared with a property tax rate of \$0.2950, providing a \$0.01 cent reduction from the FY 2025 rate of \$0.305. With this rate adoption, the City will be implementing its fifteenth tax relief measure. This long commitment has helped offset increasing costs for property owners.

In keeping with the City's longstanding commitment to tax relief, the budget retains the maximum allowable 20% homestead exemption, which complements the existing \$75,000 exemptions for homeowners over 65 and for disabled residents, as well as the over-65 tax freeze. Together, these provisions continue to reduce the amount of taxable value subject to the City's property tax rate, delivering meaningful savings to Southlake homeowners.

For an average-valued home, the 20% exemption lowers taxable value by \$222,617, producing an effective tax rate savings of roughly 5.9 cents per \$100 of valuation. After accounting for both the exemption and the adopted tax-rate reduction, the equivalent residential rate on an average-valued home is \$0.236.

Tax relief and strategic rate management remain guiding principles of Southlake's financial framework. As the City matures and newdevelopment revenues moderate, maintaining this balance—protecting taxpayers while funding essential services and adhering to other financial management standards—will be a central focus of the multi-year sustainability strategy.

Goal: Employer of Choice

The City Council has established, as part of Southlake's overall strategy, that the organization will be an employer of choice. Central to that commitment is an adopted compensation



philosophy, originally approved on August 6, 2013, and updated mid-year in FY 2022. The adopted system provides a fair and predictable method for career progression for employees at every stage of their careers, supporting our strategic approach by defining our labor market, market-position targets, and pay structure while also recognizing the need for internal equity and ultimately, financial sustainability.

Under this framework, Southlake strives to pay above the midpoint of the market—targeting, on average, the 70th percentile for general government positions and the 85th percentile for sworn public safety personnel. This means that, on average, the City endeavors to pay better than 70% of the designated labor market for general government employees and better than 85% of the market for sworn public safety personnel.

Striving to pay above the market midpoint means that Southlake's compensation strategy intentionally exceeds standard cost-of-living drivers, such as inflation or regional CPI benchmarks. This approach reflects the City's commitment to leading the market in order to attract and retain top-tier talent in a highly competitive environment. It also reinforces the importance of aligning pay with the expectations and performance standards required to deliver high-quality services to the community. As a service organization, personnel costs account for more than 70% of General Fund spending, so careful stewardship of total compensation is essential to both fiscal health and talent retention.

FY 2026 Compensation Adjustments.

- Merit Pay: The FY 2026 budget funds a 2 4 percent merit-based increase for all eligible employees, consistent with performance management guidelines.
- Market Alignment for Public Safety: The latest market analysis showed sworn public safety pay trailing the 85th-percentile target by 5.5%; targeted adjustments are therefore included to restore the desired market position.
- Budget Impact: These compensation changes total \$1.6 million in the General Fund and \$326,359 across all other funds.

Benefit Program and Cost Management. Benefits are another cornerstone of competitiveness. For FY 2026, the City renewed its medical and dental contracts with Cigna under very favorable terms, despite continued high medical and prescription claims. The renewal includes modest increases of 5 percent for health, 1.5 percent for dental, and 8 percent for vision—reflecting both proactive plan management and the strength of the City's relationship with the provider. The additional cost of health insurance is approximately \$177,000 (all funds). To remain competitive for dependent coverage, the City will also increase its employer contribution—an added \$138,000 (all funds).

Rather than comparing each benefit in isolation, Southlake evaluates total benefit cost as a percentage of payroll, a method recommended by the U.S. Bureau of Labor Statistics (BLS). The March 2025 BLS report places the average benefits load for state and local workers at 38.4% of payroll. The FY 2026 budget holds Southlake's benefit cost at 30.6% of payroll, a slight increase from 30.2% in FY 2025.

The City also provides retirement benefits through the Texas Municipal Retirement System (TMRS). The required contribution rate for FY 2026 is 13.47% (effective January 1, 2026). As of December 31, 2024, the plan was 90% funded with an amortization period of 19.1 years and supported 359 active members and 210 retirees.

Benefits Enhancements. Competitive pay and core benefits are only part of being an employer of choice; Southlake also invests in quality-of-life benefits that foster engagement and well-being. In FY 2026, the following new benefits will be added to the City's benefits suite:

- Additional Personal Day: Full-time employees will now receive one additional personal day holiday each year, increasing the paid holiday total from 11 to 12 and allowing flexibility to celebrate a birthday or personally significant occasion.
- Complimentary Champions Club Membership: All employees will receive a free individual membership to Champions Club, the City's premier recreation facility featuring a fitness center, indoor pool, track, and programs.
- Milestone Service Award Day: Upon reaching specified tenure milestones, eligible employees will be granted an additional paid day off in recognition of their continued service.

These enhancements, although not strictly compensatory, strengthen Southlake's overall employee value proposition and reinforce the City's culture of recognition and well-being.

Staffing Levels. The FY 2026 budget includes a net decrease of two full-time equivalent (FTE) positions, bringing the total staffing to 444.1675 FTE. The reduction is a result of a reorganization of the Parks Maintenance and Operations Division to improve efficiency, strengthen oversight, and align staffing with key operational functions. The restructuring introduced specialized crews, adjusted leadership roles, and created a tiered technician structure to support employee development and career progression. These changes were completed within the existing budget and resulted in a net reduction of two positions. Department-level staffing is detailed in the City Department Overview section, and a consolidated view of personnel funded through multiple revenue sources is provided in the Appendix.



Personnel expenses support the focus area of Performance Management and Service Delivery, and the Strategic Corporate Objective of "Attracting, developing, and retaining a talented and motivated workforce for lasting world-class performance."

Economic Information Used for City Financial Projections

lousing and Commercial Growth Labor & **Economic Indicators** Consumer Spending **Employment Interest Rates Retail Sales** Wages **Building Permits GDP Growth** Unemployment **Home Values Projections Fuel Costs Healthcare Costs Top Taxpayer Meetings**

By sustaining market-leading compensation, managing benefit costs responsibly, and expanding meaningful non-compensatory benefits, the FY 2026 budget advances Southlake's goal of being an employer of choice while upholding the fiscal discipline that underpins the City's long-term sustainability.

Goal: Multi-year Sustainability

Multi-year financial planning is another budget development consideration, one of the most important. Executive leaders evaluate the operational impact of all identified projects and include those costs in future budget projections. The Executive Leadership Team also works with the Chief Financial Officer to develop a more formalized 5-year financial roadmap that reflects known and planned expenditures to create further predictability for future budgets.

Staff monitors trends that depict the long-term financial health of the City and uses these trends to make decisions to reach financial and service goals. Thoroughly understanding economic conditions is critical for proper budgeting. Figure 3 shows the approach used to gather and analyze local economic information for projecting revenues and evaluating multi-year budget sustainability.

The City has taken an additional formal step to understand and plan for the organization's financial future by adopting the Southlake Sustainability Plan as an element of the Southlake Comprehensive

Figure 4

Economic / Fiscal Wellness Priorities identified in the Southlake Sustainability Plan

EFW1: Apply sound financial policies to the City's budget by maintaining structural balance, strong reserves, conservative budgeting, effective economic analysis and understanding the true cost of doing business

EFW2: Apply debt management strategies to the City's budgeting EFW3: Fund and adopt annual City operating budget, capital projects and equipment through sound financial policies Plan. It contains formal recommendations to ensure positive financial outcomes for the City (highlighted in Figure 4). The full Economic & Fiscal Wellness section of this plan is also in the Appendix of this document. It is important to note that staff is currently working with the City Council to update related policies and guiding principles in the coming year.

This budget has been prepared with the multi-year analysis as part of the budget development criteria. To review the multi-year analysis further, see the Multi-Year Operating Plan section of this document.

Conclusion

The FY 2026 budget has been developed in adherence to the City's established financial principles and with the City's strategic goals in mind. It implements recommendations of the Southlake Comprehensive Plan. It provides high quality service delivery for ongoing programs and services and implements initiatives to provide for long-term financial sustainability, including aggressive debt management. It addresses employee compensation and benefits to ensure that Southlake continues to be an employer of choice. Multi-year financial planning has guided the development of this budget. This budget accomplishes all of these goals while providing important tax relief and maintaining as low of a tax rate as possible.

I want to thank the Mayor and City Council for your guidance and decisions made during strategic workshops and budget work sessions and reiterate my thanks to every member of our team who worked to contribute to the preparation of this budget proposal. We are looking forward to beginning the new fiscal year with its new opportunities.

Respectfully submitted,

Alison D. Ortowski

Alison D. Ortowski

City Manager



BUDGET OVERVIEW

Budget Overview

The City's budget is made up of specific funds to account for the revenue and expenditures that support operations. Funds also account for debt incurred for capital improvements. There are funds supported by tax revenue, while others are supported by fees that have been put into place to cover the cost of the service. Some funds are restricted for specific purposes, while others offer more spending flexibility.

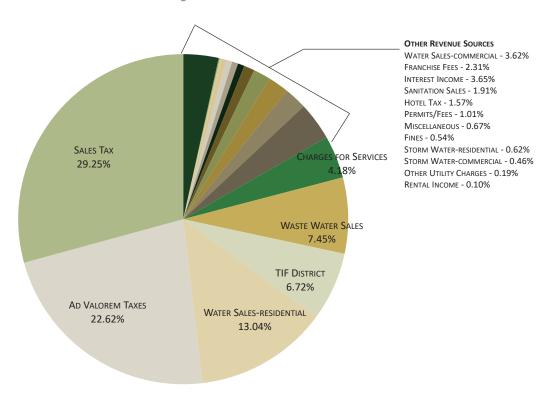
This overview is organized to first provide an analysis of the comprehensive budget, providing an overview of revenue and expenditures across all funds along with a multi-year forecast that incorporates the impact of FY 2026 budget and includes any anticipated changes to revenues or expenditures within the multi-year window. Following that, each fund will be highlighted, noting key aspects for each as well as identifying strategic investments that each fund provides.

Revenues - Total Operating Resources

Total revenues or operating resources in the budget equal \$154,402,294, a \$5.1 million or 3.4% increase from the prior year adopted budget - see Figure 5 for a comparison of revenue by source. As shown in Figure 5, sales tax is the largest source of total revenue received by the City and makes up about 29% of total revenues received. This is followed closely by Ad Valorem or property taxes which make up about 23% of total revenues received by the City. The table on the next page provides an overview of revenue sources showing the comparison from the prior year adopted budget to the estimates for this fiscal year.

Figure 5

All funds - Revenue by Source

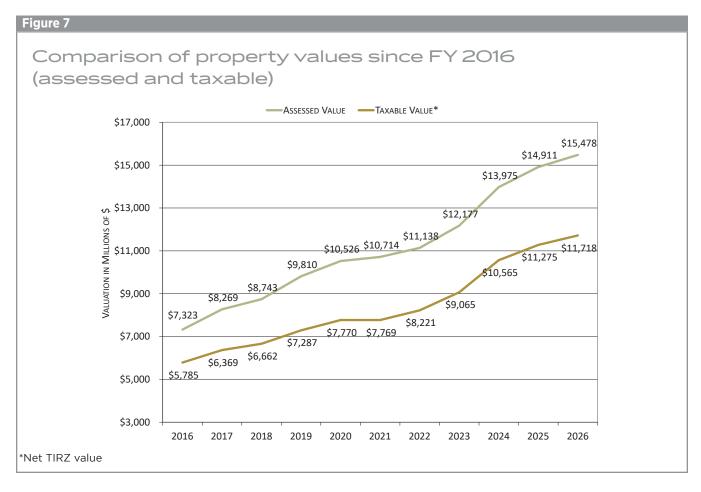


Revenue Source (all funds)	FY 2025 Adopted Revenue	FY 2026 Budgeted Revenue	\$ Change	% Change
Ad Valorem (Property Tax - all funds)	\$34,741,025	\$34,920,033	\$179,008	0.5%
Sales Tax	\$43,739,684	\$45,163,040	\$1,423,356	3.3%
Hotel Occupancy Tax	\$2,347,250	\$2,600,000	\$252,750	10.8%
Franchise Fees	\$3,453,329	\$3,384,208	(\$69,121)	-2.0%
Fines	\$806,500	\$918,500	\$112,000	13.9%
Charges for Services	\$6,326,081	\$6,452,033	\$125,952	2.0%
Rental Income	\$153,824	\$153,824	\$0	0.0%
Permits/Fees	\$1,509,100	\$1,614,600	\$105,500	7.0%
Miscellaneous	\$997,000	\$986,400	(\$10,600)	-1.1%
Water Sales-residential	\$19,000,400	\$20,140,000	\$1,139,600	6.0%
Water Sales-commercial	\$5,400,200	\$5,745,000	\$344,800	6.4%
Stormwater-residential	\$927,050	\$928,000	\$950	0.1%
Stormwater-commercial	\$692,500 \$	\$694,000	\$1,500	0.2%
Wastewater Sales	\$11,000,000	\$11,500,000	\$500,000	4.5%
Sanitation Sales	\$2,856,450	\$3,185,000	\$328,550	11.5%
Other Utility Charges	\$280,800	\$305,800	\$25,000	8.9%
TIF District	\$9,605,358	\$10,376,956	\$771,598	8.0%
Interest Income	\$5,442,900	\$5,334,900	(\$108,000)	-2.0%
Total Revenues	\$149,279,451	\$154,402,294	\$5,122,843	3.4%

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Taxable	Value	Comp	arison
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Fiscal Year	Taxable Value*	% Increase Prior Year	New Construction	New Construction as % of Total
2018	\$6,662,494,784	4.60%	\$331,766,093	5.0%
2019	\$7,286,898,962	9.37%	\$426,443,267	5.9%
2020	\$7,769,729,082	6.63%	\$353,194,601	4.5%
2021	\$7,768,644,007	-0.01%	\$261,355,087	3.4%
2022	\$8,220,731,143	5.82%	\$144,702,157	1.8%
2023	\$9,064,721,083	10.27%	\$128,609,945	1.4%
2024	\$10,564,623,953	16.55%	\$169,392,409	1.6%
2025	\$11,275,155,717	6.73%	\$127,637,112	1.1%
2026	\$11,718,045,212	3.90%	\$141,709,394	1.2%
*net TIRZ value				



Ad Valorem (Property Tax) Revenues

The FY 2026 budget includes a moderate increase in total ad valorem revenues (\$179,008 or 0.5%). This increase in revenue is based on a taxable property value base of \$12,350,210,300, a 4% increase from FY 2025 taxable property value. A portion of the City's taxable value is located within Tax Increment Reinvestment Zone #1 and any revenues generated from growth within this zone are restricted for use in accordance with the approved project and financing plan. For FY 2026, TIRZ taxable value is \$632,165,088. Figure 6 shows the change in taxable value (net TIRZ) since 2018 and documents the impact of new construction on the values during the same time period. The total taxable value shown reflects the tax rate decreases from year to year and excludes the value related to the City's homestead and other exemptions. Southlake's property values have increased appreciably over time, as shown in Figure 7. The difference between assessed value and taxable value is primarily due to tax rate reductions and exemptions.

State law requires a taxing unit to calculate two rates after receiving its certified appraisal roll: the no-newrevenue tax rate and the voter-approval tax rate. The no-new-revenue rate is the rate that will generate the same amount of property tax dollars as the previous year when the two years are compared, excluding new construction and annexations.

If a city adopts a tax rate exceeding the voter-approval rate, then the city must hold an automatic election. Depending on the ultimate rate that is chosen by the city and its relationship to these legally defined rates, there are requirements that must be followed to comply with truth-in-taxation laws. These requirements protect the public's right-to-know concerning tax rate decisions.

Ad Valorem revenues in the FY 2026 budget are based on a tax rate of \$0.295 per \$100 valuation. This rate is lower than last year's rate of \$0.305, reducing the rate by 1 cent. The tax rate of \$0.295 is split between General Fund operations and debt service. The allocation for FY 2026 is \$0.24 for general operations and \$0.055 for debt service. The FY 2026 reduction has been taken from the operations portion of the rate.

As shown in Figure 8, Southlake's calculated voterapproval rate is higher for FY 2026 than the current adopted tax rate. Therefore, the tax rate is not subject to an automatic election.

The ongoing use of the 20% homestead exemption will complement the current over-65 exemption of \$75,000, disabled exemption of \$75,000, and the over-65 tax freeze. The continuation of these exemptions offers additional tax relief.



A 20% homestead exemption will reduce the taxable value of an average-valued home in Southlake by \$222,617. The property owner of an average-valued home will see the equivalent of a tax rate reduction of approximately 5.9 cents per \$100 valuation with the exemption applied.

With the homestead exemption in place, and considering the tax rate reduction, the equivalent residential tax rate on an average-valued home is \$0.236.

Figure 9 reflects how the City has provided tax relief through the homestead exemption and adjustments to the property tax rate to conservatively manage taxes paid by property owners.

Sales Tax Revenues

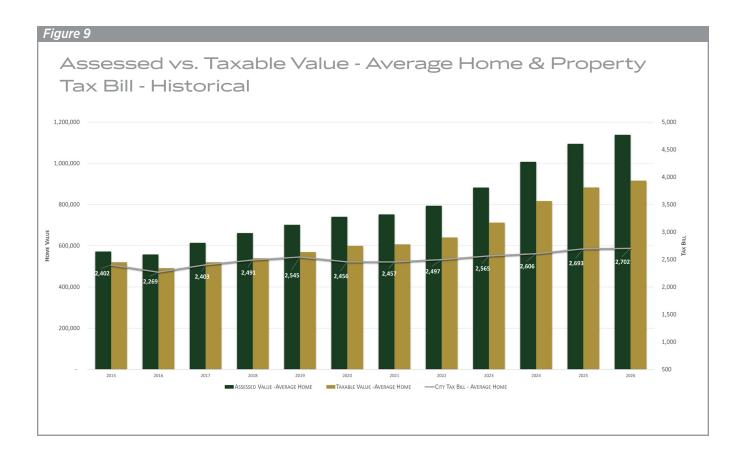
In Southlake, the total sales tax rate is 8.25%. Of that, the City receives \$0.02 of sales tax for every dollar spent in our city limits (the remainder goes to the State). One of those pennies goes to the General Fund and can be spent on general operating costs, like supplies, salaries, and general maintenance. The other penny is split between our Crime Control and Prevention District (CCPD), the Southlake Parks Development Corporation (SPDC), and the Community Enhancement and Development Corporation (CEDC). The money collected in these districts can only be used for the purposes outlined in the original referendum presented to the voters, so we set up separate funds to account for the revenues and expenditures of each unit. Later sections of this overview provide details about these specific funds and investments for FY 2026.

Figure 8

Tax Rate Comparison

Fiscal Year	Tax Rate	No New Revenue Rate	Voter Approval Rate
2025	\$0.305	\$0.305956	\$0.385397
2026	\$0.295	\$0.274049	\$0.364506

Comparison of tax rate, no-new-revenue rate, and voter-approval rate. Note the voter-approval rate is adjusted for unused increment credit.



Sales taxes are an important source of revenue for the City, making up approximately 29% of total revenues. It is estimated that non-residents that shop and dine in Southlake generate up to 70% of the sales tax revenue. Why is this important? This means that "imported taxpayers" visiting the City are supporting a large portion of the bill for important infrastructure and services that these funds provide. These monies are used to support the City's general operations, fund parks development, crime prevention and safety initiatives, construction and operations of The Marq Southlake, and economic development, as well as pay off the debt for these funds. Utilizing special sales tax districts has allowed the City of Southlake to maintain an excellent financial condition and reduce the property tax burden. In FY 2026, about 28% of the total debt service will be repaid using sales taxes collected for special districts.

For FY 2026, sales tax revenues for all funds (General Fund, SPDC, CEDC and CCPD) are projected to be \$45,163,040, which is \$1,423,356 million, or 3.3% more than the prior year adopted budget. This growth as calculated can be attributed to conservative budget projections in FY 2025 due to flat collection trends at the time of budget preparation. When compared to actual, estimated collections in FY 2025, the FY 2026 projection for sales tax revenue growth is approximately 1.5%.

Figure 10 shows the sales tax collection trend since 2021.

Hotel Occupancy Tax Revenues

The Hotel Occupancy Tax is authorized under the Texas Tax Code, Chapter 351. The City of Southlake adopted Ordinance No. 769 in February 2000, levying a 7% tax on room receipts. The tax on hotel rooms is providing the revenues to the City in this category. For FY 2026, the tax is anticipated to generate \$2,600,000, a 10.8% increase (\$252,750) over the prior year adopted budget, attributable to Southlake's strong hotel market that maintains, on average, a 73% occupancy rate with an Average Daily Rate (ADR) of \$180.31 and a Revenue per Available Room (RevPAR) of \$131.37.

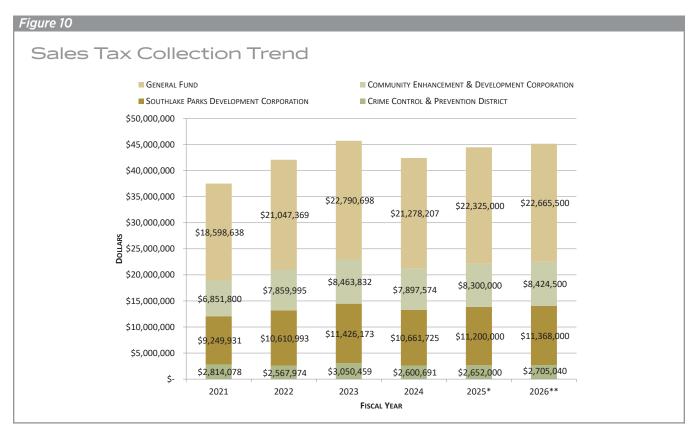
Figure 11 shows historical and projected hotel occupancy tax revenue. Revenues have grown from \$980,863 in 2015 to a projected \$2,600,000 million in 2026, a 165% increase over a ten-year period, primarily driven by the addition of three hotels during that time period.

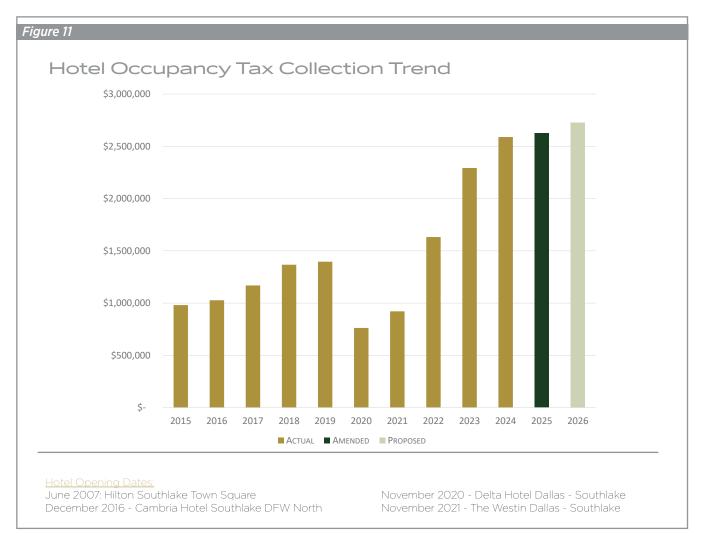
Fees and Charges for Services Revenues

Other major revenue sources for the City include revenues generated from service fees. A diverse set of fees are charged to recover all or a portion of the City's costs for providing a service or access to public property, or for mitigating the impacts of the fee payer's activities on the community. Intended for cost recovery, fees are set to align with providing the service or facility. Due to this requirement and legal restrictions related to their expenditure, many of the City's fees are accounted for in separate funds.

As part of the City's annual budget preparation, departments have reviewed current fees to ensure they are set at the optimum rate to achieve desired cost recovery. This review also included identifying where fees are needed. These efforts have resulted in some changes to the City's fee schedule which will be considered by City Council in September 2025.

The largest source of fee revenue comes from the provision of water, wastewater and solid waste collection services. These revenues and associated expenditures are accounted for in the City's Utility Fund (see later section of this overview for fund details). These revenues are projected to be \$41,830,300, an increase of \$2,387,950 or 6.1% from the prior year adopted budget. Revenue has been adjusted to





better align with projected consumption trends. The budget also includes a solid waste pass through residential rate increase of 4.4%, a Trinity River Authority (TRA) blended pass through rate increase of 10% (wastewater), and a 6% pass through increase from the City of Fort Worth (water).

Other significant service fees include development and permit related fees. For this fiscal year, development and permit fees are estimated to generate \$1,519,600, a 7.5% increase from the prior year adopted budget. This revenue estimate is based on a number of factors. First, actual collections in the prior year outpaced projections which resulted in more conservative projections in revenue in the prior year. We are also estimating a projected issuance of 40 residential building permits during the fiscal year, which is a slight reduction to prior year projections; however, the average price per residential permit has increased in the last year. Additionally, as redevelopment has been occurring, fees tied to permits for that work are also driving a projected increase in revenue. When considering this overall, the main driver of the projected increase is the impact of conservative projections when compared to actual for the prior year.

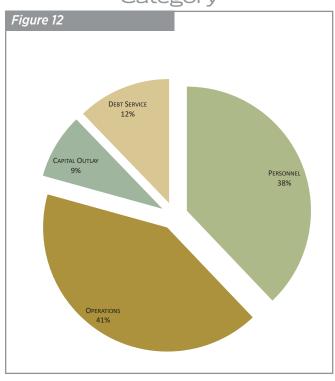
For additional information regarding the City's revenues, please reference the subsequent sections of this budget document.

Expenditures - Total Operating Investments

Planned operating expenditures in this fiscal year across all funds total \$137,682,832, which is a \$7,169,398, or 5.4% increase from the prior year adopted budgeted expenditures. Figure 12 shows the total adopted expenditures by category, for all funds and the table shows expenditures by fund. As previously discussed, increases in personnel costs are included in the budget, impacting most of the funds shown below. Notable changes showing reductions in expenses from prior year are due to previously-budgeted one-time expenses (SPDC Operating Fund, CCPD Fund, Technology Infrastructure & Security Fund, and Vehicle Replacement Fund) that have been removed from the FY 2026 budget. Conversely, funds with notable increases in expenditures such as the TIF Operating Fund, Strategic Initiative Fund, and the Facility Maintenance Fund are providing funding in FY 2026 for new one-time projects or needs. The Fund Highlights provided later in this Budget Overview provide greater detail about budgeted expenditures and changes from the prior year.

Fund	FY 2025 Adopted Expenditures	FY 2026 Budgeted Expenditures	\$ Change	% Change
General Fund	\$54,489,851	\$56,413,838	\$1,923,987	3.5%
Utility Fund	\$29,584,559	\$31,792,663	\$2,208,104	7.5%
Debt Service	\$7,068,770	\$7,616,297	\$547,527	7.7%
SPDC Operating Fund	\$3,619,522	\$3,571,247	\$48,275	-1.3%
CEDC Operating Fund	\$6,466,590	\$6,454,108	\$12,482	-0.2%
CCPD Fund	\$2,742,607	\$2,699,896	\$42,711	-1.6%
TIF Operating Fund	\$8,148,391	\$10,401,059	\$2,252,668	27.6%
Strategic Initiative Fund	\$262,928	\$1,616,834	\$1,353,906	514.9%
Hotel Occupancy Tax Fund	\$1,548,118	\$1,451,896	\$96,222	-6.2%
Technology Infrastructure & Security Fund	\$1,821,388	\$657,000	\$1,164,388	-63.9%
Stormwater Utility District Fund	\$617,842	\$628,087	\$10,245	1.7%
Facility Maintenance Fund	\$799,000	\$1,162,747	\$363,747	45.5%
Vehicle Replacement Fund	\$6,869,876	\$6,058,612	\$811,264	-11.8%
Other Funds	\$6,473,992	\$7,158,548	\$684,556	9.56%
Total Operating Expenditures	\$130,513,434	\$137,682,832	\$7,169,398	5.4%

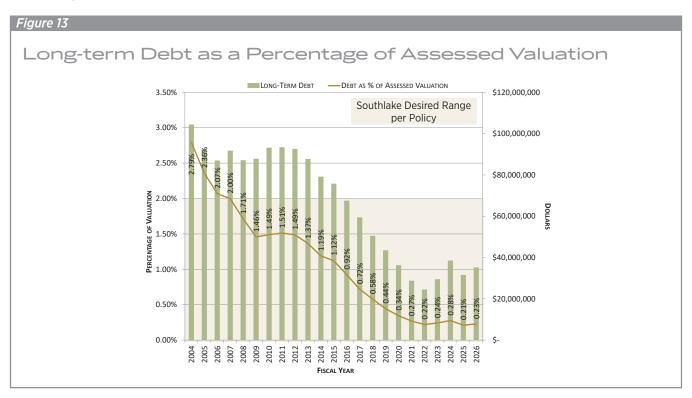
All Funds - FY 2026 Adopted Total Expenditures by Category

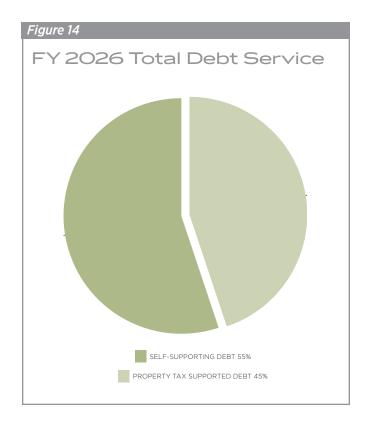


Debt Profile

The City takes its debt obligation very seriously. Several years ago, the City Council working with City staff set goals to reduce the debt as percentage of assessed valuation over the total long term debt. As you can see in Figure 13, we have reduced the percentage from 2.79% in 2004 to 0.23% in 2026, during a time of growth for the city. The line that you see on this chart is a graphic illustration of one of the reasons why three bond agencies have rated Southlake AAA. It should be noted that although the total debt issued has fluctuated based on the timing of important projects, the City has generally reduced its property tax supported obligations since 2003. The City of Southlake is fortunate to have a AAA credit rating from Fitch Ratings, Moody's, and Standard & Poor's. This is the highest possible credit rating the City can receive. Not only does it reinforce that the City has strong financial management tools, it also allows for favorable borrowing conditions when the time is right.

The City has been able to effectively manage its debt during a period of growth using cash to partially offset borrowing needs. Additionally, managing debt amortization has been a tool used to reduce borrowing costs.



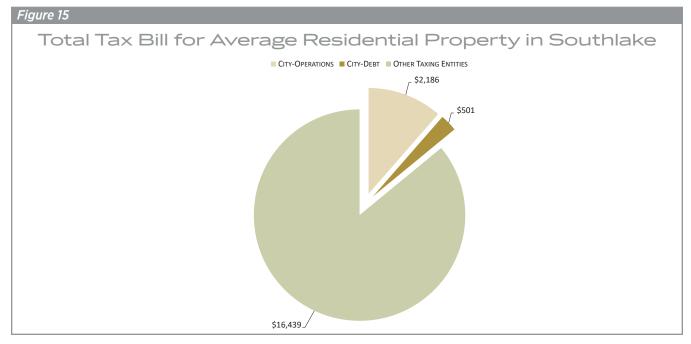


Tax Supported vs. Self-Supporting Debt

As you can see in Figure 14, less than half (45%) of the City's debt service will be funded through bonds tied to the City's property taxes. For FY 2026, property tax supported debt service is about \$7.6 million. Property tax supported debt is primarily used for the construction of local roads, sidewalks and storm water infrastructure. The City estimates that it will be necessary to issue property tax supported debt to fund capital infrastructure needs for roadways and other critical infrastructure planned for FY 2026 in the current Capital Improvements Program.

So, what does this mean for Southlake property owners? Figure 15 shows the total tax bill for an average residential property in Southlake, reflecting an annual cost of \$501 for property tax supported debt. For this, the City is able to ensure the necessary infrastructure is updated and maintained proactively and in alignment with community sustainability standards.

Going back to Figure 14, the remainder of the City's debt service (55%) in this fiscal year will be funded by self-supporting debt. These debt payments will be made from special revenue, such as voter-approved sales tax levies. Why is it important to make the distinction between tax-supported and self-supporting debt? Because self-supporting debt has specific revenue streams, many of which are voter approved, for the repayment of the bonds. Also, sales tax-supported debt uses funds collected by shoppers in the City, many of which reside elsewhere.



For example, the construction of The Marq Phase I was funded using cash from the General Fund and Southlake Parks Development Corporation (SPDC). Phase II, known as Champions Club was funded through the voter-approved three-eighths cent sales tax collected by Community Enhancement and Development Corporation (CEDC). Thanks to these sales tax dollars, the corporation funding is used to pay the debt incurred from construction and to supplement the operating expenses for The Marq Southlake not recovered with facility and program fees. Additionally, a portion of the funds are used for economic development initiatives.

Voter-approved special levy sales tax districts also provide a source of funding for park development and crime control initiatives. Self-supporting debt is another resource used to implement the Capital Improvements Program. Estimates show that as much as 70% of sales in Southlake are from patrons living outside the city, and these imported taxpayers, if you will, are helping to construct Southlake's infrastructure development.

To learn more about the City's strategic use of debt, see the Debt Service Fund section of this document.

Capital Improvements Program

Each year, the City of Southlake identifies funding for a multi-year Capital Improvements Program (CIP). The CIP is a tool used for planning and financial management, designed to coordinate the location, timing and financing of capital improvements over a five-year period.

Capital improvements refer to major expenditures for things like land, buildings, and public infrastructure, identified for the purpose of advancing the City's strategic and comprehensive plans.

The goals of Southlake's capital project planning efforts include:

- Ensure timely construction of and/or repair of infrastructure to effectively meet ongoing community needs, as defined by the City's strategic and comprehensive plans;
- Establish a methodical approach to public infrastructure funding and construction to eliminate unanticipated, poorly planned, or unnecessary capital expenditures and to avoid sharp increases in tax rates, user fees, or debt; and,
- Align public projects with community growth patterns and development, as defined by the City's comprehensive plans.

Preparation of the City's annual budget and the CIP are closely linked. As part of the operating budget, financial resources are identified and allocated in accordance with established guiding principles shown in Figure 16. The current five-year implementation plan, identifying specific projects, funding sources, and priorities, was adopted by City Council in February 2025 in accordance with the schedule shown in Figure 17. The plan is scheduled for annual review and adoption in February 2026. Projects included in the implementation plan will address needs identified in the Southlake Comprehensive Plan.

General Fund. The General Fund is used to address capital projects such as streets and road construction and/or rehabilitation, pathway improvements, improvements to support access as required by the Americans with Disabilities Act (ADA), and municipal facilities. For FY 2026, a total of \$1,500,000 million



is recommended for cash funding.

Utility Fund. The Utility Fund is used to address capital projects such as water and sewer infrastructure and city facilities. Projects include water lines, pump station improvements, storage facilities, sewer lines, lift station pumps, and facilities needed to support the City's utility system. For FY 2026, a total of \$8,000,000 million is recommended for cash funding.

Southlake Parks Development Corporation. Funded by a voter-approved half-cent sales tax, these dollars are allocated for the ongoing design and development of the city's park system, and dollars for matching donations for park improvements. For FY 2026, a total of \$6,000,000 million is recommended for cash funding.

Storm Water Utility Fund. Fees collected from residential and commercial property owners provide dollars to improve storm water management in the city. For FY 2026, \$500,000 will be allocated for cash funding for storm water projects.

Public Art Fund. Hotel Occupancy Tax (HOT) funds provide the resources for public art initiatives. For FY 2026, \$300,000 is planned for public art capital projects.

Hotel Occupancy Tax Fund. HOT funds can also be used for projects designed to bring visitors to the city. For FY 2026, a total of \$200,000 is recommended for cash funding.

Park Dedication Fee Fund. This fund accounts for dedication fees on new development. Use of park dedication fees is restricted to park improvements and primarily used for capital expenses. For FY 2026, \$300,000 cash funding will support planned park projects.

Cash allocated as part of the Capital Improvements Program is summarized in Figure 18 and totals \$17.125.000 million across all funds.

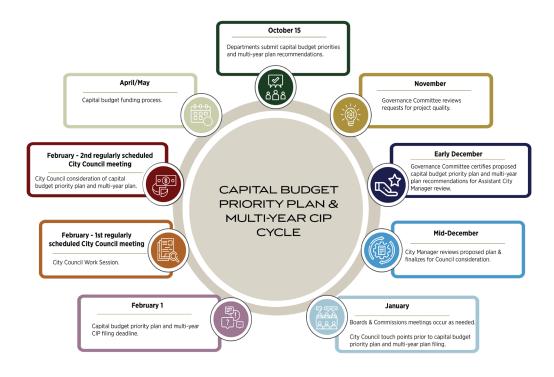


Figure 18		
Fund	Description	FY 2026 Cash Funding
General Fund	The General Fund is used to address capital projects such as streets and road construction and/or rehabilitation, pathway improvements, improvements to support access as required by the Americans with Disabilities Act (ADA), and municipal facilities.	\$1,500,000
Utility Fund	The Utility Fund is used to address capital projects such as water and sewer infrastructure and city facilities. Projects include water lines, pump station improvements, storage facilities, sewer lines, lift station pumps, and facilities needed to support the City's utility system.	\$8,000,000
Southlake Parks Development Corporation	Funded by a voter-approved half-cent sales tax, these dollars are allocated for the ongoing design and development of the city's park system, and dollars for matching donations for park improvements.	\$6,000,000
Community Enhancement & Development Corporation	Funded by a voter-approved 3/8 cent sales tax, these dollars are allocated for the debt service related to the construction of Champions Club at the Marq as well as to support ongoing operations of the facility. Funding can also be used for selected infrastructure projects allowable under state law.	\$325,000
Storm Water Utility Fund	Fees collected from residential and commercial property owners provide dollars to improve storm water management in the city.	\$500,000
Public Art Fund	Hotel Occupancy Tax (HOT) funds provide the resources for public art initiatives.	\$300,000
Hotel Occupancy Tax Fund	HOT funds can also be used for projects designed to bring visitors to the city.	\$200,000
Park Dedication Fee Fund	This fund accounts for dedication fees on new development. Use of park dedication fees is restricted to park improvements and primarily used for capital expenses.	\$300,000



City staff will present a CIP implementation plan to City Council in February 2026, outlining specific project priorities and including:

- Detailed funding schedules identifying cash and debt funding by funding source,
- Project information sheets that include a description of each project, pertinent project details as well as funding and expenditure schedules,
- Operating budget impact summary, and
- Multi-year plan.

The CIP implementation plan will establish a five-year funding schedule for priorities. The first year of the plan (FY 2026) is the capital budget planned for immediate implementation. Projects approved for subsequent years (FY 2027 - FY 2030) will be proposed for planning purposes only and will not have expenditure authority until approved as part of subsequent capital projects.



The CIP implementation plan will outline a five-year funding schedule. The first year (FY 2026) includes the capital budget for immediate action. Projects for later years (FY 2027-FY 2030) are for planning only and will require approval before any funding is authorized.

Multi-Year Operating Plan

As the annual budget is developed, it is important to provide high quality services that are sustainable. We must look beyond the current budget year to properly plan for future operations and to analyze the impact current decisions will have on long-term financial objectives. In this regard, staff has prepared a multi-year plan in conjunction with the FY 2026 budget.

The multi-year plan assumes conservative revenue growth and conservative property tax rate management guided by tax relief goals. The plan assumes no service level reductions and provides for growth in expenditures due to inflation and other known market pressures and cost drivers. Additionally, this plan includes the infrastructure development costs planned for in the City's Capital Improvements Program adopted in February 2025 and contemplates adjustments needed to implement the City's compensation philosophy and remain an employer of choice.



FUND HIGHLIGHTS

General Fund

The General Fund is the City's principle operating fund, and is supported by property tax, sales tax, fees, and other revenue. General Fund revenue may be used for a variety of purposes, and this budget accounts for core City services such as police and fire protection, street maintenance, engineering, planning, finance, and administrative oversight.

Revenue highlights. This budget projects \$60,005,352 in General Fund revenues, an increase of \$1,054,829 million or 1.8% from the prior year adopted budget. Staff is estimating \$28,423,309 in property tax revenue, an estimated decrease of \$64,580 or -0.2% from the prior year adopted budget. This projected revenue reflects the adopted tax rate decrease discussed previously in this overview.

Compared with the prior year adopted budget, staff forecasts that sales tax revenue will grow approximately 3.1% for the coming fiscal year, expecting to collect almost \$22,665,500 million in sales tax in the General Fund.

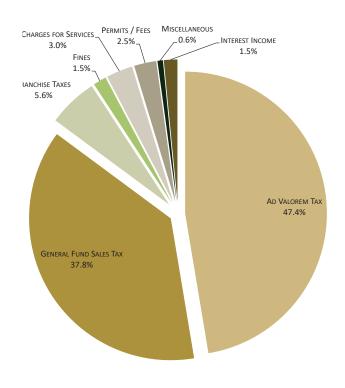
Franchise fees collected from private utility companies operating in the city provide another source of General Fund revenue. For this fiscal year, \$3,384,208 is budgeted as revenue from this source, a projected decrease of 2% when revenue is compared to the prior year adopted budget. This decrease is attributable to a reduction in franchise fees that have been adjusted based on consumption projections in the coming year. Fine collections, another source of revenue, are budgeted at \$903,000, a 21.5% increase when compared to the prior fiscal year. This increase is due to an increase in citations.

7.5% increase from the prior year adopted budget, mainly attributable to actual estimated revenue in FY 2025 outpacing budgeted projections. For the coming year, staff is estimating that 40 residential building permits will be issued during the fiscal year, which is a slight reduction from prior year projections; however, we are realizing a higher revenue per permit issued than previously collected. Revenue from commercial permits is expected to remain flat when compared to the prior year adopted budget.

Revenue from charges for services is estimated at \$1.814.336, which represents a 13.5% increase from the prior year adopted budget.

The adopted budget anticipates \$1,519,600 in revenue from permits and fees which is a projected

General Fund Revenue by Source Figure 19



General Fund Expenditure Highlights

Personnel

Item	Evpanditura
item	Expenditure
Pay Adjustment - Merit	All Employees - 2% - 4% Performance- Based Adjustment
Pay Adjustment - Maintain Compensation Market Position	Public Safety Market Adjustments - 85th Percentile
FLSA Required Overtime	\$37,500
Health Insurance	5% rate increase
Dependent healthcare cost increases	\$138,000
Operations	
TML Insurance	\$180,000
Rise Flag Football	\$43,605
Financial Audit Services	\$4,000
Appraisal Districts Tax Appraisal Services	\$31,400
Emergency Dispatch, Detention and Animal Control Contract Increase	\$65,000
Police Department - CID Lab Testing Contract Services	\$15,000
Southlake Town Square Parking Garages - Annual Maintenance	\$15,000
Technology Renewals - Cybersecurity, Network Management and Disaster Recovery	\$87,990
Fire Department - EMS Program Contract and Supplies, Structural PPE, Station Supplies	\$22,195
Engineering Services	\$16,675
Tyler Technologies Access Portals (Resident, Vendor, Employee)	\$12,098

This category of revenue includes interlocal contributions from the cities of Grapevine, Colleyville, and Keller for the joint Teen Court program and revenue from programs and services such as ambulance services and some general recreation programs. Revenue increases in this category are budgeted to account for additional revenue related billing practice adjustments for ambulance services and an increase in program revenue for those recreation programs.

As previously noted, total General Fund operating budget revenues are expected to increase by 1.8%, a moderate increase attributed to growth in elastic revenue sources such as sales tax collections as well as franchise taxes. This overall revenue growth reflects the adopted tax rate reduction and ongoing use of the 20% homestead exemption.

Figure 19 shows the distribution of General Fund revenue sources.

The General Fund also recognizes \$2,986,054 that will be transferred in from other funds to cover indirect costs borne by the General Fund. For this fiscal year, indirect charges are not needed to balance the General Fund budget. The transfer will go straight to the budget's bottom line, ensuring an optimum fund balance.

Expenditure highlights. The General Fund accounts for 41% of the City's operational expenses. Planned expenditures total \$56,413,838 and represent a 3.5% increase over the prior year adopted budget. This growth can be attributed to a corresponding growth in the cost of existing goods and services as well as personnel costs.

More than 70% of planned expenses are personnel-related, reflecting the nature of the municipality as a service organization. These costs include compensation, benefits, and other expenses. Changes to the budget for these expenses are shown below:

<u>Personnel</u>: While no new positions are adopted for funding in FY 2026, the General Fund includes total new personnel-related expenditures of \$1,582,792 to support the City's compensation and benefits obligations. This amount reflects the City's continued adherence to its adopted compensation philosophy, which targets the 70th percentile of the labor market for general government positions and the 85th percentile for sworn public safety roles. To maintain competitive market alignment, the budget provides for a 2-4% merit-based pay adjustment for all eligible employees, along with targeted market adjustments for public safety personnel based on the City's most recent compensation analysis. These investments ensure Southlake remains an employer of choice while responsibly managing personnel costs in accordance with the City's financial principles.

Staffing levels supported by the General Fund remain generally consistent with FY 2025 with an FTE reduction of 1.655 when compared with this budget. As part of the City's ongoing workforce planning approach, positions vacated through normal attrition are carefully evaluated to ensure alignment with service priorities. Department leaders conduct thorough business analyses to determine whether roles should be refilled, repurposed, or restructured to better support the City's evolving operational needs.

In FY 2025, the City implemented a reorganization of the Parks Maintenance and Operations Division to improve efficiency, strengthen oversight, and align staffing with key operational functions. The restructuring introduced specialized crews, adjusted leadership roles, and created a tiered technician structure to support employee development and career progression. These changes were completed within the existing budget and resulted in a net reduction of two positions. Similarly, the Economic Development and Tourism Department completed an internal reorganization to better align staffing with distinct marketing and economic development functions. The revised structure preserved the department's overall FTE count while achieving a General Fund savings of approximately \$42,380 that was reallocated to compensation needs in this budget.

In addition, three positions vacated during FY 2024 (Municipal Court Clerk, Fire Prevention Officer and Planning Manager) were intentionally frozen to allow time for a service needs assessment. During this period, workload was redistributed among existing staff to maintain service delivery. Following a review of court operations, the Municipal Court Clerk position was eliminated, resulting in a reduction to the FTE count in Municipal Court. The funding previously allocated to that position was used to repurpose an existing role in the Finance Department into a GIS Analyst position, strengthening long-term continuity in the City's geospatial services. A reorganization within the Fire Department repurposed the Fire Prevention Officer position and resulted in a reduction of a civilian FTE (Emergency Management Specialist) to better support operational priorities for an overall General Fund savings of \$16,861. These funds were reallocated to compensation needs in this budget. The Planning Manager position remains in the position table, though its funding was reallocated to meet other compensation demands. Funding can be restored in future years if service needs require.

As part of our annual review, we also evaluated positions funded through multiple sources to ensure that assigned duties align with the allowable uses of each specialized fund. When combined with the previously described staffing adjustments, this review results in a net FTE reduction of 1.655 in the General Fund. These staffing decisions reflect the City's disciplined, data-driven approach to workforce planning—prioritizing flexibility, aligning resources with service demands, and maintaining our commitment to delivering high-quality services to the Southlake community.

The budget also includes funding for a new initiative to enhance the City's agility in firefighter recruitment through a lateral hiring program. The goal is to attract experienced, credentialed paramedics who can be deployed to operations more quickly than new recruits requiring lengthy training. This strategy strengthens operational readiness, reduces training-related lag time, and supports service continuity. A budget allocation of \$72,906 is included to ensure internal pay equity for current team members with comparable experience, reinforcing fair and consistent compensation practices within the department.

In the benefits category, the budget includes funding to support both increased insurance costs and the City's retirement obligations. Following a favorable 5% rate renewal with the City's health insurance provider, the budget allocates funding to cover premium increases as well as enhancements to the City's contribution toward employee dependent coverage. Additionally, funds are included to meet the required contribution rate and support the City's targeted amortization goals for retirement benefits provided through the Texas Municipal Retirement System (TMRS). These investments ensure the City remains competitive in the labor market while upholding long-term financial commitments.

In total, FY 2026 personnel expenditures in the General Fund are adopted to increase \$1,582,792. These expenditure increases represent 82% of the General Fund expenditure growth.

Operations: The General Fund includes the operational dollars needed to provide basic services such as police and fire, public works, parks, recreation, library services, and inspections. There are requests that maintain the City's current service levels but require additional funding to do so. The full list of expenditure highlights can be found in the General Fund expenditure highlights table.

<u>Service enhancements:</u> As a service enhancement, the City is adjusting its agreement with Rise Flag Football to bring all participant registrations in-house through our Active registration system. This change will provide a better experience for participants by eliminating third-party processing feesreducing the average cost per registration by \$27. It also results in a net financial gain for the City of approximately \$12,815 annually. Additionally, this transition gives the City greater operational control over residency verification. Unlike the previous process, which relied on self-selection, the City's Active system uses GIS-based address verification to ensure that resident discounts are accurately applied.

Transfers from General Fund to Other Funds: The General Fund is the source of funding for several important other funds that support the maintenance of critical infrastructure or the acquisition of heavy equipment. These transfers flow from the General Fund to the Strategic Initiative Fund with total transfers for this purpose budgeted at \$4,000,000. See the Strategic Initiative Fund information for a detailed list of transfer funding.

Fund balance. The City of Southlake Fund Balance Policy, adopted in 1993, states that the "goal shall be to maintain a fund balance in the General Fund equal to a minimum of 15% of General Fund-budgeted



Maintaining a fund balance at the optimum level identified in the City's policy addresses the focus area of Performance Management & Service Delivery and the strategic corporate objective of "Safeguarding the public trust through a commitment to thoughtful planning and responsible, conservative financial management.

operating expenditures, with the optimum goal of 25%."

The adopted budget reflects an undesignated General Fund balance of 25.6% of expenditures, which represents \$14,441,822, and falls within the fund balance requirements defined in the City's policy.

Excess revenue and unspent appropriation above the 25% level are set aside for critical, high-impact projects as a transfer to the Strategic Initiative Fund (SIF). Details about the transfer into the SIF and the use of these dollars can be found later in this overview.

Debt Service Fund

For this budget, revenues are estimated at \$6,581,725, with \$6,496,725 coming from ad valorem taxes, and \$85,000 from interest income. Transfers into the fund are budgeted at \$400,552 to pay the debt service for the bonds issued for storm water improvements. Total expenditures are adopted at \$7,616,297 for annual principal and interest payments, as well as related administrative costs.

The Debt Service Fund is projected to end the fiscal year with reserves of \$1,166,990, a 41.2% decrease from the prior year adopted budget. The fund balance allows us to meet our debt service fund balance policy which states that the City of Southlake "...shall also maintain Reserve Funds for all statutorily required reserve funds to guarantee debt service."

Utility Fund Expenditure Highlights

Personnel

ltem	Expenditure
Pay Adjustment - Merit	All Employees - 2% - 4% Performance-Based Adjustment
Health Insurance	5% rate increase
Operations	
Tyler Technologies Access Portals (Resident, Vendor, Employee)	\$12,097
Network Redundant Connectivity - Infrastructure	\$98,832
Wastewater Odor Treatment Demand Increase	\$20,000
811 Software Integration Ticket Management	\$8,000
Fats, Oils, and Grease (FOG) Ordinance and Manual Review and Revisions	\$9,850
Lead and Copper Rule Improvements (LCRI) Compliance Assistance - Phase 4	\$235,724
SCADA Cabinet Preventative Maintenance	\$12,500

Utility Fund

The Utility Fund is used to account for the acquisition, operation, and maintenance of Southlake's municipal water and sewer utility, supported primarily by user charges to utility customers. The fund accounts for operational costs as well as debt service for utility system improvement bonds. The intent of this fund is for the direct beneficiaries to pay for all costs of the fund - including debt service through fees levied for the services provided. Revenue and expenses related to garbage service are also accounted for in the Utility Fund.

Revenue highlights. The Utility Fund revenues are projected at \$41,830,300 for an increase of \$2,387,950. This is a 6.1% increase when compared with the prior year adopted budget. Revenue is adjusted to align with anticipated consumption demands and account for pass through increases from the City of Fort Worth (water), Trinity River Authority (wastewater), and CWD (solid waste).

Expenditure highlights. Total expenditures in the Utility Fund are adopted at \$31,792,663 a 7.5% increase from the prior year adopted budget. This increase is a result of personnel costs as well as additional annual debt service requirements to fund needed water and wastewater infrastructure repair and replacement projects.

<u>Personnel</u>: The Utility Fund includes resources needed to manage and operate the City's utility system. As noted in the "Employer of Choice" section earlier, the budget includes compensation increases and provides funding for benefit cost increases. No new personnel are requested to be funded through the Utility Fund.

Other highlights: A few highlights of supplemental requests for the Utility Fund are shown in the Utility Fund Expenditure Highlights table on the previous page and are specifically related to providing water, and or sewer services.

<u>Indirect charge/transfers</u>: We have budgeted a transfer of \$1,673,212 to the General Fund to cover indirect expenses and for payment of a franchise fee. A transfer of \$8,000,000 to the Capital Improvements Program (CIP) is also budgeted.

<u>Fund balance</u>: The Utility Fund budget provides 286 days of working capital, or \$24,946,535, a 2.2% increase from the prior fiscal year adopted budget. In anticipation of future funding needed to replace aging infrastructure, this exceeds the City's fund balance policy, which states that the "...goal shall be to maintain a fund balance of 60 days of working capital in the Utility Fund...with the optimum goal of 90 days of working capital."

Vehicle Replacement Fund

The Vehicle Replacement Fund accounts for the resources needed to manage the purchase of vehicles and heavy equipment for the City's fleet.

Revenue and transfer highlights. This budget estimates revenue of \$420,000 and a transfer of \$2,000,000 from the General Fund to the Vehicle Replacement Fund.

Expenditure highlights. Expenditures are estimated at \$6,058,612 to replace aging vehicles

Vehicle Replacement Fund
Expenditure Highlights

Item

Fleet replacement per schedule

Expenditure

\$6,058,612*

*Includes FY 2022, FY 2023 and FY 2024 vehicles that have not been received due to supply chain issues and have been rebudgeted.

and heavy equipment coming off-line. It should be noted that supply chain issues continue to affect the City's ability to acquire vehicles on a timely schedule. As such, many vehicles slated for replacement during recent fiscal years have not been received. Funds have been re-budgeted as needed to ensure availability of dollars as we are able to receive the vehicles.

Southlake Sustainability Comprehensive Plan



EFW3: Fund and adopt annual City operating budget, capital projects and equipment through sound financial policies.

"The Vehicle Replacement Fund should maintain three years of reserves as identified in replacement schedule."

The FY 2026 budget includes a transfer from the General Fund of \$2,000,000 towards this goal.

Fund balance. The projected ending fund balance is \$11,583,878, a 22.1% increase from the prior year adopted budget. The change can be attributed to funds accumulating related to delays in supply chain for previously-planned purchases. The planned fund balance provides adequate reserves for the program.

Southlake Parks Development Corporation Fund

The Southlake Parks Development Corporation (SPDC) is a voter-approved development corporation established to develop, operate, and maintain park and recreational facilities. The uses of this half-cent sales tax are restricted to those allowed by law and approved by the Board of Directors and City Council.

The SPDC supports the implementation of the City's Southlake Parks, Recreation, and Open Space Comprehensive Plan. Project priorities are established as a joint effort between the staff, Parks and Recreation Board, Southlake Parks Development Corporation Board of Directors, and City Council.

Revenue highlights. The SPDC operating fund is projected to receive \$12,008,914 in total revenue, with sales tax budgeted at \$11,368,000 of that total, a projected 3.7% increase over the prior year adopted budget. The remainder includes rental income (\$153,824), charges for service (\$187,090) and interest

(\$300,000). Total budgeted revenue represents a projected 2.9% increase over the prior year adopted budget.

Expenditure highlights. Total expenditures for the operating fund are \$3,571,247. This is a 1.3% decrease from the prior year adopted budget, primarily reflecting a budgeted decrease in capital costs related to the removal of one time costs for camera replacement program budgeted in the prior year. The Southlake Parks Development Corporation Board of Directors approved the operating budget at the August 5, 2025, meeting.

This budget includes \$1,891,321 for operations, \$1,020,500 for capital expenses and \$659,426 for personnel. SPDC park maintenance expenditures



Since its inception in 1994, the SPDC Fund has collected about \$160 million for park projects such as North Park, the Bicentennial Park improvements and the acquisition and development of Bob Jones Park.

represent about 52% of the current total park maintenance costs.

<u>Personnel</u>: SPDC funds two Maintenance Technicians, a Parks Supervisor, and staff to run the pickleball facility. In addition, a portion of the salary and benefits for the City's Project Manager is funded by SPDC. All compensation and benefit adjustments previously mentioned will be funded by SPDC for these employees.

<u>Operations</u>: Expenses include annual costs associated with maintenance and operations of parks and park improvements.

<u>Capital</u>: The operating budget includes funding for equipment necessary to maintain the park system.

Indirect charge/transfers: A transfer of \$480,357 to the General Fund is planned for the indirect charge. We are also planning to transfer \$2,269,022 to debt service and \$6,000,000 to the CIP for cash funding of capital park projects. The Southlake Parks Development Corporation is also responsible for paying principal and interest on outstanding debt. The SPDC debt service fund will cover total expenditures of \$2,275,022 for this purpose.

Fund balance. The adopted ending fund balance for the SPDC operating fund will be \$13,433,665, a 1.19% decrease from the prior year adopted budget. The ending fund balance for the SPDC debt service fund is projected to be \$2,291,556, a 4.75% increase from the prior adopted budget.

Crime Control and Prevention District Fund

SPDC Fund Expenditure Highlights

Personnel

Item	Expenditure
Pay Adjustment - Merit	All Employees - 2% - 4% Performance-Based Adjustment
Health Insurance	5% rate increase
Operations	
2 Autonomous Mowers for use in SPDC parks	\$95,000
Facility assessment funding for parks buildings and structures.	\$50,000
Solar Powered LED Security Lights - Bob Jones	\$30,000
Bob Jones Nature Center Electricity	\$5,470
Parks Equipment Maintenance	\$66,000
Near Map and Pro Contractor Studio Software	\$9,500
Bob Jones Park CCTV (Turf Fields & Dog Park)	\$768,000
Bob Jones Nature Center - Air Conditioning Replacement	\$50,000
Network Replacement - Bicentennial Maintenance & Concessions, Tennis Center	\$77,500

The half-cent sales tax collection to fund the Crime Control and Prevention District (CCPD) began in April 1998, with the first sales tax check received in June 1998. State law provides that a district's life is limited to five years unless voters continue the district by approval of a referendum. In February 2002, Southlake voters approved the continuation of the CCPD for 15 years, and the district was set to sunset in 2018 unless reauthorized by the voters.

In May 2015, Southlake voters chose to reallocate a three-eighths cent portion from the CCPD to the formation of a sales tax district to fund recreational and economic development projects. This left

a one-eighth cent allocation remaining for CCPD activities through the new sunset period, 2038, as authorized by the voters in May 2017.

Revenue highlights. For this fiscal year, \$2,705,040 is anticipated in sales tax collections for the district, along with \$175,000 in interest income for total revenues of \$2,880,040. This is a projected increase of 1.5% compared to the prior adopted budget.

Expenditure highlights. Total operating expenditures are adopted at \$2,699,896. This is a projected decrease of 1.6% compared to the prior adopted budget. This decrease is attributed to a reduction in operational expenditures related to Police Department equipment replacement.

Personnel: CCPD provides for the ongoing allocation of dollars for personnel expenses related to the School Resource Officer Program. This budget includes \$2,268,657 for this purpose, a 4.2% increase from the prior year adopted budget. All compensation and benefit adjustments previously mentioned will be funded by CCPD for these employees.

As recurring personnel costs continue to grow and revenue growth in the district slows, the City is closely monitoring the long-term sustainability of the fund. As expenditures begin to outpace revenues, the strategy will be to first draw down the CCPD fund balance to cover any gap between recurring revenues and expenditures. Over time, to maintain structural balance and ensure continued support of the School Resource Officer Program and to fund the replacement of necessary public

CCPD Fund **Expenditure Highlights**

Personnel

Item	Expenditure
Pay Adjustment - Merit	All Employees - 2% - 4% Performance- Based Adjustment
Pay Adjustment - Maintain Compensation Market Position	Public Safety Market Adjustments - 85th Percentile
Health Insurance	5% rate increase

Operations & Equipment

Defensive Tactics Training Equipment	\$4,945
Police Records Scanning Project	\$38,991
Less Lethal 40MM Impact Munitions	\$7,507
One Volcanic Brand Bicycle	\$2,000
SWAT Ballistic Helmets	\$16,808
SWAT Ballistic Vests	\$37,730

safety equipment, the City anticipates that a portion of these costs will need to be transitioned back into the General Fund. While the exact timing of this shift is uncertain, it is a key consideration in the City's multi-year financial projections and long-term planning efforts.

Operations: This fund also includes funding for necessary equipment to support the operations of the Police Department, detailed in the expenditure table for this fund.

Indirect charge/transfers: A transfer of \$115,202 to the General Fund is planned for an indirect charge.

Fund balance. The ending fund balance for the CCPD Operating Fund is projected at \$5,421,251, a 1.2% increase compared to the prior adopted budget. The budget was approved by the District Board of Directors at their July 29, 2025, meeting.

Community Enhancement and Development Corporation

In May 2015, Southlake voters overwhelmingly approved the reallocation of a portion of the CCPD half-cent sales tax for the purpose of constructing and operating a recreation center through the Community Enhancement and Development Corporation (CEDC). The CCPD half-cent sales tax was reduced to a one-eighth cent tax and the remaining three-eighths was reallocated to address recreational and economic development needs for the city, as permitted by State law, through the CEDC.

The corporation funding is used to supplement the operating expenses for The Marq Southlake not recovered with facility and program fees. The funds also pay debt service on bonds used to construct the facility. A portion of the funds is also used for economic development initiatives.

Sales tax collections for the district began in October 2015. A seven-member board of directors works

with the City Council to oversee the budget.

The CEDC operating fund highlights are shown as follows:

Revenue highlights. \$13,535,107 in total revenue is anticipated for the CEDC operating fund. This represents a projected increase of 1.5% for the CEDC operating budget.

Expenditure highlights. Total operating expenses for the CEDC are estimated at \$6,454,108. Most expenses are recurring related to personnel and operational costs. New expenses are shown in the expenditure highlights table.

<u>Personnel</u>: The CEDC budget includes resources needed to manage and operate both Legends Hall and Champions Club at The Marq. This fund will cover its portion of employee pay adjustments and the increases in benefit costs as described previously. Total personnel costs included in this budget are \$3,732,340 with no planned changes to staffing headcount.

<u>Operations</u>: Operating expenses for The Marq and economic development initiatives total \$6,454,108.

(CEDC Fund	
I	Expenditure	Highlights

Personnel

Item	Expenditure
Pay Adjustment - Merit	All Employees - 2% - 4% Performance-Based Adjustment
Health Insurance	5% rate increase
Operations	
Business Recruitment Marketing	\$75,000
Network Replacement -	¢205 500

\$205,500

CEDC Replacement Fund Expenditure Highlights

The Marg.

Capital

Capital Replacement per Schedule	\$1,279,995
The Marq Audio / Visual System Upgrades	\$458,800

Costs include standard expenses like utilities, supplies, marketing and promotional materials. Funds are also included to support expanded marketing efforts to enhance the City's economic development and business recruitment efforts.

<u>Capital</u>: The budget shows no capital expenses in the operating budget. The CEDC Replacement Fund will provide dollars for capital purchases as recommended in the adopted replacement plan.

<u>Indirect charge/transfers</u>: A transfer of \$541,404 to the General Fund is planned for the indirect charge and \$325,000 to the capital improvements program. We are also planning to transfer \$2,444,806 to the CEDC Debt Service Fund and \$1,125,000 for capital replacement needs.

The CEDC Replacement Fund has been established to ensure that Champions Club and Legends Hall are maintained properly. The budget includes \$1,845,046 for planned replacements. With the transfer in of \$1,125,000, the ending fund balance in the replacement fund will be \$5,220,469.

Fund balance. The ending fund balance for the CEDC operating fund is projected at \$25,655,890, an 11.83% increase. The CEDC Board of Directors approved the budget on August 4, 2025.

The CEDC debt service fund covers principal, interest, and administrative costs for bonds for the construction of Champions Club. Total debt service expenditures are \$2,444,806. The ending fund balance for this fund is projected to be \$729,297.

Economic Development Investment Fund

The Economic Development Comprehensive Plan includes a recommendation to build an economic development investment fund. We will continue to implement this recommendation for this fiscal year.

Revenue highlights. Revenue is projected at \$120,000 (interest), and we will transfer \$150,000 to this fund, as we work to build its balance for future use.



Southlake Economic Development Comprehensive Plan

ED15: Maintain ongoing, dedicated funding to achieve economic development goals by continuing investment in the Economic Development Investment Fund.



Expenditure highlights. There are no budgeted expenditures from this fund for the fiscal year.

Fund balance. The ending fund balance is projected to be \$4,081,798.

Facility Maintenance Fund

Using the Strategic Initiative Fund (SIF), the City was able to establish a dedicated fund to set aside dollars for large-scale facility maintenance, as recommended in the City's Sustainability Plan. For this fiscal year, the City will continue the practice of transferring SIF dollars into the fund, with the goal of maintaining a reserve equal to 10% of the total value of the City's physical plant. A transfer of \$2,000,000 from the SIF is budgeted for this purpose.

City staff currently manages approximately 880,380 square feet of facility infrastructure across the organization, including The Marq Southlake, which is supported by a separate fund for major maintenance. Day-to-day facility upkeep is absorbed into various departmental operating budgets; however, this fund ensures the City is proactively planning for capital-level maintenance needs and system replacements over the long term. The projected ending fund balance of \$15,336,509 reflects the current policy goal of reserving 10% of the total plant value (excluding The Marq).

Looking ahead, the City is in the process of constructing one of Southlake's newest operational

Facility Maintenance Fund **Expenditure Highlights**

Operations

Item	Expenditure
Pest Treatment & Rodent Control for City Facilities	\$19,300
DPS HQ & DPS North - Fire Apparatus Bay Flooring Resurfacing	\$95,300
DPS HQ - Carpet & Flooring Phase 2	\$163,000
DPS HQ - Fire Bunk Room / Living Area Patching & Painting	\$12,927
DPS HQ - Weatherproofing	\$800,000
Southlake Town Square Garages - Signage Repainting	\$26,220
Town Hall - Exterior Handrail Maintenance	\$20,000
Town Hall - Water Heater Replacement	\$26,000



Southlake Sustainability Comprehensive Plan

EFW3: Fund and adopt annual City operating budget, capital projects and equipment through sound financial policies.

"The Facility Maintenance Fund should maintain a reserve equivalent of 10% of total City facility asset value."

The FY 2026 budget includes a transfer from the Strategic Initiative Fund of \$2,000,000 towards this goal.

investments—the new Municipal Service Center and Public Safety Training Tower, located on a 13-acre site at 1605 Brumlow Avenue. This facility will replace the aging Public Works Operations site on Continental Boulevard and consolidate multiple departments currently housed in separate locations. When completed in 2027, the facility will add approximately 37,000 square feet to the City's managed building inventory, including a two-story administration building, a service bay facility for fleet and equipment maintenance, and a four-story public safety training tower to support realistic, scenario-based training for Fire and Police personnel.

Once operational, the new facility will be supported long-term through the Facility Maintenance Fund in partnership with the Utility Fund, recognizing the shared use of the space by Southlake Water Utilities. As the building is incorporated into the City's facility inventory, its value and maintenance needs will be reflected in future fund balance targets and reserve planning. This project is a clear example of the City's commitment to building responsibly, planning ahead, and ensuring operational readiness through strategic reinvestment.

The Facility Maintenance Fund is a critical component of the City's broader financial sustainability strategy. By planning for major maintenance needs through disciplined reserve practices, the City avoids large, unexpected financial impacts and preserves operating flexibility across fiscal years. As Southlake's facility portfolio grows—with the upcoming addition of the Municipal Service Center and other potential future investments—this fund will continue to play a vital role in supporting long-term infrastructure stewardship. Ongoing updates to the City's multi-year financial plan will ensure that future maintenance obligations are anticipated and appropriately resourced, reinforcing the City's

commitment to responsible financial management and exceptional service delivery.

Technology Infrastructure and Security Fund

Established in FY 2017, the Technology Infrastructure and Security Fund was created to proactively plan for and manage the City's evolving technology needs. Much like the Facility Maintenance Fund, this fund is supported through

Technology Infrastructure & Security Fund Expenditure Highlights Business Continuity	
Item	Expenditure
WIFI Access Points at DPS HQ	\$127,000

strategic transfers from the General Fund via the Strategic Initiative Fund (SIF). This funding structure ensures that technology-related investments are not treated as one-time or reactive costs, but as critical long-term infrastructure commitments that support operational effectiveness and service delivery.

Revenue. Revenue for the fund is projected at \$805,000, which includes lease payments from communication providers for the use of City-owned water towers and interest income. An additional \$1,000,000 transfer from the SIF is also budgeted to support long-term planning and maintain fund strength.

Expenditure highlights. Planned expenditures for the year total \$657,000 and include recurring investments in enhanced network and IT infrastructure design, strengthened security, improved business continuity measures, update and replace equipment, and other critical technology enhancements that

ensure the City remains secure, resilient, and capable of supporting modern service demands. One new project is planned shown in the expenditure highlights table.

Fund balance. The ending fund balance is projected at \$9,053,278, positioning the City to continue making thoughtful, well-timed technology investments in support of both dayto-day operations and long-range strategic goals.

Tax Increment Finance District Fund

Tax Increment Reinvestment Zone (TIRZ) #1 or the Tax Increment Finance (TIF) District was created in 1997, with an effective beginning date of January 1, 1998. It was designed to encourage quality commercial development within the zone.

In 2018, TIRZ #1 was extended for an additional twenty years. These tax dollars are restricted and may only be used for improvements or maintenance of facilities within the TIRZ #1. The City of Southlake and Carroll Independent School District (CISD) are partners in the TIRZ.

The projects funded in this budget were identified in the TIRZ #1 Project & Financing Plan which was adopted by the Board of Directors and City Council in August and September 2018 when the district was reauthorized and extended.

Revenue highlights. Anticipated revenues for the TIRZ #1 total \$10,676,956, including interest income. Revenue projections include estimated CISD zone participation based on a three-year average.

Expenditure highlights. Total expenditures are adopted at \$10,401,059. These expenditures are attributable to TIRZ #1 projects identified in the project and financing plan. Projects for FY 2026 include funding for the School Resource Officer program at schools located in TIRZ #1, funding



The establishment of TIRZ #1 and the use of the captured revenues for improvements in the District supports the focus area of Infrastructure and Development and the strategic corporate objectives of "Maintaining an environment of future readiness by understanding and acting upon the forces, trends, and coming challenges affecting services."

TIF District Fund **Expenditure Highlights**

Personnel

Item	Expenditure
Pay Adjustment - Merit	All Employees - 2% - 4% Performance-Based Adjustment
Pay Adjustment - Maintain Compensation Market Position	Public Safety Market Adjustments - 85th Percentile (SROs)
Health Insurance	5% rate increase

Community Enhancement

Town Square Street Maintenance & Sidewalk Repair	\$304,000	
Town Square Landscape & Hardscape Upgrades	\$150,000	
Town Square Street Sweeping Services Contract Increase	\$5,500	
CISD Facility Maintenance - Roof Replacements (Dawson, Eubanks & Old Union)	\$2,241,000	

for CISD facility maintenance improvements, and enhancements and maintenance to public infrastructure in the Town Square environment.

Fund balance. The ending balance is projected at \$13,555,940.

Special Revenue Funds

The City of Southlake accounts for revenues and expenditures of dedicated or special purpose funding in special revenue funds as described below.

Commercial Vehicle Enforcement Fund. State law requires that fines and forfeitures associated with commercial vehicle enforcement activities be segregated for accounting purposes.

We are projecting total revenues of \$22,000 with expenses totaling \$174,017. A General Fund transfer of \$100,000 into this fund is also planned to ensure adequate funding for these enforcement activities. The ending fund balance is projected to be \$168,857.

Court Security and Court Technology Funds.

In accordance with longstanding practice, the budget includes appropriations from both the Court Security Fund and the Court Technology Fund, which provide dedicated support for municipal court operations.

The Court Security Fund anticipates revenues of \$12,000, with planned expenditures of \$73,172 to enhance the safety of court operations through the use of contracted security personnel and other protective measures. The projected ending fund balance is \$349,349.

The Court Technology Fund anticipates revenues

of \$8,000, with \$91,365 in planned expenditures to support projects that optimize technology use within the municipal court, such as software updates and courtroom equipment upgrades. The projected ending fund balance is \$221,493.

Expenditure Highlights

Commercial Vehicle **Enforcement Fund**

Special Revenue Funds

Emorcement Fund			
Item	Expenditure		
Pay Adjustment - Merit	All Employees - 2% - 4% Performance-Based Adjustment		
Pay Adjustment - Maintain Compensation Market Position	Public Safety Market Adjustments - 85th Percentile (SROs)		
Health Insurance	5% rate increase		
Court Security			
Pay Adjustment - Merit	All Employees - 2% - 4% Performance-Based Adjustment 4.5% Market - Public Safety		
Pay Adjustment – Maintain Compensation Market Position			
Health Insurance	5% rate increase		
Court Technology			
Dallas Regional Warrant Database Connection	\$12,250		
Laserfiche to Tyler Content Manager (TCM) Document Transfer for Municipal Court	\$43,760		
Purchase Five (5) Scanners for Municipal Court/Teen Court	\$3,750		
Purchase Three (3) Topaz Signature Pads from Tyler Technologies	\$1,575		

In 2025, the Texas Legislature passed House Bill 1950, which consolidates several municipal court cost-

based revenue streams into a single fund. Under the provisions of the bill, as of May 1, 2025, all new court cost revenues are deposited into this newly established consolidated court fund.

Given the effective date of the legislation and to ensure proper use of available resources, the City will continue budgeting expenditures from the separate Court Security and Court Technology Funds until their balances are fully expended. Once those fund balances are expended, the City will begin budgeting eligible court-related expenditures from the new consolidated fund in accordance with state law. This transition strategy ensures responsible stewardship of available dollars while maintaining compliance with legislative requirements.

Hotel Occupancy Tax. The Hotel Occupancy Tax is authorized under the Texas Tax Code, Chapter 351. The City of Southlake adopted Ordinance No. 769 in February 2000, levying a 7% tax on room receipts. The tax on hotel rooms is providing the revenues to the City in this category. Revenues are estimated at \$2,725,000, an increase of 10.2% compared to the prior year adopted budget.

Total planned expenditures for this fund are \$1,451,896 and new items are detailed in the expenditure highlights table on the pages of this subsection. Transfers to other funds total \$717,750. including the indirect transfer to the General Fund and a transfer to the Public Art Fund.

The ending fund balance is projected at \$5,156,601.

Library **Donations**. Staff is anticipating approximately \$4,700 in donations/interest and \$8,000 in expenditures will be for library special projects, which are often defined by the donor. Ending fund balance is projected at \$13,005.

Park Dedication Fees. This special revenue fund accounts for funds from park dedication fees on new development. Use of park dedication fees is restricted to park improvements and primarily used for capital expenses. A transfer of \$300,000

Special Revenue Funds **Expenditure Highlights**

Hotel Occupancy Ta	ax Fund	
Item	Expenditure	
Pay Adjustment - Merit	All Employees - 2% - 4% Performance-Based Adjustment	
Health Insurance	5% rate increase	
Capital Projects Cash Funding Transfer	\$200,000	
Holiday Season Enhancements	\$125,000	
Park Dedication Fee Fund		
Capital Projects Cash Funding Transfer	\$300,000	
Police Services Fun	d	
Narcotics Investigator Training	\$2,900	
Drug Take Back Program	\$2,000	
Narcan	\$3,080	
Public Art Fund		
Capital Projects Cash Funding Transfer	\$300,000	
Reforestation Fund		
Annual Tree Planting & 2026 Tree Planting Initiative	\$69,800	
Red Light Camera Fund		
Citywide Striping	\$50,000	
Storm Water Utility	Fund	
Stormwater Management Plan	\$16,000	
Capital Projects Cash Funding Transfer	\$500,000	

to the CIP is planned.

Parks and Recreation Fund. This fund accounts for sponsorships obtained to enhance City special events, programs, athletic fields, and parks for which sponsorships are granted.

The budget reflects projected total revenues of \$45,000. Expenses are estimated at \$44,000 leaving the fund with a projected balance of \$194,086.

Police Services Fund. This fund has been established to account for revenue associated with asset forfeitures. Interest income of \$1,200 is the only anticipated revenue, but a beginning fund balance of \$57,548 is available for use. Total expenditures of \$5,980 are planned to address various Police Department needs. Ending fund balance is projected to be \$52,768.

Public Art Fund. The Public Art Fund was established to account for funding that is available for the promotion, creation, installation, and/or maintenance of public art throughout Southlake. The Hotel Occupancy Tax financially supports the City's public art program, and a Public Art Comprehensive Plan has been adopted to guide program development.

The budget shows \$17,000 in interest income. The law providing for the Hotel Occupancy Tax (HOT) allows up to 15% of the revenues to be used for public art purposes. A transfer of \$408,750 from the HOT Fund is budgeted for this purpose.

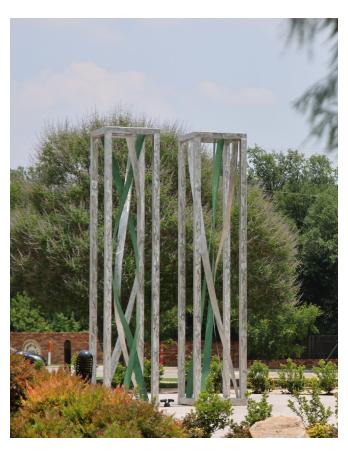
Expenditures are estimated at \$74,340. The Public Art Fund provides support for the City's ongoing relationship with the APEX Arts League, Arts Council - Northeast, and the Southlake Arts Council by

providing funding for various projects such as public art displays and event support. The budget also supports public art maintenance.

A transfer of \$300,000 to the CIP is planned for public art projects. The ending fund balance is estimated at \$527,415.

Recycling Fund. The City's contract for solid waste services provides for an annual payment of \$6,000 to the City for total projected revenue of \$8,500 including interest. The budget includes \$3,000 for special projects support. The ending fund balance is projected to be \$85,362.

Red Light Camera Fund. In August 2008, the City of Southlake initiated a red-light enforcement camera system. Subsequently, Texas lawmakers passed a bill to prohibit the use of the cameras. The City immediately ceased operations of the program. The budget accounting for the revenue generated from the fines previously levied has a



beginning fund balance of \$79,346. With interest earnings of \$1,500 projected, the fund will still be able to support traffic safety programs in this fiscal year. Expenditures for traffic safety operations have been budgeted at \$50,000 to support citywide roadway striping maintenance. Ending fund balance is projected at \$30,846.

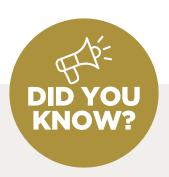
Reforestation. The budget includes this fund to account for revenues and expenditures dedicated for reforestation. These funds are derived from assessments related to the tree preservation ordinance. The budget reflects permits/fees of \$5,000. For FY 2026, \$69,980 has been budgeted for tree planting projects throughout town as well as to support the City's initiative to plant 2026 trees in honor of the City's 70th birthday in the coming year. The ending fund balance is projected at \$144,558.

Storm Water Utility Fund. On October 17, 2006, the City Council established a Storm Water Utility System Fund. This utility requires a monthly fee for all of Southlake's developed properties. These fees provide a funding source for maintenance, repair, and construction of public storm water facilities, and can only be spent for these purposes.

Total revenues for this fund are projected at \$1,672,000. This is relatively flat (-0.8%) when compared to the prior year adopted budget. Planned expenditures total \$682,087, including \$275,602 in personnel expenses and \$352,485 in operational costs.

Transfers out of the fund totaling \$967,432 are planned, and the ending fund balance is projected at \$2,424,524.





The City maintains more than 100 miles of storm water infrastructure.

Strategic Initiative Fund

At the end of each fiscal year, General Fund excess revenue (including indirect transfers from other funds) and unspent appropriation become a part of the City's fund balance, or reserves. When reserves exceed the optimum level, the excess is transferred to the Strategic Initiative Fund (SIF), providing cash funding for needed projects without requiring the City to borrow money for them.

Implemented in 2006, the SIF has been used for non-recurring expenses and high impact projects. Figure 20 shows the uses of the SIF since its inception.

The beginning SIF fund balance is \$4,760,335. A transfer from the General Fund of \$4,000,000 is budgeted.

Expenditures are planning for the following projects in each of the categories:

Infrastructure Maintenance Funding. A transfer of \$2,000,000 from the SIF to the Facility Maintenance Fund is planned. The purpose of this fund is to build financial capacity to address future maintenance projects as our facilities age.

Community Enhancement Funding. This category of funding is set aside to provide pay-as-you-go funding for initiatives which will enhance the quality of life or aesthetics of Southlake. Additionally, this category of funding may be used to enhance the

Strategic Initiative Fund Expenditure Highlights		
Infrastructure M	Infrastructure Maintenance	
Item	Expenditure	
Transfer to Facility Maintenance Fund	\$2,000,000	
Community Enhancements		
Southlake Comprehensive Plan Updates	\$100,000	
Records Management System Enhancements	\$116,491	
Capital Acquisition		
CIP Transfer	\$1,500,000	
Fire Department EMS Equipment Replacement - LIFEPAK Monitors (35) Power-PRO Stretcher LUCAS CPR Device Stair-PRO Stair Chair	\$803,500	
Technology		
Transfer to Technology Infrastructure & Security Fund	\$1,000,000	
Fire Department Station Alerting System	\$596,843	

City's ability to provide more convenient customer service experiences for our customers. This year's budget includes expenditures of \$216,491 in this category.

Capital Acquisition Funding. The SIF is often used to provide cash funding for capital equipment or projects. For this fiscal year, \$1,500,000 will be transferred from the SIF to the Capital Improvements Program for the purpose of building infrastructure and planned facilities. This year's budget includes additional expenditures of \$803,500 in this category, to address equipment replacement needs for Fire Department operations.

Technology. To support the concept of high-performance management and strong service delivery, the Council has identified strategic corporate objectives that emphasize future-readiness and strong risk

Figure 20

Strategic Initiative Fund expenses By Category, Since Inception

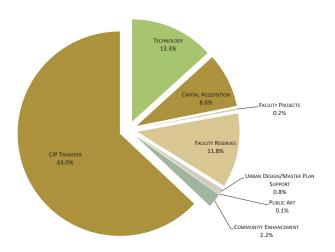
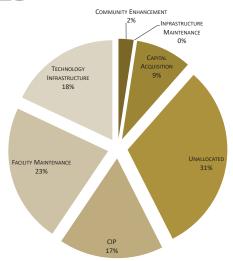


Figure 21

Strategic Initiative Fund expenses By Category, FY 2026



management. The Strategic Initiative Fund has traditionally covered the cost of high impact technology solutions for the City.

Council established a Technology Infrastructure and Security Fund to ensure sustainable funding that recognizes ongoing technological change and advancement. For this fiscal year, \$1,000,000 will be transferred to this fund to cover certain technology expenses. Additionally, funds have been budgeted in this category to replace technology within the City's fire stations that provides station alerts related to dispatched calls. The adopted upgrade to the system will improve communication reliability between dispatch and fire stations, enhancing response efficiency and life safety outcomes. This investment addresses recurring issues with missed or unclear alerts, improves system redundancy, and responds to a recommendation from the City's fire accreditation peer review. Features such as continuous monitoring, automatic tone allocation, and visual alerting enhancements will support faster, more accurate response times and promote a safer, more resilient work environment for first responders.

Budgeted expenditures for the Strategic Initiative Fund total \$1,616,834. Transfers to other funds total \$4,500,000. This leaves \$2,753,501 of the available funds unallocated. Figure 21 shows SIF expenses by category for the fiscal year.

Summary

The City of Southlake has over 50 funds with specific purposes which are defined by federal, state, or local laws. They include the General Fund which is used for general City operations, the Utility Fund which is used to support the City's water, sewer, drainage, and solid waste service, and a multitude of Special Revenue, Debt Service Funds, and Capital Project Funds. Simply stated, funds are set up like separate companies which must operate under specific parameters. These fund highlights have been provided as an overview of each fund. To review further, please see the following sections of this document.

CITY OF SOUTHLAKE

BUDGET BASICS





GUIDE TO THE BUDGET DOCUMENT



Budget 101

A former world leader once said, "It's clearly a budget. It has a lot of numbers in it." And while that's a true statement about this budget document, it should be noted that each of these numbers has purpose and meaning behind it. The annual budget serves as a policy document, a financial plan, an operations guide, and a communications device for the City. It is the foundation for the City's allocation of resources toward high quality service delivery plans, targeted investments, and continued improvements. It also encapsulates incremental changes addressing service requirements and builds upon initiatives funded in prior years, while establishing new direction for programs.

This section explains the meaning behind the numbers which are presented in subsequent chapters. It gives perspective to the City's budgeting process, basis of budgeting and accounting, how the budget is amended, and the fund accounting system. All of these components, combined with the City's Strategic Management System make up the primary foundation for every City of Southlake budget document.

Budget Sections

The Budget Document is arranged in 17 sections that are separated by their respective tabs. Below is a brief description of the materials found in each of the sections.

Budget Overview - The Budget Overview provides a summary of key information included in the adopted budget. The section begins with the Manager's Message - a letter written to the City Council by the City Manager describing budget development considerations and summarizing the high-level goals accomplished with the budget. The section continues with budget overview information, including the adopted tax rate and expenditure and revenue analysis and provides adopted fund summaries as well as overviews of the departmental plans. This section helps tie together the core elements which make up the adopted budget and illustrates how those elements further the City's goals found within the Strategic Management System.

Budget Basics - This section helps explain the meaning behind the numbers presented in subsequent chapters. It gives perspective to the City's budgeting process, basis of budgeting, fund accounting system, and an explanation of factors included in budget development.

City Profile - This section of the budget document offers a quick, effective visual of the City's financial condition. We believe the ability to monitor and evaluate the financial condition of a local government is critical to that government's successful, prosperous future. Recognizing that trends can provide early warning signals, staff regularly monitors numerous financial indicators. A list of Council members, an organizational chart, location and a history of the City is also provided in the City Profile.

Strategic Direction - This section provides information about the City's Strategic Management System (SMS). Several years ago the City adopted the SMS, which drives the way the City conducts its business. The department directors contribute to the SMS by developing a department business plan and aligning their yearly budget proposals to that plan.

Multiyear Operating Plan - As the annual budget is developed, the City also prepares a multiyear plan. This tool is essential for effective financial management and strategic planning. This section describes the expenditure and revenue assumptions for the multiyear plan and shows a five year forecast.

City Department Overview - This section provides an overview of the various departments and divisions of the City via department highlights, strategy maps, scorecards and goals. This section is intended to give the reader an understanding of the core services each department provides as well as performance data related to those services.

Fund Summaries - This section provides an analysis of each separate fund including revenues, expenditures and fund balance. For comparative purposes, the immediately preceding fiscal year's audited figures are illustrated, as well as current year budget, revised current year and adopted budget for the impending fiscal year.

General Fund Expenditures - This section provides the General Fund Summary. The General Fund is the City's principal operating fund which is supported by taxes, fees, and other revenues that may be used for any lawful purpose. This fund accounts for all activity not specifically accounted for in other funds and includes funding for operations such as police, fire, engineering, planning, finance and administration.

Strategic Initiative Fund - This section provides information about the Strategic Initiative Fund. This fund was created in 2006 for the purpose of taking General Fund balance reserves in excess of the City identified optimal fund balance level and using them for one-time expenditures for high-impact projects such as infrastructure maintenance, community enhancement, technology and capital acquisition.

Facility Maintenance Fund - This section provides information about the Facility Maintenance Fund. The purpose of this fund is to build capacity for annual or future maintenance projects as we will have many needs to address as our facilities age. The Strategic Initiative Fund has provided regular transfers for this fund, an important element of our budget given the size and complexity of the City's facility infrastructure.

Technology Infrastructure & Security Fund - This section provides information about the Technology Infrastructure & Security Fund. This fund was created in 2017 to build capacity for current and future technology needs. Expenditures in this fund are used to maintain, enhance and replace technology infrastructure and enterprise software to ensure the City receives the most reliable and best value with technology investments.

Economic Development and Investment Fund - The Southlake Economic Development Strategic Plan includes the following as recommendation ED15: "Maintain ongoing, dedicated funding to achieve

economic development goals by continuing investment in the Economic Development Investment Fund." This fund was created in 2013 for that purpose.

Utility Fund - This section provides the Utility Fund Summary. The Utility Fund is an enterprise or business fund. This means that the direct beneficiaries of the "business" pay for all costs through fees or rates. Water, sewer service, and solid waste service revenues generated through our rates, as well as the expenses for providing these services are accounted for in the Utility Fund.

Vehicle Replacement Fund - This section provides a fund summary and detailed spending plan for funds to manage the purchase of vehicles for the City's fleet. The establishment and funding of the vehicle replacement program was designed to even out expenses for the City's fleet from year to year and provide a logical method for purchasing and retiring vehicles.

Fi	Figure 1		
	FY 2026 Budget Calendar		
	January 2025	City Council Work Session	
	February 2025	Staff Budget Kick-Off	
	May 2025	Departmental Budgets Due	
	August 2025	City Council Budget Preview City Council Work Session City Manager Files Budget	
	September 2025	City Council Work Session 1st Reading and Public Hearing City Council 2nd Reading and Public Hearing	
	October 1, 2025	Fiscal Year 2026 Begins	

Debt Service Funds & Debt Schedules - This section provides a summary of the annual principal and interest payments for all outstanding bonded debt and capital leases. Also included are some fast facts about the City's use of debt and how that debt is funded both through property tax revenue and through dedicated, self-supporting revenue streams such as sales tax revenues for park development.

Special Revenue Funds - This section provides a detailed spending plan for funds generated from the proceeds of specific revenue sources that are legally restricted for certain purposes.

Appendix - This section includes a list of acronyms, a budget glossary, Southlake's financial policies and frequently asked questions. Also included is a personnel schedule, tax rate allocation information and the Financial Wellness component of the Southlake 2030 Sustainability Plan.

Budget Process

How does the City of Southlake spend taxpayer money? It's a simple question with a complex answer. What follows is a high-level explanation of the City of Southlake's budget process.

The formal budget process in Southlake begins each year with a City Council work session designed to review the City's strategy as it relates to the Strategic Management System (SMS) and make any changes necessary to ensure that the strategy still aligns with City Council and citizen priorities. To read more about the SMS, see the Strategic Direction section.

Using Council's direction at this work session, staff begins working on their departmental work plans for the upcoming fiscal year. The initiatives in these plans determine what budgetary requests are necessary to meet service level needs. Once each department has finalized its own plan, and it has been approved by the City Manager, staff prepares their departmental budget requests which are also submitted to and reviewed by the City Manager. For more information about the City's organizational structure, see the Strategic Direction section of this book.

The Charter of the City of Southlake mandates that a proposed budget be filed by the City Manager with the City Secretary's Office no later than August 15th for the new fiscal year beginning October 1. Following filing, the City Council begins their review leading up to budget adoption in September.

When filed with the City Secretary's Office on August 15th, the budget presents in summary form the revenues and expenditures from each of the City's funds. From there it is discussed during City Council work sessions and then formally presented by staff during public hearings at regularly scheduled City Council meetings.

How the Budget is Amended

The City of Southlake Charter Sections 9.20 through 9.25 defines the process for budget amendments (see Appendix). To meet these Charter requirements, budget amendment requests, if necessary, are evaluated and processed each year and presented to City Council for review and approval.

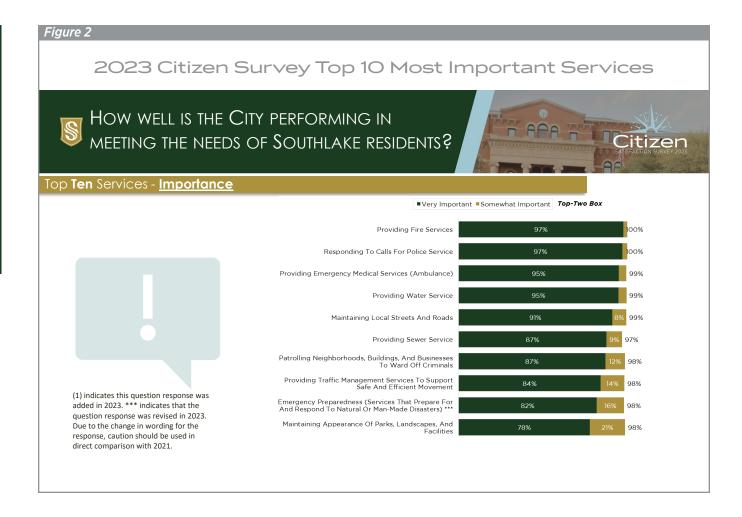
Citizen Input and Communication

The process leading to the budget adoption is participatory and includes a communications plan that encourages input from citizens, boards and commissions, City departments, and the City Council.

The communications plan includes:

- Public hearings:
- Live online broadcasts of City Council work sessions, meetings and public hearings;
- Presentations to City boards and commissions;
- Access to the Proposed and Adopted budgets through the Southlake Public Library system; and,
- Internet access to all budget documents and videos of public meetings at www.CityofSouthlake.com.

In addition to communication provided during the budget process, the budget is developed using feedback from the City's biennial Citizen Satisfaction Survey. In this survey residents tell the City what they think are the most important services and what they are most satisfied with. Using this information, the budget is developed to ensure that these service priorities are continually met. Figure 2 shows the services rated with the highest importance in the last survey, conducted in October 2023. This survey data was used to inform budget recommendations for FY 2026.



Basis of Accounting

The City of Southlake utilizes the modified accrual basis of accounting which is a method of accounting for revenues and expenses when earned or incurred instead of when cash is received or spent.

Basis of Budgeting

The City of Southlake's basis of budgeting for its major fund groups (General Fund, Utility Fund, Storm Water Utility Fund, Southlake Parks Development Corporation Fund, Crime Control & Prevention District Fund and Tax Increment Finance District Fund) and for all Special Revenue Funds is modified accrual, per the Generally Accepted Accounting Principles (GAAP).

Revenues are budgeted according to when they are both measurable and available. Revenues are considered to be available when they are collected within the current period, or soon enough thereafter to pay liabilities of the current period. The City considers property taxes, franchise taxes, licenses, and interest associated with the current fiscal period susceptible to accrual if they are collected within 60 days of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Expenditures are budgeted according to when the liability is incurred, regardless of the timing of related cash flow. The exceptions are debt service, compensated absences, claims and judgments, which are budgeted as expenditures according to when the payments are due. The City's basis of budgeting is the same as the basis of accounting, as reflected in the Popular Annual Financial Report.

Fund Accounting

Funds are unique to governmental type agencies. In the corporate world, "Funds" do not exist. The company receives revenues and writes checks to pay for its expenses and reports them for the company as a whole. Governments handle this process differently.

The City of Southlake has over 50 funds with specific purposes which are defined by federal, state, or local laws. They include the General Fund which is used for general City operations, the Utility Fund which is used to support the City's water, sewer, drainage, and solid waste service, and a multitude of Special Revenue, Debt Service Funds, and Capital Project Funds. Simply stated, funds are set up like separate companies which must operate under specific parameters.

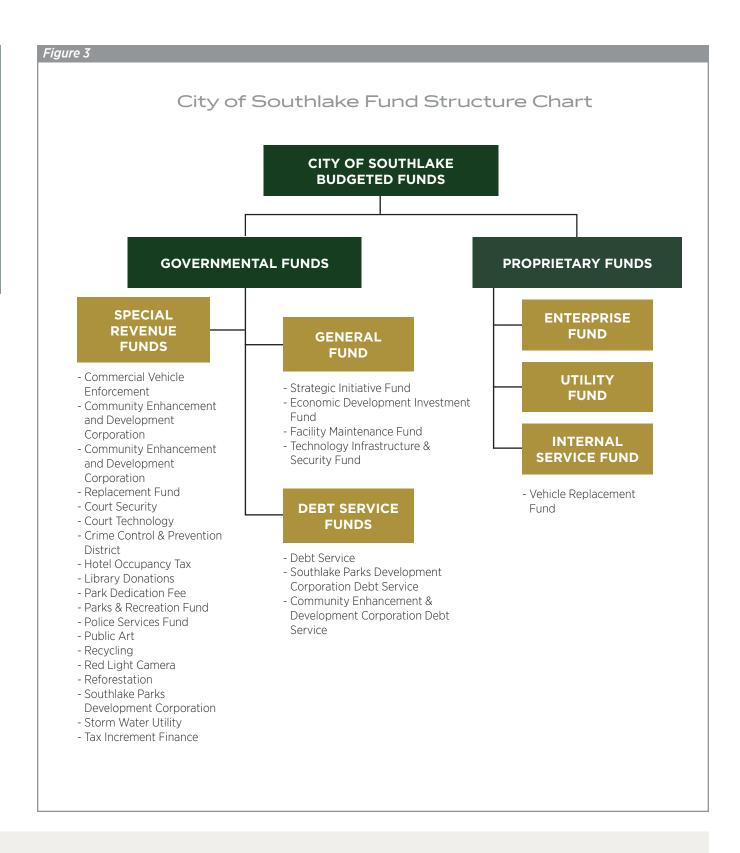
For example, the City receives \$0.02 of sales tax for every dollar spent in our city limits. One of those pennies goes to the General Fund and can be spent on general operating costs, like supplies, salaries, and general maintenance. The other penny is split between our Crime Control and Prevention District, the Community Enhancement and Development Corporation, and the Southlake Parks Development Corporation. These three units of the City of Southlake were voted on by the residents, but state law determines how that money is spent. The City can only use it for the purposes outlined in the original referendum presented to the voters, so the separate funds were set up to account for the revenues and expenditures of each unit.

In another example, the City receives proceeds from bonds issued for various projects. The Official Statement for a bond issue outlines how much money the City will receive, how that money will be repaid, and how the money can be spent. This document is legally binding on City officials and is enforced by federal, state, and local laws. If the Official Statement says we received \$12,000,000 for roadway improvements, City Council and management may not opt to spend it on equipment or supplies. The money is recorded in a Capital Project Fund for roadway improvements and can only be spent on roadway improvements.

Although these examples are for three very specific funds, the same concept of expense restrictions applies to all funds. As a result, reporting revenues and expenses for the City of Southlake includes over 50 miniature financial statements in addition to a Citywide financial statement. It may appear that money is available to spend when in fact the majority of the money is restricted by law.



Contact the City Manager's Office at (817) 748-8400 or TalkToUs@cityofsouthlake.com



What follows is an explanation of the funds themselves and how they contribute to the overall budget.

General Fund.

The City's principal operating fund, which is supported by taxes, fees, and other revenues that may be used for any lawful purpose. This fund accounts for all activity not specifically accounted for in other funds. It includes such operations as police, fire, engineering, planning, finance and administration. It also supports maintenance of the city's roadway, facilities, stormwater, and technology infrastructure. It is City policy to maintain an undesignated fund balance (reserves) for emergencies or unforeseen circumstances equivalent to 15-25% of planned expenses.

Strategic Initiative Fund.

This fund was created in 2006 for the purpose of taking General Fund balance reserves in excess of the City identified optimal fund balance level and using them for one-time expenditures for high-impact projects such as infrastructure maintenance. enhancement. community technology and capital acquisition.

Economic Development Investment Fund.

The Southlake 2035 Economic Development & Tourism Strategic Plan includes the following as recommendation 4.3: "Southlake should establish a fund to use to attract and retain employers, as well as to help retain and expand existing businesses." This fund was created in 2013 for that purpose and its use is governed by a City Council-adopted policy.

Facility Maintenance Reserve.

The purpose of this fund is to build capacity for future maintenance projects as we will have many needs to address as our facilities age. The Strategic Initiative Fund (SIF) has provided regular transfers for this fund, an important element of our budget given the size and complexity of the City's facility infrastructure. For the upcoming fiscal year, we will continue our practice of transferring SIF money into this fund, but we are also budgeting expenses in the operating budget for facility projects.

Technology Infrastructure & Security Fund.

The Technology Infrastructure & Security Fund was created in 2017 to build capacity for current and future technology needs. Expenditures in this fund are used to maintain, enhance and replace technology infrastructure and enterprise software to ensure the City receives the most reliable and best value with technology investments. In order to keep up with the increasing number and complexity of security threats, this fund also supports technology security projects and programs.

Utility Fund.

The Utility Fund is an enterprise or business fund. This means that the direct beneficiaries of the "business" pay for all costs through fees or rates. Water, sewer service, and solid waste service revenues generated through our rates, as well as the expenses for providing these services are accounted for in the Utility Fund. As with the General Fund, prudent financial management and bond requirements make it necessary to have healthy reserves. Rather than stating the reserves as a percentage of operating expenses, it is stated as days of working capital. It is our goal to have no less than 60 to 90 days of working capital on hand.

Vehicle Replacement Fund.

This fund accounts for the resources needed to manage the purchase of vehicles for the Citv's fleet. The establishment and funding of the vehicle replacement program was designed to even out expenses for the City's fleet from year to year and provide a logical method for purchasing and retiring vehicles.

Debt Service Fund.

Although the Strategic Initiative Fund provides cash for pay-as-you-go capital projects, the City still must borrow to build needed infrastructure.

As mentioned, a portion of the revenue generated by the property tax rate is allocated to support long-term bond projects through the Debt Service Fund. A Capital Improvements Program details the projects and costs for a five-year period and identifies future unfunded projects. The Debt Service Fund provides the needed money to build these projects.

Special Revenue Funds.

These funds are general government funds where the source of revenue is dedicated to a specific purpose:

Commercial Vehicle Enforcement.

This fund accounts for fines collected from commercial vehicle violations. Use of these funds is restricted for commercial vehicle enforcement, per State law.

Community Enhancement and Development Corporation (CEDC).

The Community Enhancement and Development Corporation was formed when Southlake voters approved the special levy of a 3/8 cent sales tax in 2015. The funds are dedicated toward the construction of Champions Club at The Marq Southlake, a community events and recreation facility. Funds are used to support operational expenses related to The Marq as well as special economic development projects.

Community Enhancement and Development Corporation - Replacement Fund.

The Community Enhancement and Development Corporation - Replacement Fund accounts for the resources needed to manage the purchase of replacement equipment and capital outlay at The Marq Southlake. The establishment and funding of the Community Enhancement and Development Corporation - Replacement Fund was designed to even out expenses for the Community Enhancement and Development Corporation from year to year and provide a logical method

for purchasing and retiring needed equipment and capital outlay.

Court Security.

This fund accounts for a percentage of the monies collected from the payment of fines and forfeitures. Use of these funds is restricted for the purchase of court security items, per State law.

Court Technology.

This fund accounts for a percentage of the monies collected from the payment of fines and forfeitures. Use of these funds is restricted for purchase of court technology, per State law.

Crime Control and Prevention District (CCPD).

The half-cent sales tax collection to fund the Crime Control and Prevention District began in April 1998, with the first sales tax check received in June 1998. State law provides that a district's initial life is limited to five years. Voters may continue the district by approval of a referendum. In February 2002, Southlake voters approved the continuation of the CCPD for 15 years and in May 2015, voters approved the reduction of the sales tax to 1/8 cent, and in May 2017 voters reauthorized the CCPD through 2038. This fund has been used to build facilities for and to support the Southlake Police Department. This fund also supports the City's School Resource Officer Program.

Hotel Occupancy Tax.

The Hotel Occupancy Tax is authorized under the Texas Tax Code, Chapter 351. The City of Southlake adopted Ordinance No. 769 in February 2000, levying a 7% tax on room receipts. The tax on rooms is providing the revenues to the City in this category. The first expenditures from this fund were made in FY 2008. Use of these funds is restricted. Expenses must be authorized uses under the Texas Tax Code, Chapter 351.

Library Donations.

This fund accounts for library donations collected. Use of these funds is restricted for library purposes.

Park Dedication.

This fund accounts for dedication fees on new development. Use of park dedication fees is restricted to park improvements and primarily used for capital expenses.

Parks and Recreation Fund.

This fund accounts for resources restricted for event and other sponsorship funds collected through the City's sponsorship program.

Police Services Fund.

The Police Services Fund was formed to account for the revenues and expenses allowed under Chapter 59 of the Code of Criminal Procedure. in addition to other special revenues associated with policing. Expenses from this fund may be used for officer training, specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties.

Public Art.

The Public Art Fund was established to account for funding that is available for public art promotion, creation, and/or installation throughout the City of Southlake.

Recycling.

This fund accounts for an annual payment to the City made by the City's solid waste services provider, per the terms of the service contract.

Red Light Camera.

This fund accounts for monies collected from violations issued from the City's red light enforcement camera system. Funds collected by the City of Southlake as a result of violations/ citations issued, must be used for traffic safety programs, per State law. Governor Greg Abbott signed a bill into law banning the use of red light cameras on June 1, 2019. Under the new law, the

City's red light camera program immediately ceased operation.

Reforestation.

This fund accounts for monies derived from assessments related to the tree preservation ordinance and policies.

Southlake Parks Development Corporation (SPDC).

The Southlake Parks Development Corporation was formed when Southlake voters approved the special levy of a half-cent sales tax in the mid-1990s. The half-cent is dedicated toward the acquisition and development of Southlake's park land. The specific projects are identified in the City's Capital Improvements Program. State law permits these funds to be used for operational costs, as well as capital costs.

Storm Water Utility.

This fund accumulates dollars collected by the storm water utility fee paid monthly by the owners of all of Southlake's developed properties. These fees provide a funding source for maintenance, repair, and construction of storm water facilities. and can only be spent for these purposes. The monthly storm water fee is the same for all residential dwelling units. Residential properties are charged \$8 per month for each dwelling unit that is on the property. Fees for non-residential properties are calculated individually in proportion to each property's storm water runoff potential.

Tax Increment Finance District.

Tax Increment Reinvestment Zone (TIRZ) Number One or the Tax Increment Finance (TIF) District was created in 1997, with an effective beginning date of January 1, 1998. It was designed to encourage quality commercial development in the City. Incremental values subsequent to January 1997 are taxed at the City's tax rate; however, 100% of the "captured" ad valorem revenues are utilized within the zone, rather than being allocated to the City's overall budget. Overlapping taxing entities, including Tarrant County, Tarrant County College District, Tarrant County Hospital District, and the Carroll Independent School District have participated at varying levels as investors in TIRZ #1 by assigning their ad valorem tax dollars as well. These funds pay for public projects in the zone, such as water, sewer and roads within the District. CISD projects are also funded in accordance with the approved project and financing plan. In 2018, TIRZ #1 was extended for an additional 20 years. This means that funds will continue to be collected on the incremental tax value and invested in the zone for an additional twenty years. The City of Southlake and Carroll ISD are the only participating entities with the 20 year extension.

Fund Balance

It should be noted that each fund summary for all of the City's funds ends with a line named "fund balance." Fund balance is defined as, "The excess of an entity's assets over its liabilities in a particular fund." In other words, it is the balance that remains once the fund's expenditures have been deducted from its revenues. In the City of Southlake, the amount of fund balance for each fund is dictated by different parameters. In the case of the General Fund and the Utility Fund, fund balance is defined in the City's Statement of Financial Policies (see the Appendix). Balances for other funds are determined by other parameters such as bond covenants. Fund balance is a fundamental barometer of fiscal wellness and it is important to note that the fund balance for all funds meets every established requirement.

Changes From FY 2026 Proposed to Adopted

Before adopting the budget, City Council may choose to change any aspect of the proposed budget, as long as the changes result in a balanced budget. A copy of the budget, as finally adopted, is filed with the City Secretary's Office and the County Clerk of Tarrant County. The final budget is made available for the use of all departments, offices and agencies of the City, and for the use of interested persons, agencies, and civic organizations.

August 19

City Council Budget Work Session

September 2

Proposed Budget First Reading and Public Hearing

September 16

Proposed Budget Second Reading and Public Hearing

October 1

Beginning of FY 2026

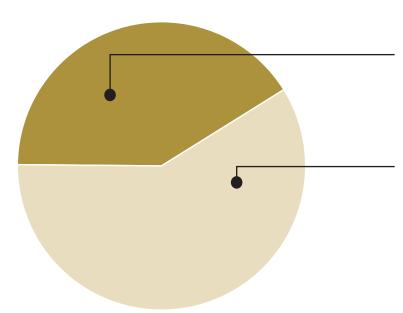


BUDGET IN BRIEF



FY 2026 Appled Budget

FY 2026 Adopted Budget - \$137.7 Million



General Fund - \$56.4 Million

Supports most basic city functions, such operations as police, fire, engineering, planning, finance and administration.

Other Funds - \$81.3 Million

These funds are restricted by law on their use, and includes Utility Fund, Hotel Occupancy Tax Fund, sales tax funds, and all other special revenue funds

Figure 4

FY 2026 Budget Fast Facts



Structural Balance

The FY 2026 adopted budget is a structurally balanced budget while maintaining alignment with our financial principles and without reducing service levels.



Taxpayer Relief

For FY 2026, the City of Southlake has adopted a \$0.01 cent property tax decrease. The tax rate decrease complements the exemptions adopted by Council, including the 20% homestead exemption which is the maximum percentage allowed by State law.



Optimum Fund Balances

Maintaining proper reserves increases the organization's ability to absorb or respond to temporary changes in the environment or circumstances, such as an unanticipated event or changes related to operating revenues. This budget provides for optimum fund balances in all funds.

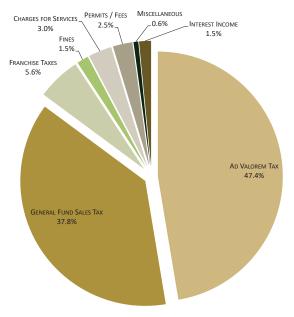


AAA Bond Rating

The City of Southlake maintains a AAA bond rating from by Moody's, Fitch Ratings and Standard & Poor's. This is the highest possible rating given to a credit. Not only does it reinforce that the City has strong financial management tools, it also allows for favorable borrowing conditions when the time is right.

FY 2026 Adopted General Fund Budget

Figure 5



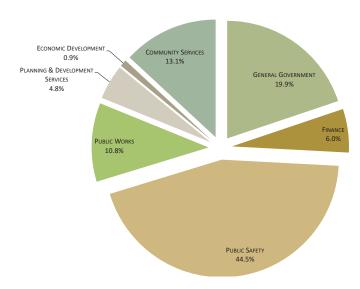
General Fund Revenues

General Fund revenues are largely made up of ad valorem taxes and general fund sales tax. In FY 2026, the General Fund anticipates revenues of \$60,005,352.

Figure 6

General Fund Expenses

General Fund expenses support basic city services, with the largest portion going toward Public Safety. The FY 2026 General Fund budget by service area is shown in Figure 6. The FY 2026 Adopted General Fund budget is \$56,413,838.



FY 2026 Funding Priorities (All Funds)



Safety & Security

The City is making significant investments to strengthen safety and security across our community. For our Police Department, new equipment such as defensive tactics training tools, less-lethal munitions, upgraded SWAT ballistic helmets and vests, and a specialized police bicycle will improve officer safety and enhance response capabilities. The Fire Department is advancing emergency services with the replacement of critical EMS equipment and upgrades to fire station alerting systems to speed emergency notifications. Facility and infrastructure security is also being expanded through citywide CCTV enhancements, solar-powered security lighting at Bob Jones Park, and network upgrades at The Marq. In total, more than \$2.5 million in investments supported by the General Fund along with CCPD, SPDC, and CEDC sales tax revenues—will equip our first responders with the tools they need and enhance the safety of our public spaces.



Performance Management & Service Delivery

The City continues to strengthen service delivery and invest in the people and tools that make it possible. A total of \$822,000 from the General Fund, Court Technology Fund, and Strategic Initiative Fund will provide essential operational support, including asset insurance costs, software renewals, and core service delivery tools. An additional \$2.1 million across all funds is dedicated to competitive compensation and benefits—supporting our position as an employer of choice, retaining top talent, and ensuring the continued delivery of high-quality services by a well-trained, highly capable City workforce, including our exceptional public safety professionals. The HOT Fund is also contributing \$125,000 for Holiday Season enhancements in Town Square, with exciting new features planned to create fresh memories for the community during the holidays.



Infrastructure & Development - Facility Investments

The City is making strategic facility improvements to maintain high-quality, functional spaces for residents, visitors, and employees. At The Marq, capital asset replacements and AV upgrades will keep aquatics, fitness, and event spaces in top condition. Public safety facilities will benefit from fire apparatus bay flooring resurfacing, new carpet and flooring, and exterior weatherproofing at DPS Headquarters, while Town Square's parking garage signage will receive fresh repainting. A citywide facility assessment for parks buildings and structures, along with air conditioning replacement at the Bob Jones Nature Center, will ensure ongoing care and operational efficiency. In total, these projects-valued at more than \$2.9 million—are supported by the CEDC Fund, Facility Maintenance Fund, and SPDC Fund.



Partnerships & Volunteerism

The City continues to invest in strong partnerships that enhance community services and expand resources through collaboration. A total of \$2,241,000 from the TIF District Fund will support Carroll ISD roof replacement projects at three schools, improving facilities for students and staff. Joint operations for jail, dispatch, and animal control servicesfunded at \$1,491,705 from the General Fund-provide efficient, shared solutions with partner cities. The Southlake School Resource Officer program, supported by CCPD and TIF District funding, will place an officer in every Southlake school, representing \$2.8 million in investment this year to promote safety and foster positive relationships between officers and students. Altogether, these initiatives total more than \$6.5 million in community partnership-driven investments.



Infrastructure & Development - Parks & Quality Spaces

Investments in Southlake's parks and public spaces continue to enhance beauty, accessibility, and the overall community experience. Initiatives include tree planting through the 2026 Tree Initiative, the purchase of autonomous mowers for park maintenance, and air conditioning replacement at the Bob Jones Nature Center. Town Square will see both base and additional enhancement projects funded through the TIF District Fund. Altogether, these efforts represent nearly \$2.8 million in projects funded by the Reforestation Fund, SPDC Fund, and TIF District Fund—reinforcing our commitment to vibrant, well-maintained spaces for all to enjoy.

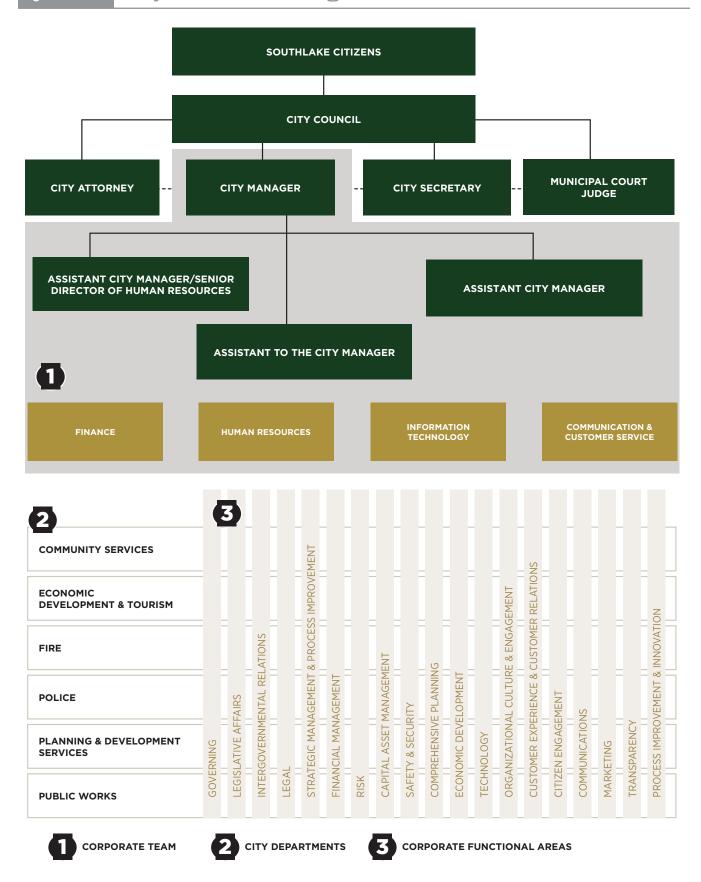


CITY OF SOUTHLAKE

CITY PROFILE







Southlake Ity Council



Mayor Shawn McCaskill



Mayor Pro Tem / Place 6 Randy Williamson



Deputy Mayor Pro Tem / Place 1 Kathy Talley



Place 2 Randy Robbins



Place 3 Frances Scharli



Place 4 Austin Reynolds

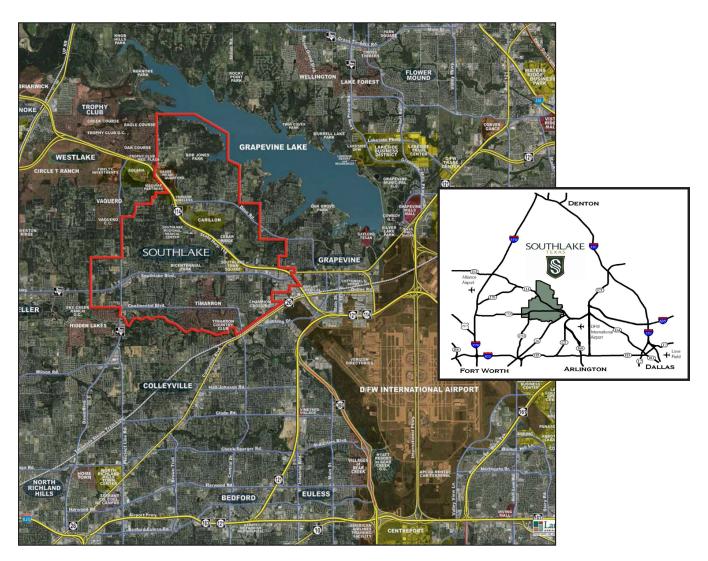


Place 5 Chuck Taggart

City Profile

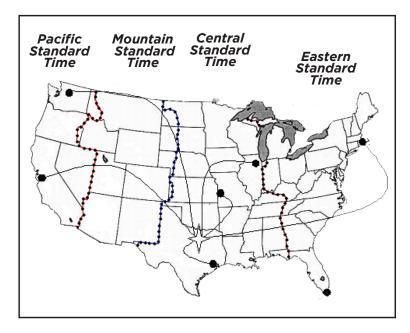
Incorporated in 1956, the City of Southlake has developed a reputation for excellence in all facets of life and business. From master-planned neighborhoods and exemplary public schools to nationally renowned businesses and award-winning mixed-use developments, Southlake has become synonymous with first-class development and quality of life. Southlake has consistently been ranked as one of the best places to live by D Magazine and Fort Worth Magazine. In 2022, Southlake was given an A+ rating by Niche.com and named #1 Best Suburb to Buy a House in DFW. In 2023, Southlake was named one of the best places to raise a family in Texas and one of the best places to live by Niche.com, one of the safest cities in Texas by MoneyGeek.com, and ranked as one of the best small cities by WalletHub. In 2024, Southlake was named the best suburb to live in America and one of the best places to raise a family by Niche.com.

Southlake is predominantly served by Carroll ISD, consistently rated for excellence in academics by the Texas Education Agency. Enrollment at the school's 11 campuses is just under 8,500 students, 99% percent of which will enroll in college. Equally exceptional in athletics and extracurricular activities, the Southlake Carroll Dragons have gained a national reputation for all-around excellence.



In addition to stellar school systems, residents and businesses have come to enjoy the many shopping and dining opportunities developed in recent years. At the heart of both community and commerce is Southlake Town Square. The internationally acclaimed mixed-use development includes a wide variety of upscale shopping and dining options and a vibrant mix of professional service providers. Town Square also plays host to a popular mix of community gatherings. The annual Art in the Square event draws artists and visitors from around the globe, Oktoberfest rings in the fall, Stars & Stripes celebrates patriotism with style. At the same time, Home for the Holidays - Christmastime in Southlake evokes the spirit of a Norman Rockwell painting.

Businesses from many industries, including healthcare, hospitality, legal, and financial services, have come together to make Southlake a full-service business community for all of north central Texas. Sabre, home of Travelocity.com, is the city's largest employer with approximately 1,900 employees, and Verizon Wireless' Network Control Center takes advantage of high-tech infrastructure to manage all wireless communications west of the Mississippi River from its Southlake location.



Location

- Central Time Zone
- 5 miles west of DFW Airport
- 8 miles east of Fort Worth Alliance Airport
- Approximately 19 miles from downtown Dallas & Fort Worth

From DFW in-flight times:

- 2.00 Hours to Chicago
- 0.50 Hours to Houston
- 1.15 Hours to Kansas City
- 3.00 Hours to Los Angeles
- 3.00 Hours to Miami
- 3.30 Hours to New York
- 4.00 Hours to Seattle

History

Incorporated in 1956, the City has deep roots that reach back to the mid-1800s. In 1845, when the first settlers arrived at the place that is now Southlake, they found a wilderness abundant with post-oak trees, tall grasses, creeks and springs, wild honey, grapes, berries, turkeys, deer, and other wild game. Because early settlers were a long way from major markets, large-scale crop farming was at first impractical; instead, many raised cattle to sell. Others were stone masons, wood craftsmen, millers, and the like.

After the Civil War, farmers grew cotton, grains, peanuts, truck-farm crops, and meat and dairy products for market. By the 1930s, erosion and poor soil had ended cotton farming in the area, but Southlake remained a collection of rural farming communities. Then, in 1952, the first of three significant changes occurred: the U.S. Army Corps of Engineers built Lake Grapevine, which spurred much of the area's early growth and was the beginning of dramatic change.

Worried that the City of Hurst might annex the area, residents voted 30-24 on September 25, 1956, to incorporate. The original Town of Southlake contained 1.62 square miles, had a population of just over 100, and was located between FM 1709 and SH 114 (both two-lane roads) and near the intersection of Carroll Avenue. "Southlake" was chosen from names suggested by its residents.

The Southlake Fire Department was launched in 1965, and the first piece of fire equipment was a 1950 Diamond T-Military unit with a tank capacity of 1,000 gallons and an auxiliary pump. The first chief of police was hired in 1966, and the city purchased its first patrol car in 1967. 1974 saw the second big change in the area: Dallas-Fort Worth International Airport opened its doors, and Southlake became an attractive place for airport and airline employees to buy property and build their homes.

In 1986, Southlake's population reached 5,000, making the City eligible to consider adopting a home rule charter. The following April, residents voted in favor of home rule, establishing the council-manager form of government that remains in place today. In the early 1990s, another pivotal milestone, the installation of water and sewer lines in the City's southern area, fueled Southlake's transformation into the premier community it is today, offering residents an exceptional place to live, work, and play.

Historical Markers in Southlake:

- Absalom H. Chivers Cemetery, near SH 114 & Carroll Avenue, on private property
- Thomas Easter Cemetery, on Southlake Boulevard, west of Gateway Drive
- Thomas Hood Cemetery, in the Coventry Manor subdivision near North Peytonville Road & Coventry Lane
- Site of Jellico community at the corner of Southlake Boulevard & Davis Boulevard
- Lonesome Dove Baptist Church, on Lonesome Dove Road
- Lonesome Dove Cemetery, next to Lonesome Dove Baptist Church
- White's Chapel United Methodist Church, Southlake Boulevard and White Chapel Boulevard
- White's Chapel Cemetery, Southlake Boulevard and White Chapel Boulevard
- Monument to Troopers Edward Bryan Wheeler and H.D. Murphy, who were murdered by Bonnie and Clyde on Easter Sunday in 1934, Dove Road just north of Highway 114, placed by the Texas Department of Public Safety, Texas Highway Patrol Division

Future

Preserving the past while planning for the future has long been the cornerstone of Southlake's commitment to comprehensive planning. More than forty years after adopting its first comprehensive plan, the City's most recent version encompasses key elements such as Land Use, Mobility, Economic Development and Tourism, Water and Sewer, Water Conservation, Parks, Community Facilities, and Sustainability.

The City regularly reviews and updates these elements to ensure the plan evolves with emerging trends and community needs. Serving as a blueprint for the future, the comprehensive plan guides Southlake in maintaining its tradition of high-quality living while preserving its distinctive small-town charm.

Southlake, TX At-n-Glance

THE CITY OF SOUTHLAKE, TEXAS

Websites:

- CityofSouthlake.com
- MySouthlakeNews.com
- VisitSouthlakeTexas.com
- SelectSouthlakeTexas.com
- The Marq Southlake.com

22.5 square miles

Located in the heart of the DFW Metroplex Centrally located between DFW International Airport (5 miles east) and Fort Worth Alliance Airport (8 miles west)

DEMOGRAPHICS

Current Population projection: 33,297 Projected build-out population: 34,188

Population by age:

- Under 24 years 37.1%
- 25-64 years 49.9%
- 65 years and older 13.1%
- 2025 median age: 43.2
- 2025 average persons per household: 3.35
- 2025 average household income: \$359,576
- 2025 median home sales price: \$1,652,368
- 77.6% of residents 25 years and older have a bachelor's degree or higher

FINANCIAL STATUS

City Bond Ratings

- "AAA" from Standard and Poor's
- "AAA" from Fitch IBCA
- "Aaa" from Moody's
- 8.25% total sales tax rate includes 0.5% for parks, 0.375% for economic development and 0.125% for crime control district

TOP EMPLOYERS

Sabre Holdings: 1,900 Employees Charles Schwab: 1,650 Employees

Carroll ISD: 1,150 Employees Keller Williams: 650 Employees Verizon Wireless: 625 Employees City of Southlake: 581 Employees

TOP NON-RESIDENTIAL TAXPAYERS

Town Square Ventures LP SC Southlake Owner LLC TD Ameritrade Services Company Inc Carroll/1709 LTD Excel Southlake LP

LABOR FORCE & ECONOMIC BASE

Labor pool:

Within 5 miles of Southlake: 81,872 Within 10 miles of Southlake: 326,501 Within 20 miles of Southlake: 1,492,249

Employment by occupation:

- 15.2% Managerial/Professional
- 14.1% Sales & Office
- 10.8% Service Occupations
- 10.3% Construction/Maintenance
- 6.1% Production/Transportation
- Approx. 3,145 businesses and non-profit organizations
- Over 12 million square feet of commercial space
- Texas is a "Right-to-Work" state
- Texas has no state personal income tax

TRANSPORTATION

Major highways are SH 114, FM 1938, and FM 1709 SH 114 connects to I-35W and I-35E

DFW INTERNATIONAL - DFWAIRPORT.COM

- Second busiest passenger airport in the world, over 86.9M passengers in 2024
- Generates \$38B annually for North Texas economy
- Provides over 630,000 area jobs
- First carbon neutral airport in North America, largest in the world
- Every major city in the continental United States can be accessed within four hours
- Home to American Airlines hub
- Access to Dallas Area Rapid Transit (DART) mass transit system
- Access to TEXRail commuter rail system

Southlake, TX At-n-Glance

FORT WORTH ALLIANCE AIRPORT - ALLIANCEAIRPORT.COM

- The nation's first industrial airport
- Provides over 44,000 area jobs
- Provides part of an 27,00-acre mixed-use, master planned development
- Houses more than 425 companies

SOUTHLAKE PUBLIC LIBRARY

- SouthlakeLibrary.com
- Books, eBooks, Magazines and eMagazines, DVDs, Books on CD and online research databases
- Special programs throughout the year for all
- Meeting & study rooms, interlibrary loan, computer stations and internet access
- Southlake resident library cards are free

RECREATION

- ExperienceSouthlakeTexas.com
- More than 628 acres of park land, with access to an additional 577 acres of natural open space owned by the US Army Corps of Engineers
- 12 community parks and 14 neighborhood parks
- Five lakes within 30 minutes of Southlake
- Convenient access to many cultural and entertainment facilities and activities
- Bob Jones Nature Center
- Nineteen outdoor courts and two indoor courts at the Southlake Tennis Center
- Nine outdoor pickleball courts featuring permanent in-ground nets at the Southlake Pickleball Complex
- Southlake Senior Activities Center
- Annual special events include: Art in the Square, Stars & Stripes, Oktoberfest, Home for the Holidays - Christmastime in Southlake, Celebrate Southlake, and Masterworks Concerts
- Variety of championship youth sport leagues including baseball, softball, swimming, tennis, soccer, lacrosse, and football, as well as recreational classes for all ages

UTILITIES

WATER & SEWER

City of Southlake (817) 748-8082 - CityofSouthlake.com

ELECTRICITY

Power to Choose (866) 797-4839 - PowertoChoose.org

NATURAL GAS

Atmos Energy (888) 286-6700 - atmosenergy.com

TELEPHONE

Frontier - (800) 921-8101 - Frontier.com SBC / AT&T - (800) 288-2020 - ATT.com

CABLE / SATELLITE

- Charter Communications (888) 438-2427 - Charter.com
- Frontier Communications (800) 921-8101 -Frontier.com
- Dish Network (888) 825-2557 - DishNetwork.com
- DirecTV (877) 916-5137 - directv.com

SOLID WASTE AND RECYCLING

- Community Waste Disposal (CWD) (972) 392-9300 - Community Waste Disposal.com

Southlake, TX At-n-Glance

QUALITY SCHOOLS

(in order of land area served)

CARROLL ISD - 6A (78%)

K-12 Attendance: 8.471 99% Graduation Rate

(817) 949-8222 - SouthlakeCarroll.edu

NORTHWEST ISD* - 6A (10%)

K-12 Attendance: 29.248 96% Graduation Rate (817) 215-0000 - NISDTX.org

KELLER ISD* - 6A (7%)

K-12 Attendance: 34,078 97% Graduation Rate

(817) 744-1000 - KellerISD.net

*Freeport exemption offered.

GRAPEVINE - COLLEYVILLE ISD* - 5A (5%)

K-12 Attendance: 13.772 98% Graduation Rate (817) 251-5200 - GCISD.net

Four Montessori schools (private)

MORE THAN 20 UNIVERSITIES WITHIN 40 MILES

University of North Texas University of Texas at Arlington University of Texas at Dallas Southern Methodist University Texas Christian University Texas Women's University

HEALTH CARE/HOSPITALS

COOK CHILDREN'S URGENT CARE AND PEDIATRIC

Specialties

- CookChildrens.org
- 30 Exam Rooms: Mix of Providers

METHODIST SOUTHLAKE HOSPITAL

- MethodistSouthlake.com
- 54 Private Rooms; 10 Family Suites; 6 ICU
- 12 Emergency Room Beds
- 11 Operating Rooms
- 2 GI Suites
- 1 Cardiac Cath Lab

TEXAS HEALTH HARRIS METHODIST SOUTHLAKE

- TexasHealthSouthlake.com
- 24 Overnight Suites; 365 Medical Staff

BAYLOR SCOTT & WHITE MEDICAL CENTER -GRAPEVINE

- BaylorHealth.com
- Level II Trauma Center Designation
- 302 Beds; 995 Medical Staff

BAYLOR MEDICAL CENTER AT TROPHY CLUB

- TC-MC.com
- 20 Beds: 225 Medical Staff



FINANCIAL TREND MONITORING SYSTEM **OVERVIEW**

Financial Trend Monitoring System Overview

Financial condition can best be described as a municipality's ability to maintain existing service levels, withstand economic disruptions that occur at the local, regional, and national levels, and adapt to everchanging economic conditions.

The ability to maintain existing service levels refers to more than just the ability to pay for the services the locality currently provides. It also refers to the ability to maintain programs that are currently funded from external sources (state or federal grants) where the support is likely to diminish over time, and such programs cannot be practically eliminated once funding disappears. This element also refers to the ability to maintain capital facilities, such as roads, buildings, and other infrastructure, in a manner that protects the initial investment and keeps such facilities in usable condition. Lastly, it also includes the ability to provide funds for any future liabilities that may currently be unfunded, such as pensions, employee leave, and debt.

The ability to withstand economic disruptions that occur at the local, regional, and national levels is an important element because these disruptions have significant impacts on businesses and individuals who enjoy their livelihoods within the locality. Economic disruptions, therefore, impact a locality's ability to generate new local tax dollars.

The ability to adapt to ever-changing economic conditions refers to the financial pressures localities face as they grow, shrink, or experience no change at all. Growth can force localities to assume new debt to finance new infrastructure or cause a sudden increase in the operating budget to maintain and provide necessary services. Shrinkage leaves a locality with the same amount of infrastructure to maintain but with a smaller tax base with which to pay for it.

What is the Financial Trend Monitoring System?

The Financial Trend Monitoring System (FTMS), adapted from the system developed by the International City/County Management Association (ICMA), "identifies the factors that affect financial condition and arranges them in a rational order so that they can be more easily analyzed and measured." The FTMS is a management tool that compiles pertinent information from the city's budgetary and financial reports, combines it with relevant economic and demographic information, and creates a series of local government financial indicators that can be used to monitor changes in financial conditions over time.

These financial indicators include: cash liquidity, level of business activities, changes in the fund balance, and external revenue dependencies. This system can also assist the locality by setting in place longrange policy priorities as well as providing a logical way of introducing long-range considerations into the annual budget process. The following discussion has been developed using the ICMA manual entitled Evaluating Financial Condition: A Handbook for Local Government.

The FTMS is built on overall "factors" that represent the various influences of a locality's financial condition. These financial condition factors are then associated with "indicators" that measure different aspects of these factors. Once developed, these can be used to monitor changes in factors and financial conditions. Each factor is classified under three categories: environmental, organizational, or financial.

Environmental factors affect localities in two ways. Firstly, they create demand. Secondly, they provide resources. The question most associated with the analysis of this category regarding its impact on financial condition is, "Do these factors provide enough resources to pay for the demands they create?"

Organizational factors are the government's response to changes in environmental factors. Theory assumes that any government can maintain its strong financial condition if it makes an appropriate organizational response to adverse conditions by reducing services, increasing efficiency, raising taxes, or taking some other appropriate action. It also assumes that public officials have perfect information about the problem, understand the gravity of the situation, and know how to act in response.

The question most associated with the analysis of this category regarding its impact on financial condition is, "Do legislative policies and management practices provide the opportunity to make the appropriate response to changes in the environment?"

Financial factors reflect the condition of the government's internal finances. They are, in some regards, a result of the influence of environmental and organizational factors. Financial factors will eventually show signs of cash or budgetary problems if there is a problem regarding the previous two factors. The question most associated with the analysis of this category regarding its impact on financial condition is, "Is the government paying the full cost of operating without postponing costs to a future period when revenues may not be available to pay these costs?"

Tools of the Financial Trend Monitoring System

The primary tools of the FTMS are the financial indicators. They represent a way to quantify changes in the FTMS factors. Many aspects of financial condition cannot be measured explicitly; however, quantifying the indicators and plotting them over a period of years can allow decision-makers to monitor and evaluate the City's financial performance. These indicators do not provide answers as to why a problem occurs or how to solve it, but do allow for an informed response. The following pages include several charts displaying indicator data that is designed to track the financial condition of the City across a period of time. These charts examine data ranging from population growth to the use of revenues and expenditures per capita, all of which help to identify warning signs in the City's fiscal health that could lead to future trouble. By keeping an eye on these important indicators, the City can carefully monitor the financial trends and make any necessary adjustments in long-range planning to ensure future economic stability.

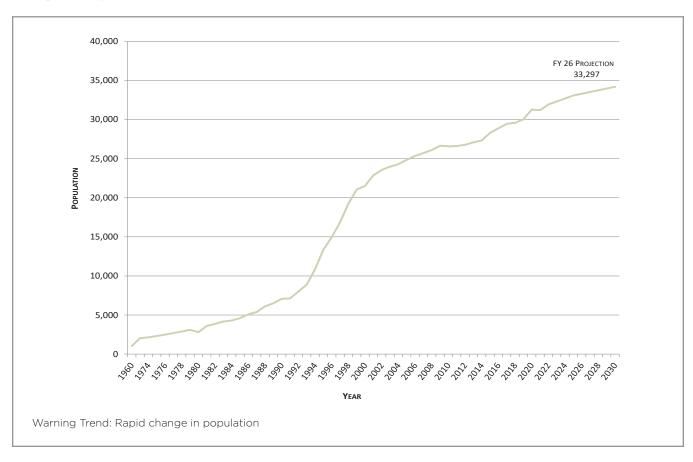
How is the Financial Trend Monitoring System Used?

The City maintains a database of monitored trends that are updated and reviewed annually as a part of the budget process. By reviewing historical actuals over an extensive period of time, long-ago forgotten financial impacts may be reviewed for validity to current economic conditions and variables. Department staff also utilize FTMS data to inform their departmental business plans.



FINANCIAL TREND MONITORING SYSTEM ENVIRONMENTAL FACTORS

City Population

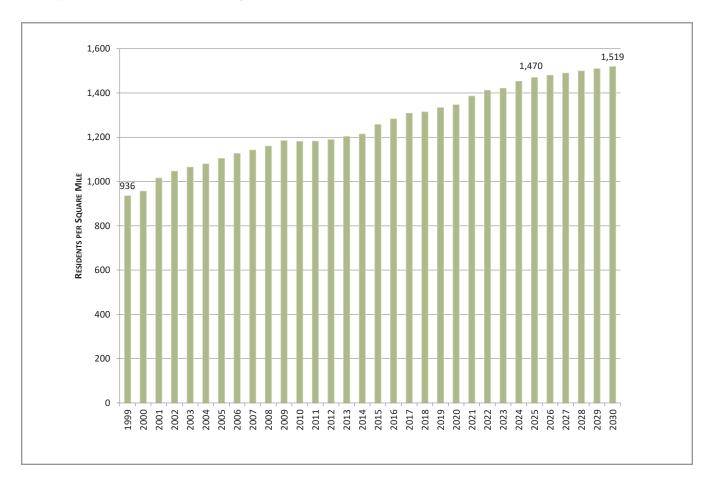


Southlake Population 1960-2030

Population trends, both historical and projected, are important indicators for determining service demands. Further analysis of the demographic profile of a community's population trend provides useful information in determining customer service expectations.

Year	Population	Year	Population
1960	1,023	2000	21,519
1970	2,031	2010	26,575
1980	2,808	2020	31,265
1990	7,065	2030	34,188 (est)

Population Density

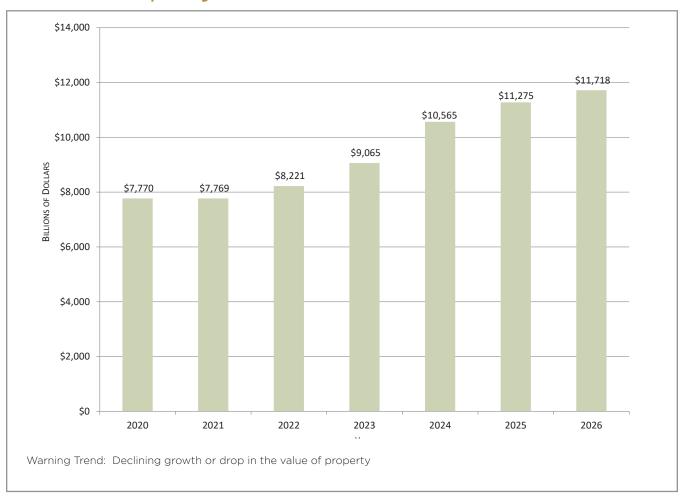


Residents per Square Mile

Southlake's city limits cover 22.5 square miles. This chart shows a trend for the number of Southlake residents per square mile. The chart also utilizes population data derived through the City's land use plan to forecast population density through build-out.

	Year	Population	Year	Population
	1960	1,023	2000	21,519
	1970	2,031	2010	26,575
	1980	2,808	2020	31,265
	1990	7,065	2030	34.188 (est.)

Taxable Property Values



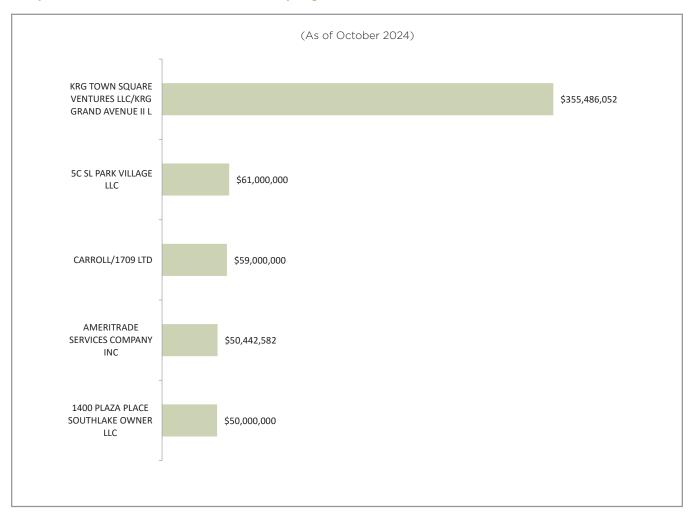
Total Taxable Valuation*

The property value comparison for several fiscal years indicates continued growth in property values. Over time, the certified tax roll values have increased steadily; however, 2021 values were relatively flat over 2020. The reflected values include new property added to the roll as of January 1 of each year. It's important to note that as property values have risen, the City has adjusted the property tax rate to provide tax relief to Southlake property owners.

Fiscal Year	Total Taxable Valuation	Fiscal Year	Total Taxable Valuation
2013	\$5,331,182,997	2020	\$7,769,729,082
2014	\$5,494,514,119	2021	\$7,768,644,007
2015	\$5,680,109,441	2022	\$8,220,731,143
2016	\$5,785,322,918	2023	\$9,064,721,083
2017	\$6,368,901,046	2024	\$10,564,623,953
2018	\$6,662,494,784	2025	\$11,275,255,717
2019	\$7,286,898,962	2026	\$11,718,045,212

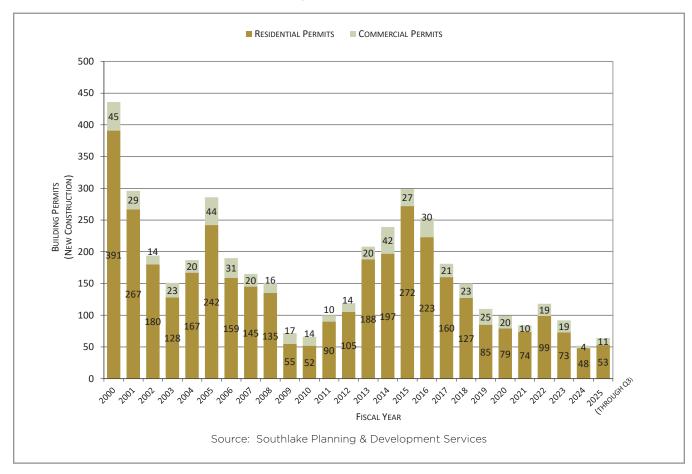
^{*}Net Southlake Tax Increment Reinvestment Zone #1

Top 5 Non-Residential Taxpayers



Property	Taxable Value
Town Square Ventures, LP	\$355,486,052
SL Park Village LLC	\$61,000,000
Carroll/1709 LTD	\$59,000,000
TD Ameritrade Services	\$50,442,582
1400 Plaza Place Southlake Owner LLC	\$50,000,000

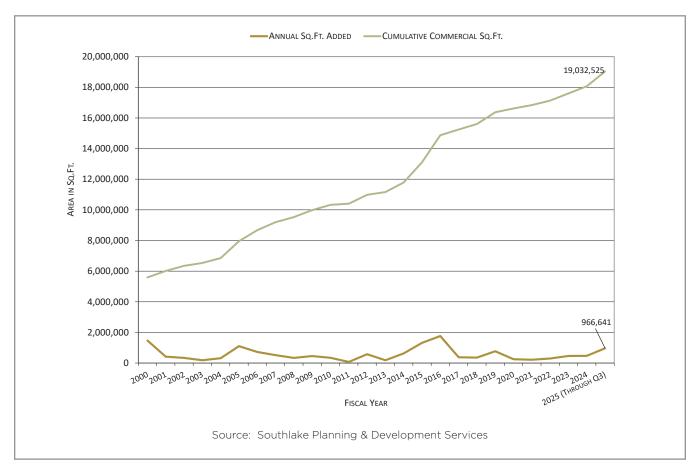
Historical Permit Activity



Historical permit activity shows the history of residential and commercial building permits for new construction issued since 2000. Years where the City experienced heavier periods of growth demonstrate a greater number of permits issued. As Southlake reaches closer to build out, we expect to continue to see the number of new construction permits continue to decline. This chart does not include permits filed for renovations or redevelopment.

Fiscal Year	No. Residential Permits	No. Commercial Permits	Fiscal Year	No. Residential Permits	No. Commercial Permits
2000	391	45	2013	188	20
2001	267	29	2014	197	42
2002	180	14	2015	272	27
2003	128	23	2016	223	30
2004	167	20	2017	160	21
2005	242	44	2018	127	23
2006	159	31	2019	85	25
2007	145	20	2020	79	20
2008	135	16	2021	74	10
2009	55	17	2022	99	19
2010	52	14	2023	73	19
2011	90	10	2024	48	4
2012	105	14	2025 (through Q3)	53	11

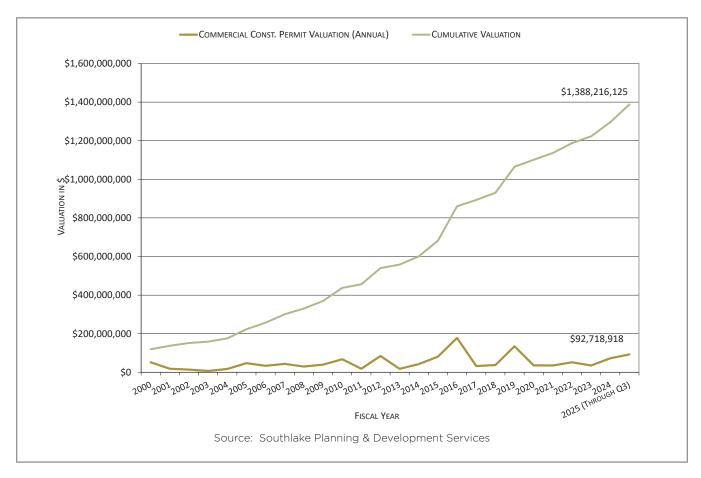
Commercial Growth in Square Footage



This chart shows that although annual growth rates related to commercial square footage added can be impacted by economic conditions, such as the "Great Recession," Southlake's commercial property base has grown annually since 2000. Increases in these numbers over time are beneficial for the City, as a greater amount of commercial square footage leads to increases in the tax base. As the City approaches build-out, we expect to see these numbers continue to slow.

Fiscal Year	Annual Sq. Ft. Added	Cumulative Sq. Ft. Added	Fiscal Year	Annual Sq. Ft. Added	Cumulative Sq. Ft. Added
2000	1,471,583	5,589,474	2013	180,387	11,159,587
2001	419,752	6,009,226	2014	630,277	11,789,864
2002	336,385	6,345,611	2015	1,313,861	13,103,725
2003	185,324	6,530,935	2016	1,763,654	14,867,379
2004	318,944	6,849,879	2017	376,682	15,244,061
2005	1,102,921	7,952,800	2018	358,899	15,602,960
2006	721,500	8,674,300	2019	766,803	16,369,763
2007	516,744	9,191,044	2020	249,274	16,619,037
2008	335,135	9,526,179	2021	217,645	16,836,682
2009	455,984	9,982,163	2022	297,220	17,133,902
2010	344,626	10,326,789	2023	462,008	17,595,910
2011	73,629	10,400,418	2024	469,974	18,065,884
2012	578,782	10,400,418	2025 (through Q3)	966,641	19,032,525

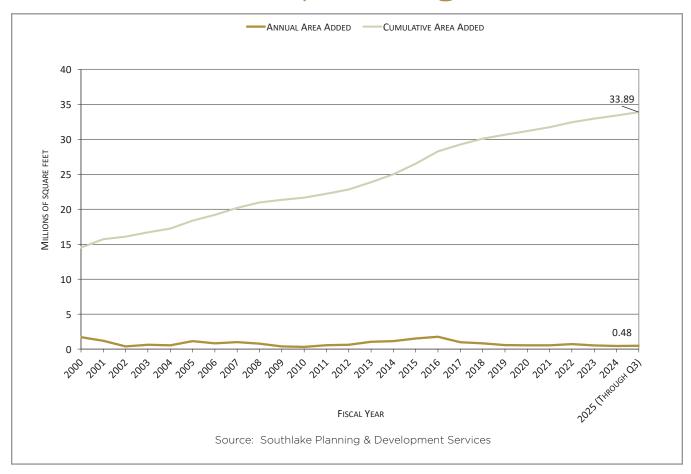
Commercial Valuation Growth



This chart maps the cumulative valuation of commercial growth and annual valuation added since 2000. Increases in the commercial valuation of property lead to growth in the City's tax base, which generates more tax revenues for the City and sustains the level of service that citizens are accustomed to receiving. As the City approaches build-out, we expect to continue to see these numbers slow.

Fiscal Year	Annual Valuation Added	Cumulative Valuation Added	Fiscal Year	Annual Valuation Added	Cumulative Valuation Added
2000	\$51,466,379	\$119,398,255	2013	\$17,976,714	\$538,378,442
2001	\$18,258,838	\$137,657,093	2014	\$42,543,750	\$600,922,192
2002	\$14,168,938	\$151,826,031	2015	\$81,215,734	\$682,137,926
2003	\$6,852,381	\$158,678,412	2016	\$178,247,281	\$860,385,207
2004	\$17,105,540	\$175,783,952	2017	\$32,503,544	\$892,888,751
2005	\$47,347,107	\$223,131,059	2018	\$37,518,535	\$930,407,286
2006	\$33,921,357	\$257,052,416	2019	\$134,686,569	\$1,065,093,855
2007	\$43,757,408	\$300,809,824	2020	\$35,946,367	\$1,101,040,222
2008	\$29,651,556	\$330,461,380	2021	\$35,229,360	\$1,136,269,582
2009	\$39,463,638	\$369,925,018	2022	\$51,465,526	\$1,87,735,108
2010	\$67,764,510	\$437,689,528	2023	\$35,448,093	\$1,223,183,201
2011	\$18,384,157	\$456,073,685	2024	\$72,314,006	\$1,295,497,207
2012	\$84,328,043	\$540,401,728	2025 (through Q3)	\$92,718,918	\$1,388,216,125

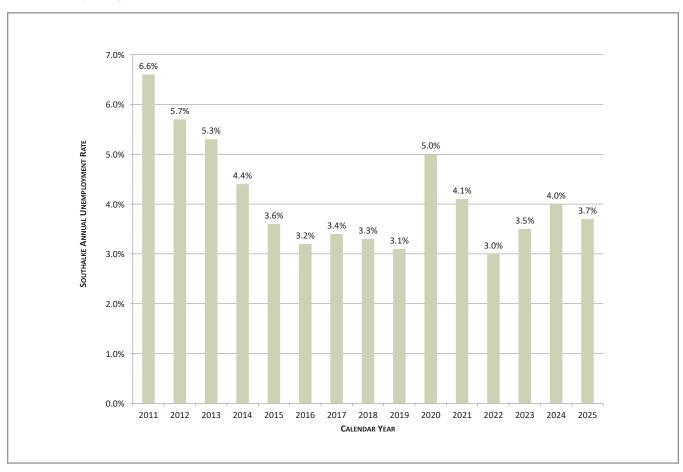
Residential Growth in Square Footage



This chart maps the cumulative square feet of residential area added since 2000. As the City approaches build-out, we expect to continue to see these numbers slow.

Fiscal Year	Annual Square Footage Added (Millions)	Cumulative Square Footage Added (Millions)	Fiscal Year	Annual Square Footage Added (Millions)	Cumulative Square Footage Added (Millions)
2000	1.71	14.53	2013	1.04	23.86
2001	1.19	15.71	2014	1.14	25.00
2002	0.37	16.09	2015	1.52	26.52
2003	0.62	16.70	2016	1.76	28.29
2004	0.53	17.24	2017	0.98	29.27
2005	1.13	18.37	2018	0.82	30.09
2006	0.82	19.20	2019	0.56	30.66
2007	1.00	20.20	2020	0.53	31.19
2008	0.77	20.97	2021	0.54	31.73
2009	0.38	21.34	2022	0.71	32.44
2010	0.31	21.66	2023	0.52	32.96
2011	0.55	22.21	2024	0.45	33.41
2012	0.62	22.83	2025 (through Q3)	0.48	33.89

Unemployment in Southlake

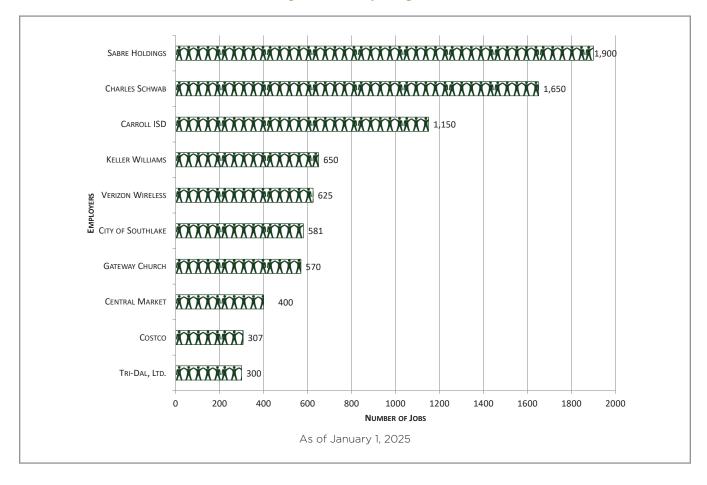


Unemployment rate is an important indicator in measuring the health of a local economy. Changes in the unemployment rate are related to changes in personal income, and are thus a measure of, and an influence on, the community's ability to support its business sector. Southlake's unemployment has historically been below that of the DFW market and has declined since its peak in 2011. We continue to see that the Southlake unemployment continues to trend below the state (4.1%) rate.

Year	Unemployment Rate	Year	Unemployment Rate
2011	6.6%	2019	3.1%
2012	5.7%	2020	5.0%
2013	5.3%	2021	4.1%
2014	4.4%	2022	3.0%
2015	3.6%	2023	3.5%
2016	3.2%	2024	4.0%
2017	3.4%	2025*	3.7%
2018	3.3%		

*Calendar year shown as year to date

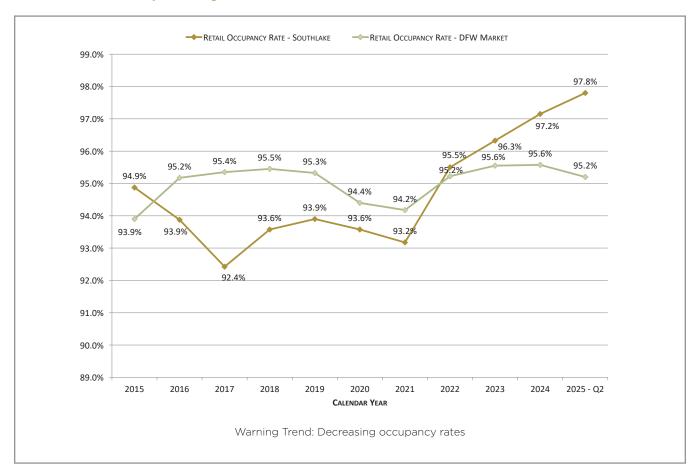
Jobs in Southlake - Major Employers



The largest employer in Southlake is Sabre Holdings, followed by Charles Schwab, Carroll ISD, Keller Williams, Verizon Wireless, City of Southlake, Gateway Church, Central Market, Costco, and TRI-DAL, LTD. Together, these employers provide a large segment of the workforce that helps to stimulate the City's economic vitality through the promotion of sales tax and other revenues.

Employer	Jobs	Employer	Jobs
Sabre Holdings	1,900	City of Southlake	581
Charles Schwab	1,650	Gateway Church	570
Carroll ISD	1,150	Central Market	400
Keller Williams	650	Costco	307
Verizon Wireless	625	TRI-DAL, LTD.	300

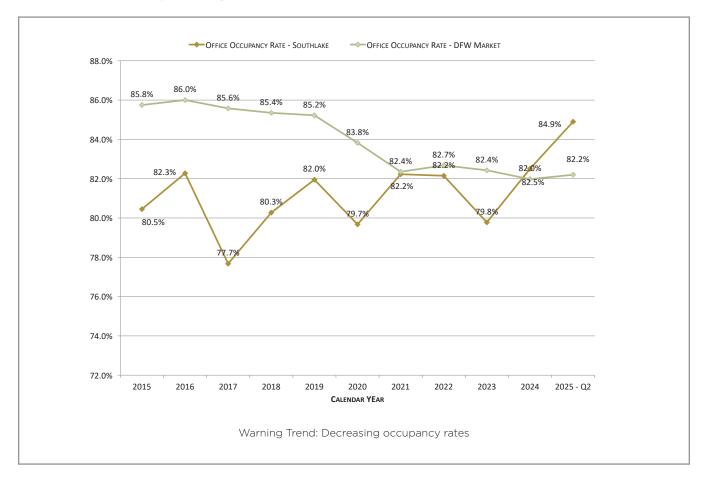
Retail Occupancy Rate



If the economy is sluggish or declining, demand for residential, commercial, and industrial property may drop and occupancy rates may decline. Tracking changes in occupancy rates can provide an early warning of potential economic or demographic problems.

Calendar Year	Retail Occupancy Rate - Southlake	Retail Occupancy Rate - DFW Market
2015	94.9%	93.9%
2016	93.9%	95.2%
2017	92.4%	95.4%
2018	93.6%	95.5%
2019	93.9%	95.3%
2020	93.6%	94.4%
2021	93.2%	94.2%
2022	95.5%	95.2%
2023	96.3%	95.6%
2024	97.2%	95.6%
2025 (Through Q2)	97.8%	95.2%

Office Occupancy Rate



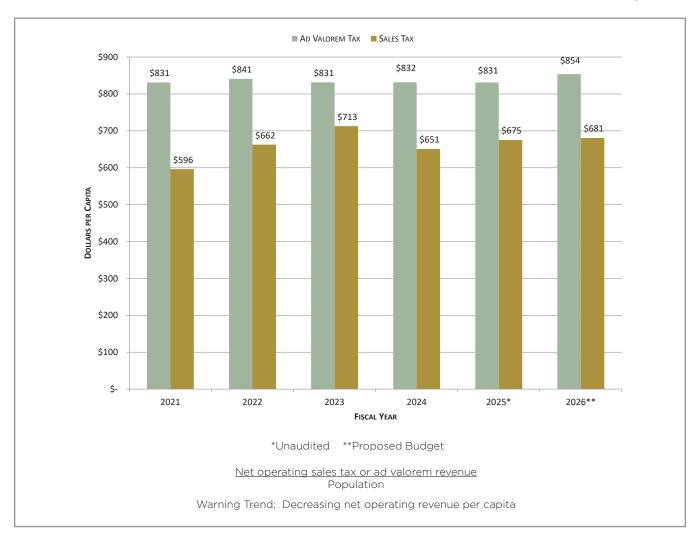
If the economy is sluggish or declining, demand for residential, commercial, and industrial property may drop and occupancy rates may decline. Tracking changes in occupancy rates can provide an early warning of potential economic or demographic problems.

Calendar Year	Office Occupancy Rate - Southlake	Office Occupancy Rate - DFW Market
2015	80.5%	85.8%
2016	82.3%	86.0%
2017	77.7%	85.6%
2018	80.3%	85.4%
2019	82.0%	85.2%
2020	79.7%	83.8%
2021	82.2%	82.4%
2022	82.2%	82.7%
2023	79.8%	82.4%
2024	82.5%	82.0%
2025 (Through Q2)	84.9%	82.2%



FINANCIAL TREND MONITORING SYSTEM FINANCIAL INDICATORS

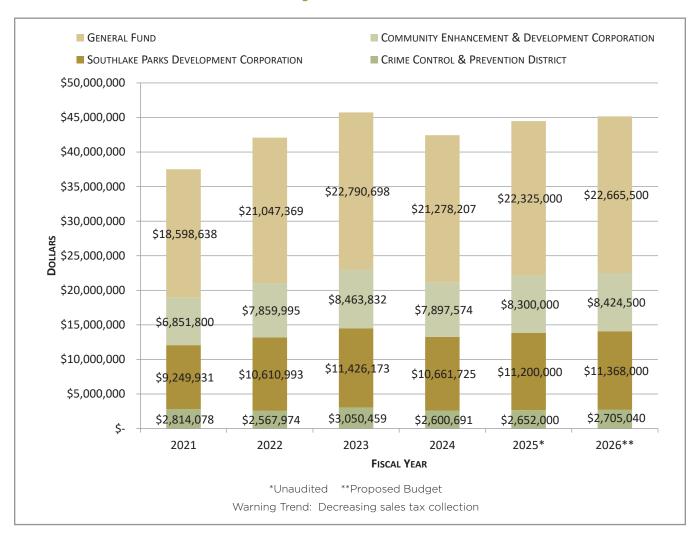
Ad Valorem and Sales Tax Revenue (General Fund) Per Capita



Examining per capita revenues shows changes in revenues relative to changes in population size. This chart reflects changes in ad valorem (property) and sales tax revenues per capita since 2021.

Fiscal Year	Population	Ad Valorem Tax (General Fund)	Ad Valorem Tax per Capita	Sales Tax (General Fund)	General Fund Sales Tax per Capita
2013	27,080	\$18,523,069	\$684	\$10,536,425	\$389
2014	27,330	\$19,193,801	\$702	\$12,585,569	\$461
2015	28,296	\$19,149,431	\$677	\$14,339,915	\$507
2016	28,868	\$20,920,809	\$725	\$13,480,025	\$467
2017	29,440	\$22,694,444	\$771	\$13,732,007	\$466
2018	29,580	\$24,028,296	\$812	\$14,111,661	\$477
2019	30,010	\$25,832,530	\$861	\$15,104,616	\$503
2020	30,370	\$25,072,864	\$802	\$15,660,985	\$501
2021	31,199	\$25,581,525	\$831	\$16,166,000	\$596
2022	31,770	\$21,047,369	\$841	\$21,047,369	\$662
2023	31,975	\$26,578,947	\$831	\$22,790,698	\$713
2024	32,691	\$27,190,295	\$832	\$21,278,207	\$651
2025*	33,075	\$27,487,889	\$831	\$22,325,000	\$675
2026**	33,297	\$28,423,309	\$854	\$22,665,500	\$681

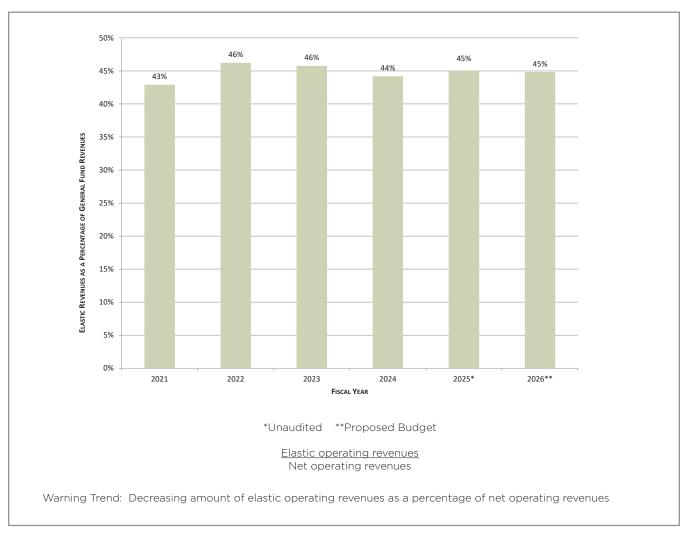
Sales Tax Revenue Analysis FY 2021 - 2026



This chart illustrates growth characteristics in the City's commercial and economic bases. In 1994, voters authorized an additional half-cent sales tax designation to support parks development (Southlake Parks Development Corporation) and in 1998, voters authorized an additional half-cent sales tax designation to support crime prevention (Crime Control & Prevention District). A third sales tax district (Community Enhancement & Development Corporation) was voter-approved in 2015 to support the construction and operation of The Marq Southlake as well as strategic economic development efforts.

Fiscal Year	Amount	Fiscal Year	Amount
2012	\$19,229,026	2020	\$31,349,289
2013	\$21,771,064	2021	\$37,514,447
2014	\$25,674,008	2022	\$42,086,331
2015	\$29,116,146	2023	\$45,731,162
2016	\$28,023,224	2024	\$42,438,197
2017	\$28,803,408	2025*	\$44,477,000
2018	\$29,447,651	2026**	\$45,163,040
2019	\$30,478,088		

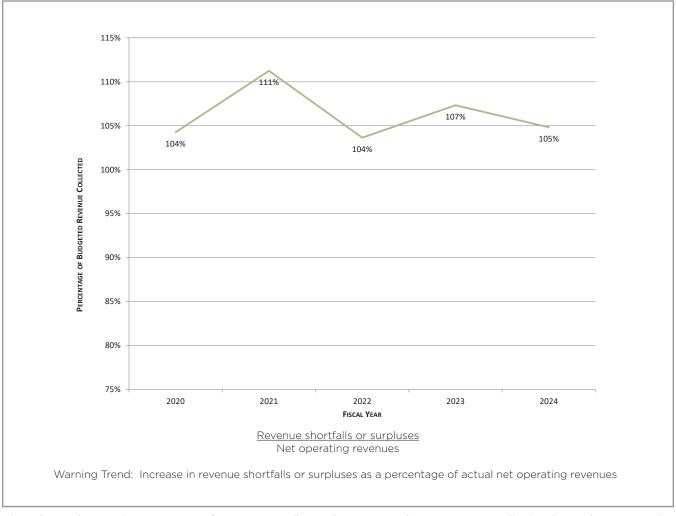
Elastic Operating Revenues as a Percentage of Net Operating Revenues



Elastic revenues are greatly affected by changes in the economy and are not as steady from year to year as ad valorem taxes. This chart shows the percentage of net general fund operating revenues that come from elastic sources (sales tax, fines, charges, permits and fees). A balance between elastic and inelastic revenues mitigates the effects of economic growth or decline.

Fiscal Year	Elastic Operating Revenue	Fiscal Year	Elastic Operating Revenue
2012	\$13,938,042	2020	\$19,732,470
2013	\$15,313,155	2021	\$22,163,143
2014	\$17,525,435	2022	\$26,215,098
2015	\$19,633,024	2023	\$26,995,022
2016	\$19,008,451	2024	\$25,855,297
2017	\$18,344,675	2025*	\$26,520,575
2018	\$18,726,200	2026**	\$26,902,936
2019	\$20,202,636		

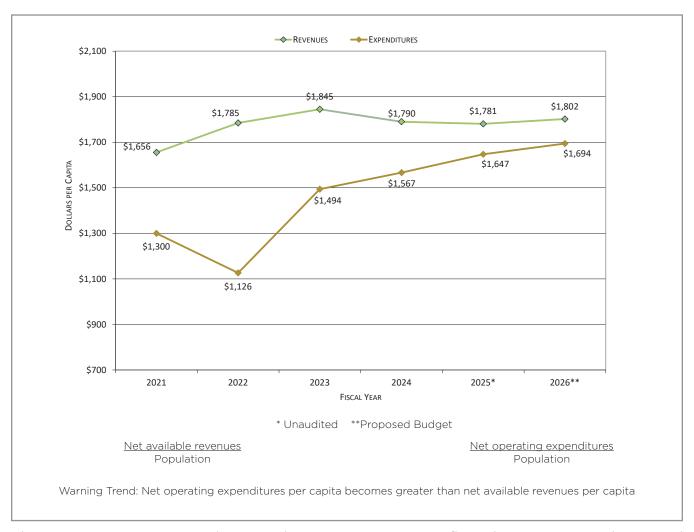
Budgeted vs. Actual Revenue (General Fund)



The chart shows the amount of revenue collected against what was originally budgeted. Due to the City's conservative approach to revenue forecasting, Southlake has a history of consistently collecting more revenue than originally budgeted. This eliminates any potential problems that arise from revenue shortfalls, ensuring that the City maintains a desired level of fund balance. FY 2025 and FY 2026 numbers will not be available until those budgets are closed and their audits are complete.

Fiscal Year	Budgeted General Fund Revenue	Actual General Fund Revenue
2013	\$36,303,478	\$37,533,344
2014	\$39,650,399	\$40,852,512
2015	\$39,054,568	\$43,657,605
2016	\$40,759,805	\$44,001,000
2017	\$43,742,290	\$44,920,807
2018	\$44,989,871	\$46,423,288
2019	\$48,939,332	\$49,952,923
2020	\$46,599,199	\$48,584,294
2021	\$46,433,915	\$51,653,730
2022	\$55,211,583	\$57,220,365
2023	\$54,964,163	\$58,991,147
2024	\$55,826,936	\$58,517,915

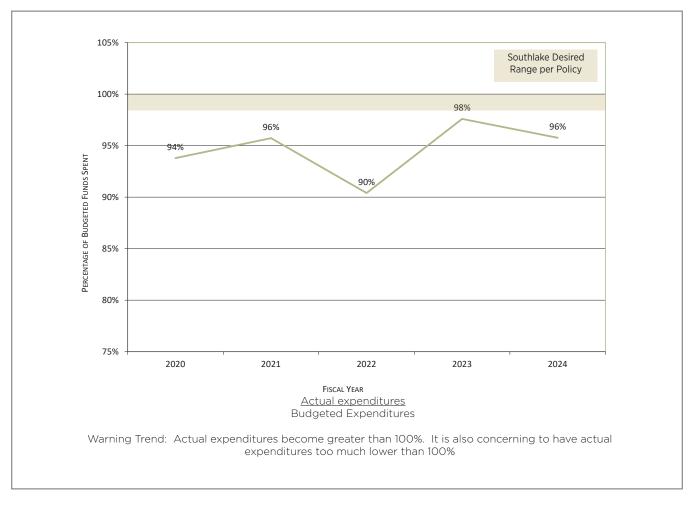
Available Expenditures & Revenues Per Capita



Changes in per capita expenditures and per capita revenues reflect changes in expenditures and revenues relative to changes in population. This chart shows a comparison between expenditures and revenues per capita and shows that revenues continue to exceed expenditures.

Fiscal Year	Population	General Fund Expenditures	Expenditures per Capita	General Fund Revenue	Revenue per Capita
2013	27,080	\$34,257,229	\$1,211	\$37,533,344	\$1,386
2014	27,330	\$34,725,755	\$1,223	\$40,852,512	\$1,495
2015	28,296	\$35,429,210	\$1,210	\$43,357,605	\$1,532
2016	28,868	\$35,957,381	\$1,207	\$44,001,000	\$1,524
2017	29,440	\$36,811,470	\$1,214	\$44,920,807	\$1,526
2018	29,580	\$38,238,203	\$1,270	\$46,423,288	\$1,569
2019	30,010	\$39,884,408	\$1,281	\$49,952,923	\$1,665
2020	30,310	\$41,030,392	\$1,231	\$48,584,294	\$1,554
2021	31,199	\$42,369,950	\$1,300	\$51,653,730	\$1,656
2022	31,770	\$39,164,739	\$1,126	\$56,709,289	\$1,785
2023	31,975	\$48,946,299	\$1,494	\$58,991,147	\$1,845
2024	32,691	\$53,490,141	\$1,567	\$58,517,915	\$1,790
2025*	33,075	\$54,489,851	\$1,647	\$58,907,108	\$1,781
2026**	33,297	\$56,413,838	\$1,694	\$60,005,352	\$1,802

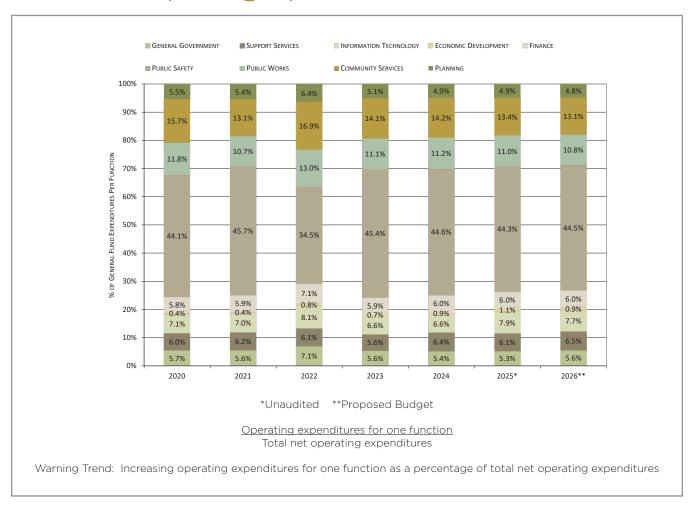
Budgeted vs. Actual Expenditures



Budgeted vs. actual expenditures displays the percentage of actual expenditures against what was budgeted for the fiscal year. The goal is to have actual expenditures within 98 to 100% of budgeted expenditures without exceeding the 100% mark. FY 2025 and FY 2026 numbers will not be available until those budgets are closed and their audits are completed.

Fiscal Year	Budgeted Funds	Actual Funds Spent
2013	\$34,257,229	\$32,754,353
2014	\$34,725,755	\$33,429,492
2015	\$35,429,210	\$34,249,021
2016	\$35,957,381	\$34,834,913
2017	\$36,811,470	\$35,743,090
2018	\$38,238,203	\$37,561,818
2019	\$39,884,408	\$38,428,580
2020	\$41,030,392	\$38,481,661
2021	\$42,369,950	\$40,951,931
2022	\$39,164,739	\$35,758,994
2023	\$48,946,299	\$47,769,084
2024	\$53,490,141	\$51,225,330

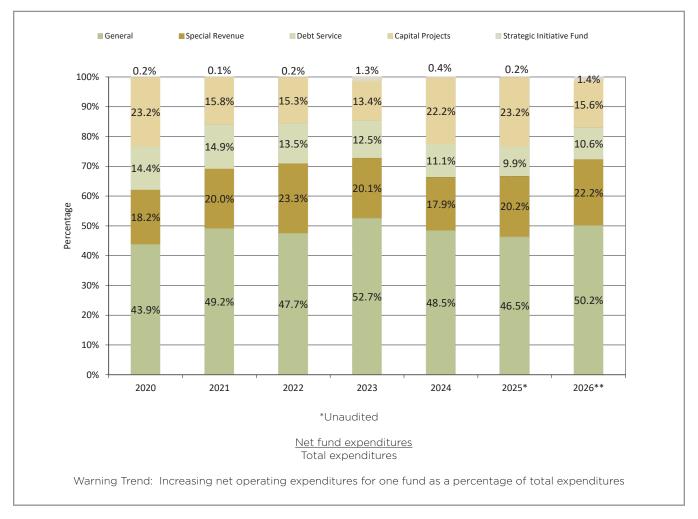
General Fund Operating Expenditures By Function as % of Total Operating Expenditures



This chart shows expenditures by function and provides a more detailed breakdown of Southlake's General Fund expenditures. The percentage of funds expended by function has remained relatively the same since 1999. Note that the decrease in the FY 2022 Public Safety expenses is due to the receipt of American Rescue Plan Act funding.

Fiscal Year	Actual Funds Spent	Fiscal Year	Actual Funds Spent
2012	\$30,208,804	2020	\$38,481,661
2013	\$32,791,958	2021	\$40,559,152
2014	\$33,429,492	2022	\$37,599,891
2015	\$34,249,021	2023	\$47,769,084
2016	\$34,834,913	2024	\$51,225,330
2017	\$35,742,544	2025*	\$54,489,851
2018	\$37,561,818	2026**	\$56,413,838
2019	\$38,428,580		

Expenditures By Governmental Type as a % of Total Expenditures

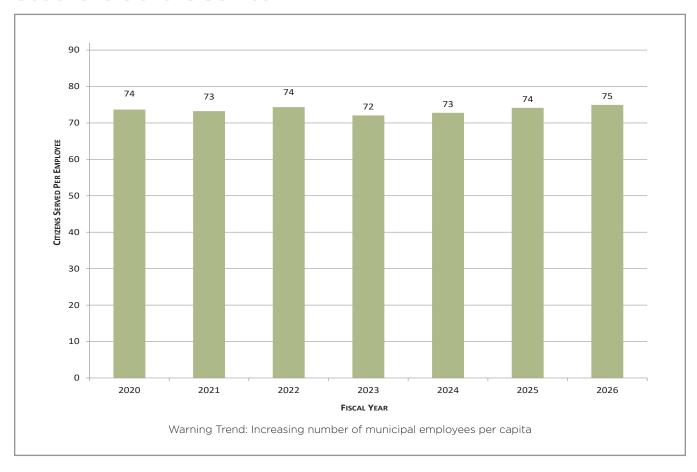


General fund expenditures and funds allocated towards special revenue projects make up the majority of expenditures by government type as a percentage of total expenditures. The large percentages in both categories are due to the fact that the General Fund finances most City operations and Capital Projects spending goes toward the addition and improvement of vital infrastructure throughout the City.

	2015	2016	2017	2018	2019	2020
General Fund	\$34,471,429	\$35,141,805	\$36,861,971	\$38,933,189	\$40,241,696	\$39,681,702
Special Revenue	\$7,798,925	\$9,099,835	\$12,452,223	\$13,173,824	\$16,789,180	\$16,484,881
Debt Service	\$18,383,846	\$16,825,811	\$17,098,223	\$15,915,291	\$11,683,342	\$13,004,689
Capital Projects	\$21,284,293	\$9,146,941	\$16,543,086	\$27,812,703	\$18,642,707	\$20,952,920
Strategic Initiative	\$989,754	\$876,652	\$569,685	\$444,560	\$376,848	\$207,167

	2021	2022	2023	2024	2025*	2026**
General Fund	\$42,590,827	\$37,411,304	\$50,432,550	\$53,520130	\$57,186,039	\$58,307,925
Special Revenue	\$17,280,408	\$18,287,051	\$19,279,664	\$19,755,841	\$24,908,768	\$25,719,647
Debt Service	\$12,863,134	\$10,601,360	\$11,971,922	\$12,216,309	\$12,125,590	\$12,336,125
Capital Projects	\$13,690,000	\$12,012,723	\$12,810,510	\$24,505,531	\$28,536,746	\$18,119,063
Strategic Initiative	\$92,766	\$182,408	\$1,285,874	\$430,073	\$262,928	\$1,616,834

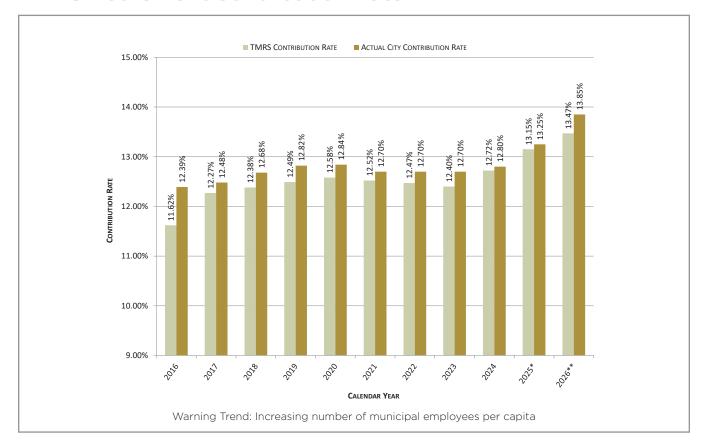
Southlake Citizens Served



Because personnel costs are a major portion of a local government's operating budget, plotting changes in the number of employees per capita is a good way to measure changes in expenditures. This chart shows that while the City has added services and facilities, the number of citizens served per employee has fluctuated only slightly which reflects the City's focus on quality customer service.

Fiscal Year	Population	Employees (FTEs)	Citizens Served Per Employee
2013	27,080	333.35	81
2014	27,330	342.10	80
2015	28,296	348.35	81
2016	28,868	356.85	81
2017	29,440	359.48	82
2018	29,580	407.48	73
2019	30,010	418.08	72
2020	30,370	424.33	74
2021	31,199	425.96	73
2022	31,924	429.47	74
2023	32,307	448.31	72
2024	32,691	449.16	73
2025	33,075	446.16	74
2026	33,297	444.16	75

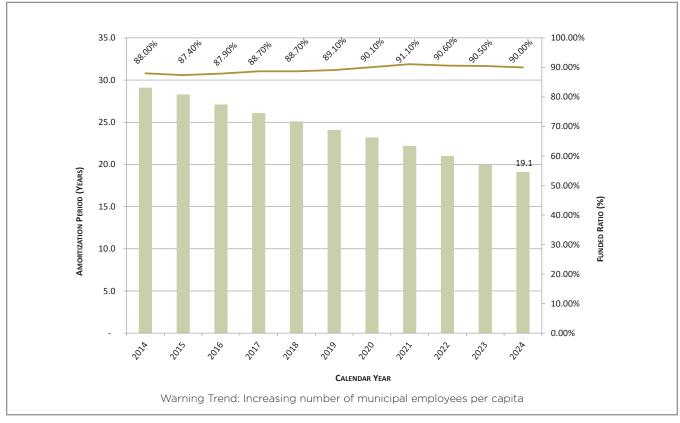
TMRS Retirement Contribution Rate



This chart reflects the Texas Municipal Retirement System (TMRS) contribution rate the City of Southlake is required to pay annually compared to the amount the City has paid. This contribution rate is set by TMRS. Since 2016 the City has exceeded the contribution requirement in an effort to reduce the amortization period.

Calendar Year	TMRS Contribution Rate	Actual City Contribution Rate
2012	11.71%	11.71%
2013	12.14%	12.14%
2014	12.05%	12.05%
2015	12.17%	12.17%
2016	11.62%	12.39%
2017	12.27%	12.48%
2018	12.38%	12.68%
2019	12.49%	12.82%
2020	12.58%	12.84%
2021	12.52%	12.70%
2022	12.47%	12.70%
2023	12.40%	12.70%
2024	12.72%	12.80%
2025*	13.15%	13.25%
2026**	13.47%	13.85%

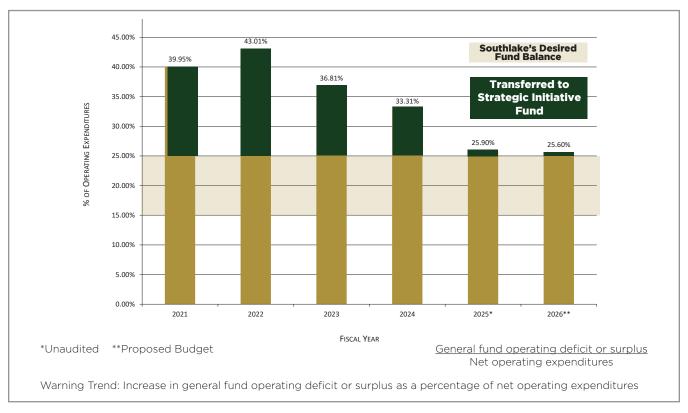
TMRS Funded Ratio & Amortization Period



This chart reflects the funded ratio and the amortization period for the City of Southlake's plan with Texas Municipal Retirement System (TMRS). The funded ratio is the ratio of the actuarial value of assets to the actuarial accrued liability. The City's current funded ratio is 90.00% and, generally, ratios above 80% are considered to be positive. The amortization period is the period over which the existing unfunded actuarial accrued liability is projected to be paid off. For the City of Southlake, the period is 19.1 years. The City is actively working to raise the funded ratio and lower the amortization period by exceeding the contribution requirement.

Calendar Year	Funded Ratio	Amortization Period (years)
2011	83.20%	26.2
2012	86.60%	25.3
2013	84.50%	30.0
2014	88.00%	29.1
2015	87.40%	28.3
2016	87.90%	27.1
2017	88.70%	26.1
2018	88.70%	25.1
2019	89.10%	24.1
2020	90.10%	23.2
2021	91.10%	22.2
2022	90.60%	21.0
2023	90.50%	20.0
2024	90.00%	19.1

Unreserved General Fund Balance as a % of Operating Expenditures

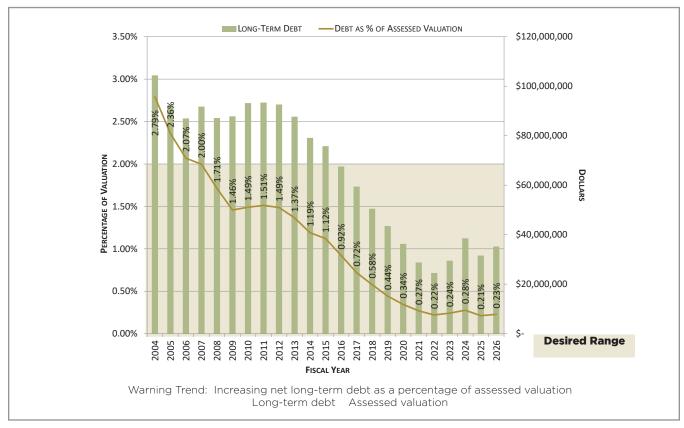


The size of a local government's fund balance can affect its ability to withstand financial emergencies. While the availability of unencumbered reserves is a positive, it should also be noted that too large of a fund balance is also viewed as a red flag. The City of Southlake's Fund Balance Policy states, "The City of Southlake's goal shall be to maintain a fund balance in the General Fund equal to a minimum of 15% of General Fund budgeted operating expenditures, with the optimum goal of 25%."

Since 2006, any dollars beyond the optimal goal of 25% have been transferred to the Strategic Initiative Fund (SIF) whose use is limited to one-time, non-recurring expenses. This fund has been used for infrastructure maintenance (City facility repairs and renovations), Southlake Comprehensive Plan, technology needs, and capital projects such as roads and sidewalks. In fact, the SIF has funded approximately \$93.1 million of capital projects since 2006, allowing the City to avoid borrowing money to fund these projects. The City has also been able to purchase needed public safety equipment such as a fire ladder truck, engine and an ambulance, as well as a portion of the outdoor warning system. This fund has been a valuable tool for funding high impact projects.

Fiscal Year	Actual Funds Spent	Fund Balance	Fiscal Year	Actual Funds Spent	Fund Balance
2013	\$32,791,958	\$11,296,929	2020	\$38,481,661	\$14,049,369
2014	\$33,429,210	\$11,394,336	2021	\$40,559,152	\$16,203,389
2015	\$34,249,021	\$12,246,504	2022	\$37,780,851	\$15,388,606
2016	\$34,834,913	\$12,214,105	2023	\$47,769,084	\$17,585,348
2017	\$35,742,544	\$11,758,431	2024	\$51,225,330	\$17,063,277
2018	\$37,561,818	\$11,870,887	2025*	\$54,489,851	\$14,114,254
2019	\$38,428,580	\$12,601,730	2026**	\$56,413,838	\$14,441,822

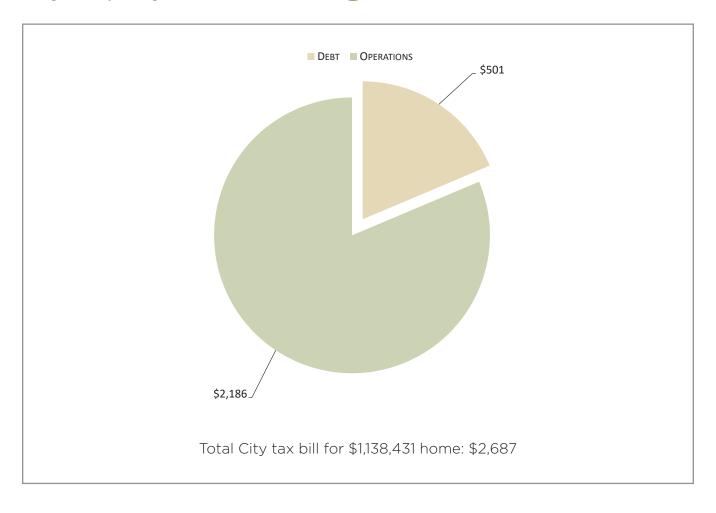
Property Tax Supported Long-Term Debt as a % of Assessed Valuation



This chart shows the debt issued by Southlake that is supported by property tax revenues relative to the total assessed valuation. Credit industry benchmarks state debt exceeding ten percent of assessed valuation as well as increasing long-term debt as a percentage of assessed valuation are warning signals. Neither of these trends are reflected in this chart which shows that the property tax supported long-term debt as a percentage of assessed valuation has been falling since 2003 and remains well below the ten percent benchmark. The City has established its own target of two percent or below, as outlined in the Financial Principles section of the Appendix, and since 2007, our debt as a percentage of assessed valuation has been at or below two percent.

Fiscal Year	Long-Term Debt	Assessed Valuation	Debt as % of Assessed Valuation	Fiscal Year	Long-Term Debt	Assessed Valuation	Debt as % of Assessed Valuation
2003	\$108,251,208	\$3,590,810,881	3.01%	2015	\$75,779,902	\$6,760,119,917	1.12%
2004	\$104,384,962	\$3,737,260,696	2.79%	2016	\$67,555,109	\$7,322,599,520	0.92%
2005	\$92,345,898	\$3,913,240,543	2.36%	2017	\$59,439,993	\$8,269,475,160	0.72%
2006	\$86,977,885	\$4,207,074,169	2.07%	2018	\$50,477,189	\$8,743,046,226	0.58%
2007	\$91,759,026	\$4,593,954,505	2.00%	2019	\$43,475,681	\$9,810,068,614	0.44%
2008	\$87,122,650	\$5,088,802,161	1.71%	2020	\$36,272,575	\$10,526,366,088	0.34%
2009	\$88,846,144	\$5,582,058,197	1.46%	2021	\$28,784,272	\$10,714,248,031	0.27%
2010	\$93,169,077	\$6,252,920,129	1.49%	2022	\$24,528,447	\$11,138,315,427	0.22%
2011	\$93,402,615	\$6,178,132,589	1.51%	2023	\$29,497,940	\$12,177,275,938	0.24%
2012	\$95,940,907	\$6,226,088,861	1.49%	2024	\$38,547,405	\$13,974,849,859	0.28%
2013	\$87,681,533	\$6,442,291,913	1.37%	2025	\$31,573,989	\$14,910,066,581	0.21%
2014	\$79,129,909	\$6,653,765,251	1.19%	2026	\$35,218,552	\$15,477,730,411	0.23%

City Property Tax Bill for Average Home



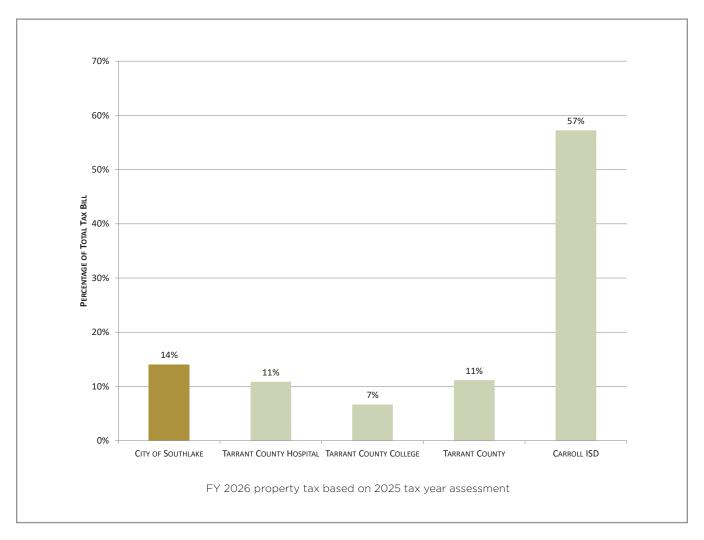
FY 2026 Proposed Tax Rate	\$0.295000
FY 2026 No New Revenue Tax Rate	
FY 2026 Voter Approval Rate (Adjusted for unused increment rate)	\$0.364506
Maintenance & Operations Component	\$0.240000
Debt Service Component	\$0.055000

Summary:

This year's City tax bill for an average residential property: 1,138,431 - 20% Homestead Exemption / $100 \times 0.295000 = 2,687$

Last year's City tax bill for an average residential property: \$1,094,414 - 20% Homestead Exemption / $$100 \times $0.305000 = $2,670$

What Does a Residential Property Owner Pay?



This chart illustrates the City property tax portion payable for Fiscal Year 2025 by an individual owning a home valued at \$1,138,431 located in Tarrant County and in the Carroll Independent School District.

Taxing Entity	FY 2026 Tax Rates*	Tax Bill (For an average valued home)	Percentage of Total
City of Southlake	\$0.295000	\$2,687	14%
Tarrant County Hospital	\$0.182500	\$2,078	11%
Tarrant County College	\$0.112280	\$1,278	7%
Tarrant County	\$0.187500	\$2,135	11%
Carroll ISD	\$0.961700	\$10,948	57%

^{*}Assumes all other taxing entity tax rates remain the same as prior year



BENCHMARK CITY TREND DATA

A key element of Southlake's Financial Trend Monitoring System includes identifying how Southlake's financial condition compares with that of selected benchmark cities. Although there are differences between cities such as transportation networks, geographical constraints, population, infrastructure and budgets, it is helpful for a city to identify peer cities that have similar conditions to its own or are located in the same labor market, in order to best assess its own fiscal health.

Southlake has identified eighteen benchmark cities within the Dallas-Fort Worth region. The list of these cities can be seen below. By collecting and analyzing data from these cities, the City of Southlake is in a better position to know how well we are performing and in what ways we may need to make adjustments to ensure the City's fiscal health and sustainability.







City of Arlington



City of Bedford



City of Carrollton



City of Colleyville



City of Coppell





City of Euless



City of Farmers Branch



Town of Flower Mound



City of Frisco



City of Grapevine



City of Hurst



City of Keller



City of McKinney



City of North Richland Hills

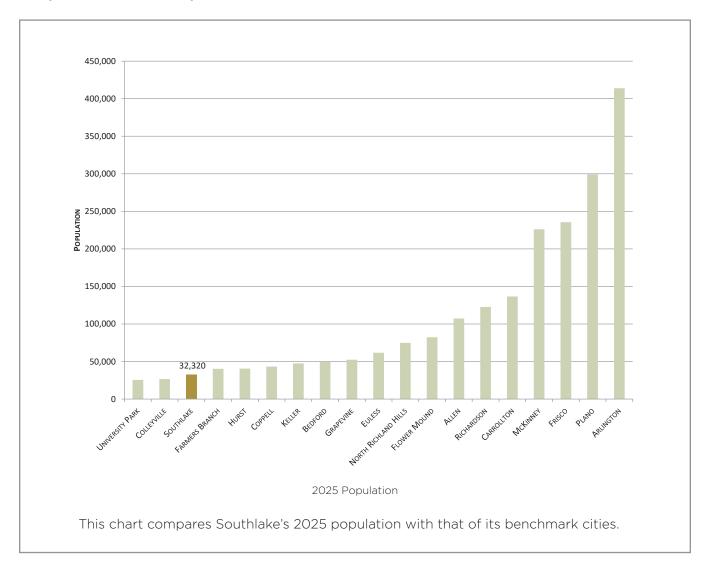


City of Richardson



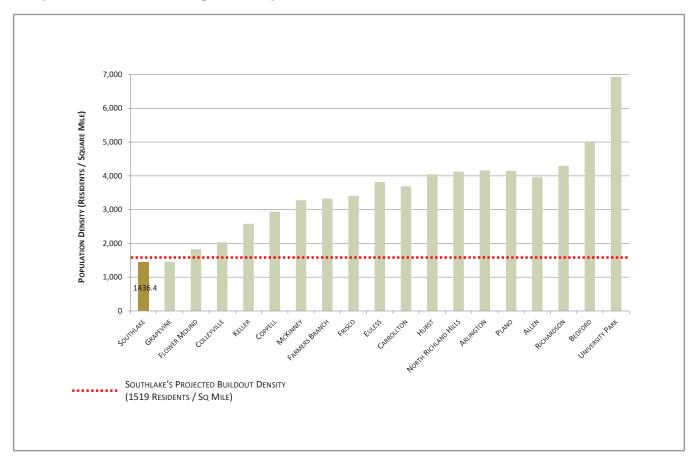
City of University Park

Population Comparison



City	Population	City	Population
Allen	107,328	Grapevine	52,346
Arlington	413,955	Hurst	40,454
Bedford	49,941	Keller	47,516
Carrollton	136,543	McKinney	226,181
Colleyville	26,599	North Richland Hills	74,859
Coppell	43,196	Plano	299,262
Euless	61,601	Richardson	122,745
Farmers Branch	40,246	University Park	25,574
Flower Mound	82,344	Southlake	32,320
Frisco	235,615		

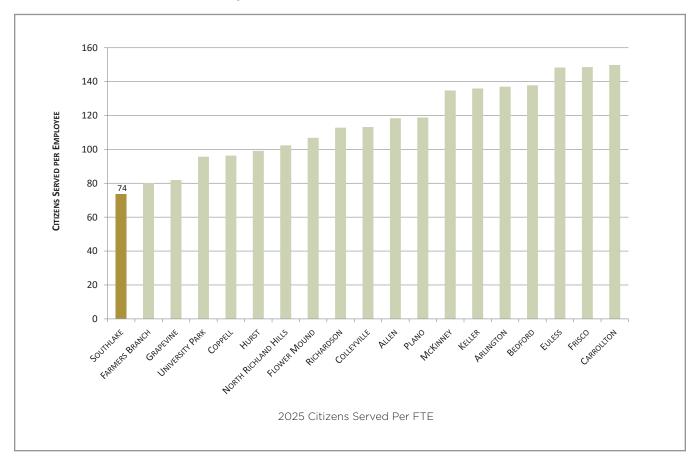
Population Density Comparison



This chart compares Southlake's 2025 population density to that of its benchmark cities and illustrates that Southlake has the lowest population density when compared to the benchmark cities with 1,436.4 residents per square mile. Additionally, when the build-out population of 34,188 is used to project density at build-out, Southlake's density remains well below the majority of the comparison cities.

City	Population	Square Miles	City	Population	Square Miles
Allen	107,328	27.11	Grapevine	52,346	35.85
Arlington	413,955	99.5	Hurst	40,454	10.0
Bedford	49,941	10.0	Keller	47,516	18.4
Carrollton	136,543	37.0	McKinney	226,181	69.0
Colleyville	26,599	13.1	North Richland Hills	74,859	18.16
Coppell	43,196	14.71	Plano	299,262	72.1
Euless	61,601	16.2	Richardson	122,745	28.6
Farmers Branch	40,246	12.1	University Park	25,574	3.69
Flower Mound	82,344	45.0	Southlake	32,320	22.5
Frisco	235,615	69.1			

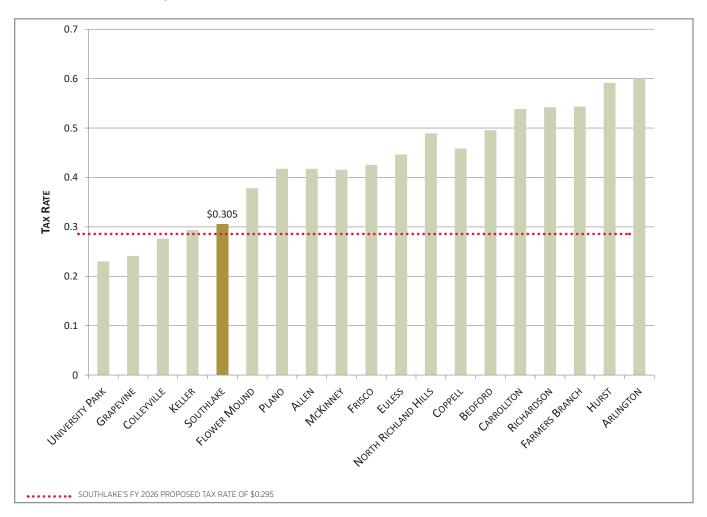
Citizens Served Comparison



In FY 2025, the City of Southlake served 74 citizens per full-time equivalent (FTE), which is on the lower end of the scale against our benchmark cities. This means that the employee to citizen ratio is lower, which allows the City to provide services that are aligned with our customer and community needs.

City	Population	FTE	Citizens Served Per FTE	City	Population	FTE	Citizens Served Per FTE
Allen	107,328	977.2	118	Grapevine	52,346	625.0	82
Arlington	413,955	3,001.0	137	Hurst	40,454	408.0	99
Bedford	49,941	362.4	138	Keller	47,516	349.2	136
Carrollton	136,543	911.0	150	McKinney	226,181	1,594.0	135
Colleyville	26,599	228.6	113	North Richland Hills	74,859	716.1	102
Coppell	43,196	448.4	96	Plano	299,262	2,498.0	119
Euless	61,601	415.0	148	Richardson	122,745	1,087.0	113
Farmers Branch	40,246	488.0	80	University Park	25,574	267.0	96
Flower Mound	82,344	729.0	107	Southlake	32,320	449.2	74
Frisco	235,615	1,630.1	149				

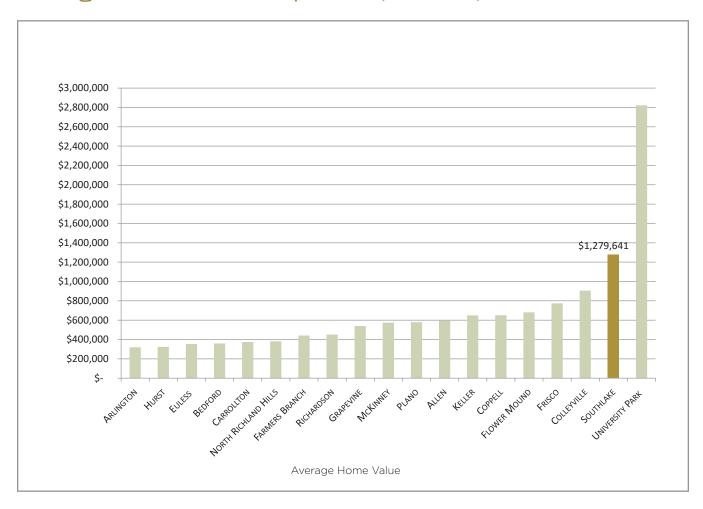
Tax Rate Comparison (FY 2025)



This chart shows the total FY 2025 ad valorem tax rate for each benchmark city. FY 2025 takes place during the 2024 tax year. Southlake's total tax rate trends towards the lower third of this chart, demonstrating that the City's tax rate is competitive when compared to the total tax rates of the other benchmark municipalities.

City	Maintenance & Operations	Debt Service	Total Tax Rate	City	Maintenance & Operations	Debt Service	Total Tax Rate
Allen	\$0.320531	\$0.096969	\$0.417500	Grapevine	\$0.131812	\$0.109353	\$0.241165
Arlington	\$0.414600	\$0.185200	\$0.599800	Hurst	\$0.508990	\$0.082334	\$0.591324
Bedford	\$0.357859	\$0.137867	\$0.495726	Keller	\$0.249675	\$0.043500	\$0.293175
Carrollton	\$0.393162	\$0.145588	\$0.538750	McKinney	\$0.278935	\$0.136578	\$0.415513
Colleyville	\$0.260172	\$0.016032	\$0.276204	North Richland Hills	\$0.331432	\$0.157957	\$0.489389
Coppell	\$0.388481	\$0.070151	\$0.458632	University Park	\$0.229964	\$0	0.229964
Euless	\$0.365289	\$0.081411	\$0.446700	Plano	\$0.30260	\$0.11500	\$0.417600
Farmers Branch	\$0.489265	\$0.054235	\$0.543500	Richardson	\$0.32439	\$0.21779	\$0.542180
Flower Mound	\$0.314876	\$0.063402	\$0.378278	Southlake	\$0.250000	\$0.055000	\$0.305000
Frisco	\$0.283406	\$0.142111	\$0.425517				

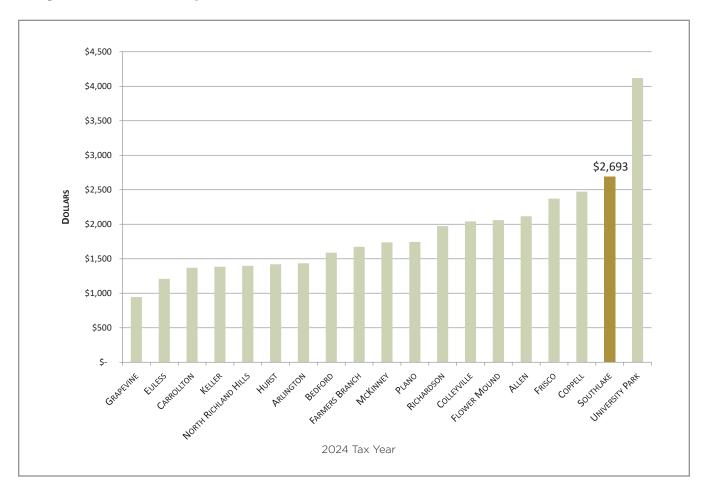
Average Home Value Comparison (FY 2025)



This chart shows a comparison of each city's average home value for FY 2025, which is the 2024 Tax Year. Southlake is on the high end of the list with a \$1,279,641 value, only exceeded by University Park.

City	2024 Tax Year Average Home Value	City	2024 Tax Year Average Home Value
Allen	\$594,033	Grapevine	\$540,796
Arlington	\$319,489	Hurst	\$323,850
Bedford	\$359,074	Keller	\$649,660
Carrollton	\$374,251	McKinney	\$574,651
Colleyville	\$905,319	North Richland Hills	\$381,951
Coppell	\$651,389	Plano	\$579,484
Euless	\$353,622	Richardson	\$451,884
Farmers Branch	\$441,002	University Park	\$2,821,893
Flower Mound	\$680,256	Southlake	\$1,279,641
Frisco	\$774,242		

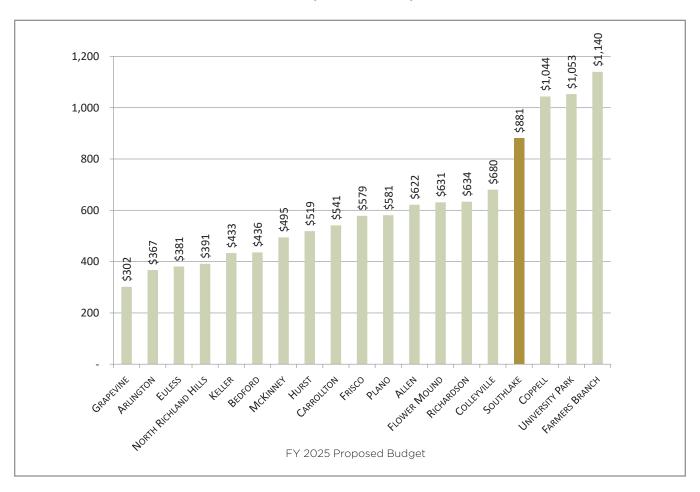
City Tax Bill Comparison



This chart shows a comparison of the amount for city tax bill on an average valued home for FY 2025 (2024 tax year). Southlake ranks at the top of this chart just behind University Park. This is in large part due to the high value of residential property in Southlake and less to do with the tax rate. As shown on previous pages, Southlake ranks in the lower third on the tax rate comparison and second to highest on the average home value comparison.

City	2024 Average Home Value	2024 City Tax Bill	City	2024 Average Home Value	2024 City Tax Bill
Allen	\$594,033	\$2,115	Grapevine	\$540,796	\$946
Arlington	\$319,489	\$1,435	Hurst	\$323,850	\$1,420
Bedford	\$359,074	\$1,588	Keller	\$649,660	\$1,384
Carrollton	\$374,251	\$1,370	McKinney	\$574,651	\$1,738
Colleyville	\$905,319	\$2,040	North Richland Hills	\$381,951	\$1,397
Coppell	\$651,389	\$2,473	Plano	\$579,484	\$1,744
Euless	\$353,622	\$1,209	Richardson	\$451,884	\$1,974
Farmers Branch	\$441,002	\$1,673	University Park	\$2,821,893	\$4,120
Flower Mound	\$680,256	\$2,059	Southlake	\$1,279,641	\$2,693
Frisco	\$774,242	\$2,372			

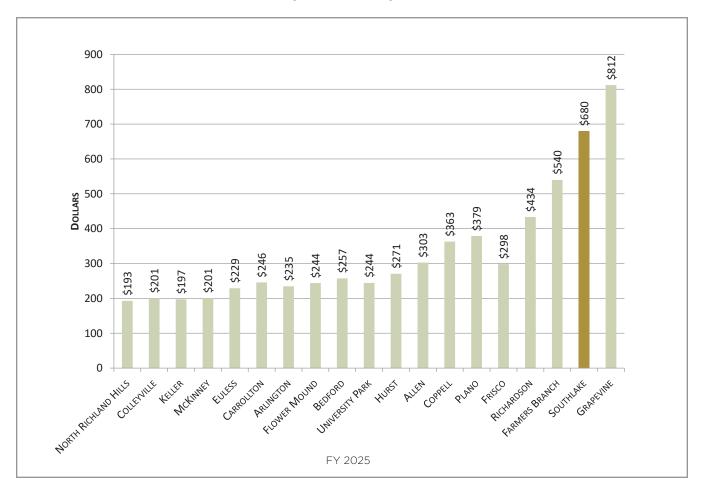
Ad Valorem Revenue Per Capita Comparison



This chart shows how Southlake stacks up against our benchmark cities in the amount of budgeted ad valorem taxes per citizen in FY 2025. Southlake budgeted to collect \$881 of ad valorem taxes per citizen, which is on the high end of the scale. This is attributed to the higher average home value in Southlake compared to the other benchmark cities.

City	FY 2025 Ad Valorem Revenue (Budgeted)	City	FY 2025 Ad Valorem Revenue (Budgeted)
Allen	\$66,751,327	Grapevine	\$15,794,705
Arlington	\$152,001,691	Hurst	\$20,987,171
Bedford	\$21,789,504	Keller	\$20,587,619
Carrollton	\$73,923,937	McKinney	\$111,852,009
Colleyville	\$18,098,973	North Richland Hills	\$29,304,286
Coppell	\$45,087,969	Plano	\$173,858,291
Euless	\$23,459,205	Richardson	\$77,773,089
Farmers Branch	\$45,879,500	University Park	\$26,931,487
Flower Mound	\$51,971,141	Southlake	\$28,487,889
Frisco	\$136,335,067		

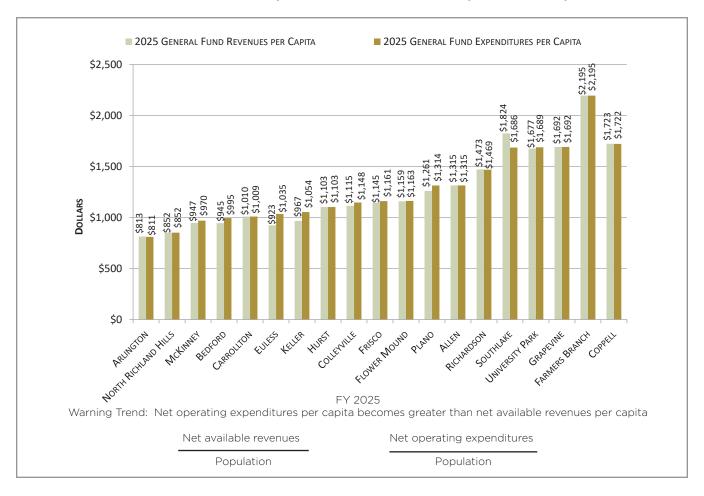
Sales Tax Revenue Per Capita Comparison



This chart shows the amount of General Fund sales tax revenue per capita that Southlake budgeted in FY 2025 in comparison to our benchmark cities. Southlake's \$680 in sales tax revenue per citizen, performs near the top of our benchmark cities.

City	FY 2025 Sales Tax Revenue (General Fund Budgeted)	City	FY 2025 Sales Tax Revenue (General Fund Budgeted)
Allen	\$32,488,068	Grapevine	\$42,500,000
Arlington	\$97,249,802	Hurst	\$10,954,648
Bedford	\$12,859,114	Keller	\$9,381,656
Carrollton	\$33,557,908	McKinney	\$45,390,096
Colleyville	\$5,340,000	North Richland Hills	\$14,446,136
Coppell	\$15,675,542	Plano	\$113,401,847
Euless	\$14,117,777	Richardson	\$53,218,583
Farmers Branch	\$21,731,800	University Park	\$6,250,000
Flower Mound	\$20,099,235	Southlake	\$21,978,469
Frisco	\$70,302,752		

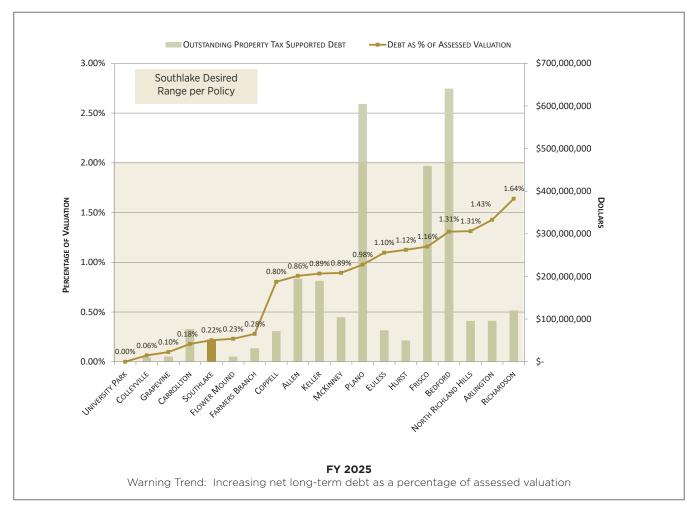
Available Revenues & Expenditures Per Capita Comparison



This chart shows a side by side comparison of FY 2025 budgeted operating expenditures and budgeted operating revenue for Southlake and its benchmark cities. It is important to note that Southlake's budgeted operating expenditures per capita do not exceed its budgeted operating revenues per capita, meaning the City spent less than it took in.

City	FY 2025 General Fund Budgeted Revenue	FY 2025 General Fund Budgeted Expenditures	City	FY 2025 General Fund Budgeted Revenue	FY 2025 General Fund Budgeted Expenditures
Allen	\$141,098,106	\$141,098,106	Grapevine	\$88,581,632	\$88,581,632
Arlington	\$336,735,236	\$335,533,445	Hurst	\$44,627,816	\$44,627,816
Bedford	\$47,206,689	\$49,686,596	Keller	\$45,947,512	\$50,075,234
Carrollton	\$137,845,920	\$137,820,920	McKinney	\$214,220,960	\$219,397,699
Colleyville	\$29,655,370	\$27,858,385	North Richland Hills	\$63,772,947	\$63,772,947
Coppell	\$74,441,033	\$74,383,684	Plano	\$377,433,789	\$393,273,293
Euless	\$56,882,520	\$63,757,737	Richardson	\$180,746,827	\$180,346,044
Farmers Branch	\$88,352,100	\$88,352,100	University Park	\$42,875,937	\$43,195,975
Flower Mound	\$95,444,111	\$95,777,870	Southlake	\$58,950,524	\$54,489,851
Frisco	\$269,814,452	\$273,497,800			

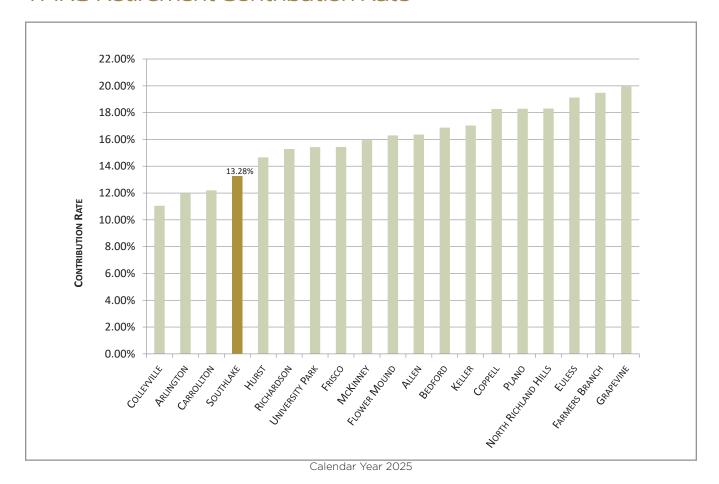
Property Tax Supported Long-Term Debt as a % of Assessed Valuation Comparison



This chart shows a side by side comparison of long-term debt as a percentage of assessed valuation for Southlake and its benchmark cities. This chart shows that Southlake's property tax supported debt and debt as a percentage of assessed valuation is moderate compared to our other benchmark cities.

City	Long-Term Debt	Assessed Valuation	City	Long-Term Debt	Assessed Valuation
Allen	\$189,715,000	\$21,397,028,162	Grapevine	\$11,904,724	\$12,303,212,111
Arlington	\$76,640,328	\$42,897,872,189	Hurst	\$49,985,000	\$4,445,497,087
Bedford	\$95,880,000	\$6,719,501,658	Keller	\$73,870,000	\$6,737,230,891
Carrollton	\$195,050,000	\$22,604,957,586	McKinney	\$459,440,000	\$39,687,385,746
Colleyville	\$11,870,000	\$5,167,132,233	North Richland Hills	\$120,345,657	\$7,345,191,912
Coppell	\$104,560,000	\$11,700,168,868	Plano	\$604,725,000	\$61,970,285,255
Euless	\$95,973,109	\$7,309,358,692	Richardson	\$51,711,529	\$23,898,998,511
Farmers Branch	\$71,902,318	\$8,941,211,419	University Park	\$-	\$117,111,751,248
Flower Mound	\$9,897,666	\$15,578,719,084	Southlake	\$31,573,989	\$11,275,155,717
Frisco	\$640,820,000	\$48,986,087,004			

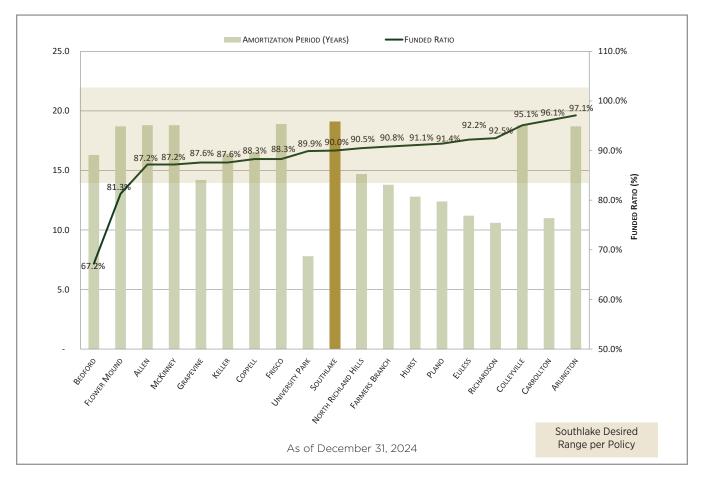
TMRS Retirement Contribution Rate



This chart reflects a side by side comparison of the Texas Municipal Retirement System (TMRS) contribution rate for the City of Southlake and its benchmark cities. This chart shows that Southlake's required contribution rate is lower than average. As noted previously, the City of Southlake has exceeded the contribution requirement in order to reduce the amortization period.

City	TMRS Retirement Contribution Rate	City	TMRS Retirement Contribution Rate
Allen	16.36%	Grapevine	19.96%
Arlington	11.95%	Hurst	14.66%
Bedford	16.88%	Keller	17.04%
Carrollton	12.20%	McKinney	15.94%
Colleyville	11.05%	North Richland Hills	18.30%
Coppell	18.27%	Plano	18.29%
Euless	19.13%	Richardson	15.28%
Farmers Branch	19.48%	University Park	15.42%
Flower Mound	16.30%	Southlake	13.28%
Frisco	15.44%		

TMRS Funded Ratio & Amortization Period

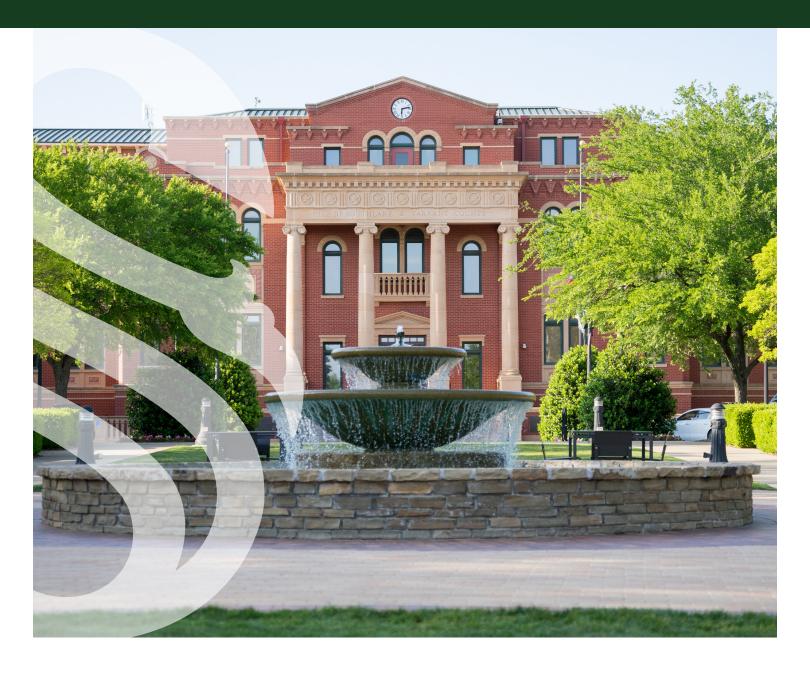


This chart reflects the funded ratio and the amortization period for the City of Southlake and its benchmark cities with Texas Municipal Retirement System (TMRS). The funded ratio is the ratio of the actuarial value of assets to the actuarial accrued liability. Ratios above 80% are considered to be positive. The amortization period is the period over which the existing unfunded actuarial accrued liability is projected to be paid off. As you can see, Southlake currently has the longest amortization period, compared to its benchmark cities. The City is actively working to raise the funded ratio and lower the amortization period by exceeding the annual contribution requirement

City	Funded Ratio	Amortization Period (Years)	City	Funded Ratio	Amortization Period (Years)
Allen	87.2%	18.8	Grapevine	87.6%	14.2
Arlington	97.1%	18.7	Hurst	91.1%	12.8
Bedford	67.2%	16.3	Keller	87.6%	16.4
Carrollton	96.1%	11.0	McKinney	87.2%	18.8
Colleyville	95.1%	18.8	North Richland Hills	90.5%	14.7
Coppell	88.3%	16.5	Plano	91.4%	12.4
Euless	92.2%	11.2	Richardson	92.5%	10.6
Farmers Branch	90.8%	13.8	University Park	89.9%	7.8
Flower Mound	81.3%	18.7	Southlake	90.0%	19.1
Frisco	88.3%	18.9			

CITY OF SOUTHLAKE

STRATEGIC DIRECTION



Its good to be in Southlake!

And we are always working to make it better. The continued quality and success of this community does not happen without the diligent effort of a committed team of residents, businesses, community leaders, and staff. Years of consistent planning and strategic thinking has brought Southlake to where it is today.

Since 2005, the City Council has worked closely with staff to adopt a Strategic Management System (SMS) based on the Balanced Scorecard framework. The SMS was developed to help the City direct its own destiny rather than allow future events to do so. Through sound business principles embodied in the SMS, the City is able to more effectively provide services to the citizens of Southlake, increasing both efficiency and customer satisfaction. Ultimately, it guides the way the City does business and helps us determine how we should invest our time and resources. In the budget process, the SMS allows for increased transparency and accountability, providing the City a framework for demonstrating results.

Balanced Scorecard and Southlake's Strategic Management System

The Balanced Scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. In short, it is a tool that organizations use to ensure that their work meets the goals of the organization in a measurable way, i.e. "You said...we did..." It connects organizational strategy to the work people do on a day-to-day basis.

The graphic at the right illustrates the Balanced Scorecard approach and the following pages of this section demonstrate how Southlake has aligned its SMS with this framework.

Components of the Strategic Management System include the Vision, Mission, Values, Perspectives, Focus Areas, Strategy Map, Performance Measures and Implementation Plans. Each element of the SMS is critical to the success of the organization and helps us evaluate and communicate our performance.

Vision

The City's vision statement outlines what we strive to be. The vision statement, adopted by City Council in 2005, reads:

Southlake is a vibrant, attractive, safe, healthy and fiscally sound community. We offer quality neighborhoods and a high standard of living, with abundant opportunities for learning, shopping, working, recreation and enjoyment of open spaces.

Upholding such a statement is a task that requires effort on multiple levels. The SMS helps ensure that the Vision of the City remains true in the years to come.

Mission

The mission statement describes what must be done to achieve the adopted vision. City Council has adopted the following mission statement for the City:

The mission of the City of Southlake is to provide municipal services that support the highest quality of life for our residents, a supportive environment for local businesses, and unique and special experiences for visitors.

Values

Underlying the SMS and driving how the City accomplishes its work are our corporate values. These are the principles that we hold important and standards by which the organization operates. These values, as adopted by the City Council, form the cornerstones of the SMS and are designed to guide City staff in their day to day work and the Council as it conducts its business:

Integrity - Being worthy of the public's trust in all things. We deal honestly and respectfully with each other and the public at all times. *Do the right thing.*

Innovation - Valuing progressive thinking, creativity, flexibility and adaptability in service delivery. *Think* outside the box.

Accountability - Taking personal responsibility for our actions or inaction while putting the interests of the taxpayer first. *Own it.*

Excellence - Behaving responsively in our delivery of service to the public. Our work is characterized by its quality and by the diligence with which it is carried out. We proactively seek to solve problems in advance. *Go above and beyond.*

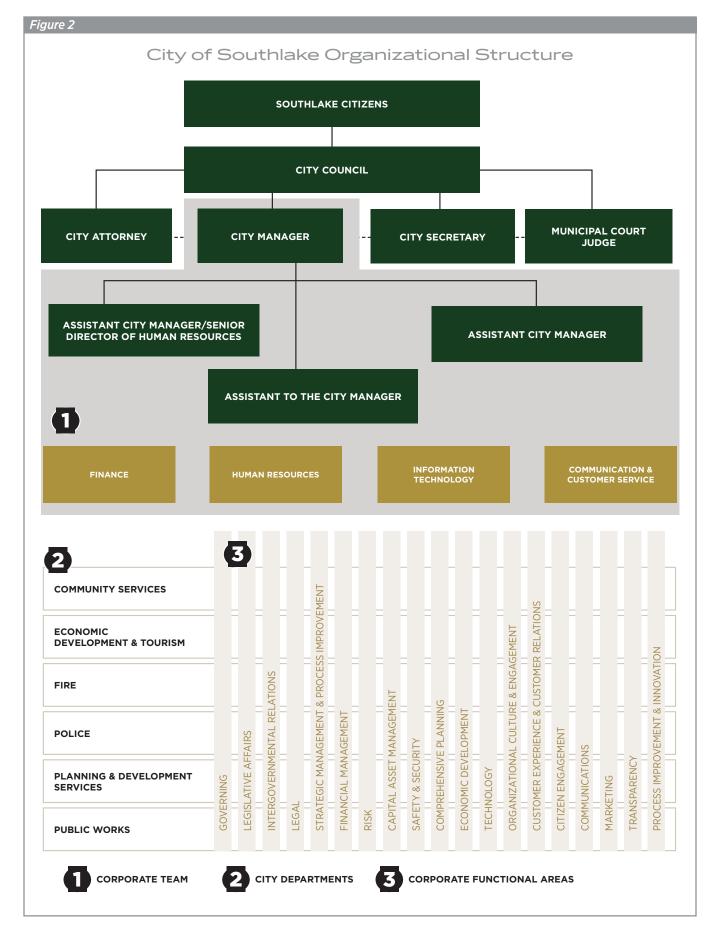
Teamwork - Recognizing the importance of working together to meet our citizen's needs, communicating clearly, sharing resources and information freely. *Work together*.



Perspectives

A Perspective is a view of an organization from a specific vantage point. Four basic perspectives are traditionally used to encompass a Balanced Scorecard organization's activities. The City's business model, which encompasses mission, vision, and strategy, utilizes the four Balanced Scorecard Perspectives as a framework:

Serve our Customers
Provide Financial Stewardship
Manage the Business
Promote Learning & Growth



Focus Areas

The focus areas were established by City Council as thematic goals to set the direction for our organization and to provide clarity for implementation plans. These are key areas in which we must excel in order to achieve our mission and vision, and deliver value to customers. Revisions were made in FY 2023 to better streamline the focus areas by reducing the number from six to four and each is described below.



Safety &

The establishment and maintenance of protective measures and policies that reduce danger, risk or injury to individuals who live, work or visit the City of Southlake and their property.



Capital assets that provide City services within Southlake, such as parks, buildings, water, sewer, drainage systems, sidewalks, trails, and roadway systems, and quality development that ensures an attractive, safe, financially viable, and sustainable community.



Partnerships & Volunteerism

The active promotion of alliances through community involvement focused on giving time, energies, or talents to individuals and groups for the enrichment of the Southlake community and its strategic affiliations.



Performance Management & Service Delivery

The formalized, results-oriented method used to apply best management practices and fact-based decision making to measure, monitor, and improve performance toward meeting strategic objectives, providing services, and enhancing accountability.

Corporate Objectives

Objectives are strategy components; continuous improvement activities that must be done to be successful. Objectives are the building blocks of strategy and define the organization's strategic intent. Good objectives are action-oriented statements, are easy to understand, represent continuous improvement potential and are usually not 'one-off' projects or activities. The City has identified ten Corporate Objectives (pictured on the next page) across the four perspectives.



Leadership Structure

Some may notice that our organizational structure (shown on a previous page) looks quite different than other organizations. Traditionally each city department reports directly to the City Manager or an Assistant City Manager—and this was the practice in Southlake for many years. As part of the City's ongoing strategic evolution to get the best possible results for our citizens, we restructured our organizational framework in 2016 to provide a more focused leadership approach. Under our revised framework, the City Manager, Assistant City Manager/Senior Director of Human Resources, Assistant City Manager, Chief Financial Officer, and the Assistant to the City Manager serve as the core Corporate Team. Each additional quasi-corporate team member is responsible for a set of corporate functional areas. The Corporate Team continually scans the horizon and provides strategic direction and oversight to departments, primarily identifying and planning for high-risk initiatives and helping the organization become ready for the future.

Under this framework, Department Directors are responsible for the high-quality management of operating their departments on a day-to-day basis. The Corporate Team works with departments to advance their corporate functional areas of responsibility, and Departments work with the Corporate Team as needed on city-wide high-risk initiatives. This two-way flow of information enhances collaboration between departments, emphasizes the focus on risk, and optimizes the value of the City's Executive Team for our residents, businesses, and visitors.

Strategy Map

In order to set the course for the work we do each year, we utilize a document called a Strategy Map. The Strategy Map captures the City's strategy in a single diagram and identifies those things that are necessary to achieve the mission. The City's adopted Strategy Map (pictured opposite) includes the Mission, Values, and Focus Areas, and it incorporates four Perspectives and 10 Corporate Objectives.

Our Strategy Map tells the story of not only what our strategic focus is but also how we intend to meet those goals. For example, if you look at the "Provide Financial Stewardship" perspective, you will see that the City intends to do this by safeguarding the public trust through a commitment to thoughtful planning and responsible, conservative financial management and investing to provide and maintain high quality public assets. You'll note that each of these objectives is referenced by a letter and number. These references can be found throughout this document, demonstrating the continued focus on connecting the City's strategy to its operations.

To further connect its strategy with its operations, each Department has created a departmental strategy map. These maps demonstrate each Department's core services which are organized by the same perspectives as the City's Strategy Map. Furthermore, each core service is connected to a Corporate Objective. See the City Department Overview section to view these departmental maps.

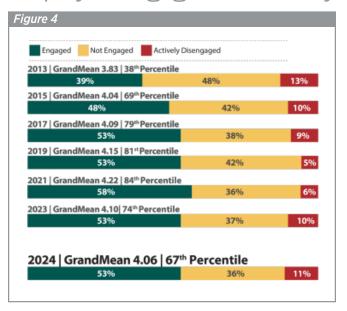
Performance Measures

Performance measures hold departments accountable. By updating and maintaining performance measures, citizens receive information about City services annually. Because performance measures are determined according to the Strategy Map, it becomes evident how each department aligns with City goals, and how well departments are meeting the expectations set by the Strategy Map.

The City uses "Key Accountability Indicators," (KAIs) to measure performance. These performance measures help determine the quantity and quality of our work, as identified in our plans. We consistently evaluate our work and review our performance quarterly because we firmly believe that what gets measured, gets done.

The City primarily monitors performance through city-wide and individual department scorecards. These are developed using the perspectives from the City's strategy. The city-wide scorecard is shown later in this section and department scorecards are shown in the City Department Overview section. The measures shown include the current reporting period and two previous periods, as well as a target. The targets established on the scorecards are typically "stretch" goals, or targets that the city is working to achieve. In 2023, the City revised the city-wide and department scorecards to improve measures so that they can be used to make better business decisions.

Employee Engagement Survey Results 2013 - 2024



In addition to monitoring these performance measures, the City of Southlake also desires the opinion of its citizens. Every two years Southlake undertakes a broad citizen survey designed to measure government performance and gauge the current and future needs of residents. This survey is an incredibly useful tool within the strategic management system, and it allows City services to be tailored based upon citizen attitudes.

The City of Southlake not only surveys its citizens, but also its employees. We believe strong employee engagement is a critical component of high-performance management and service delivery. Southlake conducts an employee engagement survey, which is created and administered by

research and consulting firm Gallup. The Gallup Organization defines engaged employees as those who are involved in and enthusiastic about their work. Engaged employees are 100% committed to their roles and contribute to the organization in a positive manner. Southlake continues to rank within the top third of organizations for employee engagement among those surveyed.

Southlake's performance measures are continually evolving. As we have improved our ability to gather and mine data about our work, we have been able to add performance measures to the departmental business plans as a gauge of success. These departmental measures are reported on each department's scorecard, then feed into the city-wide scorecard to give an overall picture of the City's performance. As the City continues to develop these scorecards, measurement units, data sources, and targets will be refined. Through quarterly performance reviews, departmental performance is documented. Trends are also tracked over time through department dashboards which are currently under development. The city-wide scorecard is presented later in this section and departmental scorecards are provided in the City Department Overview section of this budget document.

Implementation Plans

The next elements of the SMS are implementation plans. These plans are developed by departments and divisions to identify clear actions, timing, and resources needed to demonstrate that the strategy is being successfully implemented.

The first level of implementation plans includes our long range comprehensive plan, such as the Southlake Comprehensive Plan which includes all elements (master plans) of the City's planning efforts, such as land use, parks, trails, thoroughfares, community facilities, etc.

Operationally, each department maintains the status information on items for which they are assigned

responsibility. Accountability is established through regular reporting to the City Council as well as Boards and Commissions who oversee projects related to plan elements. The second level of implementation plans includes our departmental business plans. Departments prepare their business plans following an analysis of their department's strengths, weaknesses, opportunities and threats and with the goal of implementing best practices associated with the services they provide. These plans are prepared on a three year cycle. Additionally, departments prepare annual work plans which articulate both the connection to the business plan as well as clearly outlining what the department is planning to do, how they are planning to do it and when they project the work will be complete.

Southlake's Strategic Development/Budget Cycle



Establishing a link between a City's strategy and budget is fundamental to effective public budgeting. Southlake works hard to connect the SMS to the budget process. Incorporating the Strategy Map into resource allocation decisions ensures the City budget reflects the priorities of City Council. Figure 5 depicts the annual process of developing the City's budget in conjunction with the Strategic Management System.

The budget process, like the Strategy Map, connects each department to the organization as a whole. At the micro level, City departments work to provide quality services to the citizens of Southlake. At the macro level, departments use the Strategy Map to make budgetary requests so that these services can

be performed. As Figure 5 indicates, the process never ceases. At the beginning of each fiscal year, in October, we conduct or review the results from the most recent citizen survey, this aids staff in focusing its work for the coming year. Then a meeting with City Council in January provides an opportunity to review the strategic direction, followed by the creation of departmental business plans in April and budget development in August. In order for funding to be allocated, departments must follow the Strategy Map to align requests with the goals, mission, and vision of Southlake.

Strategic planning plays an integral role in the development of each year's budget and ensures the City's ability to meet the needs of a growing community. To be effective, the City must direct resources to those areas most essential to the community's priorities. The aim of the City's Strategic Management System, with its many integrated parts, does just that.

Safety & Security

Measure	Target	Current Period	Previous Period	Previous Period	Source	Timing
Citizen Rating Percent of respondents rating performance in "achieving the highest standards in safety and security as excellent, very good, or good.	> 95%	97%	97%	96%	Southlake Citizen Satisfaction Survey	Biennial Current Period: 2023
Police & Fire Accreditation Status of accreditation through established law	CALEA Gold Standard	CALEA Gold Standard	CALEA Gold Standard	CALEA Gold Standard	Commission on Accreditation for Law Enforcement Agencies	Every 4 Years Current Period: 2021
enforcement and fire protection programs	CFAI Accredited Agency	CFAI Accredited Agency	CFAI Accredited Agency	CFAI Accredited Agency	Commission on Fire Accredita- tion International	Every 5 Years Current Period: 2025
Fire ISO Rating Insurance Service Office (ISO) assignment for Public Protection Classification rating (1 highest rating -10 lowest rating)	ISO 1	ISO 1	ISO 1	ISO 1	Texas Department of Insurance	Around Every 10 Years Current Period: 2024
NIBRS Crime Rate Crime incident data per thousand for crimes against persons, property, and society	Persons < 4.0 Property < 17 Society < 6.0	Persons 2.2 Property 16.3 Society 6.5	Persons 3.23 Property 16.2 Society 5.8	Persons 3.06 Property 16.9 Society 4.31	City of Southlake CAD/RMS	Annual Current Period: 2024
Fire Dept. CPR Save Rate Percentage of patients who survive cardiac events due to CPR	> 12.4%	9.50%	5%	33%* *Previous calculation methodology	City of Southlake ESO and Local Hospitals	Annual Current Period: 2025
Fire Dept. ST Elevation Myocardial Infarction Time required to assess, transport patient with STEMI- type heart attack	< 40.00 Minutes	31.1 Minutes	32.19 Minutes	22.17 Minutes	City of Southlake ESO Data and Local Hospitals	Annual Current Period: 2025
School Safety Officer to student ratio	1:500	1:441	1:552	1:472	CISD and Southlake Police Department	Annual Current Period: 2025

Infrastructure & Development

Measure	Target	Current Period	Previous Period	Previous Period	Source	Timing
Citizen Rating Percent of respondents rating satisfaction with the city's performance in providing pedestrian pathways	> 75%	68%	67%	59%	Southlake Citizen Satisfaction Survey	Biennial Current Period: 2023
Citizen Rating Percent of survey respondents rating the city's performance in providing travel convenience within the city as excellent or very good	> 75%	48%	43%	33%	Southlake Citizen Satisfaction Survey	Biennial Current Period: 2023
Pavement Quality Index The survey value condition of street pavement throughout the city	> 78.0 PQI	81.5 PQI	81.3 PQI	81.1 PQI	Southlake Annual Comprehensive Financial Report	Annual Current Period: FY 2025 Projection
Citizen Rating Percent of survey respondents rating the city's efforts to provide attractive and unique spaces for enjoyment of personal interests as excellent or very good	> 75%	69%	70%	63%	Southlake Citizen Satisfaction Survey	Biennial Current Period: 2023
Business Survivability Percent of new Southlake businesses surviving five years or more	> 50%	65%	61%	58%	Bureau of Labor Statistics - Business Employment Dynamics	Annual Current Period: 2024
Build Out Density Residents per square mile 158 FY 2026 City of	< 1,519 Residents/ sq. Mile	1,437 Residents/ sq. Mile	1,436 Residents/ sq. Mile	1,426 Residents/ sq. Mile	City of Southlake Land Use Plan & NCTCOG population estimates	Annual Current Period: 2024

Partnerships & Volunteerism

Measure	Target	Current Period	Previous Period	Previous Period	Source	Timing
Volunteer Value Total number of volunteer hours served through Volunteer Southlake multiplied by the national value of service hours	> \$750,000	\$779,097	\$755,027	\$626,612	City of Southlake Volunteer Office (Volgistics)	Annual Current Period: 2025
Citizen Rating Percent of survey respondents rating the city's effort to enhance the sense of community by providing excellent customer service and citizen engagement opportunities as excellent or very good	75%	73%	72%	68%	Citizen Satisfaction Survey	Annual Current Period: 2023

Performance Management & Service Delivery: Finance

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Financial Management Recognition Distinguished Budget Presentation Award	Award Received	Award Received	Award Received	Award Re- ceived	Government Finance Officers Association	Annual Current Period: 2025	
Financial Management Recognition Excellence in Financial Reporting Award	Award Received	Award Received	Award Received	Award Re- ceived	Government Finance Officers Association	Annual Current Period: 2025	
Financial Management Recognition Popular Annual Financial Report Award	Award Received	Award Received	Award Received	Award Re- ceived	Government Finance Officers Association	Annual Current Period: 2025	
Bond Rating Rating assigned by credit agencies for the city's tax-supported debt	AAA by Three Agencies	AAA by Three Agencies	AAA by Three Agencies	AAA by Three Agencies	Standard & Poor's, Moody's, Fitch Ratings	Annual Current Period: 2025	
Total Taxable Value Assessed value of properties minus any exemptions. This is the value against which the tax rate is applied.	N/A	\$11.7 Billion	\$11.2 Billion	\$10.5 Billion	Tarrant Appraisal District	Annual Current Period: 2026	
Long-Term Debt Long-term debt as a percent of assessed value	< 2%	0.23%	O.21%	0.28%	City of Southlake, Finance Department	Annual Current Period: 2026	

Measure	Target	Current Period	Previous Period	Previous Period	Source	Timing
Unreserved General Fund Balance as a % of Operating Expenditures Excess of the city's assets over its liabilities	15% - 25%	33%	37%	43%	City of Southlake, Finance Office	Annual Current Period: 2024
TRMS Funded Ratio Ratio of the actuarial value of assets to the actuarial accrued liability	80% - 100%	90.00%	90.50%	90.60%	Texas Municipal Retirement System	Annual Current Period: 2024
TMRS Amortization Period The funded ratio is the ratio of the actuarial value of assets to the actuarial accrued liability	20 years	19.1 years	20.0 years	21.0 years	Texas Municipal Retirement System	Annual Current Period: 2024
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Performance Management & Service Delivery: Talent Management 4.50 4.06 4.10 4.22 Gallup

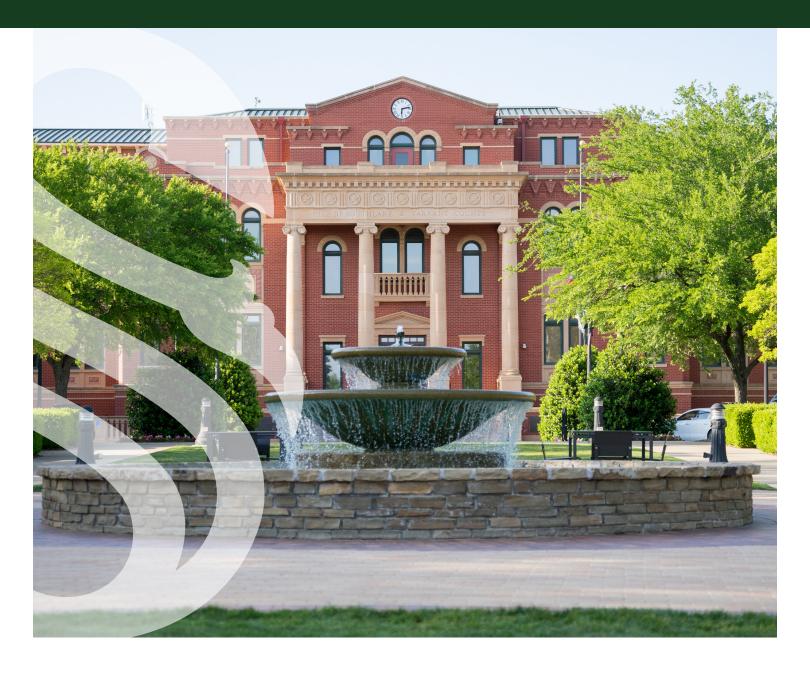
Employee Engagement Involvement and enthusiasm of employees with their work as expressed by overall survey engagement score	4.50 Grand Mean Score	4.06 Grand Mean Score	4.10 Grand Mean Score	4.22 Grand Mean Score	Gallup Employee Engagement Survey	Annual Current Period: 2024
Voluntary Turnover Rate Full-time turnover rate, excluding involuntary separations	< 8%	15.6%	13.0%	15.7%	City of Southlake, Human Resources Department	Annual Current Period: 2024
Time to Fill Average number of days it takes to fill a full-time vacant position, from vacancy to job acceptance	< 90 days	54 days	121 days	185 days	City of Southlake, Human Resources Department	Annual Current Period: 2024
Library Recognition Library Achievement of Excellence Award	Award Received	Award Received	Award Received	Award Received	Texas Municipal Library Directors Association	Annual Current Period: 2024

Measure	Target	Current Period	Previous Period	Previous Period	Source	Timing				
Performance Management & Service Delivery: Service Excellence										
Library Program Attendance Total library program attendance	38,000	41,441	40,986	37,622	City of Southlake, Public Library	Annual Current Period: 2024				
Library Materials Circulation Materials checked out or utilized by library customers	420,000	433,529	430,455	400,066	City of Southlake, Public Library	Annual Current Period: 2024				
Employee Wellbeing The degree to which employees feel the organization cares about their wellbeing as expressed through the employee wellbeing survey score	4.50 Grand Mean Score	4.05 Grand Mean Score	4.16 Grand Mean Score	4.34 Grand Mean Score	Gallup Employee & Wellbeing Survey	Biennial Wellbeing Survey Current Period: 2024				
Citizen Rating Percent of survey respondents that rate their overall quality of life as excellent, very good, or good	> 90%	98%	96%	99%	Citizen Satisfaction Survey	Biennial Annual Current Period: 2023				
Digital Certainty Score The DCI Score indicates the effectiveness of the City's website (100 highest score - 0 lowest score)	> 90	80	80	84	Siteimprove	Annual Current Period: 2025				
Citizen Rating Percent of survey respondents that agree completely or agree somewhat with I Can Find The Information I Need Easily On Cityofsouthlake.com	> 75%	75%	66%	53%	Citizen Satisfaction Survey	Biennial Current Period: 2023				



CITY OF SOUTHLAKE

MULTI-YEAR OPERATING PLAN





Introduction

Southlake's multi-year operating plan is a cornerstone of responsible financial stewardship, ensuring that today's decisions set the stage for tomorrow's success. By looking beyond a single fiscal year, the City gains a clear view of the long-term fiscal implications of policy and investment choices. This forward-looking approach helps anticipate challenges, identify opportunities, and align resources with the City's strategic vision—delivering consistent, high-quality services to residents while maintaining financial stability.

True economic and fiscal wellness requires balancing our current financial position with the needs of the future. This means carefully managing reserves, debt, and expenditures to ensure we can meet tomorrow's obligations without compromising today's service quality. Twice a year, the City Council and staff meet in strategic planning sessions to refine policy direction and set priorities. These discussions, guided by Council's adopted financial policies and management principles (Figure 1), directly shape the development of both the annual budget and long-range forecasts.

The City's long-term approach also reflects its commitment to sustainability. In 2015, the City Council adopted the Southlake Sustainability Plan, which seeks to protect and enhance quality

Financial Principles Strategic Alignment Tax Relief Cash Funding of Capital Projects Managed Expenditure Growth Structural Balance Strategic Debt Management Optimum Fund Balance Employer of Choice Multi-Year Sustainability Maintain Service Levels

of life for present and future generations through both environmental and financial stewardship. The plan's priorities serve as a roadmap for long-term economic and fiscal wellness (Figure 2), and the full Economic/Fiscal Wellness section is available in the Appendix. This plan is currently under review, with a policy update scheduled in the coming year to chart Southlake's course for the next decade.

The multi-year operating plan is updated annually alongside the budget process. It is built on conservative revenue growth assumptions and a disciplined property tax rate strategy that supports tax relief goals. The plan assumes no reduction in service levels and accounts for inflationary and market-driven cost pressures, anticipated infrastructure investments from the City's most recently adopted Capital Improvements Program, and adjustments necessary to uphold the City's compensation philosophy and maintain its position as an employer of choice.

Figure 2

Economic / Fiscal Wellness Priorities identified in the Southlake Sustainability Plan

EFW1: Apply sound financial policies to the City's budget by maintaining structural balance, strong reserves, conservative budgeting, effective economic analysis and understanding the true cost of doing business

EFW2: Apply debt management strategies to the City's budgeting

EFW3: Fund and adopt annual City operating budget, capital projects and equipment through sound financial policies

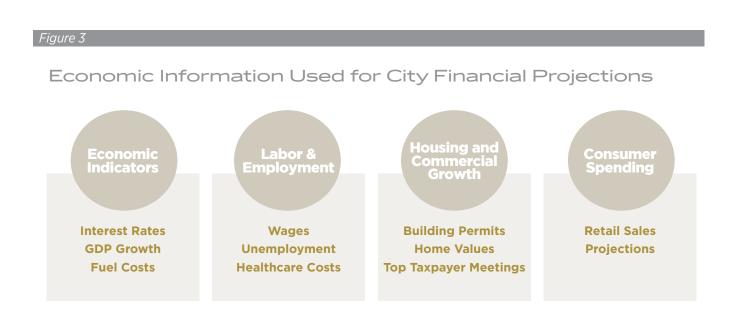
Revenues

Southlake's ability to provide exceptional services depends on a diverse and stable revenue base, supported by strategic use of reserves. The largest sources are ad valorem (property) and sales taxes, followed by franchise fees, charges for services, and usage fees.

Taxes. Taxes, both property and sales, are levied to fund governmental activities and are distinct from fees in that they are not tied directly to a specific benefit received by an individual or property. The majority of the City's tax revenues are collected in the General Fund, which supports essential services such as police, fire, road maintenance, library, and parks. Taxes account for nearly 86% of General Fund revenues. In addition to the General Fund, a portion of sales tax supports the Crime Control Prevention District, Southlake Parks Development Corporation, and Community Enhancement Development Corporation, as authorized by state law. Details for these funds can be found in the Special Revenue Fund section of this document.

Fees. Service fees are another important revenue source. These charges recover all or part of the City's costs for providing specific services, granting access to public property, or mitigating the impact of certain activities on the community. Fees are set to cover the reasonable cost of providing the related service or facility and are subject to legal restrictions that often require them to be accounted for in separate funds. The largest category is utility fees for water, wastewater, and solid waste collection. Other significant categories include development-related fees and impact fees. Impact fees are especially volatile because they are tied to the pace of new development and are restricted to infrastructure construction, renovation, or upgrades—not ongoing operations.

Forecasting. Accurately and conservatively forecasting key revenues is essential to maintaining a balanced budget today and in the future. In addition to the annual budget preparation process, the City continuously monitors and updates revenue forecasts as economic conditions, market trends, or environmental factors shift. Figure 3 outlines the City's approach to gathering and analyzing local economic information to inform projections.



For FY 2026 through FY 2030, revenue projections incorporate the following factors:

- Inflationary impacts on purchasing power and operating costs.
- · Slowing pace of new development as Southlake approaches build-out, which affects related fees and taxes.
- Pass-through costs of utilities that influence service fee rates.

This disciplined forecasting approach helps ensure that financial plans are realistic, sustainable, and aligned with the City's long-term strategic priorities. For the period of FY 2026 to FY 2030, major revenue growth rates were forecasted as follows:

Five Year Financial Forecast Revenue Assumptions -General Fund FY 2026 - FY 2030

Revenue Source	FY 2026 Adopted Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Ad Valorem (Property Tax)	3%	1%	3%	1%	3%
Sales Tax	1.5%	2%	2%	2%	2.5%
Franchise Taxes	1.6%	2%	1.5%	1.5%	1.5%
Charges for Services	10%	1.5%	1.5%	1.5%	1.5%
Permit Fees	-8.1%	1%	1%	1%	1%

^{*}growth rates compared to the FY 2025 estimate as of August 2025

Operating Expenditures

The City's operating expenditures fall into three broad categories: personnel, operations, and capital outlay. Managing these costs responsibly is essential to sustaining service quality and maintaining long-term financial stability.

Expenditure Management Philosophy. Southlake's financial management approach is guided by the principle that the cost growth in the General Fund for existing goods and services should not substantially exceed the Consumer Price Index (CPI) for the Dallas-Fort Worth area. This benchmark covers contract increases, cost-of-living adjustments, and other recurring costs associated with current service levels. Costs for new services or unfunded legislative mandates are considered separately. The CPI is monitored

Consumer Price Index (CPI) Reporting

All urban consumers, Dallas-Fort Worth

Month - FY 25	CPI Growth
November	2.02%
January	2.80%
March	1.63%
May	2.28%
July	2.27%

throughout the year and used as a key reference point when developing each annual budget (Figure 4).

Figure 4

Operational Cost Reviews. Each year, the City conducts a comprehensive review of operating costs to ensure taxpayer dollars are used efficiently and effectively. This process begins at the department level, where leaders assess all expenditures line-by-line, looking for ways to reduce inefficiencies, renegotiate contracts, or reconfigure operations for better results at lower cost.

Departments are encouraged to explore whether processes can be streamlined, technology leveraged, or resources shared across divisions to achieve service goals more efficiently.

Following these internal reviews, department leaders present their budget requests—whether to maintain, enhance, or expand services—to the City's leadership team. This group meets collectively to evaluate all requests against citywide priorities, rather than considering them solely from a department-by-department perspective. Each request is reviewed for strategic alignment, service impact, and cost-effectiveness, and then ranked based on its overall benefit to the community.

The resulting recommendations are provided to the City Manager to guide final budget development. This disciplined, cross-departmental approach ensures that funding decisions reflect the City's broader strategic vision and direct resources to the areas of greatest community impact. Over time, it has helped Southlake maintain high service standards, even in the face of inflationary pressures and market cost increases, without relying on significant tax rate increases.

Personnel Costs. As a service delivery organization, salaries and benefits represent the largest share of the City's operating expenditures. To manage these costs effectively and competitively, the City follows an adopted compensation philosophy and pay system—first implemented in 2013 and amended in FY 2022. This system defines the labor market, market position, pay structure, and career progression plan, ensuring a consistent, equitable, and financially sustainable approach. The City targets an average pay

rate above 70% of the market for general government employees and above 85% for sworn public safety personnel, supporting its employer-of-choice goals and reinforcing the City's ability to attract and retain top talent.

Forecasting. The multi-year expenditure forecast for FY 2026 through FY 2030 includes these major assumptions:

- Inflationary growth in the cost of goods and services.
- Continued application of the compensation philosophy to maintain competitiveness.
- Planned capital outlay to support ongoing infrastructure maintenance and replacement.

Through these strategies, the City works to ensure that expenditures grow in line with available revenues while maintaining high service standards for the Southlake community. For the period of FY 2026 to FY 2030, major expenditure growth rates were forecasted as follows:

Five Year Financial Forecast Expenditure Assumptions FY 2026 - FY 2030

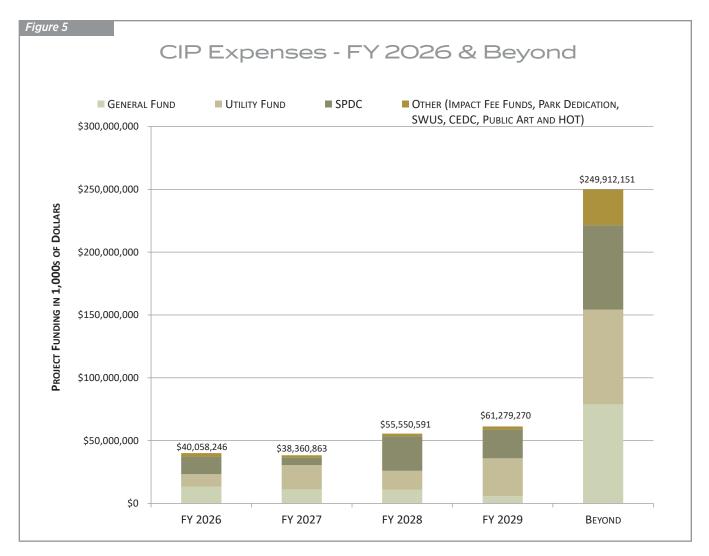
Assumption	FY 2026 Adopted Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
CPI / Inflation	2.5%	3.0%	3.0%	3.0%	3.0%
Compensation System Market - Public Safety	5.5% (includes Merit pay)	4.0%	4.0%	4.0%	4.0%
Compensation System Market - General Government + Merit Pay	2% - 4%	4.0%	4.0%	4.0%	4.0%
Benefits	5.0%	8%	8%	8%	8%

^{*}Adopted budget growth (General Fund) of 3.5% achieved through base budget reallocations, including staffing adjustments..

Capital Projects & Infrastructure Investments

Each year, the City of Southlake develops and funds a multi-year Capital Improvement Program (CIP) to guide investments in major public facilities and infrastructure. The CIP is more than a project list—it is a strategic planning and financial management tool that ensures capital improvements are delivered in a timely, cost-effective manner and aligned with the City's long-term vision.

Fund	Total Prior Funding	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Beyond	Total
General Fund	\$72,928,274	\$16,468,000	\$13,236,250	\$11,119,063	\$10,818,891	\$5,851,210	\$78,842,121	\$209,263,808
Utility Fund	\$43,950,630	\$16,037,200	\$10,056,500	\$19,324,700	\$15,165,000	\$30,057,500	\$75,514,000	\$210,105,530
Roadway Impact Fee Fund	\$3,285,000	\$225,000	\$282,000	\$296,100	\$311,000	\$327,000	\$344,000	\$5,070,100
Water Impact Fee	\$1,685,000	\$380,000	\$248,000	\$206,000	\$64,000	\$923,000	\$1,453,000	\$4,959,000
Sanitary Sewer Impact Fee	\$1,201,500	\$0	\$110,000	\$115,000	\$181,000	\$128,000	\$1,410,000	\$3,145,500
Storm Water Utility System	\$3,228,000	\$925,000	\$975,000	\$1,000,000	\$1,097,000	\$1,000,000	\$24,710,000	\$32,935,000
Community Enhancement & Development Corporation Fund	\$1,616,000	\$0	\$325,000	\$0	\$0	\$0	\$0	\$1,941,000
Southlake Parks Development Corporation	\$23,849,054	\$6,000,000	\$14,025,496	\$6,000,000	\$27,613,700	\$22,892,560	\$67,164,030	\$167,544,840
Tax Increment Reinvestment Zone #1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Park Dedication Fund	\$0	\$300,000	\$300,000	\$0	\$0	\$0	\$0	\$600,000
Hotel Occupancy Tax Fund	\$1,700,000	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$2,100,000
CCPD Fund	\$410,000	\$0	\$0	\$0	\$0	\$0	\$0	\$410,000
Public Art Fund	\$1,227,639	\$400,000	\$300,000	\$300,000	\$300,000	\$100,000	\$100,000	\$2,727,639
Red Light Camera Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tarrant County Bond	\$0	\$2,225,000	\$0	\$0	\$0	\$0	\$0	\$2,225,000
Grand Total All Funds	\$155,081,097	\$43,160,200	\$40,058,246	\$38,360,863	\$55,550,591	\$61,279,270	\$249,912,151	\$643,402,417



Purpose and Goals. Capital improvements include major investments in land, buildings, and infrastructure that are essential to advancing the City's strategic and comprehensive plans. The City's capital planning process is designed to:

- Ensure timely construction and repair of infrastructure to meet community needs.
- · Provide a disciplined, methodical approach to funding and construction to avoid unplanned expenditures or sharp tax or fee increases.
- Align public projects with growth patterns, development priorities, and strategic goals.

Planning Process. The preparation of the annual operating budget and the CIP are closely linked. As part of the budget process, financial resources are identified and allocated according to established guiding principles. The CIP outlines a five-year implementation plan, specifying each project, its funding source, and its priority level. This plan is reviewed and adopted by the City Council each February, ensuring alignment with both financial capacity and community priorities.

Funding and Coordination. Capital projects are funded through a combination of revenue sources, including the General Fund, special revenue funds, utility revenues, and, in some cases, debt financing. By coordinating the location, timing, and financing of projects, the City maximizes efficiency, reduces disruption to the public, and ensures infrastructure investments are sustainable over the long term.

Integration with the Multi-Year Operating Plan. The capital expenditures identified in the current multi-year CIP (Figure 5) are incorporated into the City's multi-year financial analysis. This integration ensures that the operating impacts of capital investments, such as ongoing maintenance costs, are factored into long-term financial planning, protecting the City's ability to sustain high-quality services well into the future.

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Strategic Reserves

Maintaining healthy reserves is one of Southlake's most important financial safeguards. Strategic reserves strengthen the City's ability to respond to unexpected events, economic shifts, or changes in revenue without disrupting essential services. They also demonstrate strong fiscal discipline, supporting the City's excellent credit ratings and financial reputation.

Policy Framework. The City's fund balance policies, found in the Appendix, set clear targets for reserves in each major operating fund:

- General Fund: Undesignated fund balance should range between 15% and 25% of operating expenses.
 For FY 2026, the City projects a balance of 25.60%, providing a robust cushion for unanticipated or emergency needs.
- <u>Utility Fund</u>: The target is 60-90 days of working capital. FY 2026 projections exceed this range to

Southlake Reserves and Projected Fund Balances - Major Funds FY 2026 - FY 2030

Fund	FY 2026 Adopted Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	
General Fund	\$14,441,822 25.60%	\$15,000,768	\$15,062,464	\$15,771,131	\$16,185,433	
	fund balance as % of operating expenditures	25.82%	25.17%	25.58%	25.49%	
Utility Fund	\$24,946,535	\$25,266,458	\$25,204,567	\$25,222,378	\$24,878,529	
	286 days working capital	282 days working capital	270 days working capital	264 days working capital	250 days working capital	
Hotel Occupancy Tax Fund	\$5,156,601	\$5,811,955	\$6,661,322	\$6,511,121	\$6,612,106	
Southlake Parks Development Corporation	Parks \$13,433,665 Development		\$12,404,171	\$11,627,718	\$11,142,711	
Crime Control & Prevention \$5,421,251 District Fund		\$5,305,606	\$4,604,156	\$4,311,399	\$3,921,544	
Community Enhancement & Development Corporation Fund	\$23,655,890	\$28,446,406	\$33,232,483	\$35,586,381	\$37,688,006	

prepare for significant infrastructure maintenance and replacement as water and wastewater systems age.

• <u>Other Funds</u>: Reserve levels are determined by future anticipated needs, such as capital construction, equipment replacement, and debt service obligations.

Strategic Use of Reserves. The City does not view reserves as idle funds. They are carefully managed to ensure readiness for high-impact projects, infrastructure renewal, or short-term revenue disruptions. Maintaining these optimal balances allows Southlake to remain financially stable while continuing to invest in facilities, technology, and service enhancements that benefit the community.

Forecast Results & Analysis

Each year, the City of Southlake prepares a five-year financial forecast for its major operating funds, including the General Fund, Utility Fund, Hotel Occupancy Tax Fund, and sales tax-supported funds. These forecasts project the revenues and expenditures required to sustain current service levels, meet debt obligations, and implement the City's adopted Capital Improvement Program.

Purpose of the Forecast. The forecast is not a budget—it is a planning tool. By looking five years ahead, the City can anticipate trends, evaluate policy options, and make informed decisions about service levels, infrastructure needs, and tax rate management. The forecast also includes scenario testing to measure the impact of potential changes in economic conditions or revenue streams.

Key Findings for FY 2026-FY 2030. The current forecast reflects a structurally balanced financial position consistent with the City's financial principles. However, it also signals that under certain conditions—such as if expenditure growth consistently outpaces CPI-based targets without offsetting revenue growth—service levels could be affected. While the City's goal is to align expenditure growth with projected CPI trends, the forecast shows that some cost drivers, such as compensation adjustments to maintain competitiveness and inflationary impacts on goods and services, may exceed this benchmark in future years. In these cases, staff will carefully document the need for any variance and ensure decisions protect the City's long-term financial health.

Recent Legislative Developments—Business Personal Property Exemption. During the 2025 Texas Legislative Session, lawmakers passed House Bill 9, raising the exemption for business personal property—from the previous threshold of \$2,500 to \$125,000. If approved by Texas voters in November, the expanded exemption will take effect on January 1, 2026. This is expected to reduce property tax burdens for businesses, potentially impacting local tax revenues starting in FY 2027. City staff will model this effect in upcoming budget updates and consider impacts and any mitigation necessary.

Exclusions from the Forecast. The projections focus on maintaining current service levels and do not include potential program enhancements or expansions, such as:

- New or expanded services.
- · Technology improvements.
- Legislative mandates.
- Significant growth-related increases.

These items are evaluated separately during the annual budget process, allowing for focused consideration of their strategic value and financial impact.

Conclusion. The multi-year forecast confirms that Southlake is on a strong financial path while highlighting the importance of disciplined cost control and proactive revenue management. By maintaining this focus, and continuing to update the forecast as economic conditions change, the City can ensure that decisions made today support a stable, high-quality future for the community.

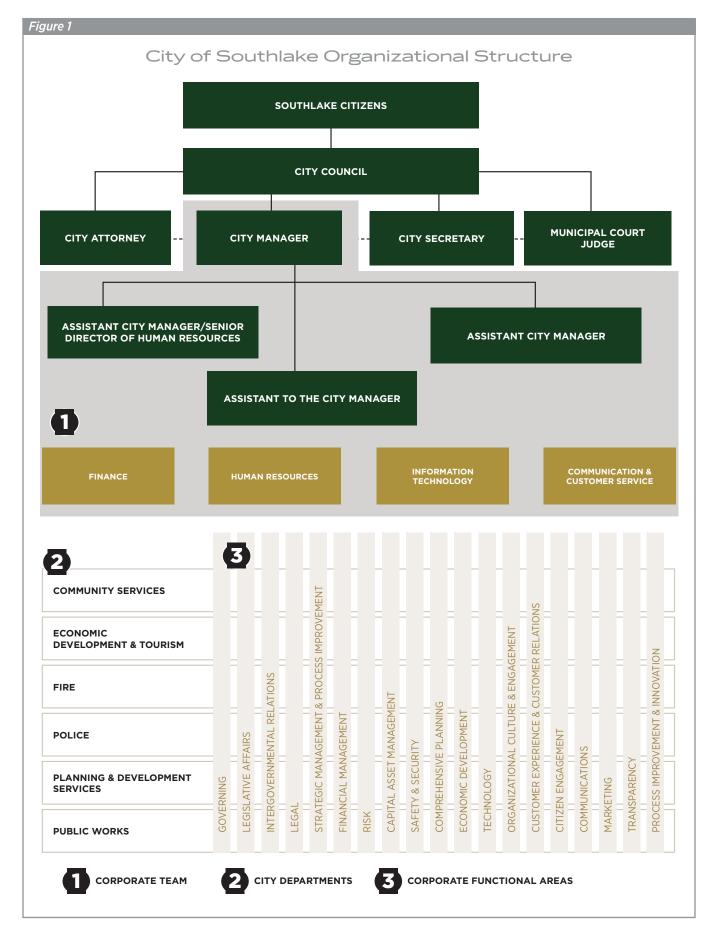
General Fund Five Year Financial Forecast* FY 2026 - FY 2030

Fund	FY 2026 Adopted Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Revenues	\$60,005,352	\$60,869,424	\$62,304,447	\$63,184,766	\$64,676,373
Expenses - Operating (capped at 3% CPI growth factor)	\$56,413,838	\$58,106,253	\$59,849,441	\$61,644,924	\$63,494,272
SIF Transfer - Capital Project Cash Funding	\$1,500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
SIF Transfer - Facility Maintenance	\$2,000,000	\$800,000	\$1,000,000	\$500,000	\$500,000
Vehicle Replacement	\$2,000,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000
Transfer - Technology	\$1,000,000	\$1,000,000	\$1,000,000	\$500,000	\$2,000,000
Other Transfers	\$250,000	\$300,000	\$400,000	\$400,000	\$400,000
Reserves	\$14,441,822	\$15,000,768	\$15,062,464	\$15,771,131	\$16,185,433
Reserves as % of operating expenses	of operating \$25.60%		25.17%	25.58%	25.49%

^{*}Forecast is not a budget, but is a preliminary estimate of FY 2026 to FY 2030 financial results.

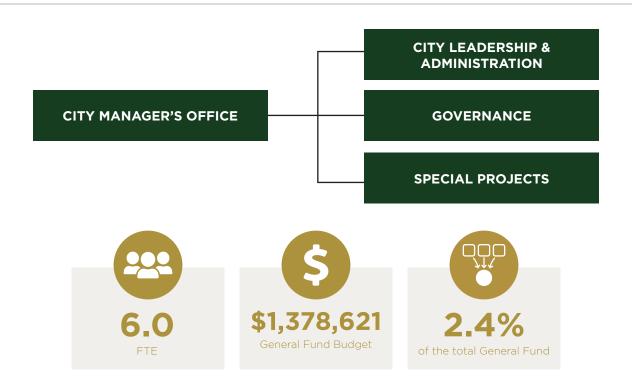
CITY DEPARTMENT OVERVIEW





City Manager's Office

The City Manager's Office pledges to provide our residents exceptional municipal services by promoting a progressive, efficient, responsive, and community-focused organization.







City Manager's Office Strategy Map

The mission of the City of Southlake is to provide municipal services that support the highest quality of life for our residents, a supportive environment for local businesses, and unique and special experiences for visitors.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers

We do this by

- Delivering outstanding customer experiences through innovation, passion, and a strong culture.
- Enhancing the sense of community by proactively creating opportunities for community partnerships. volunteer involvement, and citizen engagement.

We Provide Financial Stewardship

We do this by

- Safeguarding the public trust through a commitment to thoughtful planning and responsible, conservative financial management.
- Investing to provide & maintain high quality public assets.

We Manage The Business

We do this by

- **B1** Achieving strong outcomes through continual evaluation and pursuit of better practices that improve core business operations.
- Collaborating with select partners to implement service solutions.
- **B3** Maintaining an environment of future readiness by understanding and acting upon the forces, trends, and coming challenges affecting services; anticipating and responding to technology opportunities and enhance record keeping initiatives.

B = Business Objectives

We Promote Learning & Growth

We do this by

- L1 Defining, managing, and fostering a professional and engaged workplace culture that supports city values and promotes a positive employee experience.
- Provide educational opportunities to retain a skilled workforce.

C = Customer Objectives

F = Financial Objectives

L = Learning & Growth Objectives

City Manager's Office - Department Goals

CITY-WIDE GOAL: Strengthen strategic planning and performance management efforts to guide resource allocation and ensure defined, measurable outcomes.

Department Goal: Advance a culture of accountability and results-oriented performance that is balanced with adaptability and innovative experimentation.

Implementation Strategy:

- Develop an overall strategic management and utility implementation plan that provides system improvements, addresses renewal of existing aged infrastructure, improves customer understanding and relations, and proactively ensures a resilient, cost-effective and sustainable system.
- Develop strategic management program measures to ensure leaders are properly managing and fully aware of expected outcomes, monitoring progress, and aligning work efforts to meet expectations.

CITY-WIDE GOAL: Ensure the City's culture, values, and norms reflect the evolving profile and expectations of the Southlake community.

Department Goal: Champion a values-based organizational culture rooted in ethical leadership and decision-making, employee engagement, and a shared commitment to excellence.

Implementation Strategy:

- Lead efforts to define and reinforce the City's aspirational culture through consistent messaging, training, and engagement across all departments.
- Utilize monthly leadership and quarterly accountability meetings and performance scorecards to evaluate alignment between cultural values and operational practices.
- Establish cultural attributes throughout all City departments and divisions by promoting culturebuilding activities, such as leadership roundtables and interactive dialogues, that embed core values into daily interactions and decision-making.

CITY-WIDE GOAL: Maintain strong financial management through established methods to continue achieving operational and financial goals while focusing future plans on expanding organizational capacity.

Department Goal: Deliver high-value municipal services by aligning conservative financial strategies with a focus on long-term resilience and customer-centered outcomes.

Implementation Strategy:

- Leverage financial trend data and analysis to proactively anticipate and understand customer, environmental, management, economic and financial factors affecting City operations, while promoting transparency in public reporting.
- Uphold the City's financial guiding principles in the budget process by ensuring structural balance, strong reserves, conservative debt management, and other key budgetary policy directives are met.
- Prepare for shifts in the financial landscape by exploring alternative revenue sources and ensuring funding strategies accurately reflect the cost of delivering exceptional services.

City Manager's Office - Department Goals

CITY-WIDE GOAL: Ensure Southlake's future readiness by embracing adaptability and innovation and maintaining the capacity to effectively respond to emerging challenges and opportunities in the community.

Department Goal: Position the organization for long-term resilience by advancing innovation, operational agility, and workforce development across all areas of municipal service.

Implementation Strategy:

- Integrate emerging technologies, including AI tools and automation, across key government functions to streamline processes, improve decision-making, and automate routine tasks, allowing the organization to respond more quickly to community needs, optimize resource allocation, and reduce operational costs, enhancing overall efficiency and service delivery.
- Conduct a city-wide review of workflows and processes to identify inefficiencies and apply lean management techniques that enhance productivity, responsiveness, and overall performance.
- · Foster a culture of continuous improvement and innovation to ensure Southlake remains agile, competitive, and well-prepared for future challenges.

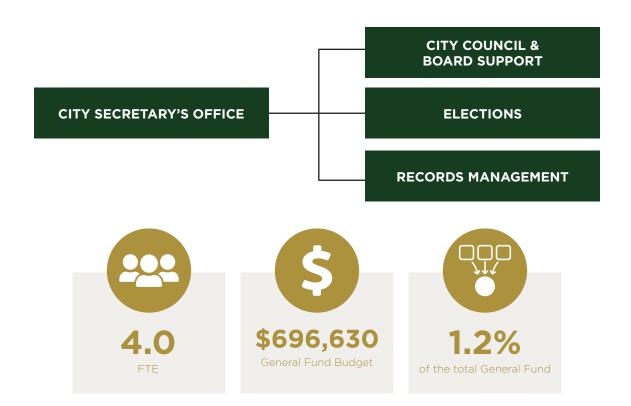
Performance Measures

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Target
Bond Rating - Fitch/S&P/Moody's	AAA	AAA	AAA	AAA
Overall Employee Engagement Mean (Gallup Q12)	4.22	4.10	4.06	4.50
Percent of citizens opinion on the overall quality of life in Southlake (Citizen Satisfaction Survey)	96%	98%	98%	95%
Internal Financial Risk Mitigation - overall number of fraud incidents	0	0	0	0



City Secretary's Office

The mission of the CSO is to support the legislative process, encourage civic involvement, promote governmental transparency, and provide exceptional service to the public.







City Secretary's Office Strategy /hap

The mission of the CSO is to support the legislative process, encourage civic involvement, promote governmental transparency, and provide exceptional service to the public.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve
Our
Customers

We do this by

C1

CSO Provide excellent service by assisting the public and elected officials in navigating governmental processes.

CSO

Enhancing the sense of community through the board appointment process by creating opportunities for volunteer involvement.

C = Customer Objectives

We Provide **Financial** Stewardship

We do this by

CSO F1

Ensuring a commitment to using collaborative agreements while providing high value services through responsible management of resources.

CSO

Providing and maintaining efficient and improved procedures for record assets.

F = Financial Objectives

We Manage The Business

We do this by

CSO B1

Achieving strong outcomes through continual evaluation and pursuit of better practices through efficient elections and the improvement of business operations.

CSO B2

Partner with organizations to establish and maintain relationships.

CSO B3

Maintaining an environment of future readiness by anticipating and responding to technology opportunities and enhance recordkeeping initiatives.

B = Business Objectives

We Promote Learning & Growth

We do this by

CSO L1

Defining, managing, and fostering a professional and engaged workplace culture that supports city values and promotes a positive employee experience.

CSO L2

Provide educational opportunities to retain a skilled workforce.

L = Learning & Growth Objectives

City Secretary's Office - Department Goals

CITY-WIDE GOAL: Establish customer service standards.

Department Goal: Elevate public access and transparency.

Implementation Strategy:

- Evaluate public-facing tools to identify and eliminate barriers to accessing information.
- · Equip staff with practical training to encourage proactive release and responsible management of public records.
- Support citywide transparency efforts by working with departments to digitize records for public use.

CITY-WIDE GOAL: Establish customer service standards.

Department Goal: Strengthen the City's digital records program.

Implementation Strategy:

- · Implement a digital records maintenance plan to ensure system integrity and user accessibility in Laserfiche.
- Implement a feedback mechanism to gather user insights on electronic forms and workflows.
- Follow the records management program for legacy paper files to digital formats, prioritizing highimpact or high-use documents.

CITY-WIDE GOAL: Actively pursue necessary process changes and improvements to establish a learning culture and encourage continuous risk evaluation.

Department Goal: Cultivate a risk-aware and adaptive team culture.

Implementation Strategy:

- Develop a job-specific risk-awareness toolkit, informed by staff input and operational realities.
- Host quarterly team debriefs to identify procedural blind spots and brainstorm solutions.
- Embed a "lessons learned" review in major project closeouts to support knowledge retention and process refinement.

CITY-WIDE GOAL: Continue to connect employees to the role they play in implementing the city's goals, recognize their contributions to this effort, and continue to align employee strengths with identified priorities.

Department Goal: Build a purpose-driven, engaged workforce.

Implementation Strategy:

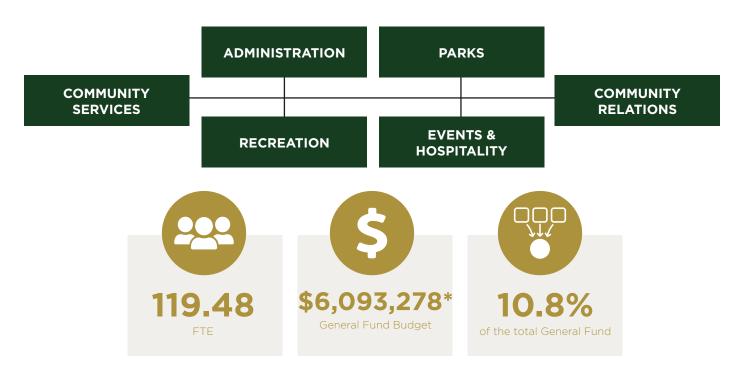
- Create opportunities for growth by using feedback to align each team member's strengths with their responsibilities.
- Empower staff to lead knowledge-sharing discussions that build stronger connections and support collaborative problem-solving.
- Utilize the department's quarterly newsletters to highlight how our work supports the city's mission and values.

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Public Information Act requests processed within five business days of receipt	400	316	430	430
Records stored digitally in the document repository - Laserfiche	3.1 million	3.1 million	3.3 million	2 million
Training hours for CSO staff	144	118	144	144
City-wide Records Management Training (Hours)	15	5	15	15



Community Services

The Community Services Department mission is to create world class experiences and be the premier destination for lifelong memories.



*Additional operational funding provided by the Community Enhancement & Development Corporation (CEDC), the Parks Special Revenue Fund, the Public Art Fund, the Southlake Parks Development Corporation (SPDC), the Tax Increment Finance (TIF) District Fund, and the Reforestation Fund.



Community Services Strategy Map

Our mission is to create world-class experiences. Our vision is to be the premier destination for life-long memories.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers

We do this by

- C1 Creating world-class recreational and park experiences that promote wellbeing, pursuit of personal enjoyment, and create life-long memories.
- C2 Enhancing the sense of community through well run recreational, parks, hospitality, and customer relations programs, and fostering partnerships, citizen engagement, and volunteer opportunities.

We Provide Financial Stewardship

We do this by

- Intentional planning and conservative financial management practices, including adhering to cost recovery initiatives and goals, promoting volunteer opportunities, and partnering with community organizations that enhance our customer service.
- F2 Being future-ready by evaluating department resources, investing in high quality assets, and protecting those assets through the Asset Replacement Plan.

F = Financial Objectives

We Manage The Business

We do this by

- B1 Achieving strong service outcomes through innovative process improvement and better practices for parks and recreation professionals.
- B2 Collaborating with select partners to implement service solutions.

We Promote Learning & Growth

We do this by

- L1 Attracting and retaining a talented and motivated workforce by setting a strong foundation for success through a well-developed, fun, and comprehensive onboarding program.
- L2 Creating a culture that maximizes employee's strengths, grows customer service and innovation, and motivates employees to be engaged in their jobs every day.
- Proactively planning for the future by providing leadership and professional development opportunities to prepare employees for the next step in their careers.

L = Learning & Growth Objectives

C = Customer Objectives

B = Business Objectives

Community Services - Department Goals

CITY-WIDE GOAL: Provide high-value municipal services, balancing conservative financial management goals with strong customer experience considerations.

Department Goal: Maintain budgeted cost recovery for The Marq operations annually.

Implementation Strategy:

- Focus on member acquisition and retention through the implementation of the membership acquisition and retention plan, which includes multiple membership campaigns.
- Strong sales strategy for Legends Hall bookings and events.
- · Manage facility expenses through the implementation of a facility asset replacement plan to ensure high-quality facility satisfaction and member retention.

CITY-WIDE GOAL: Ensure that strategic management planning efforts reflect the community's desired outcomes, anticipate trends and risks, and so that system elements produce measurable outcomes and successes can be clearly communicated.

Department Goal: Implement Comprehensive Plan recommendations from the Southlake 2035 Parks, Recreation & Open Space Master Plan, the Public Arts Master Plan and the Health and Wellness Master Plan.

Implementation Strategy:

- Continue work on the design process and construction documents for the redevelopment of the Town Hall Plaza (Family/Rustin Parks).
- · Implement phase two of the Athletic Fields Turf Conversion Project based on the city-wide turf feasibility study results (North Park).
- Begin the implementation strategy for a Veterans Memorial in Southlake.
- Continue Phase 2 of the Green Ribbon Project and plan for future phases.

CITY-WIDE GOAL: Develop an overall strategic management and asset implementation plan that provides system improvements, addresses replacement of existing aged infrastructure, improves customer understanding and relations, and proactively ensures a resilient, cost-effective, and sustainable system.

Department Goal: Create a Parks Asset Plan.

Implementation Strategy:

- Implementation of Phase 1 of the VueWorks asset management and work order system.
- Conduct a Parks Facility Asset Study.
- Create an Equipment Replacement Schedule for the Parks Division.

CITY-WIDE GOAL: Enhancing the sense of community by proactively creating community partnerships, volunteer involvement, and citizen engagement opportunities.

Department Goal: Support partnerships with community organizations to ensure community needs are met.

Implementation Strategy:

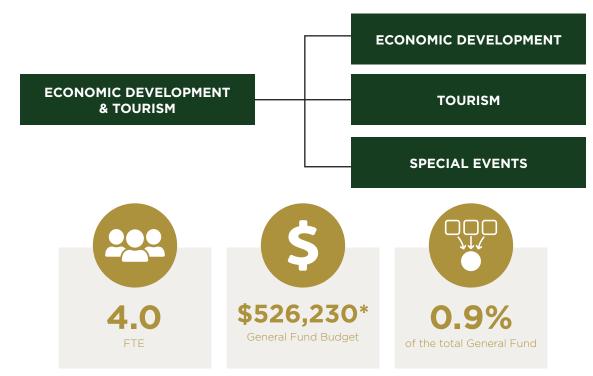
- · Review and update all facility utilization agreement, tournaments, and rental policies to reflect current assets and best practices for Community use and appropriate revenue generation.
- Support all Community Services Agreements with partner organizations to ensure they meet community needs.
- · Support Facility Use Agreement relationships to ensure the recreational needs of our residents are met.

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Marq Cost Recovery	71.98%	67.66%	69.77%	65.00%
Net Promoter Score	75.57	83.77	81.15	70.00
Gallup Survey (Employee Engagement & Employee Wellness)	4.30	4.13	4.13	4.50



Economic Development & Tourism

The Southlake Economic Development and Tourism Department's mission is to sustain and grow Southlake's vibrant economy and outstanding quality of life by providing leadership and resources for the creation, expansion and retention of businesses and visitors.



*Additional operational funding provided by the Community Enhancement & Development Corporation (CEDC) and the Hotel Occupancy Tax (HOT) Fund.





Economic Development & Tourism Strategy / hap

Our mission is to sustain and grow Southlake's vibrant economy and outstanding quality of life by providing leadership, resources and a positive experience for the creation, expansion and retention of businesses and visitors.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers

We Provide Financial Stewardship We Manage The Business

We Promote Learning & Growth

We do this by

EDT Delivering professional, and valuable business & visitor resources and support through innovative and efficient programs and methods.

EDT Providing extraordinary and memorable experiences for visitors through events and quality information.

Promoting EDT Southlake as a **C3** shopping, dining, entertainment, and leisure destination.

C = Customer Objectives

We do this by

Safeguarding the public's trust through a commitment to thoughtful planning, conservative financial management, and providing highvalue services through efficient management of resources and continual process improvement.

Providing financial **EDT** and operational efficiencies by evaluating programs, resources and services for optimum value to the City.

F = Financial Objectives

We do this by

EDT Proactively monitoring the economic environment to help anticipate trends and mitigate risks and challenges that may impact our future ability to successfully deliver core services to our customers.

EDT

B2

Achieving strong outcomes by remaining agile and vigilant and continuously pursuing better practices that improve core business operations that are customer-oriented.

B = Business Objectives

We do this by

EDT Developing an engaged L1 workforce by providing professional opportunities that add value to the City, supports the City's values, and promotes a positive employee experience.

Building a culture **EDT** that encourages L2 continuous learning with opportunities to grow and harnesses diverse talents.

L = Learning & Growth Objectives

Economic Development & Tourism - Department Goals

CITY-WIDE GOAL: Enhance business retention and expansion efforts by delivering valuable services to the business community.

Department Goal: Deliver outstanding customer experiences through streamlined support services, regular outreach, and success-tracking measures to foster growth among existing Southlake businesses.

Implementation Strategy:

- Implement and oversee an enhanced business engagement program, complete with strategic goals and objectives, roles, and responsibilities.
- Engage directly with businesses to foster positive relationships and address business challenges in the community.
- Work with strategic partners such as the Chamber of Commerce to create and enhance networking programs for the benefit of the entire business community.

CITY-WIDE GOAL: Continue further diversification and strengthening of the tax base.

Department Goal: Recruit and retain a broad mix of high-value commercial businesses to grow daytime population and sales tax revenue.

Implementation Strategy:

- Promote the Southlake advantage through dedicated and targeted marketing and a robust website presence.
- Collaborate with property owners to pursue leads demonstrating market demand and reducing vacancy periods.

CITY-WIDE GOAL: Elevate and enhance tourism efforts and visitor engagement opportunities.

Department Goal: Strengthen external perceptions and experiences about Southlake as a business community, the City's brand, and as a place to visit.

Implementation Strategy:

- Maintain an editorial calendar for blog posts, video spotlights, and social media posts that rotate between business, retail, dining, and leisure themes.
- Provide unique and different attractions opportunities for visitor enjoyment at City hosted events and throughout key shopping seasons.
- Partner with lifestyle and travel influencers to showcase the exceptional hospitality, retail experiences, and behind-the-scenes tours that broadcast Southlake's vibrancy.

CITY-WIDE GOAL: Develop strategic management program measures to ensure leaders are properly managing and fully aware of expected outcomes, monitoring progress, and aligning work efforts to meet expectations.

Department Goal: Achieve the City's goals by implementing the Southlake Comprehensive Plan, and more specifically, the Economic Development and Tourism Master Plans.

Implementation Strategy:

• Develop an annual work plan that implements comprehensive plan recommendations, establishes outcomes, defines timelines, and demonstrates success in implementation.

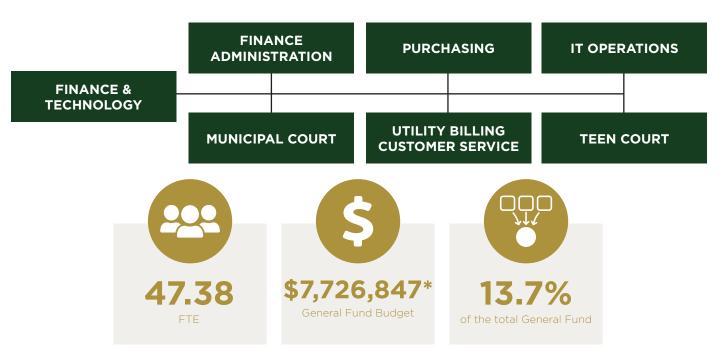
Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Local Unemployment Rate	3.4%	3.9%	3.7%	4.0%
Southlake Retail Occupancy Rate	96.1%	96.9%	97.7%	95.0%
Southlake Office Occupancy Rate	79.9%	81.6%	83.7%	85.0%
Consumer Sales - Sales Tax (One Cent) Percentage Increase (year-over-year)	7.7%	-6.7%	4.0%	2.0%



Finance & Technology

The mission of the Finance Department is to facilitate accountability of City funds and other assets entrusted to the City and provide financial information to enable decision-making that will ensure the City's financial sustainability while providing exemplary service to our internal and external customers.

The mission of Information Technology is to provide technology services to the City of Southlake that are secure, scalable, reliable, financially viable, and aligned with the city's Strategic Management System.



*Additional operational funding provided by the Court Technology Fund, the Technology Infrastructure & Security Fund, and the Utility Fund.



Technology Strategy Map

The mission of Information Technology is to provide technology services to the City of Southlake that are secure, scalable, reliable, financially viable, and aligned with the city's Strategic Management System.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers	We Provide Financial Stewardship	We Manage The Business	We Promote Learning & Growth
IT Providing a high-performing service desk. IT Minimizing security risks.	IT Providing high-value services through efficient management of resources. IT Provide a balanced IT cost structure.	IT Providing technology solutions and development services supporting the City's objectives. IT Providing technical solution consulting to support City process improvement projects. IT Providing costeffective and highly available technology infrastructure.	Providing technical and solution training to both internal and external customers. IT Building a positive, productive, and engaged workforce that supports the City's mission and strategic goals.
C = Customer Objectives	F = Financial Objectives	B = Business Objectives	L = Learning & Growth Objectives
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Finance Strategy Map

The mission of the Finance Department is to facilitate accountability of City funds and other assets entrusted to the City and provide financial information to enable decision-making that will ensure the City's financial sustainability while providing exemplary service to our internal and external customers.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers	We Provide Financial Stewardship	We Manage The Business	We Promote Learning & Growth
FN Providing professional and courteous customer service. FN Administering strong internal and external communications.	FN Providing exceptional services through efficient management of resources. FN Ensuring fiscal management to maintain the City's financial sustainability. FN Develop and implement appropriate internal controls.	FN Providing innovative business solutions. FN Promoting the efficient and effective use of city resources. FN Providing accurate, timely, and transparent financial and statistical information.	FN Enhancing training and development opportunities. FN Building a positive, productive, and engaged workforce that supports the City's mission and strategic goals.
C = Customer Objectives	F = Financial Objectives	B = Business Objectives	L = Learning & Growth Objectives

Finance & Information Technology - Department Goals

CITY-WIDE GOAL: Develop a technology strategic plan for the city, to include recommendations addressing identified technology risks (technology infrastructure, data security/security breach)

Department Goal: Improve the City's information technology security posture to safeguard organizational assets—including computers, networks, and databases—against unauthorized access, cyber threats, and potential data breaches.

Implementation Strategy:

- Finalize network redesign project to strengthen system reliability, improve performance, and reduce vulnerabilities.
- Complete technology master plan, outlining strategic priorities, resource requirements, and timelines for technology initiatives over the next 3–5 years.
- Continue employee awareness and training programs to ensure all staff understand technology use policies, recognize potential security threats, and follow best practices for data protection.

CITY-WIDE GOAL: Streamline systems and reinforce strategic alignment throughout all levels of the organization through implementation tools such as departmental business/work plans, business unity scorecards, comprehensive planning, and other accountability mechanisms.

Improve accountability structures for stronger efficacy.

Department Goal: Foster a culture of accountability and data-driven decision-making across all Finance and Technology divisions by strengthening performance measurement, asset management, and alignment with strategic priorities.

Implementation Strategy:

- Improve asset management practices to ensure accurate tracking, optimal utilization, and timely replacement of technology and financial resources.
- Review and refine key accountability indicators (KAIs) and business unit scorecards to ensure they reflect current organizational priorities and provide meaningful performance insights.

CITY-WIDE GOAL: Utilizing the ITGC, monitor the organization's technology environment with a focus to eliminate gaps between IT and business units.

Department Goal: Strengthen software release management, deployment practices, and quality assurance processes to ensure reliable, efficient, and user-focused technology solutions that support departmental and city-wide operations.

Implementation Strategy:

- Host annual IT customer service meetings with departmental stakeholders to review business unit work plans, identify technology needs, and establish long-term goals that enhance operational efficiency.
- Develop and implement additional standard operating procedures (SOPs) within the IT division to streamline processes, improve consistency, and reduce errors.

CITY-WIDE GOAL: Achieve 'best in class' recognition for the development and implementation of a strategic management system that fosters and demonstrates the values of excellence, innovation, integrity, teamwork, and accountability.

Department Goal: Maximize the effective use of departmental resources—people, processes, and technology—to achieve strategic objectives and deliver high-quality services in alignment with the City's values and priorities.

Implementation Strategy:

- Establish an interdepartmental cross-training program to strengthen organizational resilience, promote knowledge sharing, and ensure continuity of operations across key functions.
- Form an internal Finance and Technology work group to actively contribute to the creation, execution, and monitoring of departmental business and work plans

CITY-WIDE GOAL: Develop a highly qualified, motivated, well-trained, and innovative workforce to serve the needs of an evolving community by solidifying a learning culture and implementing recommendations from the City of Southlake Organizational Learning and Development Strategic Operations Plan.

Department Goal: Cultivate a positive, engaging, and growth-oriented work environment that supports employee development, leverages individual strengths, and empowers staff to deliver exceptional service to the community.

Implementation Strategy:

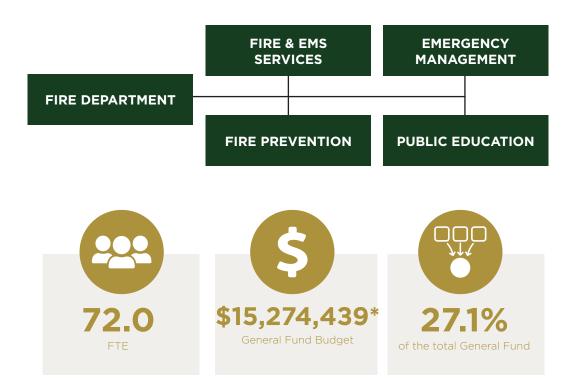
- Promote awareness and understanding of the City's strategic management system by providing employees with training opportunities, tools, and resources that connect their day-to-day work with organizational goals.
- Implement strength-based development practices that help employees identify and apply their unique talents to their roles, contributing to personal growth, team performance, and departmental success.

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Purchasing Survey Customer Service Satisfaction	98%	97%	98%	99%
Water Utilities Collection Rate	99.80%	99.90%	99.90%	99.90%
IT Performance - Unplanned network outages	3	1	1	0



Fire Department

The Southlake Fire Department is dedicated to providing world-class service.



*Additional operational funding provided by the Strategic Initiative Fund.





Fire Department Strategy Map

The mission of the Southlake Fire Department is to provide world class service.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers

We Provide Financial Stewardship

We Manage The Business

We Promote Learning &

We do this by

FD Delivering professional and proficient emergency services, creating worldclass customer experiences through innovation, dedication and preparedness initiatives.

Enhancing the FD sense of community through targeted community education opportunities while creating community partnerships and opportunities for volunteer involvement.

C = Customer Objectives

We do this by

Through thoughtful planning and F1 conservative financial management practices by reducing service cost using collaborative agreements and providing high value services through efficient management of resources.

FD Ensuring operational readiness by F2 evaluating department apparatus. equipment, and tools and investing in high quality assets.

F = Financial Objectives

We do this by

Achieving strong service outcomes **B1** through nationally and internationally recognized organizations, utilizing continuous process improvement and better service practices.

Ensure an effective FD City response **B2** through an allhazards approach using future ready practices and forecasting challenges that affect services.

B = Business Objectives

Growth

We do this by

Building a future culture that supports servant leadership through growing and developing our employees.

Build a positive and FD productive engaged workforce.

Providing leadership FD and professional L3 development initiatives that attract and retain a talented and motivated workforce.

L = Learning & Growth Objectives

Fire Department - Department Goals

CITY-WIDE GOAL: Foster positive employee engagement.

Department Goal: Foster a servant leadership culture to strengthen organizational cohesion and morale.

Implementation Strategy:

- Integrate servant leadership training into officer development and new hire onboarding to instill a consistent leadership philosophy focused on empathy, accountability, and service-oriented decisionmaking.
- Facilitate peer-led workshops and scenario-based exercises that reinforce servant leadership behaviors in operational contexts, including conflict resolution, team-building, and mentoring.
- Host regular informal station visits and roundtable discussions with department leadership and onduty crews to facilitate open dialogue, strengthen relationships, and identify concerns or improvement opportunities in real time. These face-to-face interactions will help build trust, reinforce cultural values, and ensure leadership remains connected to day-to-day challenges.

CITY-WIDE GOAL: Develop a highly qualified, motivated, well-trained, and innovative workforce to serve the needs of an evolving community by solidifying a learning culture and implementing recommendations from the City of Southlake's Organizational Learning and Development Strategic Operations Plan.

Department Goal: Advance professional growth and leadership development to prepare future leaders and strengthen workforce engagement.

Implementation Strategy:

- Establish a formal mentorship program that pairs senior personnel with aspiring leaders to provide guidance, share experiences, and offer support on leadership skills, promotional preparation, and career planning.
- Expand participation in leadership academies by identifying internal candidates and sponsoring attendance at recognized programs such as TEEX, NFA, or local municipal leadership cohorts to ensure consistent exposure to industry standards and innovation.
- Develop individualized career development plans during performance reviews to include recommended courses, certifications, training benchmarks, and opportunities for shadowing or temporary duty assignments.

CITY-WIDE GOAL: Improve accountability structures for stronger efficacy by streamlining systems and reinforcing strategic alignment throughout all levels of the organization through implementation tools such as departmental business/work plans, business unit scorecards, comprehensive planning, and other accountability mechanisms.

Department Goal: Review and optimize policies to improve performance and morale.

Implementation Strategy:

- Launch a comprehensive review of all departmental SOPs, policies, and guidelines with a focus on clarity, relevance, and alignment with current fire service best practices and legal standards.
- Form a cross-functional policy review committee including members from suppression, prevention, EMS, and administration to ensure diverse input and operational practicality in updates.
- Establish a continuous policy improvement cycle where employees can submit suggestions for revision and leadership provides quarterly updates on changes and rationale.

CITY-WIDE GOAL: Ensure Southlake's future readiness by modeling adaptability and innovation and maintaining a capacity to effectively respond to emerging challenges and opportunities in our community.

Department Goal: Develop a long-term asset replacement and planning schedule to ensure readiness and financial sustainability.

Implementation Strategy:

- Inventory all critical equipment and apparatus, assigning a life cycle expectancy and cost estimate for replacement in a master tracking system aligned with the City's Capital Improvement Program.
- Prioritize asset replacement schedules based on safety, regulatory compliance, and operational necessity to avoid service interruptions and reduce reactive purchases.
- Review and update the asset plan regularly to ensure that replacement schedules accurately reflect operational needs, inflationary cost adjustments, and available funding.

Performance Measures

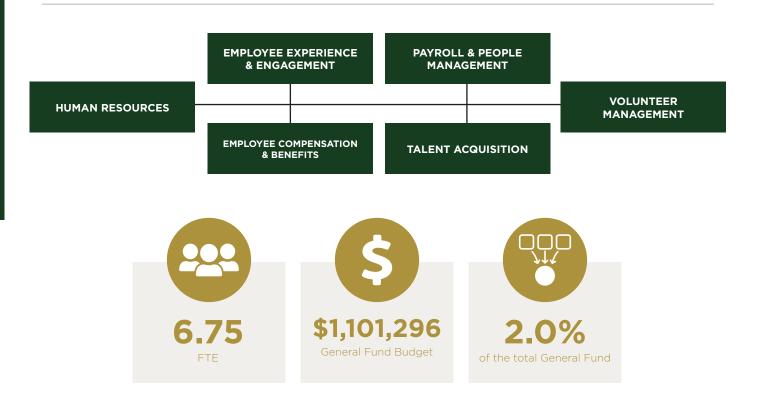
Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Achieve a High Percentage of Citizen Satisfaction in Fire Services Provided	94%	94%	94%	95%
Fire Total Response Time (seconds)	420	417	458	445
EMS Total Response Time (seconds)	395	417	408	405
CPR Success Rate	33%	5%*	11%*	>12%

*Change in calculation method.



Human Resources

The mission of Human Resources is to provide professional, engaging and strategic human resource and volunteer services by implementing the City's strategic plans and embracing the core values.





Human Resources Strategy Map

The mission of Human Resources is to provide professional, engaging and strategic human resource and volunteer services by implementing the City's strategic plans and embracing the core values.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers We Provide Financial Stewardship We Manage The Business We Promote Learning & Growth

We do this by

C1 Delivering professional, personalized, expert human resources and volunteer services to our customers.

HR Enhancing the sense of community by managing a volunteer program that provides meaningful, engaging, and rewarding volunteer experiences.

We do this by

F1 Safeguarding the public's trust through a commitment to thoughtful planning, conservative financial management, and providing high-value services through efficient management of resources and continual process improvement.

F2 Offering attractive, competitive, and sustainable employer-of-choice compensation and benefits programs that balance our employees' expectations and our fiscal responsibility to the Southlake community.

F = Financial Objectives

Business

We do this by

HR B1 Proactively monitoring the environment to help anticipate trends and mitigate risks and challenges that may impact our future ability to successfully deliver core services to our customers.

HR Achieving strong outcomes by remaining agile and continuously pursuing better practices that improve core business operations that are customeroriented.

We do this by

HR L1 Fostering positive employee engagement & workplace experiences for all by cultivating a professional culture, supporting the values, responding to the voice of the employee, and communicating effectively.

L2 Promoting a learning culture that provides engaging employee training and development programs and mentorship opportunities.

HR

Attracting, recruiting, and retaining a talent-dense workforce through targeted talent acquisition strategies and presenting attractive employer-of-choice offerings.

B = Business Objectives

L = Learning & Growth Objectives

C = Customer Objectives

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Human Resources - Department Goals

CITY-WIDE GOAL: Cultivate a high-performing, engaged, and innovative workforce by advancing the City's Employer of Choice strategy. This includes fostering a culture of learning, accountability, and wellbeing that enables employees to grow, thrive, and deliver exceptional service to the Southlake community.

Department Goal: Design and implement comprehensive strategies that enhance employee engagement, wellbeing, and experience to strengthen workplace culture, increase discretionary effort, and align employee performance with organizational priorities.

Implementation Strategy:

- Administer the 2025 Employee Engagement survey and host State of the Team employee focus groups to assess current levels of engagement, identify strengths and challenges in the workplace, and capture actionable insights.
- Develop and implement a new performance evaluation system that supports continuous feedback, employee development, and organizational accountability.
- Update the Learning and Development Strategic Operations plan to guide a strategic and systematic approach to learning that supports continuous improvement, performance, innovation, and service excellence.

CITY-WIDE GOAL: Attract, develop, and retain a talent-dense workforce through strategic recruitment, onboarding, and retention initiatives that will strengthen the applicant pipeline, support personal and professional growth, and foster a culture of engagement across the entire employee lifecycle.

Department Goal: Design and implement talent acquisition and retention programs that enhance the employee experience across the full lifecycle, including recruitment, onboarding, development, engagement, retention, and separation, while ensuring a supportive and consistent approach at every stage.

Implementation Strategy:

- Implement the FY 2026 people initiatives, including identified compensation and benefits programs in support of the City's employer-of-choice strategy and to remain competitive in the labor market.
- Enhance onboarding and early employment experiences by continuing to refine onboarding programs to support employee integration, build early connections to City culture and values, and reduce early turnover through personalized onboarding journeys.

CITY-WIDE GOAL: Strengthen organizational effectiveness and accountability by streamlining systems and aligning operational priorities across all levels of the organization by using tools such as departmental business plans, business unit scorecards, comprehensive planning, and other performance accountability mechanisms.

Department Goal: Identify, evaluate and implement process improvements that leverage technology, integrate emerging trends, and enhance service delivery while improving operational efficiency and reducing manual effort.

Implementation Strategy:

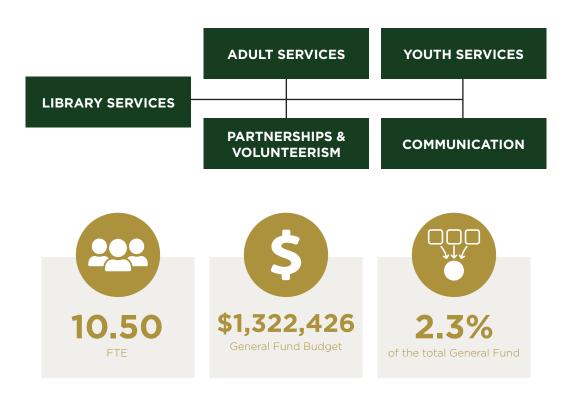
• Enhance UKG Workforce Ready functionality by implementing new modules and functionality within the UKG platform to automate administrative tasks, streamline workflows, improve data accuracy, and enhance service delivery.

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Full-time Voluntary Turnover Rate	13.0%	15.6%	15.0%	<8.00%
Time-to-Fill Vacant Positions	121 days	54 days	90 days	<90 days
Value of Volunteer Time	\$626,112	\$755,027	\$779,097	>\$750,000



Library Services

The mission of the Southlake Public Library is to provide access to a world-class library with access to high demand materials, programs and services to support the educational, professional and personal interests of the community.







Southlake Public Library Strategy Map

The mission of the Southlake Public Library is to provide access to a world class library with high demand materials, programs and services that support the educational, professional and personal interests of the community.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers	We Provide Financial Stewardship	We Manage The Business	We Promote Learning & Growth
LB Delivering outstanding customer experiences by developing a culture of learning with in-demand materials, services, and programs and embracing innovation that is responsive to the voice of the customer. LB Providing meaningful opportunities for volunteerism and partnership.	LB Making data- driven decisions which ensure the community finds quality and value in the library. LB Providing and maintaining a high- quality library facility while demonstrating financial responsibility with taxpayer resources. LB Seeking opportunities for grants and sponsorships to enhance the community investment.	LB Ensuring the library meets the requirements to be designated as a Texas accredited public library. LB Developing a team that is future ready and preparing for the challenges of tomorrow while meeting the needs of today. LB Enhancing library services by implementing new service solutions.	LB Establishing a professional workplace which supports City values and promotes a positive employee work experience. LB Provide continuous learning opportunities for the development of a skilled workforce of lifelong learners.
C = Customer Objectives	F = Financial Objectives	B = Business Objectives	L = Learning & Growth Objectives

Library Services - Department Goal

CITY-WIDE GOAL: Achieve "best in class" recognition for the development and implementation of a strategic management system that fosters and demonstrates values of excellence, innovation, integrity, teamwork, and accountability.

Department Goal: Curate a dynamic library collection and program schedule that aligns with the community's primary interests, while fostering strategic partnerships that enrich library services.

Implementation Strategy:

- Curate a collection that addresses high-demand topics and reflects the evolving demographics of Southlake.
- Assess the usage of the 2025 collection and formulate a strategic plan to prioritize investment in areas of growing demand, while minimizing resources allocated to areas with declining interest.
- Develop a comprehensive events calendar featuring both library-led initiatives and collaborative partnerships, designed to offer a distinctive experience for individuals of all ages.

CITY-WIDE GOAL: Promote strong community engagement through volunteerism and community support.

Department Goal: Establish a dynamic volunteer program and cultivate community partnerships to strengthen and expand library services.

Implementation Strategy:

- Create a strategic framework for community engagement by providing ongoing volunteer opportunities for both teens and adults, while cultivating partnerships with local organizations to enhance library services.
- Provide on-going opportunities for volunteering in the library for adults and teens. Utilize volunteers in unique and engaging ways to promote a positive and rewarding experience.
- Work with community partners to advance library services while also supporting their missions as they support the City's mission.

CITY-WIDE GOAL: Provide best in class communications that highlight library and city services.

Department Goal: Design and implement a communication strategy that aligns library initiatives with relevant City initiatives, fostering collaboration between the respective communication teams.

Implementation Strategy:

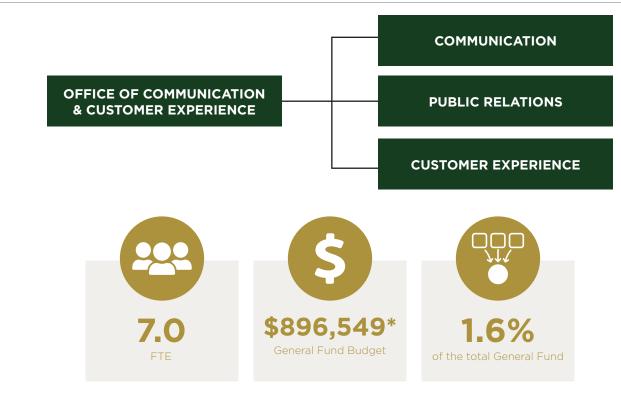
- Ensure that library services adopts an effective communication strategy that supports library initiatives while also highlighting the contributions of partner departments, fostering a cohesive, citywide communication team.
- Ensure library communication staff work closely with other communication teams to provide better collaboration and team projects.
- Reflect the brand and professionalism of Southlake in all library communications.

Performance Measure	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Projection	FY 2026 Target
Library Materials Circulation	430,455	433,529	429,000	430,000
Library Program Attendance	40,986	41,441	36,000	38,000
Library Visitors and Online Users	143,326	143,472	150,000	150,000



Office of Communication & Customer Experience

The mission of the Office of Communication and Customer Experience is to communicate effectively and create a World Class customer experience.



*Additional operational funding provided by the Hotel Occupancy Tax (HOT) Fund and the Utility Fund.





Office of Communications and Customer Experience Strategy Map

The mission of the Office of Communications and Customer Experience (OCCE) is to communicate effectively and create a World Class customer experience

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers	We Provide Financial Stewardship	We Manage The Business	We Promote Learning & Growth
C1 Enhancing the customer experience through transparency, innovation and communication. C2 Promoting citizen and employee engagement through strategic messaging.	F1 Providing high value services through efficient management of resources.	B1 Promoting strong customer service though targeted marketing strategies and tactics. B2 Developing and managing communication and customer service programs using best and next practices. B3 Establish Southlake's brand & story with effective marketing and communication strategies.	L1 Engaging and informing employees about COS culture through a strong employee communication program. L2 Intentionally creating an internal culture of service that supports the City's mission and goals.
C = Customer Objectives	F = Financial Objectives	B = Business Objectives	L = Learning & Growth Objectives

Office of Communication & Customer Experience Department Goals

CITY-WIDE GOAL: Delivering outstanding customer experiences through innovation, passion, and a strong culture.

Department Goal: Enhance the customer experience through transparency, innovation, and communication.

Implementation Strategy:

- Proactively communicate opportunities for public involvement to enhance awareness and understanding. Use clear and accessible language across all channels to reinforce transparency and support public trust in the City's decision-making processes.
- Increase public awareness of City programs, services, events, community excellence, and achievements by aligning storytelling efforts with strategic themes such as innovation, safety, and service excellence. Use data from the Citizen Satisfaction Survey to shape messaging priorities and target areas of interest or concern.
- Use insights from the Citizen Satisfaction Survey, especially questions related to information access and preferred communication tools, to inform and adapt communication efforts between survey cycles. Demonstrate and promote how the City communicates and showcase improvements based on resident input.

CITY-WIDE GOAL: Enhancing the sense of community by proactively creating community partnerships, volunteer involvement, and citizen engagement opportunities.

Department Goal: Establish Southlake's brand and story with effective marketing, communication, public relations, and customer experience strategies.

Implementation Strategy:

- Position the City of Southlake's government staff and officials as ethical, hardworking, and customerfocused by sharing authentic stories that reflect their values and contributions. Use video, photography, and written features to highlight behind-the-scenes efforts, leadership values, and community impact.
- Promote coordination and joint ownership of major initiatives across departments. By aligning communication strategies and customer service goals on shared projects, the city can streamline service delivery, reduce redundancies, and create a consistent customer experience.
- Proactively monitor social media platforms, emails, and CRM tools to identify and respond to customer questions, comments, and concerns. Follow a collaborative and structured workflow to ensure timely follow-up and appropriately escalate high-priority issues.

CITY-WIDE GOAL: Attracting, developing & retaining a talented and motivated workforce for lasting world-class performance..

Department Goal: Fostering a positive employee engagement and workplace culture that supports the City's mission and goals

Implementation Strategy:

• Share and celebrate employee stories that exemplify Southlake's core values and demonstrate the "why" behind our everyday work. These narratives help humanize our team, strengthen community trust, and reinforce our commitment to purpose-driven service.

- Provide tools and information to team members to ensure they can succeed in providing world-class customer service
- Equip employees with the tools, training, and information they need to deliver world-class customer service confidently. Focus on fostering consistency, excellence, and continuous improvement across all customer interactions.
- Cultivate a culture of learning by promoting professional development, cross-training, and knowledge sharing. Support individual growth while strengthening collective performance through strategic learning opportunities and team-based development.

CITY-WIDE GOAL: Achieving strong outcomes through continual evaluation and pursuit of better practices that improve core business operations.

Department Goal: Develop and manage communication and customer service programs using better practices.

Implementation Strategy:

- Leverage Southlake Serves to foster a culture of responsiveness by encouraging real-time customer feedback, ensuring timely and accountable team member follow-up, and analyzing submitted data to identify trends, improve service delivery, and transparently communicate results between Citizen Satisfaction Survey cycles.
- Increase customer satisfaction scores by using insights from the Citizen Satisfaction Survey and Southlake Serves to tailor ongoing customer service training. Deliver practical service tips, regular internal updates, and team coaching to reinforce The Southlake Way and drive consistency, empathy, and excellence across all touch points.

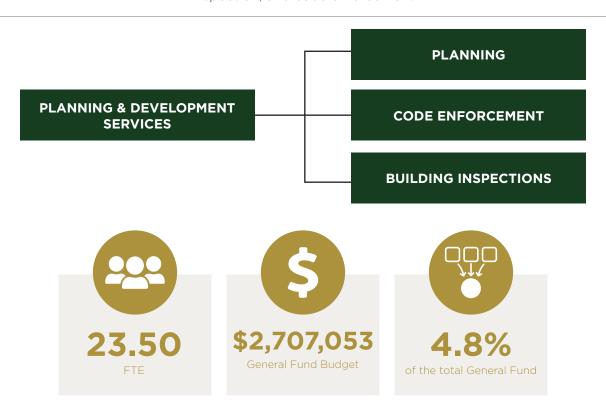
Performance Measures

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Siteimprove, DCI CityofSouthlake.com	83.1%	84.3%	90%	90.0%
Siteimprove, DCI MySouthlakeNews.com	NA	NA	90	90
Citizen Satisfaction Survey - The Employee Exceeded my Expectations (Agree Completely/ Somewhat)	74%	74%	78%	78%
Citizen Satisfaction Survey - (City Website) Is The First Place I look for City Information	72%	72%	75%	75%
Citizen Satisfaction Survey - (City Website) I Can Find The Information I Need Easily On CityofSouthlake.com	75%	75%	80%	80%



Planning & Development Services

The mission of Planning and Development Services is to provide the community with exceptional guidance and quality service through strategic planning, development review, building & infrastructure inspection, and code enforcement







Planning & Development Services Grategy Map

The mission of Planning & Development Services is to provide the community with exceptional guidance and quality service through strategic planning, development review, building and infrastructure inspection, and code enforcement.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve Our Customers

We Provide Financial

We Manage The Business

We Promote Learning &

We do this by

PDS C₁

Provide guidance, education, and resources for the orderly and cost-efficient development of the City.

PDS C2

Promote public awareness and understanding of department operations. including public health & safety and participation in the planning process.

PDS C3

Develop, manage, and communicate planning efforts to support the City's vision through the comprehensive plan.

C = Customer Objectives

Stewardship

We do this by

PDS

Provide high value services through the efficient management of resources.

PDS

Comply with adopted financial controls and ensure fiscal accountability at all levels.

F = Financial Objectives

We do this by

PDS Manage and oversee the development process through entitlement, permitting, and inspections.

PDS B2

Support boards and commissions who contribute to the business.

B3

Engage in strategic foresight to prepare for future challenges and opportunities that may impact the City and department.

B = Business Objectives

Growth

We do this by

PDS L1

Provide a solutions oriented, welltrained, customer driven, and certified workforce.

PDS

Build a positive. productive, and engaged workforce that supports the City's mission and strategic goals.

PDS

Create a formalized training and mentoring program to ensure smooth succession planning.

L = Learning & Growth Objectives

Planning & Development Services - Department Goals

CITY-WIDE GOAL: Ensure that strategic management planning efforts reflect the community's desired outcomes, anticipate trends and risks, and so that system elements produce measurable outcomes and successes can be clearly communicated.

Department Goal: Strengthen current planning and development efforts to guide the city's buildout in alignment with Southlake's vision.

Implementation Strategy:

- Provide thorough, accurate, informative and timely reviews, reports, and inspections, ensuring development is consistent with the comprehensive plan and adopted codes and ordinances.
- Maintain, review, and improve tracking mechanisms for development cases, code enforcement actions, and building permits and inspections.
- Analyze development trends to monitor ongoing progress concerning land area, building area, and improved property value.

CITY-WIDE GOAL: Improve accountability structures for stronger efficacy by streamlining systems and reinforcing strategic alignment throughout all levels of the organization, through implementation tools such as departmental business/work plans, business unit scorecards, comprehensive planning, and other accountability mechanisms.

Department Goal: Achieve the city's vision through aligning current planning efforts with the Southlake Comprehensive Plan.

Implementation Strategy:

- Effectively convey the Comprehensive Plan to developers, citizens, and other stakeholders through clear communication and easily accessible public platforms.
- Incorporate appropriate Comprehensive Plan references in staff reviews, reports, and presentations.
- Assist in developing and updating Comprehensive Plan elements as scheduled and establish any specific objectives in the department's workplan and scorecard.

CITY-WIDE GOAL: Provide a proactive system of support to meet the workplace emotional and physical needs of the work force, including career enrichment and training support.

Department Goal: Cultivate a positive work environment for new and existing employees that provides opportunities to build connections with coworkers, encourages career growth and development, and fosters employee engagement.

Implementation Strategy:

- Encourage employees to seek out collaboration with industry peers, low-cost high-value educational opportunities, and other work-related events to promote career enrichment.
- Organize engagement activities that enable employees to network, build connections, and gain insights into city and departmental projects and initiatives.
- Explore opportunities with other cities and professional organizations for shared educational opportunities and best practices for process improvements.

CITY-WIDE GOAL: Establish a customer service process improvement program.

Department Goal: Enhance internal processes and customer service through improved information management, interdepartmental collaboration, and continued implementation of digital systems.

Implementation Strategy:

- Continue to work with the City Secretary's Office to preserve historical documents and create easier pathways for internal and external customers to electronically retrieve information.
- Strengthen development record management by digitizing files in LaserFiche, ensuring consistent organization, and partnering with the Office of Performance Excellence to integrate geo-referencing through ArcGIS.
- Advance the implementation of the Interdepartmental Process Improvement Program (Enterprise Permitting & Licensing, or EP&L) to assess customer service needs, review permitting processes, and support succession planning.

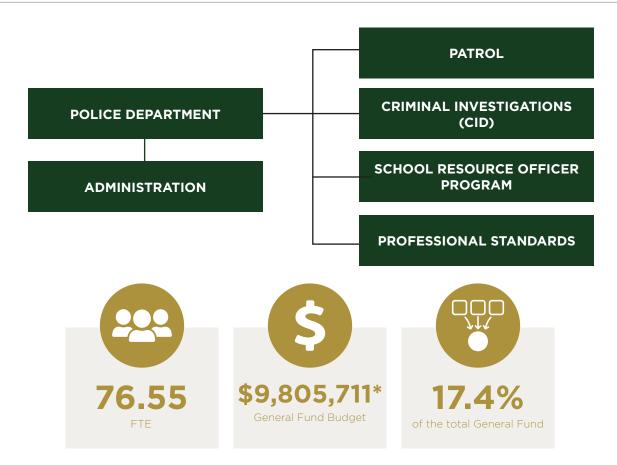
Performance Measures

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Percentage of building inspections completed on the same day as scheduled by the customer.	100%	99%	100%	100%
Percentage of building permit reviews completed as scheduled.	98%	98%	98%	95%
Percentage of planning inspections completed as scheduled.	100%	96%	95%	95%
Percentage of planning permit reviews completed as scheduled.	95%	90%	95%	95%
Average number of days for code enforcement officers to resolve a coderelated case.	14 days	14 days	14 days	10 days



Police Department

The mission of the Southlake Police Department is to provide world class service.



*Additional operational funding provided by the Crime Control & Prevention District (CCPD) Fund, the Tax Increment Finance (TIF) District Fund, and the Police Special Revenue Fund.





Southlake Police Department Grafegy / hap

The mission of the Southlake Police Department is to provide world class service.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve
Our
Customers

We do this by

Delivering proficient police **C1** services through professionalism, dedication and crime reduction.

Maximizing safety PD and security C2 strategies through education, engagement and the delivery of timely, accurate information.

We Provide Financial Stewardship

We do this by

Conservative financial management practices that reduce service costs by using collaborative agreements and efficient management of resources.

PD readiness by F2 evaluating department equipment and investing in high quality assets.

Ensuring operational

F = Financial Objectives

We Manage The Business

We do this by

PD Achieving strong outcomes through **B1** international accreditation and better service practices.

PD Engaging in strategic foresight **B2** to anticipate, evaluate and address future challenges.

We Promote Learning & Growth

We do this by

Building and maintaining a culture that supports servant leadership through growing and developing our employees.

Building a positive, PD productive team that attracts and retains motivated employees.

B = Business Objectives

L = Learning & Growth Objectives

Police Department - Department Goal

CITY-WIDE GOAL: Achieve "best in class" recognition for the development and implementation of a strategic management system that fosters and demonstrates values of excellence, innovation, integrity, teamwork, and accountability.

Department goal: Achieve Gold Standard reaccreditation to demonstrate sustained professionalism, transparency, and a commitment to continuous improvement.

Implementation Strategy:

- Strengthen internal processes and agency-wide engagement in support of Gold Standard reaccreditation through the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA).
- Conduct periodic readiness reviews to ensure continued adherence to all applicable CALEA standards and to prepare for file review and on-site interviews. Expand staff inspections and performance audits to identify best practices, address operational gaps, and support a culture of accountability.
- Foster agency-wide ownership of the accreditation process through focused employee training, leadership engagement, and division-specific involvement with CALEA standards.

CITY-WIDE GOAL: Attract, develop, and retain highly qualified employees through the creation and implementation of an innovative and strategic recruitment and retention plan which ensures a diverse applicant pool, promotes personal growth, fosters employee engagement, and includes a dynamic and inclusive training environment throughout an employee's career.

Department goal: Strengthen workforce sustainability and resilience through leadership and employee development and well-being initiatives.

Implementation Strategy:

- Prioritize professional development and individualized employee development plans to strengthen employee knowledge and skills and foster continued growth and engagement.
- Expand succession planning efforts by creating specialized development tracks for future leaders.
- Evaluate wellness programming and identify emerging needs to ensure ongoing value and relevance.

CITY-WIDE GOAL: Improve accountability structures for stronger efficacy by streamlining systems and reinforcing strategic alignment throughout all levels of the organization, through implementation tools such as departmental business/work plans, business unit scorecards, comprehensive planning, and other accountability mechanisms. Optimize technology resources based on their purpose (Operations vs. Support).

Department goal: Leverage technology and data to enhance decision-making, operational effectiveness and service delivery.

Implementation Strategy:

- Leverage the Brigade Analytics dashboard, and redesign the internal CompStat process to improve operational analysis, decision-making, and accountability and to enhance efficient resource allocation and deployment.
- Integrate dashboard analytics into regular CompStat reviews to provide clearer insight into call trends, response times, and targeted resource allocation.
- Provide supervisor training on dashboard tools and data interpretation to ensure consistency, transparency, and effective follow-through on CompStat-driven action items.

Performance Measures

Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
Police Response Times for Priority 1 Calls	2:51	2:53	2:57	<4:00 Min
Case Acceptance Rate	97%	99%	98>	> or = 95%
Police Open Records Response	100%	100%	100%	100%
Voluntary Turnover Rate	2.1%	1.4%	1.4%	< 8%
CALEA Gold Standard Accreditation	100%	100%	100%	100%



Public Works

The mission of Public Works is to provide high-quality public infrastructure and world class services.



*Additional operational funding provided by the Facility Reserve Fund, the Red Light Camera Fund, the Recycling Fund, the Storm Water Utility Fund, the Tax Increment Finance (TIF) District Fund, and the Utility Fund.





of the total General Fund

Public Works Strategy Map

The mission of Public Works is to provide safe, high-quality public infrastructure and world-class services.

We deliver on Our Focus Areas



Safety & Security



Infrastructure & Development



Partnerships & Volunteerism



Performance Management & Service Delivery

We Serve
Our
Customers

We do this by

PW Creating memorable experiences for internal and external customers by providing safe, reliable, high-quality public assets and services.

PW Educating stakeholders through timely communication and informative resources.

PW Exceeding expectations by championing the voice of the customer.

We Provide Financial Stewardship

We do this by

Delivering efficient and comprehensive strategic planning, project management, and maintenance activities to ensure the highest value gained by effectively managing resources.

PW Reducing capital
and operational
costs by utilizing
collaborative
partnerships, grants,
and agreements to
deliver world-class
services.

F = Financial Objectives

We Manage The Business

We do this by

Continuously evaluating, improving, and pursuing better business practices, innovative services, risk mitigation, and technology solutions to deliver future-ready and sustainable results to the community.

We Promote Learning & Growth

We do this by

PW Fostering
an inclusive
learning culture
that empowers
employees to make
strong business
decisions in
accordance with the
City's values.

PW Attracting,
developing, and
retaining an engaged
and talented
workforce through
innovative and
targeted strategies.

Building a positive, productive, and engaged workforce that supports the City's mission and strategic goals.

B = Business Objectives L = Learning & Growth Objectives

PW

C = Customer Objectives

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Public Works - Department Goals

CITY-WIDE GOAL: Achieve "best in class" recognition for the development and implementation of a strategic management system that fosters and demonstrates values of excellence, innovation, integrity, teamwork, and accountability.

Department Goal: Provide world-class services to residents, businesses, and visitors.

Implementation Strategy:

- Provide services for the safe and effective movement of vehicles throughout the city.
- Implement the City's Comprehensive Plans recommendations through the Capital Improvements Program (CIP).
- Maintain Superior Water Rating.

CITY-WIDE GOAL: Emphasize "future readiness" tech initiatives through business unit and Corporate Leadership Team collaboration.

Department Goal: Utilize and integrate technology to advance operational processes, department performance, and customer service.

Implementation Strategy:

- Continue implementation of the Enterprise Asset Management system (EAM).
- Enhance transparency and communication of CIP project progress and status.
- Evaluate internal processes that can be improved utilizing existing technology.

CITY-WIDE GOAL: Develop a highly qualified, motivated, well-trained, and innovative work force to serve the needs of an evolving community by solidifying a learning culture and implementing recommendations from the City of Southlake's Organizational Learning and Development Strategic Operations Plan.

Department Goal: Seek training, development, and growth opportunities to enhance department readiness and resiliency.

Implementation Strategy:

- Develop a plan to retain, grow, and attract employees through volatile job market conditions.
- Cross-train employees across divisions to deepen core services knowledge and skill sets.
- Continue the implementation of internal matrix teams to address on-boarding, employee engagement, and other high-risk initiatives.

Performance Measures

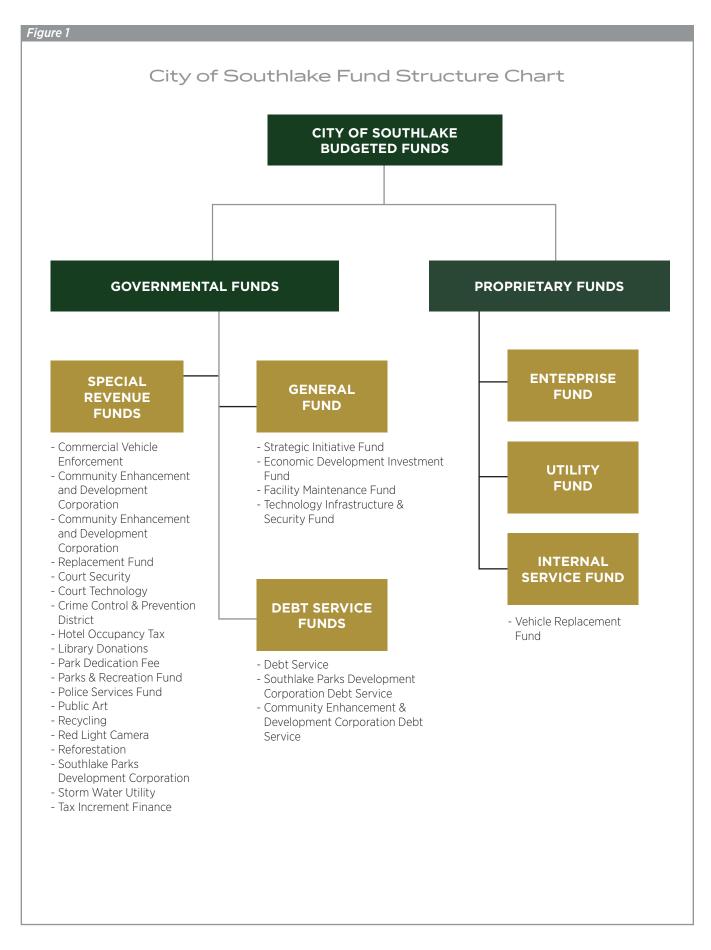
Performance Measure	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projection	FY 2026 Target
% TCEQ compliance with all water quality measures	100%	100%	100%	100%
Average Pavement Quality Index (PQI) Score for roadways	81.1	80.3	80.7	81.3
% Complete of Pavement Management Assessment (PMA) of projects scheduled	70%	92%	100%	100%
% of investigations of reported illicit discharges initiated according to City's Stormwater Management Plan within 2 business days	100%	95%	100%	100%

CITY OF SOUTHLAKE

FUND SUMMARIES





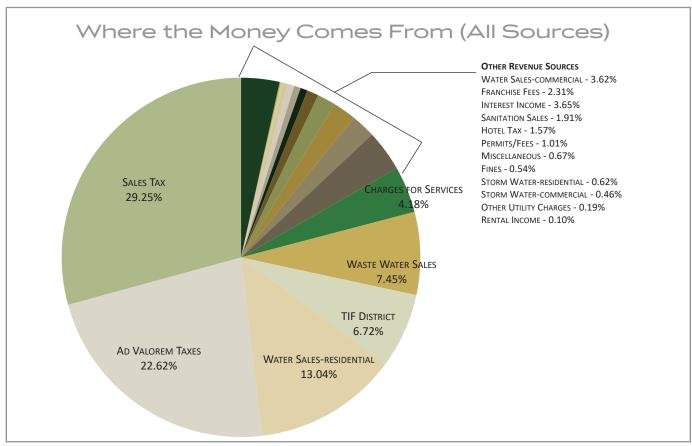


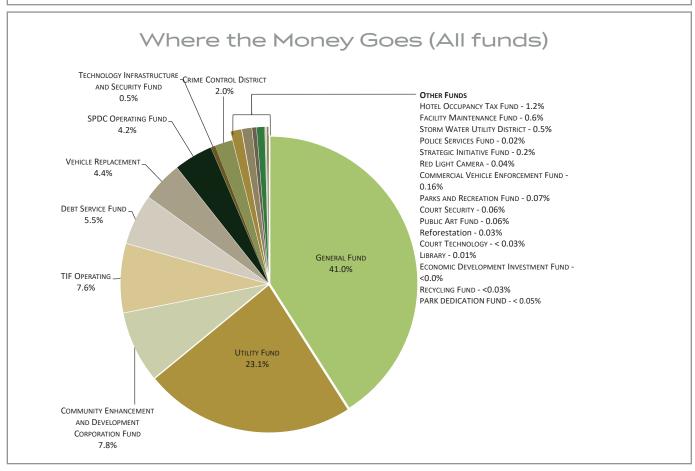
	2024 Actual	2025 Adopted	2025 Amended	\$ Increase / (Decrease) Adopted	% Increase/- Decrease	2026 Adopted	\$ Increase / (Decrease)	% Increase/- Decrease
REVENUES								
Ad Valorem Taxes	\$32,880,517	\$34,741,025	\$33,557,689	(\$1,183,336)	-3.4%	\$34,920,033	\$179,008	0.5%
Sales Tax	42,438,197	43,739,684	44,477,000	737,316	1.7%	45,163,040	1,423,356	3.3%
Hotel Tax	2,403,888	2,347,250	2,500,000	152,750	6.5%	2,600,000	252,750	10.8%
Franchise Fees	3,445,058	3,453,329	3,330,744	(122,585)	-3.5%	3,384,208	(69,121)	-2.0%
Fines	877,041	806,500	961,000	154,500	19.2%	918,500	112,000	13.9%
Charges for Services	6,516,171	6,326,081	6,191,803	(134,278)	-2.1%	6,452,033	125,952	2.0%
Rental Income	139,534	153,824	153,824	0	0.0%	153,824	0	0.0%
Permits/Fees	2,298,173	1,509,100	1,910,100	401,000	26.6%	1,614,600	105,500	7.0%
Miscellaneous	1,382,792	997,000	1,256,156	259,156	26.0%	986,400	(10,600)	-1.1%
Water Sales- residential	17,402,892	19,000,400	19,000,400	0	0.0%	20,140,000	1,139,600	6.0%
Water Sales- commercial	5,514,961	5,400,200	5,400,200	0	0.0%	5,745,000	344,800	6.4%
Stormwater- residential	923,361	927,050	926,000	(1,050)	-O.1%	928,000	950	O.1%
Stormwater- commercial	689,715	692,500	692,500	0	0.0%	694,000	1,500	0.2%
Wastewater Sales	9,331,998	11,000,000	11,000,000	0	0.0%	11,500,000	500,000	4.5%
Sanitation Sales	2,899,864	2,856,450	2,977,250	120,800	4.2%	3,185,000	328,550	11.5%
Other Utility Charges	497,369	280,800	298,000	17,200	6.1%	305,800	25,000	8.9%
TIF District	10,470,200	9,605,358	10,685,868	1,080,510	11.2%	10,376,956	771,598	8.0%
Interest Income	7,842,989	5,442,900	5,686,500	243,600	4.5%	5,334,900	(108,000)	-2.0%
Total Revenues	\$147,954,720	\$149,279,451	\$151,005,034	\$1,725,583	1.2%	\$154,402,294	\$5,122,843	3.4%

	2024 Actual	2025 Adopted	2025 Amended	\$ Increase / (Decrease) Adopted	% Increase/- Decrease	2026 Adopted	\$ Increase / (Decrease)	% Increase/- Decrease
EXPENDITUR	RES							
City Secretary	\$621,952	\$672,400	\$672,400	\$0	0.0%	\$696,630	\$24,230	3.6%
Human Resources	905,102	1,074,739	924,739	(150,000)	-14.0%	1,101,296	26,557	2.5%
City Manager	1,226,411	1,282,875	1,282,875	-	0.0%	1,378,621	95,746	7.5%
Information Technology	4,895,966	6,210,561	6,110,561	(100,000)	-1.6%	5,007,125	-1,203,436	-19.4%
Communications	728,870	905,509	905,509	0	0.0%	896,549	(8,960)	-1.0%
Support Services	2,534,924	2,429,092	2,444,092	15,000	0.6%	2,776,058	346,966	14.3%
General Gov Total	\$10,913,225	\$12,575,176	\$12,340,176	(\$235,000)	-1.9%	\$11,856,279	(\$718,897)	-5.7%
Finance	2,131,938	2,265,952	2,265,952	0	0.0%	2,370,637	104,685	4.6%
Municipal Court	790,603	794,143	844,143	50,000	6.3%	819,121	24,978	3.1%
Teen Court	164,958	184,485	184,485	0	0.0%	186,964	2,479	1.3%
Finance Total	\$3,087,499	\$3,244,580	\$3,294,580	\$50,000	1.5%	\$3,376,722	\$132,142	4.1%
Fire	12,194,910	12,640,044	13,040,394	400,350	3.2%	13,341,883	701,839	5.6%
Police	8,966,541	9,393,419	9,247,419	(146,000)	-1.6%	9,811,691	418,272	4.5%
Public Safety Support	1,702,592	1,865,056	1,865,056	0	0.0%	1,932,556	67,500	3.6%
Public Safety Total	\$22,864,043	\$23,898,519	\$24,152,869	\$254,350	1.1%	\$25,086,130	\$1,187,611	5.0%
Streets/Drainage	1,489,550	1,466,904	1,526,904	60,000	4.1%	1,503,490	36,586	2.5%
Public Works Admin	2,422,436	2,643,173	2,645,873	2,700	O.1%	2,713,809	70,636	2.7%
Facility Maintenance	1,813,146	1,833,403	1,835,403	2,000	O.1%	1,891,401	57,998	3.2%
Utility Billing	537,496	729,291	728,666	(625)	-O.1%	748,820	19,529	2.7%
Water	13,229,875	15,099,544	15,100,991	1,447	0.0%	16,201,119	1,101,575	7.3%
Wastewater	6,894,610	7,905,091	7,907,996	2,905	0.0%	7,964,937	59,846	0.8%

	2024 Actual	2025 Adopted	2025 Amended	\$ Increase / (Decrease) Adopted	% Increase/- Decrease	2026 Adopted	\$ Increase / (Decrease)	% Increase/- Decrease
Sanitation	2,085,548	2,222,785	2,312,500	89,715	4.0%	2,415,500	192,715	8.7%
Public Works Total	\$28,472,661	\$31,900,191	\$32,058,333	\$158,142	0.5%	\$33,439,076	\$1,538,885	4.8%
Building Inspections	1,266,686	1,436,730	1,440,730	4,000	0.3%	1,472,047	35,317	2.5%
Planning	1,221,948	1,227,780	1,225,030	(2,750)	-0.2%	1,235,006	7,226	0.6%
Planning and Dev Total	\$2,488,634	\$2,664,510	\$2,665,760	\$1,250	0.0%	\$2,707,053	\$42,543	1.6%
Economic Development	444,623	583,626	583,626	0	0.0%	526,230	(57,396)	-9.8%
Economic Dev. Total	\$444,623	\$583,626	\$583,626	\$0	0.0%	\$526,230	(\$57,396)	-9.8%
Community Services	1,586,315	1,531,077	1,531,577	500	0.0%	1,545,228	14,151	0.9%
Parks and Recreation	6,855,661	8,427,437	8,290,307	(137,130)	-1.6%	8,233,097	(194,340)	-2.3%
Library Services	1,310,222	1,280,886	1,291,586	10,700	0.8%	1,330,426	49,540	3.9%
Community Svcs. Total	\$9,752,198	\$11,239,400	\$11,113,470	(\$125,930)	-1.1%	\$11,108,751	(130,649)	-1.2%
TIF District	7,726,821	8,148,391	9,345,830	1,197,439	100.0%	10,401,059	2,252,668	27.6%
Crime Control District	2,405,688	2,742,607	2,742,607	0	0.0%	2,699,896	(42,711)	-1.6%
Vehicle Replacement	1,840,854	6,869,876	2,477,299	(4,392,577)	-63.9%	6,058,612	(811,264)	-11.8%
Court Security	51,150	82,406	82,406	(0)	0.0%	73,172	(9,234)	-11.2%
Court Technology	22,364	35,280	35,280	0	0.0%	91,365	56,085	159.0%
Stormwater Utility District	602,947	617,842	617,842	0	0.0%	628,087	10,245	1.7%
Strategic Initiative	430,073	262,928	262,928	0	0.0%	1,616,834	1,353,906	514.9%
Hotel Occupancy Tax	892,205	1,548,118	1,548,118	0	0.0%	1,451,896	(96,222)	-6.2%
Public Art	59,747	75,800	75,800	0	0.0%	74,340	(1,460)	-1.9%
Red Light Camera	122,099	50,000	50,000	0	0.0%	50,000	0	0.0%
Facility Maintenance	708,644	799,000	799,000	0	0.0%	1,162,747	363,747	45.5%

	2024 Actual	2025 Adopted	2025 Amended	\$ Increase / (Decrease) Adopted	% Increase/- Decrease	2026 Adopted	\$ Increase / (Decrease)	% Increase/- Decrease
Commercial Vehicle Enforcement	172,482	205,660	205,660	0	0.0%	174,017	(31,643)	-15.4%
Economic Investment	0	0	0	0	0.0%	0	0	0.0%
Community Enhancement Dev Corp	6,230,874	7,210,086	6,791,004	(419,082)	-5.8%	8,299,154	1,089,068	15.1%
Debt Service	15,493,613	15,759,438	15,759,438	0	0.0%	16,801,412	1,041,974	6.6%
Total Expenditures	\$114,782,444	\$130,513,434	\$127,002,026	(\$3,092,326)	-2.4%	\$137,682,832	\$7,169,398	5.5%
Net Revenues	\$33,172,276	\$18,766,017	\$24,003,008	\$5,236,991		\$16,719,462		
Bond/Insurance Proceeds	\$0	\$0	\$0	\$0		\$0	\$0	
Transfers In	\$23,264,782	\$19,306,336	\$22,605,052	\$3,298,716		\$18,884,184.44	(\$422,152)	
Transfers Out	(\$46,495,539)	(\$37,806,336)	(\$41,405,053)	(\$3,598,717)		(\$36,009,184)	\$1,797,152	
Total Other Sources (Uses)	(\$23,230,758)	(\$18,500,000)	(\$18,800,001)	(\$300,001)		(\$17,125,000)	\$1,375,000	
Net change in w/c components	\$0	\$0	\$0			\$0		
Beginning Fund Balance	\$146,069,062	\$156,010,580	\$156,010,580			\$161,213,587		
Prior Period Adjustment	\$0	\$0	\$0			\$0		
Residual Equity Transfer	\$0	\$0	\$0			\$0		
Ending Fund Balance	\$156,010,580	\$156,276,597	\$161,213,587			\$160,808,049		





Total FY 2026 Projected Revenues & Expenditures by Fund

	General Fund	Utility Fund	Debt Service Fund	Special Revenue - Reforestation	Special Revenue - Park Dedication	Special Revenue - Parks / Recreation	Special Revenue - Library
Projected Revenues	\$60,005,352	\$41,830,300	\$6,581,725	\$11,000	\$150,000	\$45,000	\$4,700
Projected Expenditures	\$56,413,838	\$31,792,663	\$7,616,297	\$69,800	\$0	\$44,000	\$8,000
Net Revenues	\$3,591,514	\$10,037,637	(\$1,034,572)	(\$58,800)	\$150,000	\$1,000	(\$3,300)
Total Other Sources (Uses)	(\$3,263,946)	(\$9,673,212)	\$400,552	\$0	(\$300,000)	\$0	\$0
Estimated Fund Balance/ Working Capital 9/30/24	\$14,114,254	\$24,582,110	\$1,801,010	\$203,358	\$1,916,814	\$193,086	\$16,305
Estimated Fund Balance/ Working Capital 9/30/25	\$14,441,822	\$24,946,535	\$1,166,990	\$144,558	\$1,766,814	\$194,086	\$13,005

	TIF Operating Fund	Crime Control District Fund	Vehicle Replacement Fund	Storm Water District Fund	Strategic Initiative Fund	Facility Maintenance Fund
Projected Revenues	\$10,676,956	\$2,880,040	\$420,000	\$1,672,000	\$110,000	\$432,000
Projected Expenditures	\$10,401,059	\$2,699,896	\$6,058,612	\$628,087	\$1,616,834	\$1,162,747
Net Revenues	\$275,897	\$180,144	(\$5,638,612)	\$1,043,913	(\$1,506,834)	(\$730,747)
Total Other Sources (Uses)	\$0	(\$115,202)	\$2,000,000	(\$967,432)	(\$500,000)	\$2,000,000
Estimated Fund Balance/ Working Capital 9/30/24	\$13,280,044	\$5,356,309	\$15,222,490	\$2,348,043	\$4,760,335	\$14,067,256
Estimated Fund Balance/ Working Capital 9/30/25	\$13,555,941	\$5,421,251	\$11,583,878	\$2,424,524	\$2,753,501	\$15,336,509

Total FY 2026 Projected Revenues & Expenditures by Fund

	Technology Infrastructure/ Security Fund	Economic Investment Fund	Commercial Vehicle Enforcement Fund	Hotel Occupancy Tax Fund	Court Security Fund	Court Technology Fund	Red Light Camera Fund
Projected Revenues	\$805,000	\$120,000	\$22,000	\$2,725,000	\$12,000	\$8,000	\$1,500
Projected Expenditures	\$657,000	\$0	\$174,017	\$1,451,896	\$73,172	\$91,365	\$50,000
Net Revenues	\$148,000	\$120,000	(\$152,017)	\$1,273,104	(\$61,172)	(\$83,365)	(\$48,500)
Total Other Sources (Uses)	\$1,000,000	\$150,000	\$100,000	(\$717,750)	\$0	\$0	\$0
Estimated Fund Balance/ Working Capital 9/30/24	\$7,905,278	\$3,811,789	\$220,874	\$4,601,247	\$410,521	\$304,858	\$79,346
Estimated Fund Balance/ Working Capital 9/30/25	\$9,053,278	\$4,081,789	\$168,857	\$5,156,601	\$349,349	\$221,493	\$30,846

	Public Art Fund	Police Services Fund	Recycling Fund	CEDC Fund	SPDC Fund	Total
Projected Revenues	\$17,000	\$1,200	\$8,500	\$13,770,107	\$12,092,914	\$154,402,294
Projected Expenditures	\$74,340	\$5,980	\$3,000	\$10,743,960	\$5,846,269	\$137,682,832
Net Revenues	(\$57,340)	(\$4,780)	\$5,500	\$3,026,147	\$6,246,645	\$16,719,462
Total Other Sources (Uses)	\$108,750	\$0	\$0	(\$866,404)	(\$6,480,357)	(\$17,126,210)
Estimated Fund Balance/ Working Capital 9/30/24	\$476,005	\$57,548	\$79,862	\$29,445,913	\$15,958,933	\$161,213,587
Estimated Fund Balance/ Working Capital 9/30/25	\$527,415	\$52,768	\$85,362	\$31,605,656	\$15,725,221	\$160,808,049

GENERAL FUND	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
City Secretary/	Mayor/Council					
Personnel	499,248	522,147	522,147	550,648	28,501	5.5%
Operations	122,704	150,253	150,253	145,982	(4,271)	-2.8%
Capital Outlay	0	0	0	0	0	0.0%
Total	621,952	672,400	672,400	696,630	24,230	3.6%
Human Resourc	es					
Personnel	720,831	839,978	689,978	883,734	43,756	5.2%
Operations	184,271	234,761	234,761	217,562	(17,199)	-7.3%
Capital Outlay	0	0	0	0	0	0.0%
Total	905,102	1,074,739	924,739	1,101,296	26,557	2.5%
City Manager's	Office					
Personnel	1,185,140	1,235,493	1,235,493	1,330,586	95,093	7.7%
Operations	41,271	47,382	47,382	48,035	653	1.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,226,411	1,282,875	1,282,875	1,378,621	95,746	7.5%
Support Service	es					
Personnel	819,292	889,555	904,555	1,050,021	160,466	18.0%
Operations	1,715,632	1,539,537	1,539,537	1,726,037	186,500	12.1%
Capital Outlay	0	0	0	0	0	0.0%
Total	2,534,924	2,429,092	2,444,092	2,776,058	346,966	14.3%
Communication	IS					
Personnel	598,499	715,898	715,898	718,364	2,466	0.3%
Operations	130,371	189,611	189,611	178,185	(11,426)	-6.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	728,870	905,509	905,509	896,549	(8,960)	-1.0%

GENERAL FUND	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Information Tecl	hnology					
Personnel	1,229,947	1,464,829	1,364,829	1,322,022	(142,807)	-9.7%
Operations	2,139,610	2,924,344	2,924,344	3,028,103	103,759	3.5%
Capital Outlay	0	0	0	0	0	0.0%
Total	3,369,557	4,389,173	4,289,173	4,350,125	(39,048)	-0.9%
Finance						
Personnel	1,689,391	1,825,427	1,825,427	1,894,562	69,135	3.8%
Operations	442,547	440,525	440,525	476,075	35,550	8.1%
Capital Outlay	0	0	0	0	0	0.0%
Total	2,131,938	2,265,952	2,265,952	2,370,637	104,685	4.6%
Municipal Court						
Personnel	659,147	697,308	697,308	722,286	24,978	3.6%
Operations	131,456	96,835	146,835	96,835	0	0.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	790,603	794,143	844,143	819,121	24,978	3.1%
Teen Court						
Personnel	151,719	169,745	169,745	172,499	2,754	1.6%
Operations	13,239	14,740	14,740	14,465	(275)	-1.9%
Capital Outlay	0	0	0	0	0	0.0%
Total	164,958	184,485	184,485	186,964	2,479	1.3%
Fire Services						
Personnel	11,235,469	11,572,774	11,926,874	12,225,631	652,857	5.6%
Operations	959,441	1,067,270	1,113,520	1,116,252	48,982	4.6%
Capital Outlay	0	0	0	0	0	0.0%
Total	12,194,910	12,640,044	13,040,394	13,341,883	701,839	5.6%

GENERAL FUND	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Police Services	<u>'</u>	<u>'</u>		'		
Personnel	7,812,218	8,163,333	8,083,333	8,603,600	440,267	5.4%
Operations	1,112,214	1,209,056	1,143,056	1,202,111	(6,945)	-0.6%
Capital Outlay	0	0	0	0	0	0.0%
Total	8,924,432	9,372,389	9,226,389	9,805,711	433,322	4.6%
Public Safety Su	upport					
Personnel	0	0	0	0	0	0.0%
Operations	1,702,592	1,865,056	1,865,056	1,932,556	67,500	3.6%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,702,592	1,865,056	1,865,056	1,932,556	67,500	3.6%
Building Inspec	tion					
Personnel	1,214,985	1,321,765	1,329,765	1,368,761	46,996	3.6%
Operations	51,701	114,965	110,965	103,286	(11,679)	-10.2%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,266,686	1,436,730	1,440,730	1,472,047	35,317	2.5%
Streets/Drainag	ıe	'				
Personnel	884,629	928,737	928,737	985,799	57,062	6.1%
Operations	594,421	538,167	598,167	517,691	(20,476)	-3.8%
Capital Outlay	10,500	0	0	0	0	0.0%
Total	1,489,550	1,466,904	1,526,904	1,503,490	36,586	2.5%
Facility Mainten	ance					
Personnel	572,458	608,090	608,090	631,787	23,697	3.9%
Operations	1,240,688	1,225,313	1,227,313	1,259,614	34,301	2.8%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,813,146	1,833,403	1,835,403	1,891,401	57,998	3.2%

GENERAL FUND	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Public Works A	dministration			'		
Personnel	1,693,172	1,904,252	1,854,252	1,961,913	57,661	3.0%
Operations	729,264	738,921	791,621	751,896	12,975	1.8%
Capital Outlay	0	0	0	0	0	0.0%
Total	2,422,436	2,643,173	2,645,873	2,713,809	70,636	2.7%
Planning						
Personnel	1,175,917	1,169,312	1,169,312	1,180,288	10,976	0.9%
Operations	46,031	58,468	55,718	54,718	(3,750)	-6.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,221,948	1,227,780	1,225,030	1,235,006	7,226	0.6%
Economic Deve	lopment					
Personnel	385,263	503,256	503,256	459,884	(43,372)	-8.6%
Operations	59,360	80,370	80,370	66,346	(14,024)	-17.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	444,623	583,626	583,626	526,230	(57,396)	-9.8%
Community Ser	vices					
Personnel	1,145,168	1,170,638	1,170,638	1,209,859	39,221	3.4%
Operations	441,147	360,439	360,939	335,369	(25,070)	-7.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,586,315	1,531,077	1,531,577	1,545,228	14,151	0.9%
Parks and Recre	eation	·				
Personnel	2,670,031	2,899,718	2,749,718	2,857,898	(41,820)	-1.4%
Operations	1,712,012	1,725,697	1,729,197	1,690,152	(35,545)	-2.1%
Capital Outlay	0	0	0	0	0	0.0%
Total	4,382,043	4,625,415	4,478,915	4,548,050	(77,365)	-1.7%

GENERAL FUND	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Library Services						
Personnel	841,617	879,290	889,290	934,195	54,905	6.2%
Operations	460,717	386,596	387,296	388,231	1,635	0.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,302,334	1,265,886	1,276,586	1,322,426	56,540	4.5%
TOTAL GENERAL FUND	51,225,330	54,489,851	54,489,851	56,413,838	1,923,987	3.5%



	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
UTILITY FUND						
Utility Billing						
Personnel	482,479	556,315	556,315	568,778	12,463	2.2%
Operations	51,256	166,976	166,351	177,042	10,066	6.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	533,735	723,291	722,666	745,820	22,529	3.1%
Water Utilities						
Personnel	1,786,906	2,027,216	2,027,216	2,027,941	725	0.0%
Operations	11,417,436	13,057,328	13,058,775	14,173,178	1,115,850	8.5%
Capital Outlay	25,533	15,000	15,000	0	(15,000)	-100.0%
Total	13,229,875	15,099,544	15,100,991	16,201,119	1,101,575	7.3%
Wastewater Utiliti	es					
Personnel	594,679	634,217	634,217	673,838	39,621	6.2%
Operations	6,299,931	7,164,874	7,167,779	7,291,099	126,225	1.8%
Capital Outlay	0	106,000	106,000	0	(106,000)	-100.0%
Total	6,894,610	7,905,091	7,907,996	7,964,937	59,846	0.8%
Sanitation						
Operations	2,085,548	2,222,785	2,312,500	2,415,500	192,715	8.7%
Total	2,085,548	2,222,785	2,312,500	2,415,500	192,715	8.7%
Non-Departmenta	lized					
Debt Service	3,277,304	3,633,848	3,633,848	4,465,287	831,439	22.9%
Total	3,277,304	3,633,848	3,633,848	4,465,287	831,439	22.9%
TOTAL UTILITY FUND	26,021,072	29,584,559	29,678,001	31,792,663	2,208,104	7.5%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
STORM WATER DISTRIC	т					
Personnel	269,314	279,857	279,857	275,602	(4,255)	-1.5%
Operations	333,633	337,985	337,985	352,485	14,500	4.3%
Capital Outlay	0	0	0	0	0	0.0%
Total	602,947	617,842	617,842	628,087	10,245	1.7%
DEBT SERVICE FUND						
Principal	5,771,358	6,123,304	6,123,304	6,346,251	222,947	3.6%
Interest	1,202,050	925,966	925,966	1,250,546	324,580	35.1%
Administrative Expenses	7,630	19,500	19,500	19,500	0	0.0%
Total	6,981,038	7,068,770	7,068,770	7,616,297	547,527	7.7%
SPECIAL REVENUE - RE	FORESTATIO	N FUND				
Operations	32,147	35,000	35,000	69,800	34,800	99.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	32,147	35,000	35,000	69,800	34,800	99.4%
FACILITY MAINTENANC	E					
Operations	702,786	0	0	0	0	0.0%
Capital Outlay	5,858	799,000	799,000	1,162,747	363,747	45.5%
Total	708,644	799,000	799,000	1,162,747	363,747	45.5%
SPECIAL REVENUE - PA	RK DEDICAT	ION FUND				
Operations	0	0	0	0	0	0.0%
Capital Outlay	0	60,000	60,000	0	(60,000)	0.0%
Total	0	60,000	60,000	0	(60,000)	-100.0%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
SPECIAL REVENUE - P	ARK AND REC	REATION				
Operations	31,327	87,500	87,500	44,000	(43,500)	-49.7%
Capital Outlay	0	0	0	0	0	0.0%
Total	31,327	87,500	87,500	44,000	(43,500)	-49.7%
SPECIAL REVENUE - L	IBRARY DON	ATION FUND				
Operations	7,888	15,000	15,000	8,000	(7,000)	-46.7%
Capital Outlay	0	0	0	0	0	0.0%
Total	7,888	15,000	15,000	8,000	(7,000)	-46.7%
TIF FUND						
Personnel	340,660	344,695	344,695	364,375	19,680	5.7%
Operations	7,386,161	7,803,696	8,301,135	10,036,684	2,232,988	28.6%
Capital Outlay	-	0	700,000	-	(0)	0.0%
Total	7,726,821	8,148,391	9,345,830	10,401,059	2,252,668	27.6%
CRIME CONTROL DIST	RICT FUND					
Personnel	2,014,210	2,177,551	2,177,551	2,268,657	91,106	4.2%
Operations	358,931	565,056	565,056	431,239	(133,817)	-23.7%
Capital Outlay	32,547	0	0	0	(0)	0.0%
Total	2,405,688	2,742,607	2,742,607	2,699,896	(42,711)	-1.6%
SPDC FUND						
Personnel	576,980	646,846	646,846	659,426	12,580	1.9%
Operations & Maintenance	1,451,717	1,890,676	1,900,046	1,891,321	645	0.0%
Capital Outlay	381,447	1,082,000	1,082,000	1,020,500	(61,500)	-5.7%
Debt Service	2,787,565	2,611,789	2,611,789	2,275,022	(336,767)	-12.9%
Total	5,197,709	6,231,311	6,240,681	5,846,269	(385,042)	-6.2%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
STRATEGIC INITIATIVE F	UND					
Capital Outlay	430,073	262,928	262,928	1,616,834	1,353,906	514.9%
Total	430,073	262,928	262,928	1,616,834	1,353,906	514.9%
VEHICLE REPLACEMENT						
Capital	1,840,854	6,869,876	2,477,299	6,058,612	(811,264)	-11.8%
Total	1,840,854	6,869,876	2,477,299	6,058,612	(811,264)	-11.8%
HOTEL OCCUPANCY FUN	ND					
Personnel	249,665	290,823	290,823	325,621	34,798	12.0%
Operations	642,540	1,257,295	1,257,295	1,126,275	(131,020)	-10.4%
Capital	0	0	0	0	0	0.0%
Total	892,205	1,548,118	1,548,118	1,451,896	(96,222)	-6.2%
COURT SECURITY FUND						
Personnel	41,552	66,846	66,846	57,612	(9,234)	-13.8%
Operations	9,598	15,560	15,560	15,560	0	0.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	51,150	82,406	82,406	73,172	(9,234)	-11.2%
COURT TECHNOLOGY FO	UND					
Operations	22,364	35,280	35,280	91,365	56,085	159.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	22,364	35,280	35,280	91,365	56,085	159.0%
RECYCLING FUND						
Operations	3,761	6,000	6,000	3,000	(3,000)	-50.0%
Total	3,761	6,000	6,000	3,000	(3,000)	-50.0%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
RED LIGHT CAMERA FU	JND					
Personnel	0	0	0	0	0	0.0%
Operations	122,099	50,000	50,000	50,000	0	0.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	122,099	50,000	50,000	50,000	0	0.0%
PUBLIC ART FUND						
Operations	59,747	75,800	75,800	74,340	(1,460)	-1.9%
Capital	0	0	0	0	0	0.0%
Total	59,747	75,800	75,800	74,340	(1,460)	-1.9%
COMMERCIAL VEHICLE	ENFORCEMI	ENT				
Personnel	165,041	181,335	181,335	153,192	(28,143)	-15.5%
Operations	7,441	24,325	24,325	20,825	(3,500)	-14.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	172,482	205,660	205,660	174,017	(31,643)	-15.4%
CEDC FUND						
Personnel	2,998,604	3,575,322	3,575,322	3,732,340	157,018	4.4%
Operations & Maintenance	2,276,214	2,891,268	2,873,311	2,721,768	(169,500)	-5.9%
Capital Outlay	0	0	0	0	0	0.0%
Debt Service	2,447,706	2,445,031	2,445,031	2,444,806	(225)	0.0%
Total	7,722,524	8,911,621	8,893,664	8,898,914	(12,707)	-0.1%
CEDC REPLACEMENT						
Capital	0	743,496	342,371	1,845,046	1,101,550	148.2%
Total	0	743,496	342,371	1,845,046	1,101,550	148.2%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted			
ECONOMIC INVESTMENT FUND									
Operations	0	0	0	0	0	0.0%			
Capital	0	0	0	0	0	0.0%			
Total	0	o	0	0	0	0.0%			
SPECIAL REVENUE - POLICE SERVICES									
Operations	42,109	21,030	21,030	5,980	(15,050)	-71.6%			
Capital	0	0	0	0	0	0.0%			
Total	42,109	21,030	21,030	5,980	(15,050)	-71.6%			
TECHNOLOGY INFRASTE	RUCTURE AN	ND SECURITY	Y FUND						
Operations	632,378	1,186,973	1,186,973	657,000	(529,973)	-44.6%			
Capital	894,031	634,415	634,415	0	(634,415)	-100.0%			
Total	1,526,409	1,821,388	1,821,388	657,000	(1,164,388)	-63.9%			
GRAND TOTAL - ALL FUNDS	113,826,388	130,513,434	127,002,026	137,682,832	7,169,398	5.5%			

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
General Fund						
Personnel	37,184,141	39,481,545	39,338,645	41,064,337	1,582,792	4.0%
Operations	14,030,689	15,008,306	15,151,206	15,349,501	341,195	2.3%
Capital Outlay	10,500	0	0	0	0	0.0%
Total	51,225,330	54,489,851	54,489,851	56,413,838	1,923,987	3.5%
Utility Fund						
Personnel	2,864,064	3,217,748	3,217,748	3,270,557	52,809	1.6%
Operations	19,854,171	22,611,963	22,705,405	24,056,819	1,444,856	6.4%
Capital Outlay	25,533	121,000	121,000	0	(121,000)	-100.0%
Debt Service	3,277,304	3,633,848	3,633,848	4,465,287	831,439	22.9%
Total	26,021,072	29,584,559	29,678,001	31,792,663	2,208,104	7.5%
Stormwater Dist	trict		<u>'</u>	'		
Personnel	269,314	279,857	279,857	275,602	(4,255)	-1.5%
Operations	333,633	337,985	337,985	352,485	14,500	4.3%
Capital Outlay	0	0	0	0	0	0.0%
Total	602,947	617,842	617,842	628,087	10,245	1.7%
Debt Service Fu	ınd		<u>'</u>	'		
Debt Service	6,981,038	7,068,770	7,068,770	7,616,297	547,527	7.7%
Total	6,981,038	7,068,770	7,068,770	7,616,297	547,527	7.7%
Special Revenue	e - Reforestation	Fund				
Operations	32,147	35,000	35,000	69,800	34,800	99.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	32,147	35,000	35,000	69,800	34,800	99.4%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Facility Mainter	nance	1				
Operations	702,786	0	0	0	0	0.0%
Capital Outlay	5,858	799,000	799,000	1,162,747	363,747	45.5%
Total	708,644	799,000	799,000	1,162,747	363,747	45.5%
Special Revenu	e - Park Dedication	on				
Operations	0	0	0	0	0	0.0%
Capital Outlay	0	60,000	60,000	0	(60,000)	0.0%
Total	0	60,000	60,000	0	(60,000)	-100.0%
Special Revenu	e - Parks and Rec	reation				
Operations	31,327	87,500	87,500	44,000	(43,500)	-49.7%
Capital Outlay	0	0	0	0	0	0.0%
Total	31,327	87,500	87,500	44,000	(43,500)	-49.7%
Special Revenu	e - Library Donat	ion Fund		'		
Operations	7,888	15,000	15,000	8,000	(7,000)	-46.7%
Capital Outlay	0	0	0	0	0	0.0%
Total	7,888	15,000	15,000	8,000	(7,000)	-46.7%
TIF Fund				'		
Personnel	340,660	344,695	344,695	364,375	19,680	5.7%
Operations	7,386,161	7,803,696	8,301,135	10,036,684	2,232,988	28.6%
Capital Outlay	0	0	700,000	0	(0)	0.0%
Total	7,726,821	8,148,391	9,345,830	10,401,059	2,252,668	27.6%
Crime Control I	District Fund					
Personnel	2,014,210	2,177,551	2,177,551	2,268,657	91,106	4.2%
Operations	358,931	565,056	565,056	431,239	(133,817)	-23.7%
Capital Outlay	32,547	0	0	0	(0)	100.0%
Total	2,405,688	2,742,607	2,742,607	2,699,896	(42,711)	-1.6%

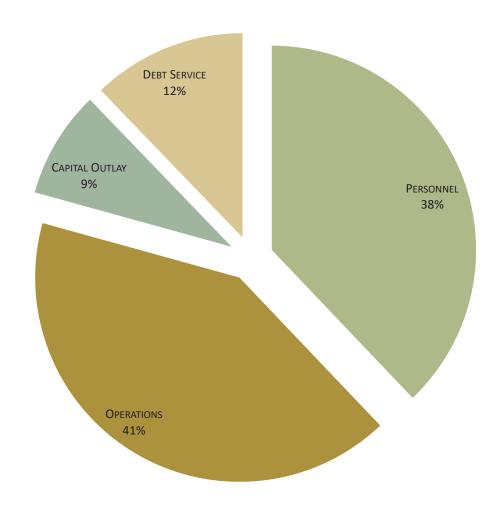
	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
SPDC Fund						
Personnel	576,980	646,846	646,846	659,426	12,580	1.9%
Operations	1,451,717	1,890,676	1,900,046	1,891,321	645	0.0%
Capital Outlay	381,447	1,082,000	1,082,000	1,020,500	(61,500)	-5.7%
Debt Service	2,787,565	2,611,789	2,611,789	2,275,022	(336,767)	-12.9%
Total	5,197,709	6,231,311	6,240,681	5,846,269	(385,042)	-6.2%
Strategic Initiati	ive Fund					
Capital Outlay	430,073	262,928	262,928	1,616,834	1,353,906	514.9%
Total	430,073	262,928	262,928	1,616,834	1,353,906	514.9%
Vehicle Replace	ment					
Capital Outlay	1,840,854	6,869,876	2,477,299	6,058,612	(811,264)	-11.8%
Total	1,840,854	6,869,876	2,477,299	6,058,612	(811,264)	-11.8%
Hotel Occupanc	y Fund					
Personnel	249,665	290,823	290,823	325,621	34,798	12.0%
Operations	642,540	1,257,295	1,257,295	1,126,275	(131,020)	-10.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	892,205	1,548,118	1,548,118	1,451,896	(96,222)	-6.2%
Court Security F	und					
Personnel	41,552	66,846	66,846	57,612	(9,234)	-13.8%
Operations	9,598	15,560	15,560	15,560	0	0.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	51,150	82,406	82,406	73,172	(9,234)	-11.2%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Court Technology	y Fund				,	
Operations	22,364	35,280	35,280	91,365	56,085	159.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	22,364	35,280	35,280	91,365	56,085	159.0%
Recycling Fund	'				,	
Operations	3,761	6,000	6,000	3,000	(3,000)	-50.0%
Total	3,761	6,000	6,000	3,000	(3,000)	-50.0%
Red Light Camer	a Fund					
Personnel	0	0	0	0	0	0.0%
Operations	122,099	50,000	50,000	50,000	0	0.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	122,099	50,000	50,000	50,000	o	0.0%
Public Art Fund						
Operations	59,747	75,800	75,800	74,340	(1,460)	-1.9%
Capital	0	0	0	0	0	0.0%
Total	59,747	75,800	75,800	74,340	(1,460)	-1.9%
Commercial Vehi	cle Enforcemen	t Fund			,	
Personnel	165,041	181,335	181,335	153,192	(28,143)	-15.5%
Operations	7,441	24,325	24,325	20,825	(3,500)	-14.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	172,482	205,660	205,660	174,017	(31,643)	-15.4%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Community Enh	ancement and D	evelopment Co	orporation (CE	DC)		
Personnel	2,998,604	3,575,322	3,575,322	3,732,340	157,018	4.4%
Operations	2,276,214	2,891,268	2,873,311	2,721,768	(169,500)	-5.9%
Capital Outlay	0	0	0	0	0	0.0%
Debt Service	2,447,706	2,445,031	2,445,031	2,444,806	(225)	0.0%
Total	7,722,524	8,911,621	8,893,664	8,898,914	(12,707)	-0.1%
CEDC Replacem	nent					
Capital	0	743,496	342,371	1,845,046	1,101,550	148.2%
Total	0	743,496	342,371	1,845,046	1,101,550	148.2%
Economic Inves	tment Fund					
Operations	0	0	0	0	0	0.0%
Capital	0	0	0	0	0	0.0%
Total	0	0	0	0	o	0.0%
Special Revenue	e - Police Service	s				
Operations	42,109	21,030	21,030	5,980	(15,050)	-71.6%
Capital	0	0	0	0	0	0.0%
Total	42,109	21,030	21,030	5,980	(15,050)	-71.6%
Technology Infr	astructure and Se	ecurity Fund				
Operations	632,378	1,186,973	1,186,973	657,000	(529,973)	-44.6%
Capital	894,031	634,415	634,415	0	(634,415)	-100.0%
Total	1,526,409	1,821,388	1,821,388	657,000	(1,164,388)	-63.9%

	2024 Actual	2025 Adopted Budget	2025 Amended Budget	2026 Adopted Budget	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
GRAND TOTAL ALL FUNDS	113,826,388	130,513,434	127,002,026	137,682,832	7,169,398	5.5%
EXPENDITURE CATEGORY						
Personnel	46,704,231	50,262,568	50,119,668	52,171,719	1,909,151	3.8%
Operations	48,007,701	53,918,713	54,643,907	57,005,962	3,087,249	5.7%
Capital Outlay	3,620,843	10,572,715	6,479,013	11,703,739	1,131,024	10.7%
Debt Service	15,493,613	15,759,438	15,759,438	16,801,412	1,041,974	6.6%
GRAND TOTAL ALL FUNDS	113,826,388	130,513,434	127,002,026	137,682,832	7,169,398	5.5%

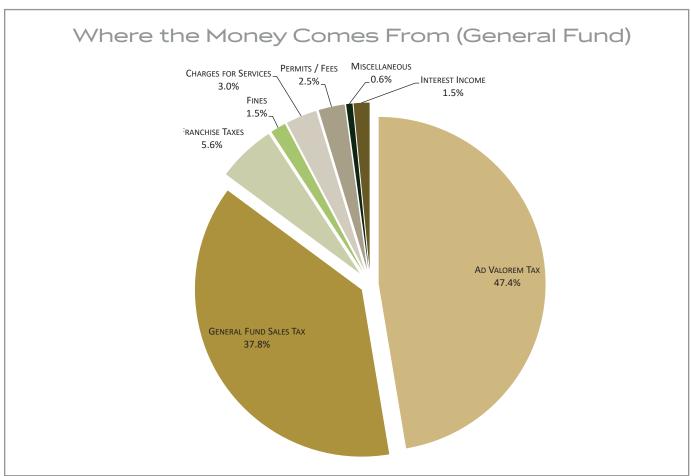
All Funds - FY 2026 Adopted Total Expenditures by Category

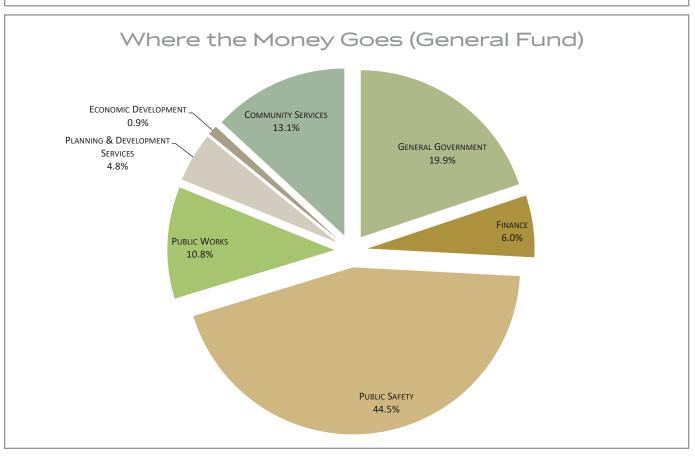


GENERAL FUND EXPENDITURES









General Fund

	2024 Actual	2025 Adopted	2025 Amended	\$ Increase / (Decrease) Adopted	% Increase/- Decrease	2026 Adopted	\$ Increase / (Decrease)	% Increase/- Decrease
Ad Valorem Taxes	\$27,190,295	\$28,487,889	\$27,487,889	(\$1,000,000)	-3.5%	\$28,423,309	(\$64,580)	-0.2%
Sales Tax	21,278,207	21,978,469	22,325,000	346,531	1.6%	22,665,500	687,031	3.1%
Franchise Taxes	3,445,058	3,453,329	3,330,744	(122,585)	-3.5%	3,384,208	(69,121)	-2.0%
Fines	808,361	743,500	903,000	159,500	21.5%	903,500	160,000	21.5%
Charges for Services	1,842,840	1,598,336	1,639,475	41,139	2.6%	1,814,336	216,000	13.5%
Permits/Fees	1,925,889	1,414,100	1,653,100	239,000	16.9%	1,519,600	105,500	7.5%
Miscellaneous	704,334	349,900	642,900	293,000	83.7%	369,900	20,000	5.7%
Interest Income	1,322,931	925,000	925,000	0	0.0%	925,000	0	0.0%
Total Revenues	\$58,517,915	\$58,950,523	\$58,907,108	(\$43,415)	-0.1%	\$60,005,352	\$1,054,829	1.8%
EXPENDITUR	ES							
City Secretary	\$621,952	\$672,400	\$672,400	\$0	0.0%	\$696,630	\$24,230	3.6%
Human Resources	905,102	1,074,739	\$924,739	(150,000)	-14.0%	1,101,296	26,557	2.5%
City Manager	1,226,411	1,282,875	1,282,875	0	0.0%	1,378,621	95,746	7.5%
Information Technology	3,369,557	4,389,173	4,289,173	(100,000)	-2.3%	4,350,125	(39,048)	-0.9%
Communications	728,870	905,509	905,509	0	0.0%	896,549	(8,960)	-1.0%
Support Services	2,534,924	2,429,092	2,444,092	15,000	0.6%	2,776,058	346,966	14.3%
General Gov. Total	\$9,386,816	\$10,753,788	\$10,518,788	(\$235,000)	-2.2%	\$11,199,279	\$445,491	4.1%

General Fund

	2024 Actual	2025 Adopted	2025 Amended	\$ Increase / (Decrease) Adopted	% Increase/- Decrease	2026 Adopted	\$ Increase / (Decrease)	% Increase/- Decrease
Finance	2,131,938	2,265,952	2,265,952	0	0.0%	2,370,637	104,685	4.6%
Municipal Court	790,603	794,143	844,143	50,000	6.3%	819,121	24,978	3.1%
Teen Court	164,958	184,485	184,485	0	0.0%	186,964	2,479	1.3%
Finance Total	\$3,087,499	\$3,244,580	\$3,294,580	\$50,000	1.5%	\$3,376,722	\$132,142	4.1%
Fire	12,194,910	12,640,044	13,040,394	400,350	3.2%	13,341,883	701,839	5.6%
Police	8,924,432	9,372,389	9,226,389	(146,000)	-1.6%	9,805,711	433,322	4.6%
Public Safety Support	1,702,592	1,865,056	1,865,056	0	0.0%	1,932,556	67,500	3.6%
Public Safety Total	\$22,821,934	\$23,877,489	\$24,131,839	\$254,350	1.1%	\$25,080,150	\$1,202,661	5.0%
Streets/Drainage	1,489,550	1,466,904	1,526,904	60,000	4.1%	1,503,490	36,586	2.5%
Facility Maintenance	1,813,146	1,833,403	1,835,403	2,000	O.1%	1,891,401	57,998	3.2%
Public Works Admin	2,422,436	2,643,173	2,645,873	2,700	0.1%	2,713,809	70,636	2.7%
Public Works Total	\$5,725,132	\$5,943,480	\$6,008,180	\$64,700	1.1%	\$6,108,700	\$165,220	2.8%
Building Inspections	1,266,686	1,436,730	1,440,730	4,000	0.3%	1,472,047	35,317	2.5%
Planning	1,221,948	1,227,780	1,225,030	(2,750)	-0.2%	1,235,006	7,226	0.6%
Planning and Dev Total	\$2,488,634	\$2,664,510	\$2,665,760	\$1,250	0.0%	\$2,707,053	\$42,543	1.6%
Economic Development	444,623	583,626	583,626	0	0.0%	526,230	(57,396)	-9.8%
Economic Dev. Total	\$444,623	\$583,626	\$583,626	\$0	0.0%	\$526,230	(\$57,396)	-9.8%

General Fund

	2024 Actual	2025 Adopted	2025 Amended	\$ Increase / (Decrease) Adopted	% Increase/- Decrease	2026 Adopted	\$ Increase / (Decrease)	% Increase/- Decrease
Community Services	1,586,315	1,531,077	1,531,577	500	0.0%	1,545,228	14,151	0.9%
Parks and Recreation	4,382,043	4,625,415	4,478,915	(146,500)	-3.2%	4,548,050	(77,365)	-1.7%
Library Services	1,302,334	1,265,886	1,276,586	10,700	0.8%	1,322,426	56,540	4.5%
Community Svcs. Total	\$7,270,692	\$7,422,378	\$7,287,078	(\$135,300)	-1.8%	\$7,415,704	(\$6,674)	-O.1%
Total Expenditures	\$51,225,330	\$54,489,851	\$54,489,851	\$0	0.0%	\$56,413,838	\$1,923,987	3.5%
Net Revenues	\$7,292,585	\$4,460,672	\$4,417,257	(\$43,415)		\$3,591,514	(\$869,158)	
Lease Proceeds	\$0	\$0	\$0	\$0		\$0		
Transfers In	2,768,830	2,857,917	2,883,720	25,803		2,986,054		
Transfers Out	(\$10,583,486)	(\$7,000,000)	(\$10,250,000)	(\$3,250,000)		(\$6,250,000)		
Total Other Sources (Uses)	(\$7,814,656)	(\$4,142,083)	(\$7,366,280)	(\$3,224,197)		(\$3,263,946)		
Beginning Fund Balance	\$17,585,348	\$17,063,277	\$17,063,277			\$14,114,254		
Residual Equity Transfer		\$0	\$O			\$0		
Ending Fund Balance	\$17,063,277	\$17,381,866	\$14,114,254			\$14,441,822		
Fund balance percentage	33.31%	31.90%	25.90%			25.60%		

GENERAL FUND	2024 Actual	2025 Adopted	2025 Amended	2026 Adopted	\$ Increase / (Decrease) Adopted	% Increase / -Decrease <u>Adopted</u>
City Secretary/Mayor,	/Council					
Personnel	499,248	522,147	522,147	550,648	28,501	5.5%
Operations	122,704	150,253	150,253	145,982	(4,271)	-2.8%
Capital Outlay	0	0	0	0	0	0.0%
Total	621,952	672,400	672,400	696,630	24,230	3.6%
Human Resources						
Personnel	720,831	839,978	689,978	883,734	43,756	5.2%
Operations	184,271	234,761	234,761	217,562	(17,199)	-7.3%
Capital Outlay	0	0	0	0	0	0.0%
Total	905,102	1,074,739	924,739	1,101,296	26,557	2.5%
City Manager's Office						
Personnel	1,185,140	1,235,493	1,235,493	1,330,586	95,093	7.7%
Operations	41,271	47,382	47,382	48,035	653	1.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,226,411	1,282,875	1,282,875	1,378,621	95,746	7.5%
Support Services						
Personnel	819,292	889,555	904,555	1,050,021	160,466	18.0%
Operations	1,715,632	1,539,537	1,539,537	1,726,037	186,500	12.1%
Capital Outlay	0	0	0	0	0	0.0%
Total	2,534,924	2,429,092	2,444,092	2,776,058	346,966	14.3%
Communications						
Personnel	598,499	715,898	715,898	718,364	2,466	0.3%
Operations	130,371	189,611	189,611	178,185	(11,426)	-6.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	728,870	905,509	905,509	896,549	(8,960)	-1.0%

GENERAL FUND	2024 Actual	2025 Adopted	2025 Amended	2026 Adopted	\$ Increase / (Decrease) Adopted	% Increase / -Decrease <u>Adopted</u>
Information Technolog	ду					
Personnel	1,229,947	1,464,829	1,364,829	1,322,022	(142,807)	-9.7%
Operations	2,139,610	2,924,344	2,924,344	3,028,103	103,759	3.5%
Capital Outlay	0	0	0	0	0	0.0%
Total	3,369,557	4,389,173	4,289,173	4,350,125	(39,048)	-0.9%
Finance						
Personnel	1,689,391	1,825,427	1,825,427	1,894,562	69,135	3.8%
Operations	442,547	440,525	440,525	476,075	35,550	8.1%
Capital Outlay	0	0	0	0	0	0.0%
Total	2,131,938	2,265,952	2,265,952	2,370,637	104,685	4.6%
Municipal Court						
Personnel	659,147	697,308	697,308	722,286	24,978	3.6%
Operations	131,456	96,835	146,835	96,835	0	0.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	790,603	794,143	844,143	819,121	24,978	3.1%
Teen Court						
Personnel	151,719	169,745	169,745	172,499	2,754	1.6%
Operations	13,239	14,740	14,740	14,465	(275)	-1.9%
Capital Outlay	0	0	0	0	0	0.0%
Total	164,958	184,485	184,485	186,964	2,479	1.3%
Fire Services						
Personnel	11,235,469	11,572,774	11,926,874	12,225,631	652,857	5.6%
Operations	959,441	1,067,270	1,113,520	1,116,252	48,982	4.6%
Capital Outlay	0	0	0	0	0	0.0%
Total	12,194,910	12,640,044	13,040,394	13,341,883	701,839	5.6%

GENERAL FUND	2024 Actual	2025 Adopted	2025 Amended	2026 Adopted	\$ Increase / (Decrease) Adopted	% Increase / -Decrease <u>Adopted</u>
Police Services						
Personnel	7,812,218	8,163,333	8,083,333	8,603,600	440,267	5.4%
Operations	1,112,214	1,209,056	1,143,056	1,202,111	(6,945)	-0.6%
Capital Outlay	0	0	0	0	0	0.0%
Total	8,924,432	9,372,389	9,226,389	9,805,711	433,322	4.6%
Public Safety Support	'		'	'	'	'
Personnel	0	0	0	0	0	0.0%
Operations	1,702,592	1,865,056	1,865,056	1,932,556	67,500	3.6%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,702,592	1,865,056	1,865,056	1,932,556	67,500	3.6%
Building Inspection						
Personnel	1,214,985	1,321,765	1,329,765	1,368,761	46,996	3.6%
Operations	51,701	114,965	110,965	103,286	(11,679)	-10.2%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,266,686	1,436,730	1,440,730	1,472,047	35,317	2.5%
Streets/Drainage						
Personnel	884,629	928,737	928,737	985,799	57,062	6.1%
Operations	594,421	538,167	598,167	517,691	(20,476)	-3.8%
Capital Outlay	10,500	0	0	0	0	0.0%
Total	1,489,550	1,466,904	1,526,904	1,503,490	36,586	2.5%
Facility Maintenance	, <u> </u>					
Personnel	572,458	608,090	608,090	631,787	23,697	3.9%
Operations	1,240,688	1,225,313	1,227,313	1,259,614	34,301	2.8%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,813,146	1,833,403	1,835,403	1,891,401	57,998	3.2%

GENERAL FUND	2024 Actual	2025 Adopted	2025 Amended	2026 Adopted	\$ Increase / (Decrease) Adopted	% Increase / -Decrease Adopted
Public Works Adminis	tration					
Personnel	1,693,172	1,904,252	1,854,252	1,961,913	57,661	3.0%
Operations	729,264	738,921	791,621	751,896	12,975	1.8%
Capital Outlay	0	0	0	0	0	0.0%
Total	2,422,436	2,643,173	2,645,873	2,713,809	70,636	2.7%
Planning						
Personnel	1,175,917	1,169,312	1,169,312	1,180,288	10,976	0.9%
Operations	46,031	58,468	55,718	54,718	(3,750)	-6.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,221,948	1,227,780	1,225,030	1,235,006	7,226	0.6%
Economic Developme	nt					
Personnel	385,263	503,256	503,256	459,884	(43,372)	-8.6%
Operations	59,360	80,370	80,370	66,346	(14,024)	-17.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	444,623	583,626	583,626	526,230	(57,396)	-9.8%
Community Services						
Personnel	1,145,168	1,170,638	1,170,638	1,209,859	39,221	3.4%
Operations	441,147	360,439	360,939	335,369	(25,070)	-7.0%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,586,315	1,531,077	1,531,577	1,545,228	14,151	0.9%
Parks and Recreation						
Personnel	2,670,031	2,899,718	2,749,718	2,857,898	(41,820)	-1.4%
Operations	1,712,012	1,725,697	1,729,197	1,690,152	(35,545)	-2.1%
Capital Outlay	0	0	0	0	0	0.0%
Total	4,382,043	4,625,415	4,478,915	4,548,050	(77,365)	-1.7%

GENERAL FUND	2024 Actual	2025 Adopted	2025 Amended	2026 Adopted	\$ Increase / (Decrease) Adopted	% Increase / -Decrease <u>Adopted</u>
Library Services						
Personnel	841,617	879,290	889,290	934,195	54,905	6.2%
Operations	460,717	386,596	387,296	388,231	1,635	0.4%
Capital Outlay	0	0	0	0	0	0.0%
Total	1,302,334	1,265,886	1,276,586	1,322,426	56,540	4.5%
TOTAL GENERAL FUND	51,225,330	54,489,851	54,489,851	56,413,838	1,923,987	3.5%



CITY OF SOUTHLAKE

STRATEGIC INITIATIVE FUND





Strategic Initiative Fund

The Strategic Initiative Fund (SIF) was created in FY 2006 for the purpose of taking General Fund balance reserves in excess of the City identified optimal fund balance level and using them for one-time expenditures for high-impact projects such as infrastructure maintenance, community enhancement, technology and capital acquisition.

The City of Southlake is recognized for its strong financial management as evidenced by the assignment of 'AAA' ratings by both Standard and Poor's (S&P) and Fitch Rating Services and a Aaa from Moody's. Three 'AAA' ratings put the City into a small and elite group of municipalities that enjoy the highest possible credit ratings assigned from all rating agencies.

In the most recent credit report issued, S&P noted:

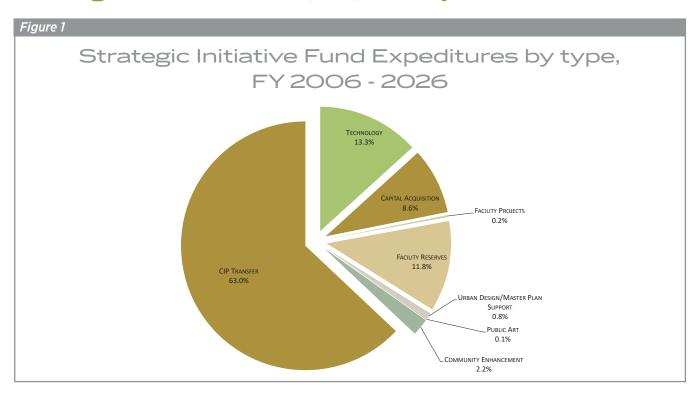
"The rating reflects our opinion of Southlake's:

- Robust economy in the Dallas-Fort Worth MSA with local income metrics that are significantly above county and national metrics;
- Well-embedded management policies and practices, highlighted by monthly budget-to-actual reports, quarterly investment reports, and comprehensive long-term financial and capital plans that are incorporated into the budget; and cyber security practices in line with those of peers;
- Stable financial performance even with the inclusion of sizable transfers out for capital, coupled with the maintenance of reserves in excess of its formal fund balance policy;
- Manageable debt profile with rapid amortization, with additional debt issuance plans that we don't
 believe will be meaningful, coupled with manageable pension and other post employment benefit
 obligations that represent a relatively small amount of total expenditures."

The Fitch Rating report notes, "Robust planning and prudent cost management support maintenance of a strong financial position... Fitch expects Southlake to demonstrate exceptionally strong financial resilience during an economic downturn, consistent with past performance. The 'aaa' resilience assessment is informed by the city's revenue raising capabilities, solid expenditure flexibility and ample financial cushion."

The Moody's report details why the City's credit rating was upgraded to Aaa, and states "The upgrade to the Aaa Issuer Rating reflects...a steady history of robust reserves supported by multiple years of strong operating performance. The Aaa rating incorporates the city's modest debt and pension burden that will remain affordable supported by a stable local economy, and prudent financial practices." One of the innovative tools that the City uses to help manage our strong financial performance is the Strategic Initiative Fund, also referred to as the SIF.

Strategic Initiative Fund (SIF) History



The SIF concept was first used with the FY 2006 budget. The concept was simple: the City would strive to maintain its optimal General Fund undesignated fund balance of 25% of operating expenses, and sweep any excess funds that had accumulated in the fund balance over time into the SIF to be used for one-time, high impact projects.

The following sections describe Southlake's budgeting goals, helping to provide context for the development and use of the SIF.

Structural Balance. Good budgeting practices require a city to achieve structural balance; that is, to have enough annual revenue to cover planned expenses for any given year. Balancing a city's operating budget by dipping into reserves is considered a poor budgeting practice for a city, in the same way that borrowing money from a personal retirement account to pay for monthly household expenses would be considered unwise. Using reserves to balance the annual budget can mean that the revenue base is not strong enough to support current service levels and could result in an unsustainable budget over time.

The City of Southlake is committed to maintaining a budget with structural balance, not only with its current year budget, but also for future years. Staff uses multi-year budgeting to determine if revenues are strong enough to support the services of the City for future years.

Fund Balance. City policy originally adopted in August 1993 and amended in 2011 sets a fund balance range of 15-25% of operating expenses for the General Fund. Fifteen percent is considered the minimum fund balance to achieve. The policy defines 25% as the optimal reserve level for the General Fund. Council and staff are committed to having a structurally balanced budget while maintaining the optimum fund balance of 25%.

Budget Performance. In any given year, the City's revenue can perform better than expected. This is especially true when revenue estimates are conservative. Likewise, City departments sometimes do not spend their entire budget allocation. Adjustments are made throughout the year, but when year-end numbers show excess revenues and unspent appropriation, this operating surplus "rolls" into the fund balance for the subsequent fiscal year.

Assuming that the fund balance is maintained at its optimal level, this creates options for the use of the excess reserve funds above the optimum level.

One option is to put these funds to work as one-time revenue to fund needed projects that are non-recurring expenses. In this way, the City uses the one-time funding for one-time costs, and can avoid borrowing money for these projects. This is the basic idea of the Strategic Initiative Fund.

Another option the City Council has exercised has been the granting of a homestead exemption. The City implemented a one-time general homestead exemption in FY 2009 and again in FY 2013



to complement the ongoing over-65 exemption (\$75,000), disabled exemption (\$75,000), and the over-65 tax freeze. This reduced the taxes levied against Southlake taxpayers for tax years 2008 and 2012, years that the City could afford the reduced revenue, and the City applied the exemption to its revenue projections for the budget year.

Figure 2 tracks the city's tax relief efforts since 2009.

In FY 2026, we are continuing the 20% homestead exemption and propose reducing the operating tax rate by \$0.010.

Capital Improvement Program (CIP). In 2006, the City had identified over \$22 million in General Fund capital projects that needed to be addressed, but were unfunded for the five-year planning period. Given that the City's annual General Fund bond program was \$3 million, it was difficult to see how

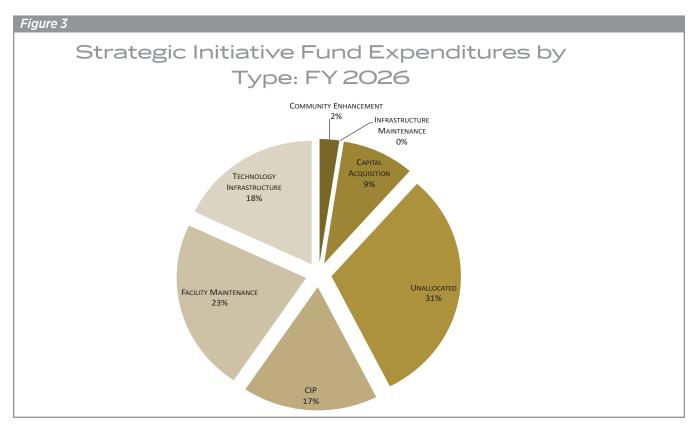
the City would be able address the critical infrastructure projects in a timely manner. The SIF presented a way for the City to infuse cash into its CIP. For FY 2006, almost \$750,000 was transferred from the SIF to the CIP, allowing the City to address more projects than initially thought possible.

Since that time, the City has been able to increase its cash funding for the CIP, lessening the debt the City has to take on to make appropriate investments into needed street, sidewalk, drainage, facility, and other improvements. About sixty-five percent of the SIF allocations since 2006 have been used as cash funding for CIP projects, which ultimately means the City avoids borrowing costs for addressing those projects.

The City has also used the SIF to purchase expensive, but necessary equipment, such as fire apparatus and ambulances, make improvements to City facilities such as the Senior Activity Center, improve the City's technology infrastructure, and establish a much needed facility maintenance reserve fund. Figure 1 details SIF projects funded since 2006.

Like many other municipalities, the City was impacted by the 2008 economic recession and had to make decisions during those years to freeze pay, leave certain positions unfilled, and defer the purchase of needed equipment in order to achieve structural balance with its budget. But the impact of the recession was minimized by the SIF. The SIF has been an important tool for the City of Southlake to use to weather economic events like the recession by allowing the City to move forward with capital projects without compromising the City's fund balance, raising taxes, or increasing the City's debt load.

The City's budget is sustainable and healthy, and able to withstand the effects of unforeseeable economic impacts. This is due, in part, to the City's use of innovative financial practices, such as the SIF.



Current Considerations

The use of the SIF as a budget technique for future years depends on several factors:

- The City's ability to meet its operational expenses with a structurally balanced budget for the current budget year and in a multi-year context;
- The City's ability to maintain a fund balance within policy parameters;
- The City's capital needs and its ability to fund those in a timely manner to ensure infrastructure needs are addressed appropriately; and,
- Tax rate management.

Summary

The SIF is an innovative budgeting technique that provides funding for one-time, high impact projects. Since the City began using the concept in 2006, about 63% of the funds have been directed to the CIP for cash funding of infrastructure needs. The fund has also been used for equipment purchases and to build a facility maintenance reserve fund, among other things.

Strategic Initiative Fund



The City of Southlake's Fund Balance Policy states, "The City of Southlake's goal shall be to maintain a fund balance in the General Fund equal to a minimum of 15% of General Fund budgeted operating expenditures, with the optimum goal of 25%." Since 2006, any dollars beyond the optimal goal of 25% have been transferred to the Strategic Initiative Fund with uses limited to one-time, non-recurring expenses.

	2024	2025	2025	\$ Increase/ (Decrease)	% Increase/	2026	\$ Increase/ (Decrease)	% Increase/
	_		Amended	,			` ′	-
	Actual	Adopted	Amenaea	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Interest	<u>241,379</u>	<u>198,000</u>	<u>155,000</u>	(43,000)	-21.7%	<u>110,000</u>	(88,000)	-44.4%
Total Revenues	\$241,379	\$198,000	\$155,000	(\$43,000)	0.0%	\$110,000	(\$88,000)	-44.4%
EXPENDITURES								
Infrastructure Maintenance	\$0	\$0	\$0	\$0	0.0%	\$0	0	0.0%
Community Enhancement	104,199	202,000	202,000	0	0.0%	216,491	14,491	7.2%
Technology Infrastructure	0	0	0	0	0.0%	596,843	596,843	5968429900.0%
Capital Acquisition	325,874	60,928	60,928	<u>0</u>	0.0%	<u>803,500</u>	742,572	1218.8%
Total Expenditures	\$430,073	\$262,928	\$262,928	\$0	0.0%	\$1,616,834	\$1,353,906	514.9%
Net Revenues	(\$188,694)	(\$64,928)	(\$107,928)	(\$43,000)		(\$1,506,834)	(\$1,441,906)	
Transfer from other funds	\$7,800,000	\$3,600,000	\$5,600,000			\$4,000,000		
Transfer to other funds	(10,700,000)	(6,000,000)	(6,000,000)			(4,500,000)		
Total Other Sources/(Uses)	(\$2,900,000)	(\$2,400,000)	(\$400.000)			(\$500.000)		
(,			-					
Beginning Fund Balance	\$8,356,957	\$5,268,263	\$5,268,263			\$4,760,335		
Ending Fund Balance	\$5,268,263	\$2,803,335	\$4,760,335			\$2,753,501		
	40,200,200	+2,553,666	<u> </u>			<u> </u>		

FY 2026 Highlights

Infrastructure Maintenance Funding: \$2,000,000 will be transferred from the SIF to the Facility Maintenance Fund. The purpose of this fund is to build capacity for future maintenance projects as we will have many needs to address as our facilities age.

Community Enhancement Funding: This category of funding is set aside as a way to provide payas-you-go funding for initiatives which will enhance the quality of life or aesthetics of Southlake. For FY 2026 community enhancement projects include: \$100,000 for the Southlake Comprehensive Plan updates and \$116,491 for improvements to the city's records management system.

Capital Acquisition Funding: \$1,500,000 will be transferred from the SIF to the Capital Improvements Program for the purpose of building infrastructure. This cash funding will reduce the amount of bonds the City will need to issue for General Fund CIP projects in FY 2026. Additionally, this budget includes: \$803,500 for EMS Equipment Replacement, LIFEPAK Monitors (35), Power - PRO Stretcher, LUCAS CPR Device, and Stair-PRO Stair Chaira Personal Protective Equipment (PPE) for the Fire Department.

Technology: \$1,000,000 will be transferred from the SIF to the IT Infrastructure & Security Fund to cover technology infrastructure expenses.

FACILITY MAINTENANCE FUND





Facility Maintenance Fund



The purpose of this fund is to build capacity for future maintenance projects as we will have many needs to address as our facilities age. The Strategic Initiative Fund (SIF) has provided seed money for this fund, an important element of our budget given the size and complexity of the City's facility infrastructure. For FY 2026, we will continue our practice of transferring SIF money into this fund, but we are also budgeting expenses in the operating budget for facility projects.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
				,			,	
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Interest	<u>599,602</u>	432,000	<u>432,000</u>	<u>0</u>	0.0%	432,000	<u>0</u>	0.0%
Total Revenues	\$599,602	\$432,000	\$432,000	\$0	0.0%	\$432,000	\$0	0.0%
EXPENDITURES								
Operations	\$702,786	\$0	\$0	\$0	0.0%	\$0	0	0.0%
Capital	<u>5,858</u>	<u>799,000</u>	<u>799,000</u>	<u>0</u>	0.0%	<u>1,162,747</u>	363,747	45.5%
Total Expenditures	\$708,644	\$799,000	\$799,000	\$0	0.0%	\$1,162,747	\$363,747	45.5%
Net Revenues	(\$109,042)	(\$367,000)	(\$367,000)	<u>\$0</u>		(\$730,747)	(\$363,747)	
	1,0,00,00,00,00,00		1,222,1222,					
Transfer from other funds	\$1,200,000	\$1,500,000	\$1,500,000			\$2,000,000		
Transfer to other funds	(\$0)	(\$0)	(\$0)			(\$0)		
Total Other Sources/(Uses)	\$1,200,000	\$1.500.000	\$1,500,000			\$2,000,000		
2 2	2,,,220,000	2112211000	2222.000			22.000		
Beginning Fund Balance	\$11,843,298	\$12,934,256	\$12,934,256			\$14,067,256		
Ending Fund Balance	\$12.934.256	\$14.067.256	\$14.067.256			\$15.336.509		
Enumy Fund Balance	<u> </u>	<u>\$14.067.256</u>	<u> </u>			<u> </u>		
	l							

FY 2026 Highlights

- We will continue our practice of transferring SIF money into this fund, working to meet the goal of holding a minimum of 10% of the total value of the City's physical plant in reserve and \$2,000,000 will be transferred from the SIF.
- Planned FY 2026 expenditures for this fund include Southlake DPS HQ Weatherproofing (\$800,000), DPS HQ Carpet & Flooring Phase 2 (\$163,000), DPS HQ & DPS North Fire Apparatus Bay Flooring Resurfacing (\$95,300), Southlake Town Square Garages Signage Repainting (\$26,220), Town Hall Water Heater Replacement (\$26,000), Town Hall Exterior Handrail Maintenance (\$20,000), Pest Treatment & Rodent Control for City Facilities (\$19,300) and DPS HQ Fire Bunk Room / Living Area Patching & Repainting (\$12,927).
- The projected ending fund balance is \$15,336,509 which provides adequate reserves for the program.



TECHNOLOGY INFRASTRUCTURE & SECURITY FUND





Technology Infrastructure & Security Fund



The Technology Infrastructure and Security Fund was created in FY 2017 to build capacity for current and future technology needs. Expenditures in this fund are used to maintain, enhance and replace technology infrastructure and enterprise software to ensure the City receives the most reliable and best value with technology investments. In order to keep up with the increasing number and complexity of security threats, this fund also supports technology security projects and programs.

								1
				C Ingragas/			\$ Increase/	
	0004	2025	2025	\$ Increase/	0/ 1	2026	,	0/ 1
	2024			(Decrease)	% Increase/		(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Miscellaneous	482,758	500,000	480,000	(20,000)	-4.0%	480,000	(20,000)	-4.0%
Interest	<u>377,316</u>	<u>285,000</u>	325,000	40,000	14.0%	<u>325,000</u>	40,000	14.0%
Total Revenues	\$860,074	\$785,000	\$805,000	\$20,000	0.0%	\$805,000	\$20,000	2.5%
EXPENDITURES								
Customer Enhancements	59,680	364,303	364,303	0	0.0%	-	(364,303)	-100.0%
Information Security	175,000	145,000	145,000	0	0.0%	145,000	0	0.0%
Business Continuity	397,698	677,670	677,670	0	0.0%	512,000	(165,670)	-24.4%
Security Equipment and Infrastructure	64,702	150,000	150,000	0	0.0%	0	(150,000)	-100.0%
Technology Infrastructure	829,329	<u>484,415</u>	<u>484,415</u>	<u>0</u>	0.0%	<u>0</u>	(484,415)	-100.0%
Total Expenditures	\$1,526,409	\$1,821,388	\$1,821,388	\$0	0.0%	657,000	(\$1,164,388)	-63.9%
Net Revenues	(\$666,335)	(\$1,036,388)	(\$1,016,388)	\$20,000		<u>\$148,000</u>	<u>\$1,184,388</u>	
Transfer from other funds	\$1,500,000	\$1,000,000	\$1,000,000			\$1,000,000		
Transfer to other funds		<u>-</u>						
Total Other Sources/(Uses)	1,500,000	\$1,000,000	\$1,000,000			\$1,000,000		
Beginning Fund Balance	\$7,088,001	\$7,921,666	\$7,921,666			\$7,905,278		
Ending Fund Balance	\$7.921.666	\$7.885.278	\$7,905.278			\$9.053.278		
Litting Fully Datalice	<u>\$1,321,000</u>	<u>\$1,005,270</u>	<u>\$1,505,276</u>			<u>#3,033,276</u>		

FY 2026 Highlights

- The Technology Infrastructure & Security Fund was created in FY 2017 to build capacity for current and future technology needs. Expenditures in this fund are used to maintain, enhance and replace technology infrastructure and enterprise software to ensure the City receives the most reliable and best value with technology investments. In order to keep up with the increasing number and complexity of security threats, this fund also supports technology security projects and programs.
- \$1,000,000 will be transferred from the Strategic Initiative Fund to maintain adequate funding.
- Total budgeted expenditures for this fund are \$657,000 which includes items to ensure information security, business continuity and maintain security and equipment infrastructure.
- The ending fund balance is projected at \$9,053,278.



ECONOMIC DEVELOPMENT INVESTMENT FUND





Economic Development Investment Fund



The Southlake Economic Development Strategic Plan includes the following as recommendation ED15: "Maintain ongoing, dedicated funding to achieve economic development goals by continuing investment in the Economic Development Investment Fund." This fund was created in 2013 for that purpose.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Interest	<u>166,311</u>	<u>120,000</u>	<u>120,000</u>	<u>0</u>	0.0%	120,000	<u>0</u>	0.0%
Total Revenues	\$166,311	\$120,000	\$120,000	\$0	0.0%	\$120,000	\$0	0.0%
EXPENDITURES								
Operations	\$0	\$0	\$0	\$0	0.0%	\$0	0	0.0%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	0	0.0%
Total Expenditures	\$0	\$0	\$0	\$0	0.0%	\$0	\$0	0.0%
Net Revenues	<u>\$166,311</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$0</u>		<u>\$120,000</u>	<u>\$0</u>	
Transfer from other funds	\$150,000	\$150,000	\$150,000			\$150,000		
Transfer to other funds	<u>(\$0)</u>	(\$0)	<u>(\$0)</u>			(\$0)		
Total Other Sources/(Uses)	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$150,000</u>			\$150,000		
Beginning Fund Balance	\$3,225,478	\$3,541,789	\$3,541,789			\$3,811,789		
Ending Fund Balance	\$3,541,789	<u>\$3,811,789</u>	<u>\$3,811,789</u>			\$4,081,789		
-								

FY 2026 Highlights

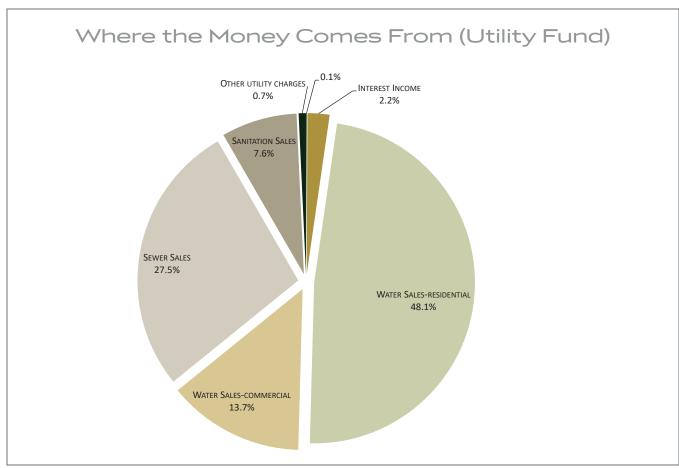
- The City's Southlake Economic Development Comprehensive Plan included a recommendation to continue building an economic development investment fund. We will continue to implement this recommendation for FY 2026.
- \$150,000 will be transferred to this fund, as we work to build a balance for future use.
- No expenditures from this fund are budgeted for FY 2026.
- The ending fund balance will be \$4,081,789.

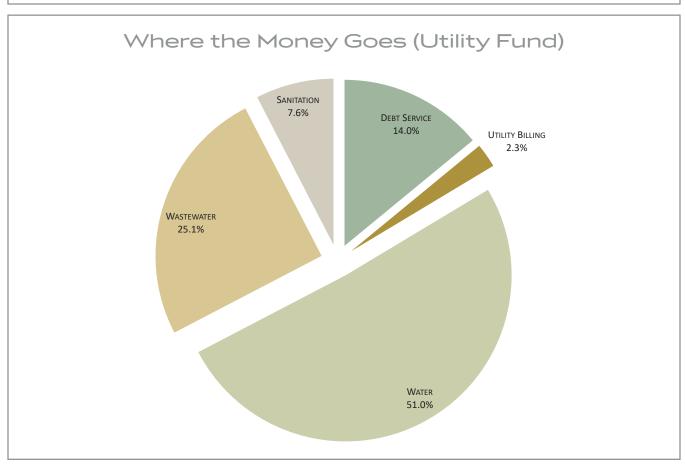


UTILITY FUND EXPENDITURES









Utility Fund

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES				'			'	
Miscellaneous	\$46,886	\$14,500	\$39,500	\$25,000	0.0%	\$29,500	\$15,000	0.0%
Interest Income	1,402,293	890,000	1,000,000	110,000	12.4%	925,000	35,000	3.9%
Water Sales-residential	17,402,892	19,000,400	19,000,400	0	0.0%	20,140,000	1,139,600	6.0%
Water Sales-commercial	5,514,961	5,400,200	5,400,200	0	0.0%	5,745,000	344,800	6.4%
Sewer Sales	9,331,998	11,000,000	11,000,000	0	0.0%	11,500,000	500,000	4.5%
Sanitation Sales	2,899,864	2,856,450	2,977,250	120,800	4.2%	3,185,000	328,550	11.5%
Other utility charges	<u>497,369</u>	280,800	<u>298,000</u>	<u>17,200</u>	6.1%	<u>305,800</u>	<u>25,000</u>	8.9%
Total Revenues	\$37,096,263	\$39,442,350	\$39,715,350	\$273,000	0.7%	\$41,830,300	\$2,387,950	6.1%
<u>EXPENSES</u>								
Debt Service	3,277,304	3,633,848	3,633,848	0	0.0%	4,465,287	831,439	22.9%
Utility Billing	533,735	723,291	722,666	(625)	-0.1%	745,820	22,529	3.1%
Water	13,229,875	15,099,544	15,100,991	1,447	0.0%	16,201,119	1,101,575	7.3%
Wastewater	6,894,610	7,905,091	7,907,996	2,905	0.0%	7,964,937	59,846	0.8%
Sanitation	<u>2,085,548</u>	2,222,785	<u>2,312,500</u>	<u>89,715</u>	4.0%	<u>2,415,500</u>	<u>192,715</u>	8.7%
Total Expenses	\$26,021,072	\$29,584,559	\$29,678,001	\$93,442	0.3%	\$31,792,663	\$2,208,104	7.5%
Net Revenues	<u>\$11.075.191</u>	<u>\$9.857.791</u>	<u>\$10.037.349</u>	<u>\$179.558</u>		<u>\$10.037.637</u>	<u>\$179.846</u>	
Transfers In	\$0	\$0	\$0			\$0		
Transfers Out	<u>(9,514,112)</u>	(9,577,694)	(9,588,614)	<u>10,920</u>		(9,673,212)		
Total Other Sources (Uses)	<u>(\$9.514.112)</u>	<u>(\$9.577.694)</u>	(\$9.588.614)			(\$9.673.212)		
Destruite a consideration and 9.1	#00 570 000	#04 400 C75	004 400 075			#04 500 440		
Beginning working capital	\$22,572,296	\$24,133,375 \$24,443,473	\$24,133,375			\$24,582,110		
Ending fund balance	<u>\$24.133.375</u>	<u>\$24.413.472</u>	<u>\$24.582.110</u>			<u>\$24.946.535</u>		
No. of days working capital	339	301	302			286		

FY 2026 Highlights

- The Utility Fund revenues are projected at \$41,830,300 for a increase of \$2,387,950. This is a 6.1% increase when compared with the FY 2025 Adopted Budget.
- Personnel: The Utility Fund includes resources needed to manage and operate the City's utility system. This fund will cover its portion of employee pay adjustments and the increases in benefit costs as described in the General Fund portion of the Budget Overview.
- Other expenditures: Funding has been requested for equipment and facility improvements including the Lead and Copper Rule Improvements Compliance Assistance Phase 4 (\$235,724), Network Redundant Connectivity Infrastructure (\$98,832), Tyler Technologies Access Portals (\$12,200), Wastewater Odor Treatment Demand Increase (\$20,000), SCADA Cabinet Preventative Maintenance (\$12,500), Fats, Oils, and Grease Ordinance and Manual Review and Revisions (\$9,850), and 811 Software Integration Ticket Management (\$8,000).
- The Adopted FY 2026 Utility Fund budget provides 286 days of working capital. In anticipation of future funding needed to replace aging infrastructure, this exceeds the City's fund balance policy for the Utility Fund, which states that the "...goal shall be to maintain a fund balance of 60 days of working capital in the Utility Fund...with the optimum goal of 90 days of working capital."

VEHICLE REPLACEMENT FUND





Vehicle Replacement Fund



This fund accounts for the resources needed to manage the purchase of vehicles for the City's fleet. The establishment and funding of the vehicle replacement program was designed to even out expenses for the City's fleet from year to year and provide a logical method for purchasing and retiring vehicles.

,								
				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Miscellaneous	\$94,141	\$60,000	\$15,000	(\$45,000)	-75.0%	\$60,000	\$0	0.0%
Interest Income	<u>\$503,426</u>	<u>\$360,000</u>	<u>\$360,000</u>	<u>\$0</u>	0.0%	<u>\$360,000</u>	<u>\$0</u>	0.0%
Total Revenues	\$597,567	\$420,000	\$375,000	(\$45,000)		\$420,000	\$0	
EXPENDITURES								
Capital	<u>\$1,840,854</u>	<u>\$6,869,876</u>	\$2,477,299	(4,392,577)	-63.9%	<u>\$6,058,612</u>	(811,264)	-11.8%
Total Expenditures	\$1,840,854	\$6,869,876	\$2,477,299	(\$4,392,577)	-63.9%	\$6,058,612	(\$811,264)	-11.8%
Net Revenues	(\$1,243,287)	(\$6,449,876)	(\$2,102,299)	\$4,347,577		(\$5,638,612)	<u>\$811,264</u>	
Transfers In-General Fund	\$2,533,486	3,000,000	4,250,000	1,250,000		2,000,000	(\$1,000,000)	
Transfers In -Utility Fund	<u>94,743</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	\$0	
Total Other Sources (Uses)	<u>\$2,628,229</u>	\$3,000,000	\$4,250,000	<u>\$0</u>		\$2,000,000	<u>\$0</u>	
Beginning Fund Balance	\$11,689,847	\$13,074,789	\$13,074,789			\$15,222,490		
Ending Fund Balance	<u>\$13,074,789</u>	<u>\$9,624,913</u>	\$15,222,490			<u>\$11,583,878</u>		
-								

FY 2026 Highlights

- A five-year purchase plan has been developed to detail future capital investment needs related to vehicles and heavy equipment. For FY 2026, we are planning a transfer from the General Fund to the Vehicle Replacement Fund of \$2,000,000.
- Expenditures are estimated at \$6,058,612 to replace aging vehicles coming off-line.
- The projected ending fund balance is \$11,583,878, which provides adequate reserves for the program.
- Between FY 2026 and FY 2030, more than 119 vehicles and heavy machinery at an estimated cost of more than \$20 million are planned to be replaced in accordance with the vehicle replacement schedule. The vehicle replacement schedule may vary due to maintenance or exceeding the useful life. Vehicles included in the vehicle replacement plan include: fire trucks, police cars and motorcycles, and other heavy equipment.



DEBT SERVICE





Debt Service

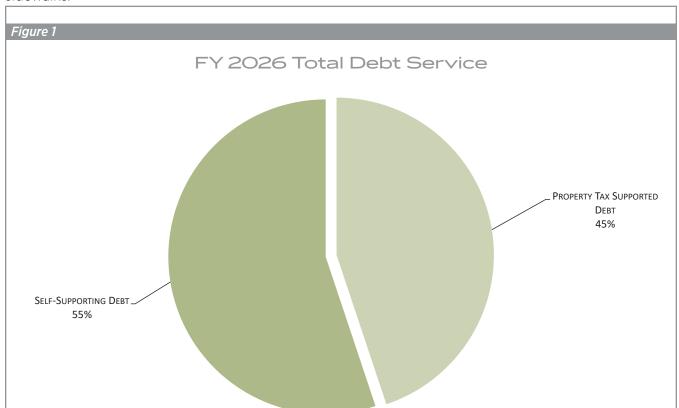
The City issues general obligation bonds, certificates of obligation, combination tax and revenue certificates of obligation and tax notes to provide for the acquisition and construction of major capital facilities and infrastructure. Certificates of obligation are used to fund construction of city facilities and infrastructure such as buildings, roads and sidewalks. Revenue bonds are used to fund construction of other city infrastructure such as water and sewer system improvements as well as park improvements.

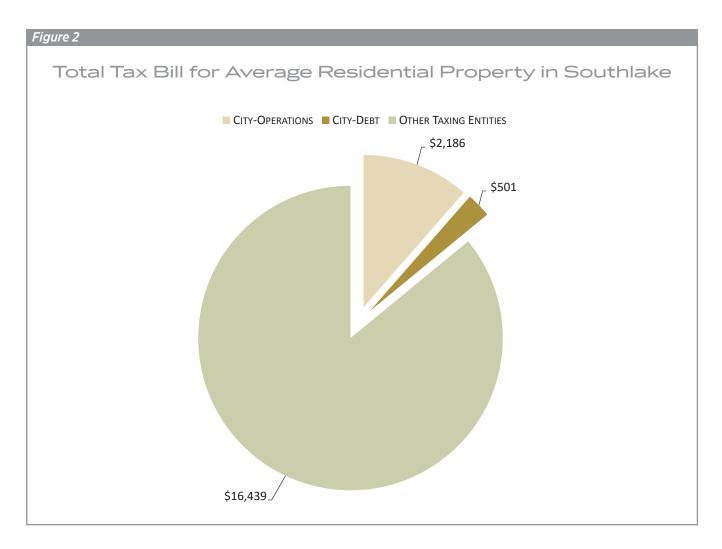
We want to help you understand the City's use of debt by explaining the types of projects that we fund by borrowing money, and what kind of bonds we use. This section will also help you understand the obligations the City currently has, and how we balance the need to implement the City's Comprehensive plans with fiscal responsibility.

It is important to note that our debt management strategies receive a rigorous annual review from bond rating agencies tasked with letting potential borrowers know how credit-worthy the City is. Right now the City has three AAA ratings, which is the highest credit rating a city can receive — a strong external endorsement of the City's financial management.

Tax Supported vs. Self-Supporting Debt

As you can see in Figure 1, less than half of the City's debt service (45%) for FY 2026 will be funded through bonds tied to the City's property taxes. For FY 2026, property tax supported debt service is about \$7.5 million. Property tax supported debt is primarily used for the construction of local roads and sidewalks.





So, what does this mean for Southlake property owners? Figure 2 shows the total tax bill for an average residential property in Southlake, reflecting an annual cost of \$501 for property tax supported debt. For this, the City is able to provide necessary infrastructure.

Going back to Figure 1, the remainder of the City's debt service (55%) for FY 2026 will be funded by self-supporting debt. These debt payments will be made from special revenue, such as voter-approved sales tax levies. Why is it important to make the distinction between tax-supported and self-supporting debt? Because self-supporting debt has specific revenue streams, many of which are voter approved, for the repayment of the bonds. Also, sales tax-supported debt utilizes funds collected by shoppers in the City, many of which reside elsewhere.

For example, the construction of The Marq Phase I was funded using cash from the General Fund and Southlake Parks Development Corporation (SPDC). Phase II, known as Champions Club, was funded through the voter-approved three-eighths cent sales tax collected by Community Enhancement and Development Corporation (CEDC). Thanks to these sales tax dollars, the corporation funding is used to pay the debt incurred from construction and to supplement the operating expenses for The Marq Southlake not recovered with facility and program fees. Additionally, a portion of the funds are used for economic development initiatives.

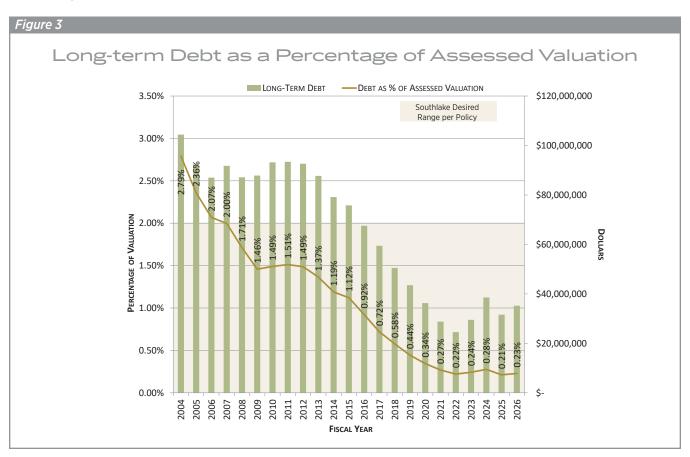
Voter-approved special levy sales tax districts also provide a source of funding for park development and crime control initiatives. Projects that are built implement the Capital Improvements Program. Town Square developers have estimated that 70% of sales in Town Square are to patrons living outside the city, and these imported taxpayers, if you will, are helping to construct Southlake's infrastructure development.

Debt Management

The City takes it debt obligation very seriously. Several years ago, the City Council worked with City staff to set goals to reduce the debt as percentage of assessed valuation over the total long term. As you can see in Figure 3, we have reduced the percentage from 2.79% in 2004 to 0.23% in 2026, during a time of growth for the city. The line that you see on this chart is a graphic illustration of one of the reasons why three bond agencies have rated Southlake AAA. It should be noted that although the total debt issued has fluctuated based on the timing of important projects, the City has generally reduced its property tax supported obligations since 2004.

The City of Southlake is fortunate to hold AAA credit ratings from Fitch Ratings, Moody's, and Standard & Poor's. This is the highest possible rating given to a credit. Not only does it reinforce that the City has strong financial management tools, it also allows for favorable borrowing conditions when the time is right.

The City has been able to effectively manage its debt during a period of growth using cash to partially offset borrowing needs. Additionally, managing debt amortization has been a tool used to reduce borrowing costs.



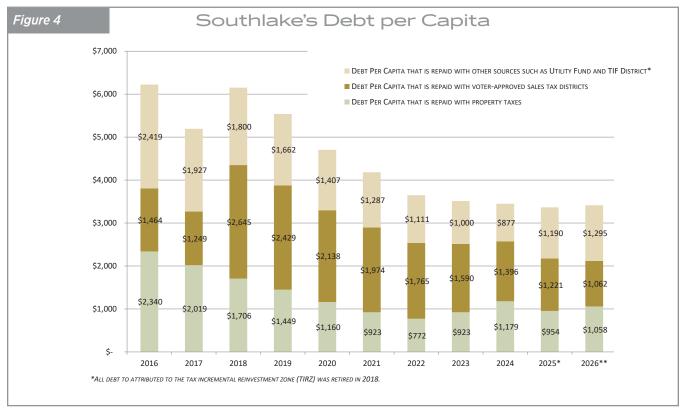
The Relationship Between Property Taxpayers and Debt Repayment

At 29.5 cents for every one hundred dollars of valuation, the City of Southlake's property tax rate supports basic city services such as public safety, street maintenance, library and community services. It also helps pay off the debt that's been incurred for city infrastructure such as new roadway construction and expansion.

Figure 4 illustrates how the City has worked toward the goal of reducing debt. The green portions show that since 2016, the City has reduced the amount of property taxes which are dedicated to debt repayment while still providing desired services. Taxpayers, specifically homeowners, should be aware of the conscious effort to relieve the amount of property tax monies that are going towards debt. This effort represents one of the City's most important budget commitments.

Since 1994, the City has put voter-authorized sales tax dollars to work on the upkeep and construction of Southlake's beautiful parks system. The sales tax monies help with the initial cash payments that jump-start many of our big projects. In 1998, another portion of sales tax, also voter-authorized, was put to work for the construction of our public safety buildings. All of that debt was retired in 2017. Recently, the City incurred more sales tax supported debt to construct Phase 2 of the Marq, known as Champions Club. However, it is important to note that this debt is being repaid through a 3/8 cent allocation of sales tax, a voter-authorized use that was approved in 2015. The bronze colored portion of the bar shows how the two current sales tax district monies (SPDC and CEDC) are paying off the balance of projects like Bicentennial Park and Champions Club.

Finally, the portion in tan illustrates the debt that is being paid off by the City's specialized funds like the Utility Fund and Southlake's Tax Incremental Reinvestment Zone (TIRZ #1). The TIRZ #1 is located primarily in Southlake Town Square and is based on commercial property taxes. This debt was retired in 2018.



DEBT

What you should know about the City's Debt Management



2.62%

If all taxing entities hold their tax rates steady for FY 2026, 2.62% of the total tax bill for an average residential property will go to support the City's annual debt payments. This is equivalent to \$501 annually or about \$41 per month.



Some debt is necessary and appropriate to ensure intergenerational equity. In other words, paying cash for 100% of capital projects would front-load the cost of 20-year assets on today's taxpayer.

Our debt management strategies receive a rigorous annual review from bond rating agencies tasked with letting potential borrowers know how credit-worthy the City is. Right now the City has three AAA ratings — a strong external endorsement of the City's financial management.



Voter-approved special tax levies have been pledged to pay for bonds used to construct facilities identified in the City's parks and trails Comprehensive plans, as well as public safety facilities.



The City uses aggressive amortization schedules. As such, initial debt payments may be higher, but borrowing costs are lower and debt is paid off more quickly. All of the existing property tax supported debt will be paid off in less than 10 years.



Since 2006, the City has used the Strategic Initiative Fund to pay cash for capital projects. Approximately \$94 million has been allocated for this purpose. This means less borrowing. Additionally, this use of cash funding when combined with aggressive amortization schedules has allowed the City to reduce its total outstanding property tax supported debt by 62% since 2010.

Three highlights about FY 2025 Debt

- 1. Property tax supported debt per capita reduced: Through the City's use of cash and aggressive amortization schedules when debt is issued, the City has reduced the property tax supported debt per capita from \$3,506 in 2010 to \$1,058 in
- 2. Self-Supporting debt reduced: Through the City's use of cash and aggressive amortization schedules when debt is issued, the City has reduced the total self-supporting debt from \$148,515,869 in 2010 to \$78,477,648 in 2026.
- 3. Long-Term debt as a percentage of assessed valuation reduced: Through the City's use of cash and aggressive amortization schedules when debt is issued, the City has reduced the total long-term debt as a percentage of assessed valuation from 2.79% in 2004 to 0.23% in 2026.

General Obligation Debt Overview

General obligation and certificates of obligation bonds are primarily used to fund the construction of roads, sidewalks and other types of facilities. Some projects funded through these types of bonds are:

- FM 1938 at West Continental Boulevard Intersection Improvements

This project includes right of way acquisition, a new traffic signal, a new right turn lane, and other paving improvements to improve the alignment of this intersection based on recommendations of an engineering study of this intersection. Drainage improvements will also be included with this project, specifically the improvement of Critical Drainage Structure #18. These improvements will help alleviate current traffic backups during peak hours on west-bound West Continental Boulevard at FM 1938. In addition, the project will also include landscape and irrigation improvements. This project also includes 1,312 linear feet of new sidewalk installation.

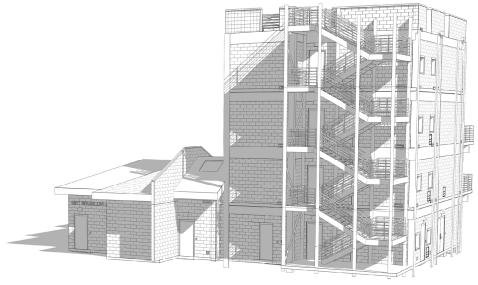
- Public Safety Training Tower

The Capital Improvements Program (CIP) included funding for the architectural, engineering design, and the construction of the Public Safety Training Tower that is being designed and constructed with the Municipal Service Center, which is funded through other sources. In 2020, the City Council approved the purchase of 12.9 acres located on Brumlow Avenue for this combined project. Both facilities are currently under construction, and the four-story Public Safety Training Tower includes various simulation rooms and a classroom to provide local training space. The Police and Fire Departments will use the facility for training and programs, including single and multi-company live-fire training, force decision making, building searches/clearing, SWAT (tactical entry, building search/clearing, chemical munitions, etc.), and the DPS Youth and DPS Leadership academies. The facility will also provide the space for additional uses for other City departments, including Public Works.

- 12" Water Line and Sidewalk Along Randol Mill

This project includes right-of-way acquisition, engineering, design and construction to upsize the existing 6-inch water line along Randol Mill Avenue from Morgan Road to Dove Road to a 12-inch water line. Increasing the size of the existing line will improve water quality, service and fire protection in the high pressure plane. A new 5-foot wide sidewalk is also included to enhance pedestrian safety for area residents.

The schedule on the next page shows the City's outstanding general obligation debt, including principal and interest amounts as well as the bond maturity date.



Southlake Public Safety Training Tower

SUMMARY OF GENERAL OBLIGATION BONDS PRINCIPAL AND INTEREST REQUIREMENTS

	<u>2026</u>	REQUIREMEN	TS	MATURITY
	PRINCIPAL	<u>INTEREST</u>	TOTAL	DATE
2012 GO Refunding	820,000	16,400	836,400	February 2026
2013 GO Refunding	2,160,000	32,400	2,192,400	February 2026
2014 GO Refunding	65,000	975	65,975	February 2026
2017 GO Refunding	421,251	39,535	460,786	February 2028
2021 Tax Notes	680,000	2,822	682,822	February 2026
2022 Series Certificates of Obligations	2,070,000	144,900	2,214,900	February 2037
2023 Tax Notes	130,000	459,430	589,430	February 2030
2025 Series Certificates of Obligations	<u>0</u>	<u>554,084</u>	<u>554,084</u>	February 2030
Net General Obligation Debt Service Requirements	6,346,251	1,250,546	7,596,797	

	TOTAL REQUIREMENTS PRINCIPAL INTEREST TOTAL				
	PRINCIPAL	<u>INTEREST</u>	TOTAL	<u>.</u>	
0040 00 B f w liv v	000 000	40.400	000 400	F. I	
2012 GO Refunding	820,000	16,400	•	February 2026	
2013 GO Refunding	2,160,000	32,400	2,192,400	February 2026	
2014 GO Refunding	65,000	975	65,975	February 2026	
2017 GO Refunding	1,312,173	68,671	1,380,844	February 2028	
2021 Tax Notes	680,000	2,822	682,822	February 2026	
2022 Series Certificates of Obligations	4,020,000	685,625	4,705,625	February 2037	
2023 Tax Notes	13,267,000	1,393,653	14,660,653	February 2030	
2025 Series Certificates of Obligations	9,150,000	1,543,833	10,693,833	February 2030	
Net General Obligation Debt Service Requirements	31,474,173	3,744,379	35,218,552		

INTEREST SHOWN IS THE TOTAL OF EACH ANNUAL REQUIREMENT FOR THE REMAINING LIFE OF THE SERIES

Debt Service Fund



This fund accumulates ad valorem tax dollars to pay for the annual portion of outstanding tax supported debt.

r								
				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Ad Valorem Taxes	\$5,690,222	\$6,253,136	\$6,069,800	(\$183,336)	-2.9%	\$6,496,725	\$243,589	3.9%
Miscellaneous Income	\$0	\$0	\$0	\$0	0.0%	\$0	\$0	0.0%
Interest Income	<u>168,430</u>	<u>130,000</u>	<u>130,000</u>	<u>0</u>	0.0%	<u>85,000</u>	(45,000)	-34.6%
Total Revenues	\$5,858,652	\$6,383,136	\$6,199,800	(\$183,336)	-2.9%	\$6,581,725	\$198,589	3.1%
EXPENDITURES								
Principal	\$5,771,358	\$6,123,304	\$6,123,304	\$0	0.0%	\$6,346,251	\$222,947	3.6%
Interest	\$1,202,050	\$925,966	\$925,966	0	0.0%	\$1,250,546	324,580	35.1%
Admin. Expenses	<u>\$7,630</u>	<u>\$19,500</u>	<u>\$19,500</u>	<u>0</u>	0.0%	<u>\$19,500</u>	<u>0</u>	0.0%
Total Expenditures	\$6,981,038	\$7,068,770	\$7,068,770	\$0	0.0%	\$7,616,297	\$547,527	7.7%
Net Revenues	(\$1,122,386)	(\$685,634)	(\$868,970)	(\$183,336)		(\$1,034,572)	(\$348,938)	
Transfers In	397,341	401,762	401,762	0		400,552		
Transfer Out	<u>0</u>	<u>0</u>	<u>0</u>			<u>0</u>		
Total other Sources/(Uses)	\$397,341	\$401,762	<u>\$401,762</u>			\$400,552		
Beginning Fund Balance	\$2,993,263	\$2,268,218	\$2,268,218			\$1,801,010		
Ending Fund Balance	\$2,268,218	\$1,984,346	\$1,801,010			\$1,166,990		
-								

FY 2026 Highlights

For FY 2026, revenues are estimated at \$6,581,725 with \$6,496,725 coming from ad valorem taxes and \$85,000 from interest income. Transfers into the fund are budgeted at \$400,552 from the Storm Water Utility District to pay the debt service for the bonds issued on the District's behalf. Total expenditures are \$7,616,297 for annual principal and interest payments, as well as related administrative costs.

The Debt Service Fund will end the current fiscal year with undesignated reserves of \$1,166,990. The fund balance allows us to meet our fund balance policy which states that the City of Southlake "...shall also maintain Reserve Funds for all statutorily required reserve funds to guarantee debt service."

Revenue Bond Overview

Revenue bonds are used to fund construction of city infrastructure such as water and sewer system improvements. Debt service on these bonds is covered by utility ratepayers. Some projects currently under construction that are funded through these types of bonds are:

- Alta Vista Water Line Replacement

This project provides planning, engineering, design, right-of-way, construction and construction support for the replacement of approximately 9,600 linear feet of 36-inch pipe and 9,500 linear feet of 30-inch pipe for the City's water transmission main from the Alta Vista Pump Station. A shared line between the City of Southlake and the City of Keller, the Alta Vista water transmission main provides the City with potable water from the City of Fort Worth. This line was originally installed in the mid 1980's and has recently seen an increase in age & corrosion-related pipe failures. Replacing these segments of the Alta Vista transmission main will ensure the integrity and delivery of the City's potable water supply by replacing pipe that does not meet current design standards and mitigate water loss due to main breaks. This project will include a phased construction approach so as not to disrupt the City's water supply during high demand months.

- Repainting of the Florence Elevated Storage Tank

Originally constructed in 2005, the Florence Elevated Storage Tank provides necessary supply and pressure for the City's high pressure plane located on the west side of the City, south of SH 114. The City performs annual cleaning and inspections on all of its water storage tanks to ensure the safety and integrity of the water supply system. This project will include repairs to structural steel members, address any compliance issues due to new regulations, and provide a complete repaint to all internal and external surfaces, increasing the longevity of this vital City infrastructure.

The schedule on the next page shows the City's outstanding revenue bond debt, including principal and interest amounts as well as the bond maturity date.



Alta Vista Water Line



Florence Elevated Storage Tank

SUMMARY OF REVENUE BONDS PRINCIPAL AND INTEREST REQUIREMENTS

2026 REQUIREMENTS

			<u>~</u>
	PRINCIPAL	<u>INTEREST</u>	MATURITY TOTAL DATE
2012 Series Certificates of Obligation	150,000	32,625	182,625 February 2032
2013 Series Certificates of Obligation	135.000	34,081	169,081 February 2033
2014 Series Certificates of Obligation	225,000	71,425	296,425 February 2034
2014 GO Refunding	120.000	1,800	121,800 February 2026
2015 Series Certificates of Obligation	170,000	55,069	225,069 February 2035
2017 GO Refunding	448,749	42,115	490,864 February 2028
2017 Series Certificates of Obligation 2018 Series Certificates of Obligation	260,000	116,175	376,175 February 2037
	190,000	98,400	288,400 February 2038
2019 GO Refunding	645,000	131,725	776,725 February 2030
2021 GO Refunding	222,000	15,403	237,403 February 2031
2024 Series Certificates of Obligation	495,000	468,425	963,425 February 2039
2025 Series Certificates of Obligation	<u>0</u>	<u>337,295</u>	337,295 February 2035
Net Revenue Bond Debt Service Requirements	3.060.749	1.404.538	4.465.287

TOTAL REQUIREMENTS

	IOIAL	INEQUINEINE	<u> </u>
	PRINCIPAL	INTEREST	MATURITY <u>TOTAL DATE</u>
2012 Series Certificates of Obligation	1,155,000	126,938	1,281,938 February 2032
2013 Series Certificates of Obligation	1,190,000	151,047	1,341,047 February 2033
2014 Series Certificates of Obligation	2,300,000	364,013	2,664,013 February 2034
2014 GO Refunding 2015 Series Certificates of Obligation	120,000	1,800	121,800 February 2026
	1,920,000	310,147	2,230,147 February 2035
2017 GO Refunding 2017 Series Certificates of Obligation	1,397,827	73,154	1,470,981 February 2028
	3,760,000	739,313	4,499,313 February 2037
2018 Series Certificates of Obligation	3,070,000	695,138	3,765,138 February 2038
2019 GO Refunding	3,075,000	326,075	3,401,075 February 2030
2021 GO Refunding	1,384,000	50,868	1,434,868 February 2031
2024 Series Certificates of Obligation	9,805,000	3,699,550	13,504,550 February 2039
2025 Series Certificates of Obligation	<u>5,570,000</u>	<u>1,835,045</u>	7,405,045 February 2035
Net Revenue Bond Debt Service Requirements	34,746,827	8,373,088	43,119,915



Southlake Parks Development Corporation (SPDC)



The Southlake Park Development Corporation (SPDC) was formed when Southlake voters approved the special levy of a half-cent sales tax in the mid-1990s. The half-cent, which generates almost \$11 million per year, is dedicated toward the acquisition and development of Southlake's park land. The specific projects are identified in the City's Capital Improvements Program. State law permits these funds to be used for operational costs, as well as capital costs.

Park projects are funded through a combination of cash and SPDC-supported bonds. Most recently, bonds were sold to fund the expansion of Bicentennial Park, which includes the new Tennis Center. The new Tennis Center replaced the existing facility, and opened in April 2018. The new center is 6,100 square feet (approximately 2,000 square feet more than the original building) with approximately 2,000 square feet of patio area and five tennis court shade structures.

An addendum to the Tennis Center project authorized the enclosing of two outdoor tennis courts. The state of the art facility includes features such as high volume fans and HVAC climate control. The two indoor courts are separated by partition netting and provide additional netting around the courts to catch loose tennis balls. The lighting within the facility gives players the option to light the entire space or just their individual court. The high-end facility also supports recreational play.

These enhancements were part of the Southlake 2030 Parks, Recreation and Open Space/Community Facilities Comprehensive Plan, which was divided into in three phases. The newly enclosed facility is part of the Bicentennial Park Phase 3 project, which was completed in 2019.

The schedule at on the next page shows the City's outstanding SPDC bond debt, including principal and interest amounts as well as the bond maturity date.



SUMMARY OF SOUTHLAKE PARKS AND DEVELOPMENT BONDS PRINCIPAL AND INTEREST REQUIREMENTS

2026 REQUIREMENTS

	PRINCIPAL	INTEREST	MATURITY <u>TOTAL</u> <u>DATE</u>	
2012 Certificates of Obligation	320,000	69,481	389,481 February 203	32
2014 Sales Tax Revenue Refunding Bonds	1,020,000	39,450	1,059,450 February 202	27
2019 General Obligation Refunding Bonds	510,000	102,200	612,200 February 20:	30
2021 General Obligation Refunding Bonds	194,000	<u>13,891</u>	207,891 February 20 3	31
Net SPDC Debt Service Requirements	2,044,000	225,022	2,269,022	

TOTAL REQUIREMENTS

	PRINCIPAL	INTEREST	MATURIT <u>TOTAL</u> <u>DATE</u>	Y
2012 Certificates of Obligation	2,460,000	270,578	2,730,578 February 2	032
2014 Sales Tax Revenue Refunding Bonds	1,825,000	51,525	1,876,525 February 2	027
2019 General Obligation Refunding Bonds	2,365,000	249,275	2,614,275 February 2	030
2021 General Obligation Refunding Bonds	1,245,000	47,002	1,292,002 February 2	031
Net SPDC Debt Service Requirements	7,895,000	618,380	8,513,380	

Southlake Parks Development Corporation (SPDC) Debt Service Fund



This fund is used to account for the accumulation of financial resources for payment of long-term principle and interest costs for SPDCapproved park improvements.

		1						
				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Interest Income	<u>\$106,554</u>	<u>\$69,000</u>	<u>\$95,000</u>	\$26,000	37.7%	<u>\$84,000</u>	<u>\$15,000</u>	21.7%
Total Revenues	\$106,554	\$69,000	\$95,000	\$26,000	37.7%	\$84,000	\$15,000	21.7%
EXPENDITURES								
Principal	\$2,409,000	\$2,309,000	\$2,309,000	\$0	0.0%	\$2,044,000	(\$265,000)	-11.5%
Interest	373,446	296,789	296,789	0	0.0%	225,022	(71,767)	-24.2%
Admin. Expenses	<u>5,119</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>	0.0%	<u>6,000</u>	<u>0</u>	0.0%
Total Expenditures	\$2,787,565	\$2,611,789	\$2,611,789	\$0	0.0%	\$2,275,022	(\$336,767)	-12.9%
Net Revenues	(\$2,681,011)	(\$2,542,789)	(\$2,516,789)	<u>\$0</u>		(\$2,191,022)	(\$336,767)	
Bond Proceeds	\$0	\$0	\$0			\$0		
Transfers In	\$2,782,576	\$2,605,789	\$2,605,789	<u>0</u>		\$2,269,022		
Total Other Sources (Uses)	\$2,782,576	\$2,605,789	\$2,605,789			\$2,269,022		
Beginning Fund Balance	\$2,022,991	\$2,124,556	\$2,124,556			\$2,213,556		
Ending Fund Balance	\$2,124,55 <u>6</u>	\$2,187,55 <u>6</u>	\$2,213,55 <u>6</u>			<u>\$2,291,556</u>		

FY 2026 Highlights

- The Southlake Parks Development Corporation (SPDC) is responsible for paying principal and interest on outstanding debt. For FY 2026, the SPDC Debt Service Fund will cover total expenditures of \$2,275,022 for this purpose.



Community Enhancement and Development Corporation (CEDC)

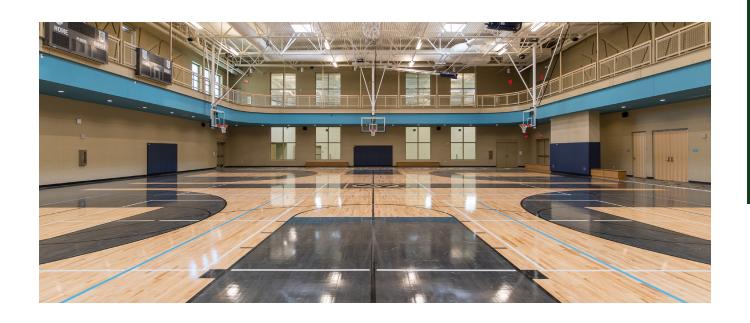


The Community Enhancement and Development Corporation (CEDC) was formed when Southlake voters approved the special levy of a 3/8 cent sales tax in 2015. The funds are dedicated toward the construction of Phase II of The Marq Southlake, known as Champions Club. Funds are used to support operational expenses related to The Marq as well as special economic development projects.

In December 2015, the City opened Phase I of The Marq Southlake, Legends Hall. Legends Hall includes amenities such as a ballroom, multipurpose conference and meeting space, club lounge, full catering kitchen, and an outdoor amphitheater. The Senior Center is also included in Legends Hall. Phase I was paid for with cash, primarily from the General Fund.

Champions Club held its grand opening in April 2019, and is funded through the CEDC sales tax revenue bonds. The 84,000 square foot, state-of-the-art facility includes amenities such as an indoor pool, outdoor turf training field, spaces for fitness, performance training, gymnasium, indoor jog/walk track, indoor aquatics, indoor playground, party rooms, early learning classroom, child watch and multipurpose classrooms for programs.

The schedule at on the next page shows the City's outstanding CEDC bond debt, including principal and interest amounts as well as the bond maturity date.



SUMMARY OF SOUTHLAKE COMMUNITY ENHANCEMENT AND DEVELOPMENT CORPORATION PRINCIPAL AND INTEREST REQUIREMENTS

2026 REQUIREMENTS

				MATURITY
	PRINCIPAL	<u>INTEREST</u>	TOTAL	DATE
0040 O. I T D	4 000 000	475 500	4 705 500	F-1
2016 Sales Tax Revenue Bonds	1,260,000	475,500	1,735,500	February 2036
2017 Sales Tax Revenue Bonds	<u>510,000</u>	<u>191,306</u>	<u>701,306</u>	February 2036
Net CEDC Debt Service Requirements	1,770,000	666,806	2,436,806	

TOTAL REQUIREMENTS

				MATURITY
		PRINCIPAL	INTEREST	TOTAL DATE
2016 Sales Tax Revenue 2017 Sales Tax Revenue		\$16,270,000 6,575,000	\$2,838,000 <u>1,161,353</u>	\$19,108,000 February 2036 7,736,353 February 2036
	Net CEDC Debt Service Requirements	22,845,000	3,999,353	26,844,353

Community Enhancement and Development Corporation (CEDC) Debt Service Fund



The Community Enhancement and Development Corporation Debt Service Fund is used to account for the accumulation of financial resources for payment of long-term principle and interest costs for debt incurred to construct Champions Club at The Marq Southlake.

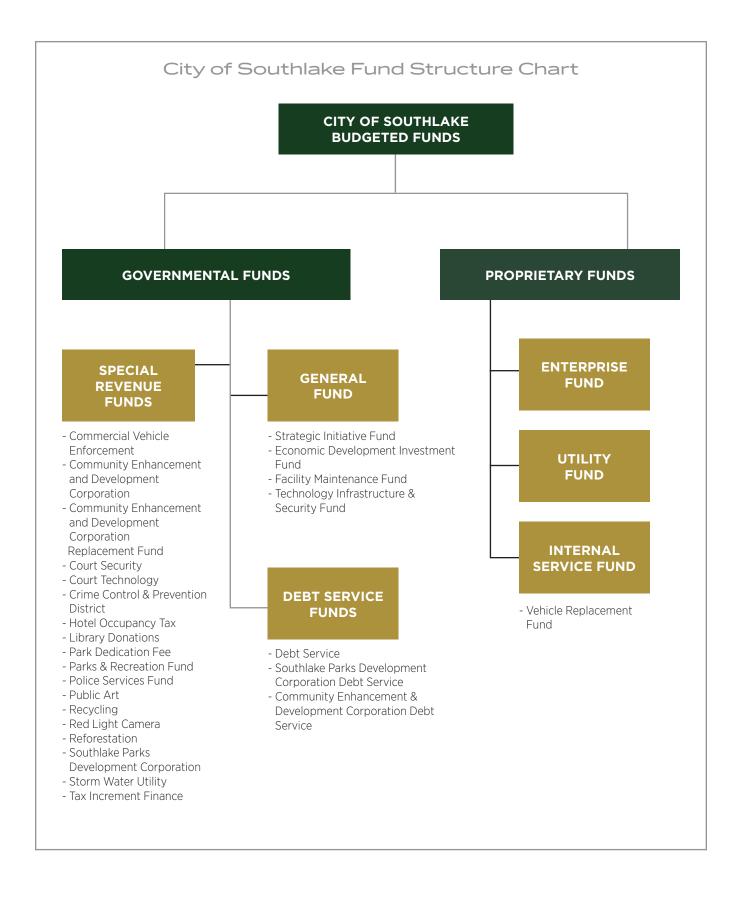
REVENUES Interest Income Total Revenues	2024 Actual \$40.677 \$40,677	2025 Adopted \$35,000 \$35,000	2025 Amended \$35,000 \$35,000	\$ Increase/ (Decrease) Adopted	% Increase/ -Decrease 0.0%	2026 Proposed \$35,000 \$35,000	\$ Increase/ (Decrease) Adopted	% Increase/ -Decrease 0.0% 0.0%
EXPENDITURES Principal Interest Admin. Expenses Total Expenditures	\$1,620,000 822,556 <u>5,150</u> \$2,447,706	1,695,000 742,031 <u>8,000</u> \$2,445,031	\$1,695,000 742,031 <u>8,000</u> \$2,445,031	\$0 0 <u>0</u> \$0	0.0% 0.0% 0.0%	\$1,770,000 666,806 <u>8,000</u> \$2,444,806	\$75,000 (75,225) <u>0</u> (\$225)	4.4% -10.1% 0.0% 0.0 %
Net Revenues	<u>(\$2,407,029)</u>	<u>(\$2,410,031)</u>	(\$2,410,031)	<u>\$0</u>		(\$2,409,806)	(\$225)	
Bond Proceeds Transfers In Total Other Sources (Uses) Beginning Fund Balance Ending Fund Balance	\$0 \$2,450,556 \$2,450,556 \$615,770 \$659,297	\$0 \$2,445,031 \$2,445,031 \$659,297 \$694,297	\$0 \$2,445,031 \$2,445,031 \$659,297 \$694,297	<u>0</u>		\$0 \$2,444,806 \$2,444,806 \$694,297 \$729,297		

FY 2026 Highlights

- The Community Enhancement and Development Corporation (CEDC) is responsible for paying principal and interest on outstanding debt. For FY 2026, the CEDC Debt Service Fund will cover total expenditures of \$2,444,806 for this purpose.

SPECIAL REVENUE FUNDS





Introduction



The City of Southlake has over 50 funds with specific purposes which are defined by federal, state, or local laws. They include the General Fund which is used for general city operations, the Utility Fund which is used to support the City's water, sewer, drainage, and solid waste service, and a multitude of Special Revenue and Capital Project Funds. Simply stated, funds are set up like separate companies which must operate under specific parameters.

For example, the City receives \$0.02 of sales tax for every dollar spent in our city limits. One of those pennies goes to the General Fund and can be spent on general operating costs, like supplies, salaries, and general maintenance. The other penny is split between our Crime Control and Prevention District, the Southlake Parks Development Corporation and the Community Enhancement and Development Corporation. These three units of the City of Southlake were voted on by the residents, but state law determines how that money is spent. We can only use it for the purposes outlined in the original referendum presented to the voters, so we set up separate funds to account for the revenues and expenditures of each unit.

In another example, the City receives proceeds from bonds issued for various projects. The Official Statement for a bond issue outlines how much money the City will receive, how that money will be repaid, and on what the money can be spent. This document is legally binding on City officials and is enforced by federal, state, and local laws. If the Official Statement says we received \$12,000,000 for roadway improvements, City Council and management may not opt to spend it on equipment or supplies. The money is recorded in a Capital Project Fund for roadway improvements and can only be spent on roadway improvements.

Although these examples are for three very specific funds, the same concept of expense restrictions applies to all special revenue funds. As a result, reporting revenues and expenses for the City of Southlake includes 54 miniature financial statements in addition to a Citywide financial statement. It may appear that money is available to spend when in fact the majority of the money is restricted by law. The chart at left shows the structure of all of the City of Southlake's funds.

What are special revenue funds?

Special revenue funds are general government funds where the source of revenue is dedicated to a specific purpose as described below:

Commercial Vehicle Enforcement

This fund accounts for fines collected from commercial vehicle violations. Use of these funds is restricted for commercial vehicle enforcement, per State law.

Community Enhancement and Development Corporation (CEDC)

The Community Enhancement and Development Corporation was formed when Southlake voters approved the special levy of a 3/8 cent sales tax in 2015. The funds are dedicated toward the construction of Champions Club at The Marg Southlake, a community events and recreation facility. Funds are used to support operational expenses related to The Marg as well as special economic development projects.

Community Enhancement and Development Corporation - Replacement Fund

The Community Enhancement and Development Corporation - Replacement Fund accounts for the resources needed to manage the purchase of replacement equipment and capital outlay at The Marg Southlake. The establishment and funding of the Community Enhancement and Development Corporation - Replacement Fund was designed to even out expenses for the Community Enhancement and Development Corporation from year to year and provide a logical method for purchasing and retiring needed equipment and capital outlay.

Court Security

This fund accounts for a percentage of the monies collected from the payment of fines and forfeitures. Use of these funds is restricted for the purchase of court security items, per State law.

Court Technology

This fund accounts for a percentage of the monies collected from the payment of fines and forfeitures. Use of these funds is restricted for purchase of court technology, per State law.

Crime Control and Prevention District (CCPD)

The half-cent sales tax collection to fund the Crime Control and Prevention District began in April 1998, with the first sales tax check received in June 1998. State law provides that a district's initial life is limited to five years. Voters may continue the district by approval of a referendum. In February 2002, Southlake voters approved the continuation of the CCPD for 15 years and in May 2015, voters approved the reduction of the sales tax to 1/8 cent, and in May 2017 voters reauthorized the CCPD through 2038. This fund has been used to build facilities for and to support the Southlake Police Department. This fund also supports the City's School Resource Officer Program.

Hotel Occupancy Tax

The Hotel Occupancy Tax is authorized under the Texas Tax Code, Chapter 351. The City of Southlake adopted Ordinance No. 769 in February 2000, levying a 7% tax on room receipts. The tax on rooms is providing the revenues to the City in this category. The first expenditures from this fund were made in FY 2008. Use of these funds is restricted. Expenses must be authorized uses under the Texas Tax Code, Chapter 351.

Library Donations

This fund accounts for library donations collected. Use of these funds is restricted for library purposes.

Park Dedication

This fund accounts for dedication fees on new development. Use of park dedication fees is restricted to park improvements and primarily used for capital expenses.

Parks and Recreation Fund

This fund accounts for resources restricted for event and other sponsorship funds collected through the City's sponsorship program.

Police Services Fund

The Police Services Fund was formed to account for the revenues allowed under Chapter 59 of the Code of Criminal Procedure, in addition to other special revenues associated with policing. Expenses from this fund may be used for officer training, specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties.

Public Art

The Public Art Fund was established to account for funding that is available for public art promotion, creation, and/or installation throughout the City of Southlake.

Recycling

This fund accounts for an annual payment to the City made by the City's solid waste services provider, per the terms of the service contract.

Red Light Camera

This fund accounts for funds collected from violations issued from the City's red light enforcement camera system. Funds collected by the City of Southlake as a result of violations/citations issued, must be used for traffic safety programs, per State law. Governor Greg Abbott signed a bill into law banning the use of red light cameras on June 1, 2019. Under the new law, the City's red light camera program immediately ceased operation.

Reforestation

This fund accounts for monies derived from assessments related to the tree preservation ordinance and policies.

Southlake Parks Development Corporation (SPDC)

The Southlake Parks Development Corporation was formed when Southlake voters approved the special levy of a half-cent sales tax in the mid-1990s. The half-cent, which generates over \$11 million per year, is dedicated toward the acquisition and development of Southlake's park land. The specific projects are identified in the City's Capital Improvements Program. State law permits these funds to be used for operational costs, as well as capital costs.

Storm Water Utility

This fund accumulates dollars collected by the storm water utility fee paid monthly by the owners of all of Southlake's developed properties. These fees provide a funding source for maintenance, repair, and construction of storm water facilities, and can only be spent for these purposes. The monthly storm water fee is the same for all residential dwelling units. Residential properties are charged \$8 per month for each dwelling unit that is on the property. Fees for non-residential properties are calculated individually in proportion to each property's storm water runoff potential.

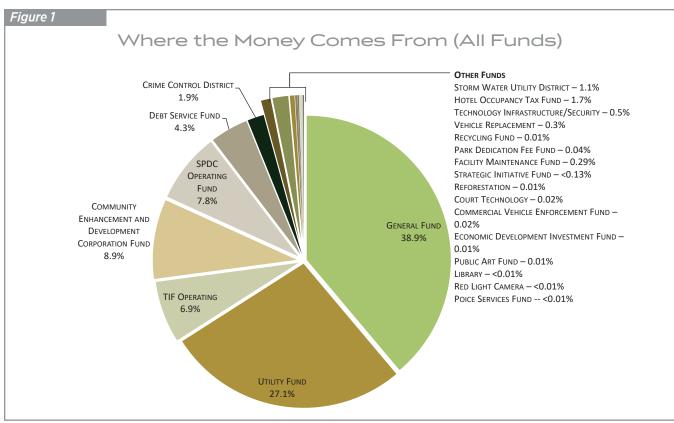
Tax Increment Finance District

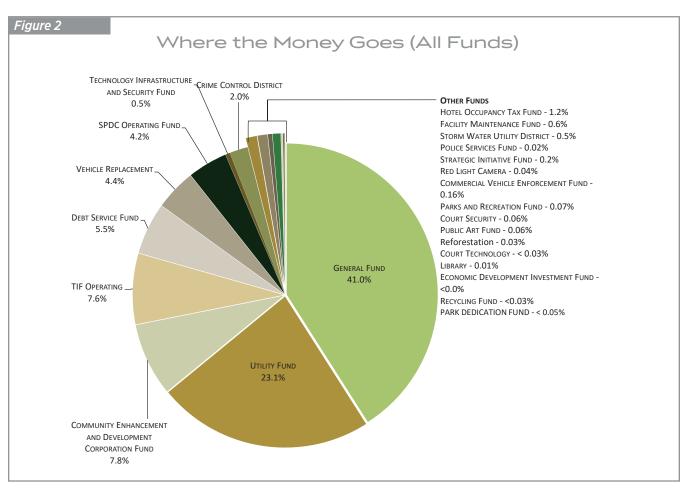
Tax Increment Reinvestment Zone (TIRZ #1) or the Tax Increment Finance (TIF) District was created in 1997, with an effective beginning date of January 1, 1998. It was designed to encourage quality commercial development in the City. Incremental values subsequent to January 1997 are taxed at the City's tax rate; however, 100% of the "captured" ad valorem revenues are utilized within the zone, rather than being allocated to the City's overall budget. Overlapping taxing entities, including Tarrant County, Tarrant County College District, Tarrant County Hospital District, and the Carroll Independent School District have participated at varying levels as investors in TIRZ #1 by assigning their ad valorem tax dollars as well. These funds pay for public projects in Town Square, such as water, sewer and roads within the District. In 2018, TIRZ #1 was extended for an additional 20 years. This means that funds will continue to be collected on the incremental tax value and invested in the zone for an additional twenty years. The City of Southlake and Carroll ISD are the only participating entities with the 20 year extension.

How are special revenue funds used?

Figure 1 and Figure 2 illustrate all City revenues and expenditures and show that the General Fund and Utility Fund account for about 65% of revenues and expenditures (to read more about these funds see the General Fund and Utility Fund sections). These charts also show that aside from debt service, special revenue funds account for the remainder.

So what does this mean for Southlake? By utilizing special revenue funds, the City is able to strategically invest dollars in projects that can be funded through dedicated revenue streams rather than spreading these costs to the property taxpayers by spending General Fund property tax revenues.







SALES TAX DISTRICTS FUND SUMMARIES & FY 2026 HIGHLIGHTS

Sales Tax Districts



As with all other special revenue funds, sales tax districts revenues are designated for specific purposes. State law regulates both the types of sales tax districts cities may utilize and the use of their funds, and the final approval of all sales tax districts is up to the voters. In Southlake, the total sales tax rate is 8.25%. Of that, the City receives a \$0.02 of sales tax for every dollar spent in our city limits (the remainder goes to the State).

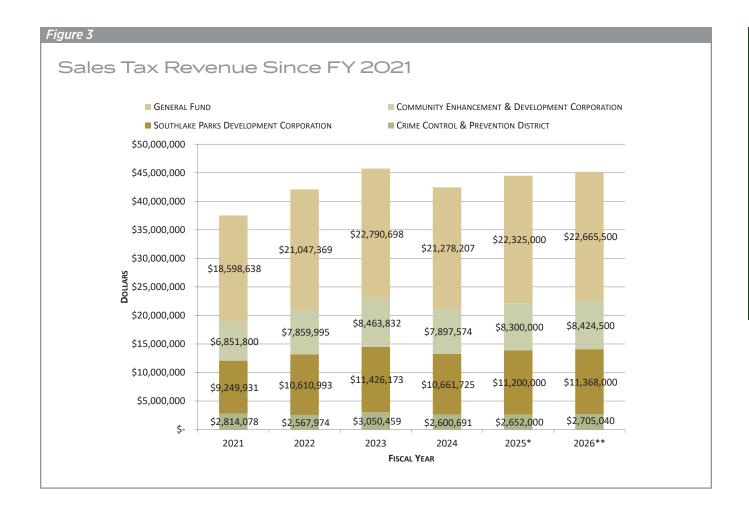
One of those pennies (\$0.01) goes to the General Fund and can be spent on general operating costs, like supplies, salaries, and general maintenance. The other penny is split between our Crime Control and Prevention District (CCPD), the Southlake Parks Development Corporation (SPDC), and the Community Enhancement and Development Corporation (CEDC). The money collected in these districts can only be used for the purposes outlined in the original referendum presented to the voters, so we set up separate funds to account for the revenues and expenditures of each unit.

How does sales tax benefit Southlake residents?

We estimate that non-residents that shop and dine in Southlake generate up to 70% of the sales tax revenue. Why is this important? This means that "imported tax payers" visiting the City are supporting a large portion of the bill for important infrastructure and services that these funds provide. These monies are used to fund parks development, crime prevention and safety initiatives, construction and operations of The Marg Southlake, and economic development, as well as pay off the debt for these funds. Utilizing special sales tax districts has allowed the City of Southlake to maintain an excellent financial condition and reduce the property tax burden. In FY 2026, about 28% of the total debt service is adopted to be repaid using sales tax collected for these districts.

Southlake's strong shopping and dining economy has helped maintain steady sales tax growth since the economy began recovering from the recession in 2011. For FY 2026, we anticipate total sales tax revenue to be \$45,163,040. Figure 3 shows the sales tax collection since 2021.

The remainder of this section will provide more detail about each of the special sales tax districts and their uses.



Crime Control & Prevention District (CCPD) Fund

In 1997, Southlake led the area in growth as the population jumped from 7,080 to 16,750 residents. Along with the rapid growth, resources became thin and providing a safe environment was deemed critical to the continued economic and social vitality of the City. As a result, the Crime Control and Prevention District (CCPD) was created as a means of funding necessary public safety facilities and equipment in an effort to enhance community safety while sharing the tax burden with non-residents who spend money in Southlake.

The half-cent sales tax collection to fund the CCPD began in April 1998, with the first sales tax check received in June 1998. State law provides that a district's life is limited to five years, unless voters continue the district by approval of a referendum. In February 2002, Southlake voters approved the continuation of the CCPD for 15 years, and the District was set to sunset in 2018 unless reauthorized by the voters.

In May 2015, Southlake voters, chose to reallocate a three-eighths cent portion from the CCPD to the formation of a new sales tax district to fund recreational and economic development projects. Approval of the new district provided the funding needed to construct and support operations of the new community center, The Marq Southlake. This left a one-eighth cent allocation remaining for CCPD activities through the new sunset period, 2038, as authorized by the voters in May 2017.

CCPD Goals

With the reauthorization of the CCPD in May 2017, the Board outlined the following strategies to guide future CCPD investments:



Achieve the highest standards of school safety and security through the School **Resource Officer** program.



Achieve the highest standards of safety and security through:

- public education, community engagement, and specialized programs that support a low crime rate and effective emergency response;
- modern technology and equipment;
- a well-trained, well-equipped and professional police department.



Invest to provide high quality public safety facilities.

Fund Utilization

Allowable CCPD expenses include: CCPD program administration, treatment and preventative programs, court and prosecution services, community related crime prevention, and police and law enforcement related programs.

Today, the primary use of the fund is to pay for School Resource Officers at Southlake schools, as well as for needed materials and equipment for the Police Department. The use of the CCPD allowed the City of Southlake to fund major initiatives to improve the safety and security in Southlake, including:

- DPS West Facility: The DPS West facility opened in March 2002 and was funded with \$4 million of CCPD monies. In 2018, the district funded another \$2.2 million for the reconfiguration of the facility. This facility provides quick access to homes and businesses on the west side of Southlake.
- DPS Headquarters: DPS Headquarters was dedicated on January 8, 2010, after nearly two years of construction, and was funded with \$30 million of CCPD funding. The 80,000 plus square-foot structure was customized to accommodate both the current and future needs of the community.
- DPS North Station: The DPS North station is strategically positioned to serve the northern parts of the city faster, which results in saving lives and property. Additionally, the state-of-the-art facility includes an indoor gun range, 112 seat auditorium for training, and fire station. The CCPD revenue allowed the City to pay for the \$16.7 million facility in 50% cash and pay the remainder with four-year bonds.
- Other safety programs and initiatives, including the enhanced School Resource Officer program, continuation of the K-9 program, and the implementation of body-worn cameras.

Crime Control & Prevention District (CCPD) Fund

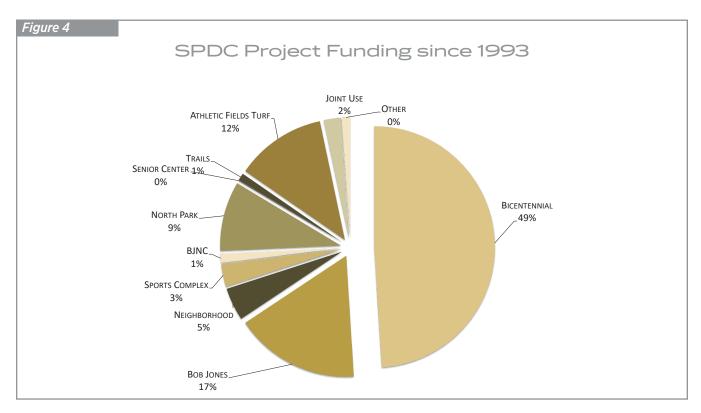


The half-cent sales tax collection to fund the Crime Control and Prevention District began in April 1998, with the first sales tax check received in June 1998. State law provides that a district's initial life is limited to five years. Voters may continue the district by approval of a referendum. In February 2002, Southlake voters approved the continuation of the CCPD for 15 years, in May 2015 voters approved the reduction of the sales tax to 1/8 cent, and in May 2017 voters reauthorized the CCPD through 2038. This fund has been used to build facilities for and support the Departments of Public Safety. This fund also supports the City's School Resource Officer Program.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Sales Tax	\$2,600,691	\$2,652,000	\$2,652,000	\$0	0.0%	\$2,705,040	\$53,040	2.0%
Miscellaneous Income	\$0	\$0	\$0	\$0	0.0%	\$0	(\$0)	0.0%
Interest Income	\$250,002	<u>\$185,000</u>	<u>\$185,000</u>	<u>\$0</u>	0.0%	<u>\$175,000</u>	(\$10,000)	-5.4%
Total Revenues	\$2,850,693	\$2,837,000	\$2,837,000	\$0	0.0%	\$2,880,040	\$43,040	1.5%
<u>EXPENDITURES</u>								
Personnel	\$2,014,210	\$2,177,551	\$2,177,551	\$0	0.0%	\$2,268,657	\$91,106	4.2%
Operations	\$358,931	\$565,056	\$565,056	0	0.0%	\$431,239	(133,817)	-23.7%
Capital	\$32,547	<u>\$0</u>	<u>\$0</u>	<u>0</u>	0.0%	<u>\$0</u>	<u>(0)</u>	-100.0%
Total Expenditures	\$2,405,688	\$2,742,607	\$2,742,607	\$0	0.0%	\$2,699,896	(\$42,711)	-1.6%
Net Revenues	\$445,005	<u>\$94,393</u>	<u>\$94,393</u>	<u>\$0</u>		<u>\$180,144</u>	<u>\$85,751</u>	
Finance Proceeds	\$0	\$0	\$0			\$0		
Transfer out-Crime Control CIP	(\$334,500)	\$0	\$0			\$0		
Transfers Out-General Fund	(111,400)	(113,480)	(113,480)			(115,202)		
Total Other Sources (Uses)	(\$445,900)	(\$113,480)	(\$113,480)			<u>(\$115,202)</u>		
Beginning Fund Balance	\$5,376,291	\$5,375,396	\$5,375,396			\$5,356,309		
Ending Fund Balance	\$5,375,396	\$5,356,309	<u>\$5,356,309</u>			<u>\$5,421,251</u>		

- For FY 2026, \$2,705,040 is anticipated in sales tax collections for the District, along with \$175,000 in interest income for total revenues of \$2,880,040
- Total operating expenditures are adopted at \$2,699,896 for FY 2026. This is a projected decrease of 1.6% compared to the FY 2025 adopted budget. CCPD will provide for the ongoing allocation of dollars for personnel expenses related to the School Resource Officer Program. For FY 2026, this amount totals \$2,268,657. This fund also includes funding for necessary equipment to support the operations of the Police Department, including purchasing SWAT ballistic vests (\$37,730) along with SWAT ballistic helmets (\$16,808), police records scanning project (\$38,991) less lethal 40MM impact munitions (\$7,507), defensive tactics training equipment (\$4,945) and one volcanic brand bicycle (\$2.000).
- A transfer of \$115,202 to the General Fund is planned for an indirect charge.
- The ending fund balance for the CCPD Operating Fund is projected at \$5,421,251.

Southlake Parks Development Corporation (SPDC) **Fund**



In the mid-1990s, the City Council called for a special election to petition the voters of Southlake to approve the adoption of a half cent sales tax for the benefit of the Southlake Parks Development Corporation (SPDC). The SPDC has allowed the City to accelerate the development of the City's park system, as defined by the Park Comprehensive Plan. It is a critical funding source for the ongoing improvement of the City's quality of life through parks and open space.

The SPDC is a Type B corporation that can expend funds for a wide variety of projects. Type B projects consist of land, buildings, equipment, facilities or expenditures for industrial or commercial ventures that create primary jobs; funding or constructing infrastructure for commercial areas; and projects related to recreation and community facilities.

Tax revenues may also be used to fund administrative and other expenses that place the project into operation. The expenses may include administrative expenses for the acquisition, construction, improvement, expansion and financing.

Fund Utilization

Known as the Parks, Recreation, and Open Space Comprehensive Plan, the City of Southlake uses a comprehensive plan that includes major elements to guide and prioritize Southlake's growth and development. This plan guides both elected and appointed officials in selection and prioritization of projects. It also helps with forecasting planned funding for the following four budget years.

Funding for SPDC projects since 1993 totals more than \$96 million, allowing developed park acreage to almost double since 2008. This includes investments for land acquisition and development of: Bicentennial Park (\$46.7 million), Bob Jones Park (\$15.9 million), North Park (\$8.8 million) Athletic Field turf (\$11.5 million), neighborhood parks throughout Southlake (\$4.2 million), and Southlake Sports Complex (\$2.9 million). See Figure 4 for SPDC project funding since 1993.

When the City Council adopted the Parks, Recreation, and Open Space Comprehensive Plan, the plan showed an 85% increase in total park acreage over that identified in the 2025 plan. This growth has prompted the City Council to work with the SPDC Board of Directors and Parks and Recreation Board to transition certain park operating costs out of the General Fund and into the SPDC operating fund. While the SPDC budget can and should be used to support operational costs associated with the improvements funded, these funds may not be used to support the general operations of the City.

Southlake Parks Development Corporation (SPDC) Fund



The Southlake Parks Development Corporation, a citizen-approved, development corporation established to develop and operate park and recreational facilities, uses a half-cent sales tax for all uses permitted by State law. The operating fund is used to finance, develop and operate park and recreation facilities, while the debt service fund is used to account for the accumulation of financial resources for payment of long-term principle and interest costs for SPDC improvements. The uses of this fund are restricted to those allowed by law and approved by the Board of Directors.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Sales Tax	\$10,661,725	\$10,962,603	\$11,200,000	\$237,397	2.2%	\$11,368,000	\$405,397	3.7%
Rental Income	139,534	153,824	153,824	0	0.0%	153,824	0	0.0%
Charges for Service	115,798	135,045	157,905	22,860	16.9%	187,090	52,045	38.5%
Interest	<u>599,793</u>	420,000	<u>325,000</u>	(95,000)	-22.6%	300,000	(120,000)	-28.6%
Total Revenues	\$11,516,850	\$11,671,472	\$11,836,729	\$165,257	1.4%	\$12,008,914	\$337,442	2.9%
EXPENDITURES								
Personnel	\$576,980	\$646,846	\$646,846	\$0	0.0%	\$659,426	\$12,580	1.9%
Operations	\$1,451,717	\$1,890,676	\$1,900,046	9,370	0.5%	\$1,891,321	645	0.0%
Capital	<u>\$381,447</u>	<u>\$1,082,000</u>	<u>\$1,082,000</u>	<u>0</u>	0.0%	<u>\$1,020,500</u>	<u>(61,500)</u>	-5.7%
Total Expenditures	\$2,410,144	\$3,619,522	\$3,628,892	\$9,370	0.3%	\$3,571,247	(\$48,275)	-1.3%
Net Revenues	<u>\$9,106,706</u>	<u>\$8,051,950</u>	\$8,207,837	\$155,887		\$8,437,667	<u>\$385,717</u>	
Transfers Out	(8,738,795)	(9,072,648)	(9,079,258)	\$6,610		(8,749,379)	(323,269)	
Proceeds from C.O. Sale	<u>0</u>	<u>0</u>	<u>0</u>			<u>0</u>		
Total Other Sources (Uses)	<u>(\$8,738,795)</u>	(\$9,072,648)	(\$9,079,258)			(\$8,749,379)		
Beginning Fund Balance	\$14,248,887	\$14,616,798	\$14,616,798			\$13,745,377		
Ending Fund Balance	<u>\$14,616,798</u>	<u>\$13,596,100</u>	<u>\$13,745,377</u>			<u>\$13,433,665</u>		

- The SPDC operating fund is projected to receive \$12,008,914 in total revenue, with sales tax budgeted at \$11,368,000 of that total, a projected 3.7% increase over the FY 2025 adopted budget. The remainder includes rental income (\$153,824), charge for service (\$187,090) and interest (\$300,000). Total budgeted revenue represents a projected 2.9% increase over the FY 2025 adopted budget.
- Total expenditures for the operating fund are \$3,571,247. This is a 1.3% decrease from the FY 2025 adopted budget.
- The adopted FY 2026 budget includes \$1,891,321 for operations, \$1,020,500 for capital expenses and \$659,426 for personnel. SPDC park maintenance expenditures represent about 52% of the current total park maintenance costs. The plan to fund certain maintenance costs in SPDC is balanced with comprehensive plan implementation, capital costs, and fund balance needs.
- The ending fund balance for the SPDC Operating Fund will be \$13,433,665.

Community Enhancement and Development Corporation (CEDC) Fund

In May 2015, Southlake voters overwhelmingly approved the reallocation of a portion of the CCPD half-cent sales tax for the purpose of constructing and operating a recreation center through a Community Enhancement and Development Corporation (CEDC). The CCPD half-cent sales tax was reduced to a one-eighth cent tax and the remaining three-eighths was reallocated to address recreational and economic development needs for the City, as permitted by State law, through the CEDC.

The CEDC is a Type A corporation that can expend funds for a wide variety of projects. Type A tax can be used to fund the provision of land, buildings, equipment, facilities, expenditures, targeted infrastructure and improvements that are for the creation or retention of primary jobs in specific industries. Type A districts are also allowed to cover Type B projects (like The Marq) if voters authorize specific Type B projects in the ballot language for Type A districts. The May 2015 voter-approved ballot stated the funding is "... to be used for projects authorized by Chapters 504 and 505 of the Texas Local Government Code, including specifically a community entertainment and recreational center and land, buildings, equipment, facilities, or improvements that provide new or expanded business enterprises that create or retain primary jobs as authorized by Section 505.155 of the Texas Local Government Code, including maintenance and operation costs of an authorized project."

The CEDC, which is governed by a seven-member Board of Directors, began collecting the sales tax in October 2015.

Fund Utilization

The three-eighths cent tax collected for this corporation was largely used to construct Phase 2 of The Marq Southlake, known as Champions Club. Phase 1 of The Marq, which includes Legends Hall, the Aria amphitheater, and the Southlake Senior Activity Center, was funded using a combination of General Fund and Southlake Parks Development Corporation cash.

The 82,000 square-foot Champions Club held its grand opening in April 2019 and includes: a fitness center, a two court gymnasium, indoor turf fieldhouse, outdoor turf field, indoor pool, jogging track, indoor playground, relaxing outdoor terrace, group fitness classes, personal training, classrooms, and party rooms.

The CEDC pays for the debt associated with the \$37.4 million in construction costs. The corporation also provides funding to supplement the operating expenses for The Marq Southlake not recovered with facility and program fees. Finally, a portion of the funds are for economic development initiatives.

Community Enhancement and Development Corporation (CEDC) Fund



The Community Enhancement and Development Corporation was formed when Southlake voters approved the special levy of a 3/8 cent sales tax in 2015. The funds are dedicated toward the construction of Champions Club at The Marq Southlake, a community events and recreation facility. Funds will also be used to support operational expenses related to The Marg as well as special economic development projects.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Sales Tax	\$7,897,574	\$8,146,612	\$8,300,000	\$153,388	1.9%	\$8,424,500	\$277,888	3.4%
Charges for Services	4,557,533	4,592,700	4,394,423	(198,277)	-4.3%	4,450,607	(142,093)	-3.1%
Interest	<u>865,197</u>	600,000	700,000	100,000	16.7%	660,000	60,000	10.0%
Total Revenues	\$13,320,304	\$13,339,312	\$13,394,423	\$55,111	0.4%	\$13,535,107	\$195,795	1.5%
EXPENDITURES								
Personnel	\$2,998,604	\$3,575,322	\$3,575,322	\$0	0.0%	\$3,732,340	\$157,018	4.4%
Operations	\$2,276,214	\$2,891,268	\$2,873,311	(17,957)	-0.6%	\$2,721,768	(169,500)	-5.9%
Capital	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	0.0%	<u>\$0</u>	<u>0</u>	0.0%
Total Expenditures	\$5,274,818	\$6,466,590	\$6,448,633	(\$17,957)	-0.3%	\$6,454,108	(\$12,482)	-0.2%
Net Revenues	<u>\$8,045,486</u>	<u>\$6,872,722</u>	<u>\$6,945,790</u>	<u>\$73,068</u>		<u>\$7,080,999</u>	<u>\$208,277</u>	
Transfers Out	(523,255)	(533,572)	(535,777)	\$2,205		(541,404)	7,832	
Transfer out-Replacement Fund	(1,125,000)	(1,125,000)	(1,125,000)	\$0		(1,125,000)	0	
Transfer out-CIP	(241,000)	0	0	\$0		(325,000)	325,000	
Transfer Debt Service	(2,450,556)	(2,445,031)	(2,445,031)	\$0		(2,444,806)	(225)	
Total Other Sources (Uses)	(\$4,339,811)	<u>(\$4,103,603)</u>	<u>(\$4,105,808)</u>	\$2,205		(\$4,436,210)	<u>\$332,607</u>	
Beginning Fund Balance	\$16,465,444	\$20,171,119	\$20,171,119			\$23,011,101		
Ending Fund Balance	<u>\$20,171,119</u>	<u>\$22,940,238</u>	<u>\$23,011,101</u>			<u>\$25,655,890</u>		

- For FY 2026, \$8,424,500 is anticipated in sales tax collections for the District, along with \$4,450,607 in charges for services. Staff projects \$660,000 in interest income for total revenues of \$13,535,107.
- Planned expenditures includes funding for staff needed to operate The Marq Southlake. Personnel expenses for FY 2026 total \$3,732,340.
- FY 2026 operating expenses for The Marq Southlake are \$2,721,768, this includes standard expenses for things like utilities and supplies, as well as economic development business recruitment marketing and promotions.
- The ending fund balance for the CEDC Operating Fund is projected at \$25,655,890.

Community Enhancement and Development Corporation Fund - Replacement Fund



The Community Enhancement and Development Corporation -Replacement Fund accounts for the resources needed to manage the purchase of replacement equipment and capital outlay at The Marq Southlake. The establishment and funding of the Community Enhancement and Development Corporation - Replacement Fund was designed to even out expenses for the Community Enhancement and Development Corporation from year to year and provide a logical method for purchasing and retiring needed equipment and capital outlay.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Interest	<u>246,752</u>	<u>170,000</u>	<u>200,000</u>	30,000	17.6%	200,000	30,000	17.6%
Total Revenues	\$246,752	\$170,000	\$200,000	\$30,000	0.0%	\$200,000	\$30,000	17.6%
EXPENDITURES								
Operations	\$956,056	\$0	\$0	\$0	0.0%	\$0	0	0.0%
Capital	<u>0</u>	743,496	<u>342,371</u>	(401,125)	-54.0%	<u>1,845,046</u>	1,101,550	148.2%
Total Expenditures	\$956,056	\$743,496	\$342,371	(\$401,125)	-54.0%	\$1,845,046	\$1,101,550	148.2%
Net Revenues	<u>(\$709,304)</u>	<u>(\$573,496)</u>	<u>(\$142,371)</u>	<u>\$431,125</u>		<u>(\$1,645,046)</u>	(\$1,071,550)	
Transfer from other funds	\$1,125,000	\$1,125,000	\$1,125,000			\$1,125,000		
Transfer to other funds	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>			<u>(\$0)</u>		
Total Other Sources/(Uses)	<u>\$1,125,000</u>	<u>\$1,125,000</u>	<u>\$1,125,000</u>			<u>\$1,125,000</u>		
Beginning Fund Balance	\$4,342,190	\$4,757,886	\$4,757,886			\$5,740,515		
Ending Fund Balance	<u>\$4,757,886</u>	<u>\$5,309,390</u>	<u>\$5,740,515</u>			<u>\$5,220,469</u>		

- This fund was established in FY 2020 to set aside funds for equipment and furniture replacement at The Marq Southlake.
- FY 2026 includes a projected transfer in from the Community Enhancement and Development Corporation Fund of \$1,125,000. Equipment replacement is based on the recommendations of The Marg Asset Management Plan, and includes \$1,845,046 in FY 2026 planned expenditures.
- The ending fund balance is projected to be \$5,220,469.

OTHER SPECIAL REVENUE FUND SUMMARIES &

FY 2026 HIGHLIGHTS

Commercial Vehicle Enforcement Fund



This fund accounts for fines collected from commercial vehicle violations. Use of these funds is restricted for commercial vehicle enforcement, per State law.

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				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Fines and forfeitures	\$11,521	\$20,000	\$15,000	(\$5,000)	-25.0%	\$15,000	(\$5,000)	-25.0%
Interest	<u>9,509</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>	0.0%	<u>7,000</u>	<u>0</u>	0.0%
Total Revenues	\$21,030	\$27,000	\$22,000	(\$5,000)	-18.5%	\$22,000	(\$5,000)	-18.5%
EXPENDITURES								
Personnel	\$165,041	\$181,335	\$181,335	\$0	0.0%	\$153,192	(28,143)	-15.5%
Operations	7,441	24,325	24,325	0	0.0%	20,825	(3,500)	-14.4%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$172,482	\$205,660	\$205,660	\$0	0.0%	\$174,017	(\$31,643)	-15.4%
Net Revenues	<u>(\$151,452)</u>	(\$178,660)	<u>(\$183,660)</u>	(\$5,000)		<u>(\$152,017)</u>	<u>\$26,643</u>	
Transfer from other funds	<u>\$100,000</u>	\$250,000	<u>\$250,000</u>	0		\$100,000		
Total Other Sources/(Uses)	\$100,000	\$250,000	\$250,000			\$100,000		
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Beginning Fund Balance	\$205,986	\$154,534	\$154,534			\$220,874		
Ending Fund Balance	\$154,534	\$225,874	\$220,874			\$168,857		
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Total Other Sources/(Uses) Beginning Fund Balance	<u>\$100,000</u>	\$250,000 \$154,534	\$250,000 \$154,534	0		\$100,000 \$220,874		

- State law requires that fines and forfeitures associated with commercial vehicle enforcement activities be segregated for accounting purposes. Therefore, a new fund was established in FY 2013 as we began implementation of our program.
- For FY 2026 total revenues are budgeted for \$22,000. Expenses total \$174,017. A General Fund transfer of \$100,000 into this fund is projected.
- The ending fund balance is projected to be \$168,857.

Court Security Fund



This fund accounts for a percentage of monies collected from the payment of fines and forfeitures. Use of these funds is restricted for court security items, per State law.

		1						
				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
<u>REVENUES</u>								
Fines and forfeitures	\$31,390	\$23,000	\$23,000	\$0	0.0%	\$0	(\$23,000)	-100.0%
Interest	<u>22,828</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>	0.0%	<u>12,000</u>	(4,000)	-25.0%
Total Revenues	\$54,218	\$39,000	\$39,000	\$0	0.0%	\$12,000	(\$27,000)	-69.2%
EXPENDITURES								
Personnel	\$41,552	\$66,846	\$66,846	\$0	0.0%	\$57,612	(9,234)	-13.8%
Operations	9,598	15,560	15,560	0	0.0%	15,560	0	0.0%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	(0)	-100.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$51,150	\$82,406	\$82,406	(\$0)	0.0%	\$73,172	(\$9,234)	-11.2%
Net Revenues	<u>\$3,068</u>	(\$43,406)	(\$43,406)	<u>\$0</u>		<u>(\$61,172)</u>	<u>(\$17,766)</u>	
Finance Proceeds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Total Other Sources/(Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
		_						
Beginning Fund Balance	\$450,859	\$453,927	\$453,927			\$410,521		
Ending Fund Balance	\$453,927	\$410, <u>521</u>	\$410,521			\$349,349		
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- The adopted budget anticipates revenues of \$12,000. The beginning fund balance is \$410,521.
- Expenditures of \$73,172 are planned to enhance the overall safety of the court with the use of security personnel and operational expenses.
- The projected ending fund balance is \$349,349.

Court Technology Fund



This fund accounts for a percentage of monies collected from the payment of fines and forfeitures. Use of these funds is restricted, per State law.

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				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Fines and forfeitures	\$25,769	\$20,000	\$20,000	\$0	0.0%	\$0	(\$20,000)	-100.0%
Interest	<u>15,337</u>	<u>11,000</u>	<u>11,000</u>	<u>0</u>	0.0%	<u>8,000</u>	(3,000)	-27.3%
Total Revenues	\$41,106	\$31,000	\$31,000	\$0	0.0%	\$8,000	(\$23,000)	-74.2%
EXPENDITURES								
Personnel	\$0	\$0	\$0	\$0	0.0%	\$0	0	0.0%
Operations	22,364	35,280	35,280	0	0.0%	91,365	56,085	159.0%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$22,364	\$35,280	\$35,280	\$0	0.0%	\$91,365	\$56,085	159.0%
Net Revenues	<u>\$18,742</u>	(\$4,280)	(\$4,280)	<u>\$0</u>		(\$83,365)	(\$79,085)	
Transfer to other funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Total Other Sources/(Uses)	\$0	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
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Beginning Fund Balance	\$290,396	\$309,138	\$309,138			\$304,858		
Ending Fund Balance	\$309,138	\$304,858	\$304,858			\$221,493		
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- The budget anticipates revenues of \$8,000, including interest.
- Expenditures of \$91,365 are planned for replacement of court technology and equipment.
- The projected ending fund balance is \$221,493.

Hotel Occupancy Tax Fund



The Hotel Occupancy Tax is authorized under the Texas Tax Code, Chapter 351. The City of Southlake adopted Ordinance No. 769 in February 2000, levying a 7% tax on room receipts. The tax on rooms is providing the revenues to the City in this category. The first expenditures from this fund were made in FY 2008. Use of these funds is restricted. Expenses must be authorized uses under the Texas Tax Code, Chapter 351.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES						·	·	
Taxes	\$2,403,888	\$2,347,250	\$2,500,000	\$152,750	6.5%	\$2,600,000	\$252,750	10.8%
Interest	<u>185,121</u>	<u>125,000</u>	<u>125,000</u>	<u>0</u>	0.0%	<u>125,000</u>	<u>0</u>	0.0%
Total Revenues	\$2,589,009	\$2,472,250	\$2,625,000	\$152,750	6.2%	\$2,725,000	\$252,750	10.2%
EXPENDITURES								
Personnel	\$249,665	\$290,823	\$290,823	\$0	0.0%	\$325,621	34,798	12.0%
Operations	642,540	1,257,295	1,257,295	0	0.0%	1,126,275	(131,020)	-10.4%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$892,205	\$1,548,118	\$1,548,118	\$0	0.0%	\$1,451,896	(\$96,222)	-6.2%
Net Revenues	<u>\$1,696,804</u>	<u>\$924,132</u>	<u>\$1,076,882</u>	<u>\$152,750</u>		<u>\$1,273,104</u>	<u>\$348,972</u>	
Transfer to other funds	(\$658,850)	(669,728)	(698,751)			(717,750)		
Total Other Sources/(Uses)	<u>(\$658,850)</u>	<u>(\$669,728)</u>	(\$698,751)			<u>(\$717,750)</u>		
Beginning Fund Balance	\$3,185,162	\$4,223,116	\$4,223,116			\$4,601,247		
Ending Fund Balance	<u>\$4,223,116</u>	<u>\$4,477,520</u>	<u>\$4,601,247</u>			<u>\$5,156,601</u>		

- For FY 2026, total revenues are estimated at \$2,725,000.
- Total planned expenditures for this fund are \$1,451,896 and includes funding for marketing, advertising, and Tourism Comprehensive Plan implementation. The operating budget also includes funding for the personnel costs directly attributable to tourism.
- The budget includes an indirect transfer to the General Fund of \$109,000 and a transfer of \$408,750 to the Public Art Fund for implementation of the Public Art Comprehensive Plan, and a transfer of \$200,000 to the Capital Improvements Program (CIP) for the Visitor Amenities Facility planned for Town Square.
- The ending fund balance is projected at \$5,156,601.

Library Donation Fund



This fund accounts for library donations collected. Use of these funds is restricted for library purposes.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Donations	\$8,719	\$4,000	\$9,200	\$5,200	130.0%	\$4,000	\$0	0.0%
Interest	<u>1,039</u>	<u>700</u>	<u>700</u>	<u>0</u>	0.0%	<u>700</u>	<u>0</u>	0.0%
Total Revenues	\$9,758	\$4,700	\$9,900	\$5,200	110.6%	\$4,700	\$0	0.0%
EXPENDITURES								
Special Projects	\$7,888	\$15,000	\$15,000	\$0	0.0%	\$8,000	(7,000)	-46.7%
Library supplies	0	0	0	0	0.0%	0	0	0.0%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$7,888	\$15,000	\$15,000	\$0	0%	\$8,000	(\$7,000)	-46.7%
Net Revenues	<u>\$1,870</u>	<u>(\$10,300)</u>	<u>(\$5,100)</u>	<u>\$5,200</u>		<u>(\$3,300)</u>	<u>\$7,000</u>	
Transfer to other funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Total Other Sources/(Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Beginning Fund Balance	\$19,535	\$21,405	\$21,405			\$16,305		
Ending Fund Balance	<u>\$21,405</u>	<u>\$11,105</u>	<u>\$16,305</u>			<u>\$13,005</u>		

- The budget anticipates a beginning fund balance of \$16,305.
- Staff is anticipating approximately \$4,000 in donations and the expenditures will be for special projects, which are often defined by the donor.
- Ending fund balance is projected at \$13,005.

Park Dedication Fee Fund



This fund accounts for dedication fees on new development. Use of park dedication fees is restricted to park improvements and primarily used for capital expenses.

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				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Permits/Fees	\$342,310	\$90,000	\$185,000	\$95,000	105.6%	\$90,000	\$0	0.0%
Miscellaneous	0	0	0	0	0.0%	0	0	0.0%
Interest	<u>88,135</u>	<u>60,000</u>	60,000	<u>0</u>	0.0%	60,000	<u>0</u>	0.0%
Total Revenues	\$430,445	\$150,000	\$245,000	\$95,000	63.3%	\$150,000	\$0	0.0%
EXPENDITURES								
Parks and Recreation	\$0	\$0	\$0	\$0	0.0%	\$0	0	0.0%
Park Improvements	0	60,000	60,000	0	0.0%	0	(60,000)	-100.0%
Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$0	\$60,000	\$60,000	\$0	0.0%	\$0	(\$60,000)	-100.0%
Net Revenues	<u>\$430,445</u>	<u>\$90,000</u>	<u>\$185,000</u>	\$95,000		<u>\$150,000</u>	<u>\$60,000</u>	
Transfer from other funds	\$0	\$0	\$0			\$0		
Transfer to other funds	<u>\$0</u>	<u>\$0</u>	(\$300,000)			(\$300,000)		
Total Other Sources/(Uses)	<u>\$0</u>	<u>\$0</u>	(\$300,000)			(\$300,000)		
Beginning Fund Balance	\$1,601,369	\$2,031,814	\$2,031,814			\$1,916,814		
Ending Fund Balance	<u>\$2,031,814</u>	<u>\$2,121,814</u>	<u>\$1,916,814</u>			<u>\$1,766,814</u>		

- The budget anticipates a beginning fund balance of \$1,916,814.
- The adopted budget reflects revenues of \$90,000 in fees and \$60,000 in interest earnings for total revenues of \$150,000.
- The ending fund balance is projected to be \$1,766,814.

Parks and Recreation Fund



This fund accounts for resources restricted for use by the Community Services department. Such funds include event and other sponsorship funds collected through the City's sponsorship program.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Donations/Sponsorships	\$34,310	\$62,600	\$41,600	(\$21,000)	-33.5%	\$37,000	(\$25,600)	-40.9%
Miscellaneous	0	0	0	0	0.0%	0	0	0.0%
Interest	<u>11,493</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>	0.0%	<u>8,000</u>	<u>0</u>	0.0%
Total Revenues	\$45,803	\$70,600	\$49,600	(\$21,000)	-29.7%	\$45,000	(\$25,600)	-36.3%
EXPENDITURES								
Parks and Recreation	\$31,327	\$87,500	\$87,500	\$0	0.0%	\$44,000	(43,500)	-49.7%
Park Improvements	0	0	0	0	0.0%	0	0	0.0%
Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$31,327	\$87,500	\$87,500	\$0	0.0%	\$44,000	(\$43,500)	-49.7%
Net Revenues	<u>\$14,476</u>	(\$16,900)	(\$37,900)	(\$21,000)		<u>\$1,000</u>	<u>\$17,900</u>	
Transfer from other funds	\$0	\$0	\$0			\$0		
Transfer to other funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Total Other Sources/(Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Beginning Fund Balance	\$216,510	\$230,986	\$230,986			\$193,086		
Ending Fund Balance	\$230,986	\$214,086	<u>\$193,086</u>			<u>\$194,086</u>		
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- Planned expenses in this fund are directed toward enhancing City special events, programs, athletic fields, and parks for which sponsorships are granted. The funds received through sponsorships assist with offsetting enhanced services offered to the community.
- The adopted budget reflects revenues of \$37,000 in donations and sponsorships and \$8,000 in interest earnings for total revenues of \$45,000.
- The adopted budget anticipates a beginning fund balance of \$193,086. Expenses are estimated at \$44,000 leaving the fund with a projected fund balance of \$194,086.

Police Special Revenue Fund



The Police Special Revenue Fund was formed to account for the revenues allowed under Chapter 59 of the Code of Criminal Procedure, in addition to other special revenues associated with policing. Expenses from this fund may be used for officer training, specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
<u>REVENUES</u>								
Miscellaneous/Forfeitures	\$4,917	\$0	\$21,956	\$21,956	219559900.0%	\$0	(\$0)	-100.0%
Interest	<u>3,428</u>	<u>1,200</u>	<u>1,800</u>	<u>600</u>	50.0%	<u>1,200</u>	<u>0</u>	0.0%
Total Revenues	\$8,345	\$1,200	\$23,756	\$22,556	1879.7%	\$1,200	(\$0)	0.0%
EXPENDITURES								
Operations	\$42,109	\$21,030	\$21,030	\$0	0.0%	\$5,980	(15,050)	-71.6%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$42,109	\$21,030	\$21,030	\$0	0.0%	\$5,980	(\$15,050)	-71.6%
Net Revenues	<u>(\$33,764)</u>	<u>(\$19,830)</u>	<u>\$2,726</u>	<u>\$22,556</u>		<u>(\$4,780)</u>	<u>\$15,050</u>	
Transfer to other funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Total Other Sources/(Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Beginning Fund Balance	\$88,586	\$54,822	\$54,822			\$57,548		
Ending Fund Balance	<u>\$54,822</u>	<u>\$34,992</u>	<u>\$57,548</u>			<u>\$52,768</u>		

- The beginning balance for this fund is \$57,548.
- The adopted budget reflects revenues of \$0 in forfeitures and \$1,200 in interest earnings for total revenues of \$1,200.
- Expenses are estimated at \$5,980 and includes narcan (\$3,080) and narcotics investigator training (\$2,900) for the Police Department.
- The ending fund balance is adopted at \$52,768.

Public Art Fund



The Public Art Fund was established to account for funding that is available for the promotion, creation, and/or installation of public art throughout the City of Southlake.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Miscellaneous	\$80	\$0	\$0	\$0	0.0%	\$0	\$0	0.0%
Interest Income	<u>\$26,033</u>	<u>\$19,000</u>	<u>\$19,000</u>	<u>\$0</u>	0.0%	<u>\$17,000</u>	(\$2,000)	-10.5%
Total Revenues	\$26,113	\$19,000	\$19,000	\$0		\$17,000	\$0	
EXPENDITURES								
Operations	\$59,747	\$75,800	\$75,800	\$0	0.0%	\$74,340	(\$1,460)	-1.9%
Capital	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	0.0%	<u>\$0</u>	<u>0</u>	0.0%
Total Expenditures	\$59,747	\$75,800	\$75,800	\$0	0.0%	\$74,340	(\$1,460)	-1.9%
Net Revenues	<u>(\$33,634)</u>	(\$56,800)	<u>(\$56,800)</u>	<u>\$0</u>		(\$57,340)	(\$540)	
Transfers In-Hotel	\$362,250	370,838	393,750	22,913		408,750	\$37,913	
Transfers Out -	(400,000)	(400,000)	(400,000)	<u>0</u>		(300,000)	\$100,000	
Total Other Sources (Uses)	<u>(\$37.750)</u>	(\$29.163)	<u>(\$6.250)</u>	<u>\$0</u>		<u>\$108.750</u>		
Beginning Fund Balance	\$610,439	\$539,055	\$539,055			\$476,005		
	<u>0</u>	<u>0</u>	<u>0</u>			<u>0</u>		
Ending Fund Balance	<u>\$539.055</u>	<u>\$453.093</u>	<u>\$476.005</u>			<u>\$527.415</u>		

- The budget shows \$17,000 in interest income based on a beginning fund balance of \$476,005.
- The law providing for the Hotel Occupancy Tax allows up to 15% of the revenues to be used for public art purposes. Because this source of funding comes in the form of a transfer, it is shown "below the line." For FY 2026, this transfer of \$408,750 is budgeted.
- Expenditures are estimated at \$74,340. The Public Art Fund will provide the source of support for the City's ongoing relationship with the APEX Arts League, Arts Council - Northeast, and the Southlake Arts Council by providing funding for various projects such as public art displays and event support. The budget also includes a transfer of \$300,000 to the CIP for implementation of the Public Art Comprehensive Plan.
- The ending fund balance for the Public Art Fund is estimated at \$527,415.

Recycling Fund



This fund accounts for an annual payment to the City made by the City's solid waste services provider, per the terms of the service contract.

	T						1
			\$ Increase/			\$ Increase/	
2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
\$6,647	\$6,000	\$6,000	\$0	0.0%	\$6,000	\$0	0.0%
<u>3,498</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>	0.0%	<u>2,500</u>	<u>0</u>	0.0%
\$10,145	\$8,500	\$8,500	\$0	0.0%	\$8,500	\$0	0.0%
\$3,761	\$6,000	\$6,000	\$0	0.0%	\$3,000	(3,000)	-50.0%
0	0	0	0	0.0%	0	0	0.0%
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
\$3,761	\$6,000	\$6,000	\$0	0.0%	\$3,000	(\$3,000)	-50.0%
<u>\$6,384</u>	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$0</u>		<u>\$5,500</u>	<u>\$3,000</u>	
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
\$70,978	\$77,362	\$77,362			\$79,862		
<u>\$77,362</u>	<u>\$79,862</u>	<u>\$79,862</u>			<u>\$85,362</u>		
_							
	\$6,647 3,498 \$10,145 \$3,761 0 0 \$3,761 \$6,384 \$0 \$0 \$70,978	Actual Adopted \$6,647 \$6,000 3,498 2,500 \$10,145 \$8,500 \$3,761 \$6,000 0 0 \$3,761 \$6,000 \$4,000 \$6,000 \$5,000 \$6,000 \$5,000 \$6,000 \$5,000 \$6,000 \$70,978 \$77,362	Actual Adopted Amended \$6,647 \$6,000 \$6,000 3,498 2,500 2,500 \$10,145 \$8,500 \$8,500 \$3,761 \$6,000 \$6,000 0 0 0 0 0 0 \$3,761 \$6,000 \$6,000 \$3,761 \$6,000 \$6,000 \$6,384 \$2,500 \$2,500 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	2024 2025 2025 (Decrease) Actual Adopted Amended Adopted \$6,647 \$6,000 \$6,000 \$0 3,498 2,500 2,500 0 \$10,145 \$8,500 \$8,500 \$0 \$3,761 \$6,000 \$6,000 \$0 \$0 \$0 \$0 \$0 \$3,761 \$6,000 \$6,000 \$0 \$3,761 \$6,000 \$6,000 \$0 \$3,761 \$6,000 \$6,000 \$0 \$3,761 \$6,000 \$6,000 \$0 \$0 \$2,500 \$0 \$0 \$6,384 \$2,500 \$2,500 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$70,978 \$77,362 \$77,362	2024 Actual 2025 Adopted 2025 Amended (Decrease) Adopted % Increase/ -Decrease \$6,647 \$6,000 \$6,000 \$0 0.0% \$6,647 \$2,500 \$0 0 0.0% \$0.0% \$0.0% \$10,145 \$8,500 \$8,500 \$0 0.0% \$0.0% \$0.0% \$3,761 \$6,000 \$6,000 \$0 0.0% \$0.0% \$0.0% \$0 0 0 0 0 0 0.0% \$0.0% \$0.0% \$3,761 \$6,000 \$6,000 \$0 0.0% \$0.0% \$3,761 \$6,000 \$6,000 \$0 0.0% \$0.0% \$3,761 \$6,000 \$6,000 \$0 0.0% \$0.0% \$3,761 \$6,000 \$6,000 \$0 0.0% \$0.0% \$3,761 \$6,000 \$0 0.0% \$0.0% \$3,761 \$6,000 \$0 0.0% \$0.0% \$3,761 \$6,000 \$0 0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0% \$0.0%	2024 Actual 2025 Adopted 2025 Amended (Decrease) Adopted % Increase/ -Decrease 2026 Proposed \$6,647 \$6,000 \$6,000 \$0 0.0% \$6,000 3,498 2,500 2,500 0 0.0% 2,500 \$10,145 \$8,500 \$8,500 \$0 0.0% \$8,500 \$3,761 \$6,000 \$6,000 \$0 0.0% \$3,000 0 0 0 0.0% 0.0% 0.0% 0.0% \$3,761 \$6,000 \$6,000 \$0 0.0% \$3,000 \$3,761 \$6,000 \$6,000 \$0 0.0% \$3,000 \$6,384 \$2,500 \$2,500 \$0 0.0% \$5,500 \$0 \$0 \$0 \$0 \$5,500 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	2024 Actual 2025 Adopted 2025 Amended (Decrease) Adopted % Increase/-Decrease 2026 Proposed (Decrease) Adopted \$6,647 \$6,000 \$6,000 \$6,000 \$0 \$0 0.0% \$6,000 \$0 \$0

- The City's contract for solid waste services provides for an annual payment to the City of \$6,000 for a total projected revenue of \$8,500, including interest.
- Note that the beginning fund balance is \$79,862. The adopted budget includes \$3,000 for recycling education.
- The projected ending fund balance is \$85,362.

Red Light Camera Fund



This fund accounts for funds collected from violations issued from the City's red light enforcement camera system. Funds collected by the City of Southlake as a result of violations/citations issued, must be used for traffic safety programs, per State law. Governor Greg Abbott signed a bill into law banning the use of red light cameras on June 1, 2019. Under the new law, the City's red light camera program immediately ceased operation.

					1			
				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Fines and forfeitures	\$0	\$0	\$0	\$0	0%	\$0	\$0	0.0%
Interest Income	10,447	1,500	1,500	<u>\$0</u>	0%	1,500	<u>\$0</u>	0.0%
Total Revenues	\$10,447	\$1,500	\$1,500	\$0		\$1,500	\$0	
EXPENDITURES								
Personnel	\$0	\$0	\$0	0	0%	\$0	0	0.0%
Operations	122,099	50,000	50,000	0	0%	50,000	0	0.0%
Capital	<u>-</u>	0	0	<u>0</u>	0%	0	<u>0</u>	0.0%
Total Expenditures	\$122,099	\$50,000	\$50,000	\$0	0%	\$50,000	\$0	0.0%
Net Revenues	<u>(\$111,652)</u>	<u>(\$48,500)</u>	<u>(\$48,500)</u>	<u>\$0</u>		<u>(\$48,500)</u>	<u>\$0</u>	
Transfers In-	\$0	0	0			0	\$0	
Transfers Out -	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	\$0	
Total Other Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>		
Beginning Fund Balance	\$239,498	\$127,846	\$127,846			\$79,346		
	<u>0</u>	<u>0</u>	<u>0</u>			<u>0</u>		
Ending Fund Balance	<u>\$127,846</u>	\$79,346	<u>\$79,346</u>			<u>\$30,846</u>		

- Projected revenue includes \$1,500 in interest income. Due to the red light cameras no longer being operational, no revenue will be collected in fines. Operating expenses will be paid using fund balance.
- For FY 2026, \$50,000 is budgeted for citywide striping.
- The beginning fund balance for the Red Light Camera Fund is \$79,346. Ending fund balance for FY 2026 is projected at \$30,846.

Reforestation Fund



This fund accounts for monies derived from assessments related to the tree preservation ordinance and policies.

					I		I	
				\$ Increase/			\$ Increase/	
	0004	2025	2025			2026		0/ 1
	2024		2025	(Decrease)	% Increase/		(Decrease)	% Increase/
	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Permits/Fees	\$29,974	\$5,000	\$72,000	\$67,000	1340.0%	\$5,000	\$0	0.0%
Miscellaneous	0	0	0	(0)	-100.0%	0	0	0.0%
Interest	<u>8,614</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>	0.0%	<u>6,000</u>	<u>0</u>	0.0%
Total Revenues	\$38,588	\$11,000	\$78,000	\$67,000	609.1%	\$11,000	\$0	0.0%
EXPENDITURES								
Parks and Recreation	\$0	\$0	\$0	\$0	0.0%	\$0	0	0.0%
Reforestation	32,147	35,000	35,000	0	0.0%	69,800	34,800	99.4%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	0.0%
Total Expenditures	\$32,147	\$35,000	\$35,000	\$0	0.0%	\$69,800	\$34,800	99.4%
Net Revenues	<u>\$6,441</u>	<u>(\$24,000)</u>	<u>\$43,000</u>	<u>\$67,000</u>		<u>(\$58,800)</u>	<u>(\$34,800)</u>	
Transfer to other funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Total Other Sources/(Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
Beginning Fund Balance	\$153,917	\$160,358	\$160,358			\$203,358		
Ending Fund Balance	<u>\$160,358</u>	<u>\$136,358</u>	<u>\$203,358</u>			<u>\$144,558</u>		
-								

- The activities supported by the Reforestation Fund support the City Council's desire for quality development by ensuring that the natural environment is protected and preserved, where possible, or at a minimum replaced.
- The adopted budget reflects permits/fees of \$5,000 and interest income of \$6,000 for total revenue of \$11,000. It anticipates a beginning fund balance of \$203,358.
- For FY 2026 \$69,800 is budgeted for tree planting in key city-owned properties, medians, and rightof-ways. This funding will also support an initiative to plant 2,026 trees in honor of the City's 70th birthday.
- The ending fund balance is projected at \$144,558.

Storm Water Utility Fund



On October 17, 2006, the City Council established a Storm Water Utility System. This utility requires a monthly fee for all of Southlake's developed properties. These fees provide a funding source for maintenance, repair, and construction of storm water facilities, and can only be spent for these purposes. The monthly storm water fee is the same for all residential dwelling units. Residential properties are charged \$8 per month for each dwelling unit that is on the property. Fees for non-residential properties are calculated individually in proportion to each property's storm water runoff potential.

				\$ Increase/			\$ Increase/	
	2024	2025	2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
	2024 Actual	Adopted	Amended	Adopted	-Decrease	Proposed	,	-Decrease
DEVENUES	Actual	Adopted	Amended	Adopted	-Decrease	Proposeu	Adopted	-Decrease
REVENUES	*****	0007.050	#000 000	(04.050)	0.40/	#000.000	*050	0.40/
Stormwater-residential	\$923,361	\$927,050	\$926,000	(\$1,050)	-0.1%	\$928,000	\$950	0.1%
Stormwater-commercial	689,715	692,500	692,500	0	0.0%	694,000	1,500	0.2%
Interest	<u>92,412</u>	<u>66,000</u>	<u>66,000</u>	<u>0</u>	0.0%	<u>50,000</u>	(16,000)	-24.2%
Total Revenues	\$1,705,488	\$1,685,550	\$1,684,500	(\$1,050)	-0.1%	\$1,672,000	(\$13,550)	-0.8%
EXPENDITURES								
Personnel	\$269,314	\$279,857	\$279,857	\$0	0.0%	\$275,602	(\$4,255)	-1.5%
Operations	\$333,633	\$337,985	\$337,985	0	0.0%	\$352,485	14,500	4.3%
Capital	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	0	<u>\$0</u>	<u>0</u>	0.0%
Total Expenditures	\$602,947	\$617,842	\$617,842	\$0	0.0%	\$628,087	\$10,245	1.7%
Net Revenues	<u>\$1,102,541</u>	<u>\$1,067,708</u>	<u>\$1,066,658</u>	<u>(\$1,050)</u>		<u>\$1,043,913</u>	(\$23,795)	
Transfers Out	(1,114,585)	(869,184)	(869,142)	(\$42)		(968,642)	99,458	
Proceeds from C.O. Sale	<u>0</u>	<u>0</u>	<u>0</u>			<u>0</u>		
Total Other Sources (Uses)	<u>(\$1,114,585)</u>	(\$869,184)	<u>(\$869,142)</u>			(\$968,642)		
Beginning Fund Balance	\$2,162,571	\$2,150,527	\$2,150,527			\$2,348,043		
Ending Fund Balance	<u>\$2,150,527</u>	\$2,349,051	\$2,348,043			<u>\$2,423,314</u>		

- For FY 2026, total revenues for this fund are projected at \$1,672,000 including \$50,000 in interest earnings.
- Planned expenditures for FY 2026 total \$628,087, including \$275,602 in personnel expenses and \$352,485 in operational costs. These costs include a portion of drainage staff costs, contract engineering services (surveying, etc.), contract labor for drainage projects, and materials - all budgeted to ensure that we are able to adequately manage and respond to identified public drainage issues.
- The ending fund balance is projected at \$2,423,314.

Tax Increment Finance (TIF) District Fund



Tax Increment Reinvestment Zone (TIRZ) Number One or the Tax Increment Finance (TIF) District was created in 1997, with an effective beginning date of January 1, 1998. It was designed to encourage quality commercial development in the City. Incremental values subsequent to January 1997 are taxed at the City's tax rate; however, 100% of the "captured" ad valorem revenues are utilized within the zone, rather than being allocated to the City's overall budget. Overlapping taxing entities, including Tarrant County, Tarrant County College District, Tarrant County Hospital District, and the Carroll Independent School District have participated at varying levels as investors in TIRZ #1 by assigning their ad valorem tax dollars as well. These funds pay for public projects in Town Square, such as water, sewer and roads within the District. In 2018, TIRZ #1 was extended for an additional 20 years. This means that funds will continue to be collected on the incremental tax value and invested in the zone for an additional twenty years. The City of Southlake and Carroll ISD are the only participating entities with the 20 year extension.

	0004	2025	2025	\$ Increase/	0/ 1	2020	\$ Increase/	0/ 1
	2024		2025	(Decrease)	% Increase/	2026	(Decrease)	% Increase/
-	Actual	Adopted	Amended	Adopted	-Decrease	Proposed	Adopted	-Decrease
REVENUES								
Ad Valorem	\$10,470,200	\$9,605,358	\$10,685,868	\$1,080,510	11.2%	\$10,376,956	\$771,598	8.0%
Interest Income	<u>\$474,432</u>	<u>\$300,000</u>	<u>\$375,000</u>	<u>\$75,000</u>	25.0%	<u>\$300,000</u>	<u>\$0</u>	0.0%
Total Revenues	\$10,944,632	\$9,905,358	\$11,060,868	\$1,155,510	11.7%	\$10,676,956	\$771,598	7.8%
<u>EXPENDITURES</u>								
Personnel	\$340,660	\$344,695	\$344,695	\$0	0.0%	\$364,375	\$19,680	5.7%
Operations	\$7,386,161	\$7,803,696	\$8,301,135	497,439	6.4%	\$10,036,684	2,232,988	28.6%
Capital	<u>\$0</u>	<u>\$0</u>	\$700,000	700,000	0.0%	<u>\$0</u>	<u>(0)</u>	0.0%
Total Expenditures	\$7,726,821	\$8,148,391	\$9,345,830	\$1,197,439	14.7%	\$10,401,059	\$2,252,668	27.6%
Net Revenues	\$3,217,811	\$1,756,967	\$1,715,038	(\$41,929)		<u>\$275,897</u>	<u>(\$1,481,070)</u>	
Transfers Out-General Fund	0	0	0			0		
Transfers Out -Debt Service	<u>0</u>	<u>0</u>	<u>0</u>			<u>0</u>		
Total Other Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$0</u>		
	_	_	_			_		
Beginning Fund Balance	\$8,347,195	\$11,565,006	\$11,565,006			\$13,280,044		
Prior period adjustment								
Ending Fund Balance	\$11.565.006	\$13,321,973	\$13.280.044			\$13.555.941		
• • • • • • •						-		

- The incremental taxable value assigned to TIRZ #1 for the 2025 tax year is \$632,165,088 which is a 5.3% increase from the valuation for the 2024 tax year. This translates into anticipated revenues for the TIF District Fund of \$10,676,956, including interest income. Revenue projections include estimated CISD payments based on a three year average.
- Total planned expenditures for FY 2026 are \$10,401,059. These expenditures are attributable to projects identified in the project and financing plan.
- The ending balance for this fund is projected at \$13,555,941.

APPENDIX



Acronyms

- **ACFR** Annual Comprehensive Financial Report
- **BJNCP** Bob Jones Nature Center and Preserve
- **CALEA** Commission on Accreditation for Law Enforcement Agencies
- CARS Call-A-Ride Southlake
- **CCPD** Crime Control and Prevention District
- **CEDC** Community Enhancement and Development Corporation
- **CEPP** Community Events Participation Policy
- **CFAI** Commission on Fire Accreditation International
- **CIP** Capital Improvements Program
- **CPI** Consumer Price Index
- **CISD** Carroll Independent School District
- **CO** Certificates of Obligation
- **COSO** Committee of Sponsoring Organizations of the Treadway Commission
- **DPS** Department of Public Safety (Police and Fire Services)
- **DRC** Development Review Committee
- **EFT** Electronic File or Funds Transfer
- **FOSL** Friends of the Southlake Library
- FTE Full-Time Equivalent
- FY Fiscal Year
- **GAAP** Generally Accepted Accounting Principles
- **GASB** Government Accounting Standards Board
- **GFOA** Government Finance Officers Association
- **GIS** Geographic Information Systems
- **GO** General Obligation

- KSB Keep Southlake Beautiful
- PAFR Popular Financial Annual Report
- **P-Card** Procurement Card (City-issued credit card)
- PDF Park Dedication Fund
- **RFP** Request for Proposal
- RIF Roadway Impact Fee
- **ROW** Right of Way
- **S&P** Standard and Poor's
- **SEC** Securities and Exchange Commission
- SIF Strategic Initiative Fund
- **SMS** Strategic Management System
- **SLTS** Southlake Town Square
- **SOP** Standard Operating Procedure
- **SPDC** Southlake Parks Development Corporation
- **SPIN** Southlake Program for the Involvement of Neighborhoods
- **SSIF** Sanitary Sewer Impact Fee
- **SWUS** Storm Water Utility System
- **TCEQ** Texas Commission on Environmental Quality
- TIC True Interest Cost
- TIF Tax Increment Finance
- TIRZ Tax Increment Reinvestment Zone
- **TISF** Technology Infrastructure and Security Fund
- TMRS Texas Municipal Retirement System
- **TxDOT** Texas Department of Transportation
- **UCR** Uniform Crime Reports
- WIF Water Impact Fee

Α

Accrual Basis Accounting: A method of accounting for revenues and expenses when earned or incurred instead of when cash is received or spent.

Actual: Monies which have already been used or received as opposed to budgeted monies which are estimates of possible funds to be used or received.

Ad Valorem: Latin for "value of." Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property. See property taxes.

Amortization: Payment of principal plus interest over a fixed period of time.

Appropriation: A legal authorization granted by the City Council to make expenditures and to incur obligations for a specific purpose or program. Usually granted for a one-year period.

Arbitrage: The additional investment earnings a municipality receives by borrowing (issuing bonds) at tax exempt rates and investing the proceeds at higher yielding taxable rates. The difference is the arbitrage amount which must be paid to the IRS.

Assessed Valuation: The estimated value placed upon real or personal property as the basis for levying property taxes.

Audit: An examination to determine the accuracy and validity of records and reports by an agency whose duty it is to make sure the City conforms to established procedures and policies.

В

Balance Sheet: The basic financial statement. which discloses the assets, liability and equities of an entity at a specific date in conformity with Generally Accepted Accounting Principles (GAAP).

Balanced Budget: Annual financial plan in which expenses do not exceed revenues.

Base Budget: The ongoing cost to maintain the current level of service. Inflation is included in the budget without increasing any level of service.

Bicentennial Concessions Fund: This fund is used to account for the revenues and expenditures dedicated for Bicentennial Park use. These funds are derived from the City's contract with Coca-Cola.

Bond: A written promise to pay a specific sum of money (principal) at a specified future date along with periodic interest rate. Bonds are typically used for long-term debt to pay for a particular capital expenditure.

Budget: A plan of financial operation embodying an estimate of adopted expenditures for a given period and the adopted means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

Budget Amendment: A procedure used by the City staff and City Council to revise a budget appropriation.

Budget Calendar: The schedule of key dates involved in the process of adopting and then executing an adopted budget.

Budget Hearing: The public hearings conducted by City Council to consider and adopt the annual budget.

C

Capital Assets: Assets of significant value which have a useful life of several years. Also referred to as fixed assets.

Capital Budget: Major capital improvements which are beyond the routine operation of the city are budgeted under separate capital project funds. These projects, which often require more than one year for completion, include items such as expansion of roads and reconstruction of intersections. In total, these projects are referred to as the Capital Budget and are not included in the annual operating budget.

Capital Improvements Program (CIP): A plan for capital expenditures to be incurred each year over a fixed period of years, identifying the expected beginning and ending date, and the amount to be expended in each year and the method of financing those expenditures.

Capital Outlays: Annual operating expenditures for the acquisition of, or addition to, fixed assets. These expenditures generally cost more than \$5,000, including construction projects, land acquisition, major renovations or repairs to existing grounds or facilities, and equipment purchases.

Capital Projects: Projects which purchase or construct capital assets. Typically a capital project encompasses a purchase of land and/or the construction of a building or facility.

Certificate of Obligations (COs): Similar to general obligation bonds except the certificates require no voter approval.

Commercial Vehicle Enforcement Fund:

This fund accounts for fines collected from commercial vehicle violations. Use of these funds is restricted for commercial vehicle enforcement, per State law.

Community Enhancement and Development

Corporation (CEDC): The Community Enhancement and Development Corporation was formed when Southlake voters approved the special levy of a 3/8 cent sales tax in 2015. The funds are dedicated toward the construction of Phase II of The Marg Southlake, a community events and recreation facility. Funds will also be used to support operational expenses related to The Marg as well as special economic development projects.

Community Enhancement and Development Corporation (CEDC) Debt Service Fund: The

Community Enhancement and Development Corporation Debt Service Fund is used to account for the accumulation of financial resources for payment of long-term principle and interest costs for debt incurred to construct The Marq Southlake Phase II.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures.

Court Security Fund: The Court Security Fund is used to account for municipal court fees assessed to provide for court security.

Court Technology Fund: The Court Technology Fund is used to account for municipal court fees assessed to provide for court technology.

Crime Control & Prevention District (CCPD): A citizen approved district that utilizes a half-cent sales tax for the purchase of land and capital improvements for the Department of Public Safety.

Crime Control & Prevention District (CCPD)

Operating Fund: The Crime Control & Prevention District Operating Fund is a special revenue fund established to account for the operations of the Crime Control District, which was established for the financing and development of crime control projects within the City of Southlake. This fund is funded primarily through the receipt of municipal sales taxes.

Current Assets: Those assets which are available or can be made readily available to finance current operations or to pay current liabilities.

Current Liabilities: Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

D

Debt Service: The annual payment of principal and interest on the City's indebtedness.

Deficit: The excess of the liabilities of a fund over its assets. The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

Delinquent Taxes: Taxes that remain unpaid on and after the due date on which a penalty for non-payment is attached.

Depreciation: The periodic expiration of an asset's useful life. Depreciation is a requirement, in proprietary type funds (such as enterprise and internal service funds).

E

Economic Development Investment Fund: The Southlake Economic Development Strategic Plan includes the following as recommendation ED15: "Maintain ongoing, dedicated funding to achieve economic development goals by continuing investment in the Economic Development Investment Fund." This fund was created in 2013 for that purpose.

Encumbrance: The commitment of appropriated funds to purchase an item or service.

Enterprise Fund: A type of proprietary fund containing the activities of funds where the intent is for the direct beneficiaries to pay for all costs of the fund through fees, or where a periodic determination of revenues and expenses is desired by management.

Effective Tax Rate: See no new revenue tax rate.

Expenditures: Where accounts are kept on the accrual or modified accrual basis of accounting, the costs of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes are made.

F

Fiscal Year: Any yearly accounting period, without regard to its relationship to a calendar year. The fiscal year for the City of Southlake begins on October 1 and ends on September 30.

Fixed Assets: Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Franchise: A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

FTE: Acronym which stands for Full-time Equivalent. A numerical expression which indicates the amount of time a position has been budgeted for. A position budgeted at 40 hours per week for 12 months equals 1.0 FTE. Other frequently budgeted levels are 20 hours per week (.5 FTE) to show a position that has been split between two funds because the employee's responsibilities directly affect two funds.

Fund: An accounting entity with its own selfbalancing set of accounts recording cash and/or other sources of revenues against expenditures for specific activities.

Fund Balance: The excess of an entity's assets over its liabilities in a particular fund. A negative fund balance is sometimes called a deficit.

G

GAAP: Stands for Generally Accepted Accounting Principles, which are accounting and reporting standards used for both private industry and government.

GASB: Government Accounting Standards Board regulates the rules and standards for all governmental units.

General Fund: The City's principal operating fund, which is supported by taxes, fees, and other revenues that may be used for any lawful purpose. The fund of the City that accounts for all activity not specifically accounted for in other funds. Includes such operations as police, fire, engineering, planning, finance and administration.

General Obligation Bonds: Bonds for which the full faith and credit of the issuing government are pledged for payment.

General Obligation Debt Service Fund: The General Obligation Debt Service Fund is used to account for the accumulation of financial resources for the payment of principle, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the General Obligation Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Н

Homestead Exemption: A partial exemption of property taxes for owners of a residence. Qualifications include owning the house on January 1 and living in the house on January 1 of the tax year in question.

Hotel Occupancy Tax Fund: The fund used to account for the received revenue from taxes imposed on hotel guests who pay for a room or space in a hotel. The Hotel Occupancy Tax is authorized under the Texas Tax Code, Chapter 351. The City of Southlake adopted Ordinance No. 769 in February 2000, levying a 7% (.07) tax on the cost of a room.

Indicator: A quantitative measure or index which may represent the degree of presence or magnitude of change in a condition.

Interfund Transfer: Money transferred from one fund to another.

K

Key Accountability Indicator: A statement that describes in specific and measurable terms the results that the program is expected to achieve within a certain time-frame.

L

Levy: To impose a tax, special assessment or service charge for the support of government activities. The term most commonly refers to the real and personal property tax levy.

Liability: Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed or refunded at some future date.

Library Donations Fund: This fund was established to account for resources donated for use by City library services.

Long-Term Debt: Debt with a maturity of more than one year after the date of issuance.

M

Mandate: A requirement imposed by one unit of government on another unit of government.

Modified Accrual Accounting: A basis of accounting in which expenditures are accrued but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability while revenues are not recorded until they are actually received or are "measurable" and "available for expenditure". Since this type of accounting basis is a conservative financial approach, it is recommended as the standard for most governmental funds.

Ν

No New Revenue Tax Rate: Tax rate that will generate the same amount of property tax dollars as the previous year, excluding new construction and annexations, when the two years are compared. Formerly referred to as the effective tax rate.

0

Operating Budget: The annual appropriation to maintain the provision of City services to the public.

Operating Transfer In: Transfer from other funds which are not related to rendering of service.

P-Card: Acronym for procurement card. A Cityissued credit card which allows employees to make purchases in a cost effective manner.

Parks Dedication Fund: The Parks Dedication Fund was established to account for resources restricted for use by the parks department. The primary source of revenue for the Parks Dedication Fund is user charges for the use of City parks.

Proprietary Fund: See Enterprise Fund.

Adopted Budget: The recommended and unapproved City budget submitted to the City Council and public in August of each year.

R

Reappropriation: A legal authorization granted by the City Council to reappropriate expenditures to the current budget year for a specific purpose or program that was budgeted but unexpended at the end of the prior year.

Recycling Fund: This fund accounts for the revenues and expenditures surrounding the City's contract with its solid waste provider which requires them to make a monthly payment into the recycling fund. This money is used for several recycling projects and initiatives.

Red Light Camera Fund: This fund accounts for fines collected from violations issued from the City's red light enforcement camera system. Funds collected by the City of Southlake as a result of violations/citations issued must be used for traffic safety programs.

Reforestation Fund: This fund accounts for revenues and expenditures dedicated for reforestation. These funds are derived from assessments related to the tree preservation ordinance and policies.

Reserve: A segregation of assets to provide for future use toward a specified purpose.

Resources: Total dollars available for appropriations including estimated revenues, fund transfers and beginning fund balances.

Revenue: Income received by the City to support programs or services to the community. It includes such items as taxes, fees, user charges, grants, fines, forfeits, interest income and miscellaneous revenue.

Revenue Estimate: A formal estimate of how much revenue will be earned from a specific source for some future period; typically, a year. Rollback Tax Rate: See voter-approval tax rate.

S

Salaries and Wages: Amounts paid for services rendered by employees in accordance with rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime and seasonal help.

Special Assessment Debt: Principal and interest on bonds related to Local Improvement Districts. This type of debt is callable when money is available to make payments which occurs when prepayments are received from property owners. The City budgets as if the entire debt will be paid in the current year, although this is highly unlikely.

Special Revenue Funds: General government funds where the source of revenue is dedicated to a specific purpose.

Southlake Parks Development Corporation

(SPDC): A citizen approved non-profit development corporation established to develop and operate park and recreational facilities. The SPDC utilizes a half-cent sales tax for the purpose of acquiring land and making improvements to parks.

Southlake Parks Development Corporation (SPDC) Debt Service Fund: The Southlake Parks Development Corporation Debt Service Fund is utilized to account for the accumulation of financial resources, primarily transfers from other funds, for the payment of long-term principle and interest costs associated with the financing of improvements of the Southlake Parks Development Corporation.

Southlake Parks Development Corporation

(SPDC) Operating Fund: The Southlake Parks Development Corporation operating fund was established to account for the general operations of the non-profit corporation established to finance, develop and operate park and recreational facilities. The SPDC is funded primarily through the receipt of municipal sales taxes.

Storm Water Utility District: The Storm Water Utility District is used to account for the acquisition, operation and maintenance of Southlake's municipal storm water utility, supported primarily by user charges to the public.

Strategic Initiative Fund: Fund created in 2005 for the purpose of taking fund balance reserves in excess of the City identified optimal fund balance level and using them for onetime expenditures of high impact projects such as infrastructure maintenance, community enhancement, and capital acquisition.

Supplemental Request: A budget request that is not included in the base budget.

Т

Target-based budget: A budget process in which departments are provided with a maximum level for their budget requests. The budget office requires separate justification via a Supplemental Request for adopted spending levels that exceed the target.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments, or charges for services rendered only to those who pay, for example, sewer service charges.

Tax Increment Reinvestment Zone #1 (TIRZ):

A citizen approved financing mechanism that has allowed for the ongoing development of the Southlake Town Square area.

Tax Increment Finance (TIF) Operating Fund:

The Tax Increment Finance Operating Fund was established to account for the general operations of the TIF. which was formed to finance and make public improvements. The TIF is funded primarily through the assessment of ad valorem taxes.

Technology Infrastructure and Security Fund:

The Technology Infrastructure and Security Fund was created in FY 2017 to build capacity for current and future technology needs. Expenditures in this fund are used to maintain, enhance and replace technology infrastructure and enterprise software to ensure the City receives the most reliable and best value with technology investments. In order to keep up with the increasing number and complexity of security threats, this fund also supports technology security projects and programs.

Transfers: Internal movements of revenue and expenses among funds in the budget to provide needed sources of funding for expenses incurred on behalf of another fund.

U

Utility Fund: The Utility Fund, also known as the Water and Sewer Enterprise Fund, is used to account for the acquisition, operation and maintenance of Southlake's municipal water and sewer utility, supported primarily by user charges to the public.



Vehicle Replacement Fund: The Vehicle Replacement Fund is used for the acquisition and replacement of the City's fleet.

Voter-Approval Tax Rate: The highest tax rate the taxing unit can set before the City is required to hold an automatic election for approval. Under the Texas Property Tax Reform and Transparency Act of 2019, requires a city to hold an automatic election on the November uniform election date if it adopts a rate exceeding the 3.5 percent voter-approval rate. This rate is formerly referred to as the rollback tax rate.

W

Working Capital: The year-end balance of current assets less current liabilities.

Workload Measure: A unit of measure to identify the amount of work or product generated from specific activities. They form the basis for determining the unit's success at reaching its performance objectives.

The list of definitions reflects key performance measures for the City of Southlake's departments. It is not a complete list of all measures.

CITY MANAGER'S OFFICE	
Bond Rating - Fitch / S&P / Moody's	This measure represents our financial viability (creditworthiness).
Overall Employee Engagement Mean (Gallup Q12)	This measure represents our organizations overall employee engagement based on Gallup's Q12 Survey and is directly linked to business outcome success.
Percent of citizens opinion on the overall quality of life in Southlake - (Citizen Satisfaction Survey)	This measure represents our citizens satisfaction with their overall quality of life while living in Southlake as collected on our biennial Citizen Satisfaction Survey.
Risk - Financial Activity Monitoring	This measure represents the total number of fraud incidents discovered through the internal audit risk mitigation process.
CITY SECRETARY'S OFFICE	
Public Information Act requests processed within five business days of receipt	This measure represents that the City Secretary's Office (CSO) complies with the Public Information Act in oder to adequately and efficiently respond to Open Records Requests. They also work closely with the City Attorney and Attorney General as necessary and keeps the City Manager's Office aware of any potential concerns.
Records stored digitally in the document repository - Laserfiche	This measure represents that records are stored digitally to ensure governmental transparency as the City moves from paper to electronic storage.
Training hours for CSO staff	This measure represents the training hours for the department that enhances overall employee engagement.
City-wide Records Management Training (Hours)	This measure represents the records management training that is provided city-wide to ensure that staff complies with the adopted plan.

COMMUNITY SERVICES	
Marq Cost Recovery	This measure represents the cost recovery measure ratio between expenses for operation and revenues generated by The Marq.
The Marq Net Promoter Score	This measure represents the Net Promoter Score measures of customer experience and predicts business growth. This proven metric transformed the business world and now provides the core measurement for customer experience management programs.
Community Services Net Promoter Score	This measure represents the Community Services Net Promoter score of customer experience and measures the loyalty of customers to the organization.
Gallup Survey (Employee Engagement & Employee Wellness)	This measure represents the Gallup Q12 measures of employee engagement through highly specific and researched questions used to gauge employee sentiment about organizational culture.
ECONOMIC DEVELOPMENT & TOURISM	
Local Unemployment Rate	This measure represents the rate at which residents in the community are employed and therefore the potential of supporting local businesses.
Southlake Retail Occupancy Rate	This measure represents the City of Southlake's attractiveness as a place to do business and entrepreneurs willingness to invest locally.
Southlake Office Occupancy Rate	This measure represents the City of Southlake's ability in attracting professional office environment businesses that generally provide higher salaries and help support local retail businesses.
Consumer Sales - Sales Tax (One Cent) Percentage Increase (year-over-year)	This measure represents the sales that reflect the health and viability of local economy and performance of the City's businesses.

FINANCE & TECHNOLOGY	
Collection Rate in Water Utilities	This measure represents the Water Utilities division's track collection rates that determine if our methods of collection are effective.
Purchasing Surveys	The measure represents the Purchasing Internal and External Customer Service Surveys to determine satisfaction rates from the purchasing division.
IT Performance - Unplanned network outages	This measure represents the amount of unplanned network outages that occur within the fiscal year.
Server security patching percentage up to date	This measure represents the percentage of the city's server infrastructure that has all security patches applied and active.
FIRE DEPARTMENT	
Achieve a high percentage of citizen satisfaction in fire services provided.	This measure represents the evaluation of fire services provided to the community.
Accreditation	This measure represents the departments exceptional commitment to high standards, continuous improvement, and operational excellence in fire service.
Fire Total Response Time	This measure represents the evaluation of the efficiency of Fire emergency response through dispatch, turnout, and travel times.
EMS Total Response Time	This measure represents the evaluation of the efficiency of the EMS emergency response through dispatch, turnout, and travel times.
CPR Success Rate	This measure represents the success rate of CPR provided by Southlake EMS with the patient leaving the hospital walking and talking.
HUMAN RESOURCES	
Full-time Voluntary Turnover Rate	This measure represents the percentage of full-time employees who voluntarily leave unemployment with the City. It does not include involuntary separations. Turnover is measured by the number of voluntary separations within a year divided by the number of employees, multiplied by 100.
Time-to-Fill Vacant Positions	This measure represents the average number of days it takes to fill a vacant full-time position, from vacancy to job acceptance.

Value of Volunteer Time	This measure represents the total number of volunteer hours served by volunteers through Volunteer Southlake multiplied by the national value of each volunteer hours as established by the Independent Sector.
LIBRARY SERVICES	
Library Materials Circulations	This measure represents the number of library materials checked out or utilized by library customers.
Library Program Attendance	This measure represents the number of people attending library programs.
Library Visitors and Online Users	This measure represents the number of people visiting the library and using the library services online.
OFFICE OF COMMUNICATION AND CUSTOMER	REXPERIENCE
Siteimprove Digital Certainty Index (DCI) score for CityofSouthlake.com	This measure represents the quality and potential impact of your site's digital presence, including its accessibility and usability, its credibility and trustworthiness, and how well-poised it is to respond to SEO challenges. The final DCI Score is calculated as an overall score of points awarded in three categories: Accessibility, Quality and Assurance, and SEO.
Citizen Satisfaction Survey - The Employee Exceeded my Expectations (Agree Completely/Somewhat)	This measure represents the residents satisfaction in how well Southlake employees exceeded their expectations.
Citizen Satisfaction Survey - (City Website) Is The First Place I look for City Information	This measure represents what tool residents use most often to receive city information/news.

PLANNING AND DEVELOPMENT SERVICES	
Percentage of building inspections completed on the same day as scheduled by the customer.	This measure represents the time elapsed between the scheduled inspection by the customer and the inspection being conducted by city staff.
Percentage of building permit reviews completed as scheduled	This measure represents the percentage of building permit reviews completed by the Building Inspections staff within the designated time frame (5, 10 or 15 business days) to return comments to the applicant.
Percentage of planning inspections completed as scheduled	The measure represents the time elapsed between the scheduled inspection by the customer and the inspection being conducted by city staff
Percentage of planning permit reviews completed as scheduled	This measure represents the percentage of planning permit reviews completed by the Planning & Development Services staff within the designated time frame (5, 10 or 15 business days) to return comments to the applicant.
Average number of days for code enforcement to resolve a code-related case.	This measure represents the average number of days for code enforcement officers to investigate a coderelated case and obtain compliance from the property owner.
POLICE DEPARTMENT	
Police Response Times for Priority Calls	This measure represents the evaluation of the efficiency of officers responding to serious or major crimes/calls for service from the time an officer is dispatched until the time the first officer arrives on scene.
Average Criminal Case Clearance Rate for Detectives	This measurement provides the number of crimes (both persons crimes and property crimes) per 1000 residents. The Police Department's target for this performance measure is less than 3 crimes per 1000 resident.
Full-time Voluntary Turnover Rate	The voluntary turnover rate measures the percentage of full-time employees who voluntarily leave employment with the Police Department. It does not include involuntary separations. Turnover is measured by the number of voluntary separations within a quarter divided by the number of employees, multiplied by 100.
CALEA Gold Standard Accreditation	This measure represents the city maintaining Gold

PUBLIC WORKS	
% TCEQ compliance with all water quality measures	This is measure through percentages of water quality analyses that verify compliance. This includes monthly bacteriological sampling, annual lead and copper sampling, quarterly UCMR sampling (for this year only, as this is a requirement every 5 years), quarterly trichloroethane and halo-acetic acid sampling. Any sampling that is missed, comes back over limits, or comes back positive would indicate noncompliance, a decrease from the 100% compliance rate.
Average Pavement Quality Index (PQI) Score for roadways	Pavement Quality Index (PQI) measures the overall condition of each road segment in the City on a 1-100 scale. The City has a minimum PQI threshold of 78 it must meet to maintain its roadway infrastructure.
% Complete of Pavement Management Assessment (PMA) of projects scheduled	This measure represents Pavement Management Assessment (PMA) projects are selected during the budget process each year. These projects are selected based on data from our PQI database, along with visual inspections and historical knowledge. These projects are deemed to generate the highest return on investment (ROI) for the PMA program and the City. This measurement makes sure the majority of these planned projects are completed by fiscal year's end.
% of investigations of reported illicit discharges initiated according to City's Stormwater Management Plan within 2 business days	This item is defined as investigating reported pollution/discharge concerns from the public or city staff. This involves my team gathering more information from the observer, visiting the field to document the concern, holding the correct party responsible, mitigating the impacts of said discharge, educating the responsible party, and proceeding with enforcement if necessary.

Financial Policies

Introduction

The City of Southlake's financial policies and charter provisions set forth the basic framework for the fiscal management of the City. The policies below were developed within the parameters established by the applicable provisions of the Texas Local Government Code and the City of Southlake Charter. Excerpts from the Charter follow the policy portion of this section.

City of Southlake Statement of Financial Principles

Accounting, Budgeting, and Financial Planning

- The City will establish accounting practices that conform to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.
- An independent certified public accounting firm will perform an annual audit and an official popular annual financial report (PAFR) shall be issued no later than 6 months following year-end.
- The independent certified public accounting firm shall provide a management letter, if one is issued, no later than March 31 following the end of the fiscal year.
- The City shall submit the PAFR to the Government Finance Officers Association (GFOA) for the purpose of earning the Certificate of Achievement for Excellences in Financial Reporting.
- The City shall prepare an Annual Operating Budget and submit it for City Council approval prior to September 30.
- The Annual Operating Budget shall be prepared such that current revenues plus net operating transfers will be sufficient to support current expenditures.
- Expenditures from all operating funds shall not exceed the budgeted appropriations (as amended) for these funds.
- An adequate level of maintenance and replacement will be funded each year to ensure that all capital facilities and equipment are properly maintained.
- Charges for services and other revenues will be annually examined and adjusted as deemed necessary to respond to cost increases or any other changing circumstances.
- A three-year financial forecast shall be prepared annually projecting revenues and expenditures for all operating funds. This forecast shall be used as a planning tool in developing the following year's operating budget.

Investments

Investments shall be made in conformance with the City's Investment Policy, with the primary objectives of:

- Safety-preservation of capital in the investment portfolio;
- Liquidity-portfolio remain sufficiently liquid to meet operating requirements; and,
- Yield-goal of rate of return of 102% of U.S. treasury curve at average maturity.

Grants

All grants and other federal and state funds shall be managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations shall be managed and expended according to the wishes and instructions of the donor.

Tax Collection

The City shall encourage the Tax-Assessor-Collector to follow an aggressive policy of collecting property tax revenues. An average collection rate of at least 98% of current levy shall be maintained.

Reserves

- The City's General Fund unreserved ending balance may only be used for one-time purchases such as capital equipment.
- The General Fund unreserved/undesignated balance shall be maintained at a minimum of 15% up to an optimum balance of 25% of annual General Fund expenditures.
- The fund balance in the debt service fund shall be maintained at a minimum level of 4.0% of annual debt service expenditures.
- Utility Fund unreserved/undesignated retained earnings balance shall be maintained at a minimum of 60 up to an optimum balance of 90 days of working capital.

Debt Management

- Debt financing which includes permanent improvements bonds, revenue bonds, certificates of obligation, lease/purchase agreements and other obligations allowed under Texas law shall be used to acquire or construct land and improvements that cannot be funded by current revenues. The term of debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed 25 years.
- Debt will not be used to fund current expenditures.
- Permanent Improvement Bonds shall normally be issued with a level principal structure. This structure equates to an average life of 11 years or less for a 20-year issue. Interest shall be paid in the first fiscal year after a bond sale and principal must be paid no later than the second fiscal year after the bond sale.
- Each year the City will adopt a Capital Improvements Program (CIP). The plan will recommend specific funding of projects for the following fiscal year and will identify projects for further consideration in years two through five.
- The City is committed to providing continuing disclosure of certain financial and operating data and material event notices as required by Securities and Exchange Commission (SEC) Rule 15c2-12. The Finance Department shall be responsible for the preparation of all disclosure documents and releases required under Rule 15c2-12.

- The City will obtain a rating from at least two nationally-recognized bond-rating agencies on all issues being sold on the public market. Required information will be presented to the rating agencies at least annually in order to maintain ratings on outstanding debt.
- The City shall comply with the Internal Revenue Code Section 148-Arbitrage Regulations for all taxexempt debt issued. An annual estimate of arbitrage liabilities shall be obtained by the City and recorded on the financial statements.
- A good faith deposit of 2.0% of the par amount of the bond sale shall be presented by the underwriter in the form of a check or surety acceptable to the City and Bond Counsel prior to the approval of the bonds by the Mayor and City Council.
- The City shall use a competitive bidding process in the sale of the debt unless the use of a negotiated process is warranted due to market timing requirements (refunding), or a unique pledge or debt structure. The City will award competitively-issued debt on a true interest cost (TIC) basis.
- The City welcomes ideas and proposals from investment bankers and will seek to give first consideration to those firms that submit unique and innovative ideas that benefit the City. Unsolicited proposals should be submitted to the City's Finance Department.
- The selection of an underwriter or group of underwriters for a negotiated sale shall be based on the following factors:
 - Participation in the City's competitive sales;
 - Submission of unique or creative proposals;
 - Qualifications of firm; and,
 - Size and geographic distribution of their sales staff.
- All professional service providers selected in connection with the City's debt issuance and management program shall be chosen through a competitive process such as request for proposals (RFP's) on an as needed basis.
- An advance or current refunding of outstanding debt shall only be considered when present value savings of at least 4.25% of the principal amount of the refunded bonds are produced, unless a debt restructuring or bond covenant revisions are necessary. Savings from refunding will be distributed evenly over the life of the refunded bonds.
- An analysis of the risks and potential rewards of a derivative product for debt management must be prepared before the structure is selected. The City's Bond Counsel must opine that the City is authorized to enter into the necessary agreements under all existing statutes.
- The use of reimbursement resolutions shall be encouraged as a cash management tool for debt funded projects. Reimbursement resolutions may be used for any project that has been approved in the City's Capital Budget. Reimbursement resolutions may be used for other projects if the projects are revenue supported or funded within the departments' operating budget.
- The City shall obtain a clear opinion from qualified legal counsel that the City is not liable for the payment of principal and/or interest in the event of default by a conduit borrower. If no such opinion can be obtained, the conduit borrower will be required to purchase insurance or a letter of credit in the City's name in the event of default. Examples of a conduit issuer are special authorities, tax increment finance

districts, public improvement districts, or industrial development issuers.

Debt Management-Ratio Targets

- The ratio of net debt (total outstanding tax-supported general obligation debt less debt service fund balance) to total taxable assessed valuation shall not exceed 2.0%. This excludes debt of overlapping jurisdictions. The City shall structure its bond issuance to achieve and maintain a debt-to-assessed value of 2.0% or less.
- The ratio of debt service expenditures to total expenditures (General Fund operating expenditures and debt service combined) shall not exceed 20%.
- The Finance Department shall prepare an analysis of the impact of adopted tax-supported debt prior to the issuance of the additional debt. The analysis shall project the debt ratios described above as well as any other applicable debt ratios.

Debt Management-Certificates of Obligations

It is the City's priority to fund capital expenditures with cash or voter approved debt. However, non-voter approved debt may be used for capital expenditures as an alternative to lease/purchase or other financing options if the capital expenditure is:

- Urgent;
- Necessary to prevent an economic loss to the City;
- Revenue generating and expected to cover debt service out of the revenue source; and,
- Non-voter approved debt is the most cost effective financing option available.
- The average maturity of non-voter approved debt shall not exceed the average life of the capital items financed.
- Capital items financed with non-voter approved debt shall have an expected economic life of at least three years.



City of Southlake Charter Chapter IX - Finance

Α. **BUDGET**

9.01. Fiscal Year.

The fiscal year of the City shall begin on the first day of October and end the last day of September of each calendar year. Such fiscal year shall also constitute the Budget and Accounting Year.

9.02. Annual Budget.

Operating Budget. The operating budget shall provide a complete financial plan of all City funds and activities and, except as required by law or this Charter, shall be in such form as the City Manager deems desirable or the Council may require. A budget message explaining the budget both in fiscal terms and in terms of the work programs shall be submitted with the budget. It shall outline the adopted financial policies of the City for the ensuing fiscal year, describe the important features of the budget, and indicate any major changes from the current year in financial policies, expenditures, and revenues, with reason for such changes. It shall also summarize the City's debt position and include such other material as the City Manager deems advisable. The budget shall begin with a clear, general summary of its contents, shall show in detail all estimated income, indicating the adopted property tax levy, property value to which it is to be applied, and all adopted expenditures, including debt service, for the ensuing fiscal year. The adopted budget expenditures shall not exceed the total of estimated income and unencumbered funds from previous years. The budget message shall be so arranged as to show comparative figures of the prior year, actual and estimated income, and expenditures of the current fiscal year, all compared to the estimate of the budgeted year. It shall include in separate sections:

- (a) An itemized estimate of the expense of conducting each department, division and office;
- (b) Reasons for adopted increases or decreases of such items of expenditure compared with the current and prior fiscal year;
- (c) A separate schedule for each department, indicating tasks to be accomplished by the department during the year, and additional desirable tasks to be accomplished if possible;
- (d) A statement of the total probable income of the City from taxes for the period covered by the estimate;
- (e) Tax levies, rates, property values, and collections for the preceding five (5) years;
- (f) An itemization of all anticipated revenue from sources other than the tax levy;
- (g) The amount required for interest on the City's debts, for sinking fund and for maturing serial bonds;
- (h) The total amount of outstanding City debt, with a schedule of maturities on bond issues;
- (i) Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City

and the adopted method of its disposition; subsidiary budgets for each utility giving detailed income and expenditure information shall be attached as appendices to the budget; and

(j) Such other information as may be required by the Council or deemed desirable by the City Manager. 9.03. Capital Facilities and Property Budget.

A five (5) year Capital Facilities and Property Budget, which may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition, shall provide the following items:

- (a) A summary of adopted programs;
- (b) A list of all capital facilities and property improvements which are adopted to be undertaken during the five (5) fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements;
- (c) Cost estimates, method of financing and recommended time schedules for each such improvement with the estimated effect on the tax levy, and;
- (d) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired over the five (5) year period.

9.04. Submission.

The City Manager shall submit to the Council a adopted budget and accompanying message on or before the fifteenth day of August of each year. The Council shall review the adopted budget and revise it as deemed appropriate prior to the general circulation for public hearing. (Amended on May 5, 2001)

9.05. Public Notice and Hearing.

The public notice and hearing shall be held in accordance with state law.

(Amended on January 19, 1991; Amended on November 6, 2007).

Editors Note: Notice of public hearings is required in V.T.C.A., Local Government Code §§ 102.006(c) and 102.0065.

9.06. Amendment before Adoption.

After the public hearing, at a regular or special meeting, the Council may adopt the budget with or without amendment. In amending the budget, it may add or increase any programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income plus funds available from prior years.

9.07. Adoption.

The Council shall adopt the budget by ordinance not later than the 30th day of September. Adoption of the budget will require an affirmative vote of at least four of all the members of the Council. Adoption of the budget shall constitute appropriations of the amount specified therein as expenditures from the fund

indicated, and shall constitute a levy of the property tax therein adopted.

9.08. Defect Shall Not Invalidate Tax Levy.

Errors or defects in the form or preparation of the budget or the failure to perform any procedural requirements shall not nullify the tax levy or the tax rate.

9.09. Failure to Adopt a Budget.

If the Council fails to adopt the budget by the 15th day of September the amounts appropriated for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month-to-month basis with all items in it pro-rated accordingly until such time as the Council adopts a budget for the ensuing fiscal year. The levy of property tax normally approved as a part of the budget adoption will be set to equal the total current fiscal year receipts, unless the ensuing fiscal year budget is approved by September 30th of the current fiscal year.

9.10. Public Records.

Copies of the approved operation budget, capital facilities and property budget and supporting papers shall be filed with the City Secretary and shall be public records available to the public upon request.

9.11. Specified Reserve Fund.

Specified reserve funds may be created for specific purposes, and may be used only for such purposes.

B.

AMENDMENTS AFTER ADOPTION

9.20. Supplemental Appropriations.

If during the fiscal year the City Manager certifies that there are revenues available for appropriation in excess of those estimated in the budget, the Council may make supplemental appropriations to fund the appropriations as desired or carry the excess into the next fiscal year.

9.21. Emergency Appropriations.

To meet a public emergency created by a natural disaster or man-made calamity affecting life, health, property, or the public peace, the Council may make emergency appropriations. Such appropriations may be made by emergency ordinance in accordance with the provisions of 3.14 of this Charter.

In such case, the Council may by emergency ordinance, authorize the issuance of emergency notes, but the emergency notes and renewals shall be paid not later than the last day of the fiscal year next succeeding that in which the emergency appropriations were made.

State Law References: Emergency expenditure, V.T.C.A., Local Government Code § 102.009.

9.22. Reduction of Appropriations.

If at any time during the fiscal year it appears probable to the City Manager that the revenues available will be insufficient to meet the amount appropriated, the City Manager shall report to the Council without delay, indicating the estimated amount of the deficit, any remedial actions taken by the City Manager and his/ her recommendations as to any other steps to be taken. The Council shall then take such further action as it deems necessary to prevent or minimize any deficit, and for that purpose the Council may by ordinance reduce one or more appropriations.

9.23. Transfer of Appropriations.

At any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, division, or office and, upon written request by the City Manager, the Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

9.24. Limitations.

No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.

9.25. Effective Date.

The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption of the ordinance or budget amendments.

C. **BORROWING**

9.30. Authority to Incur Indebtedness.

The Council shall have the power to incur, create, refund and refinance indebtedness and borrow money for public purposes; to issue special or general obligation bonds, revenue bonds, funding and refunding bonds, time warrants and other evidences of indebtedness and to secure and pay the same in the manner and in accordance with the procedures provided and required by state law.

Editors Note: Municipal bonds, Vernon's Ann. Civ. St. art. 701 et seq.

9.31. General Obligation Bonds.

The City shall have the power to borrow money on the credit of the City and to issue general obligation bonds for permanent public improvements or for any other public purpose not prohibited by law and this Charter and to issue refunding bonds to refund outstanding bonds previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas and shall be used only for purposes for which they were issued. Any bond, excluding refunding bonds, to be issued under the provisions of this section shall not be issued without an election held in accordance with the provisions of state law. 9.32. Revenue Bonds.

The City shall have the power to borrow money for the purpose of constructing, purchasing, improving,

extending or repairing of public utilities, recreational facilities or any other self-liquidating municipal function not prohibited by the Constitution and laws of the State of Texas, and to issue revenue bonds to evidence the obligation created thereby. Such bonds shall be a charge upon and payable from properties, or interest therein pledged, or the income therefrom, or both. The holders of the revenue bonds shall never have the right to demand payment thereof out of monies raised or to be raised by taxation. All such bonds shall be issued in conformity with the laws of the State of Texas.

9.33. Bonds Incontestable.

All bonds of the City having been issued and sold and having been delivered to the purchaser thereof, shall thereafter be incontestable and all bonds issued to refund in exchange for outstanding bonds previously issued shall and after said exchange, be incontestable.

9.34. Borrowing in Anticipation of Property Tax.

In any budget year, the Council may, by resolution, authorize the borrowing of money in anticipation of the collection of the property tax for the same year whether levied or to be levied. Notes may be issued for periods not exceeding one (1) year and must be retired by the end of the budget year in which issued.

9.35. Use of Bond Funds.

Any and all bond funds approved by a vote of the citizens of Southlake will be expended only for the purposes stated in the bond issue.

9.36. Certificates of Obligation.

All certificates of obligation issued by the City shall be approved by ordinance and issued in accordance with the laws of the State of Texas.

9.37. Sale of Bonds.

No bonds issued by the City shall be invalid because they are sold for less than par value and accrued interest. The Council shall have the right to reject any or all bids.

D. ADMINISTRATION OF BUDGET

9.40. Payments and Obligations Prohibited.

No payment shall be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made and unless the City Manager or the City Manager's designee first certifies that there is a sufficient unencumbered balance in such allotment or appropriations and that sufficient funds therefrom are or will be available to cover the claim or meet the obligation when it becomes due and payable. Any authorization or payment or incurring of obligation in violation of the provisions of this Charter shall be cause for removal of any officer who knowingly authorized or made such payment or incurred such obligations, and said officer shall also be liable to the City for any amount so paid. However, this prohibition shall not be construed to prevent the making or authorizing of payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds, time warrants, certificates of indebtedness, or certificates of obligation, or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, provided that such action is made or approved by ordinance.

9.41. Financial Reports.

The City Manager shall submit to the Council at its second formal meeting each month the financial condition of the City budget items and budget estimates versus accruals for the preceding month and for the fiscal year to date. Such records are to be made public by the Council during open meeting. The financial records of the City will be maintained in accordance with accepted principles recommended by the American Institute of Certified Public Accountants and by the National Steering Committee on Governmental Accounting.

9.42. Independent Audit.

At the close of each fiscal year, and at such times as it may be deemed necessary, the Council shall cause an independent audit to be made of all accounts of the City by a Certified Public Accountant. The Certified Public Accountant shall have no personal interest, directly or indirectly, in the financial affairs of the City or any of its officers. Upon completion of the audit, the audit shall be immediately posted on the City's website in its entirety and copies of the audit placed on file in the City Secretary's office as a public record. (Amended on November 6, 2007)

9.43. Purchasing.

The Council may, by ordinance, confer upon the City Manager general authority to contract for expenditures without further approval of the Council for all budgeted items not exceeding limits set by the Council. All contracts for expenditures involving more than the set limits must be expressly approved in advance by the Council. All contracts or purchases involving more than the limits set, shall be let to the bidder whose submittal is among those most responsive to the needs of the City after there has been opportunity for competitive bidding as provided by law or ordinance; provided that the Council, or City Manager in such cases as he/she is authorized to contract for the City, shall have the right to reject any and all bids.

Emergency contracts as authorized by law and this Charter may be negotiated by the Council, or City Manager if given authority by the Council, without competitive bidding. Such emergency shall be declared by the City Manager and approved by the Council or may be declared by the Council.

(Amended on November 6, 2007)

State Law References: Purchasing and contracting authority of municipalities, V.T.C.A., Local Government Code ch. 252.

9.44. Lapse of Appropriations.

Every appropriation, including capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been extended or encumbered.



City of Southlake **Fund Balance Policy**

(Adopted August 1993) (Amended September 2011)

The City of Southlake's goal shall be to maintain a fund balance in the General Fund equal to a minimum of 15% of General Fund budgeted operating expenditures, with the optimum goal of 25%.

The City of Southlake's goal shall be to maintain a fund balance of 60 days of working capital in the Utility Fund, an Enterprise Fund, with the optimum goal of 90 days of working capital.

The City of Southlake shall also maintain Reserve Funds for all statutorily required reserve funds to guarantee debt service.

The reserves shall be created and maintained to provide the capacity to:

- 1. Offset significant downturns in revenues;
- 2. Provide for emergency expenditures;
- 3. Provide sufficient working capital; and,
- 4. Provide a sufficient cash flow for daily financial needs at all times.

In September 2011, City Council amended the policy the change the reporting presentation of fund balance to include fund balance categories and classifications in accordance with GASB 54

City of Southlake TIRZ #1 Expenditure Guidelines

GUIDING PRINCIPLE:

Expenditures of TIRZ #1 Funds will support implementation of the Project and Financing Plan.

Expenditures will comply with statutory provisions.

Expenditures will support implementation of comprehensive plan recommendations related to:

- Pedestrian connectivity
- Public parks

Expenditures will support the development of public infrastructure within the zone:

- Streets
- Water
- Waste water
- Storm water
- Parking facilities

Expenditures will support operations and public space maintenance needs for:

- Southlake Town Hall
- DPS Headquarters
- Public parks and other public spaces
- Infrastructure

Expenditures will support the following school safety initiatives:

- Improvements to educational facilities within the zone necessary to enhance school safety
- Funding for School Resource Officers serving in facilities located within the Zone

City of Southlake Hotel Occupancy Fund Expenditure Guidelines

Expenditures will comply with statutory provisions.

Expenditures will support implementation of the Tourism Master Plan which is focused on achieving a healthy tourism economy that is compatible with Southlake's guiding principles and way of life.

Provide funding to enhance the visitor experience through the provision of visitor amenities to include:

- Funding for the operation and promotion of an alternative mode of transportation with stops at key locations in the City.
- Funding for ongoing maintenance and expansion of free public Wi-Fi in Town Square and other visitorcentric locations.
- Funding for the provision of a visitor services center.

Through annual transfer to the Public Art Fund, provide continued investment in enhancing public spaces through the installation of public art in accordance with implementation of the Public Art Master Plan. Per State statute, the annual transfer shall not exceed 15% of revenues collected.

Funding for mega, major or regional events as defined below shall:

- Meet or exceed desired return on investment (ROI) calculated utilizing methodology established by the Chief Financial Officer
- Not exceed 20% of total annual expenditures unless increase in event expenditures results in a corresponding increase in ROI as established by the CFO.
- Event definitions:
 - Mega Events: Primarily national / international participants. Primarily national / international audience. Extensive media coverage. Significant and widespread benefits.
 - Major Events: Significant proportion of national participants. National audience. Significant media coverage. High level of benefits.
 - Regional Events: Primarily regional participants with some national and/or local participation. Primarily regional audience. Some media coverage. Some level of benefits but to a lesser degree than major events.

City of Southlake Economic Development Investment Fund Expenditure Guidelines

GUIDING PRINCIPLE:

Expenditures of Economic Development Investment Funds will stimulate the local economy by providing funding to achieve the City's strategic economic development goals

Expenditures will support implementation of the Economic Development Master Plan which is focused on achieving a vibrant, sustainable economy.

Expenditures for public investment that have no alternate funding source which may include:

- Project enhancements desired by the City that meet established development goals such as open space preservation
- Up-front incentive designed to address unique needs such as job creation tied to occupancy of an historically vacant property or job retention related to redevelopment

Non-recurring studies or planning needs that promote growth in target industries.

Non-recurring marketing and other recruitment efforts designed to support the development of target industries.

CITY OF SOUTHLAKE POLICY STATEMENT FOR PUBLIC INVESTMENT RELATED TO ECONOMIC DEVELOPMENT

General Purpose and Objectives of Incentives

The City of Southlake is committed to an ongoing improvement in the quality of life for its citizens through the attraction and retention of high quality development that drives a dynamic and sustainable economic environment. Southlake will, on a case-bycase basis, consider providing inducement packages as a stimulus for economic development activity including business attraction, relocation and retention.

Public Funds Investment Guiding Principles

In carrying out its economic development objectives, the City of Southlake will adhere to the following guiding investment principles to best determine the strategic investment of its resources in eligible projects:

- Project supports comprehensive plan implementation
- Project will retain, expand, or attract targeted industries
- Project will contribute to a top-tier workforce by retaining or expanding daytime population and preferred job types
- Project includes preferred quality of life benefits such as open space preservation and project enhancements
- Public investment is performance-based and considers reasonable return on investment via direct financial return and other indirect benefits
- Investments will be made into projects sponsored by a financially-viable company in good legal standing with the City and
- Project will make a unique or unequaled contribution to development or redevelopment efforts in the City of Southlake, due to its magnitude, significance to the community or aesthetic quality

Criteria

Recommendations for investment will be based on evaluation of criteria including the following:

Fiscal Impact	 What is the estimated total value of capital investment for buildings, other real property improvements and furniture, fixtures and equipment? What is the value of the Real and Business Personal Property that will be added to the tax rolls? How much direct sales tax will be generated? Will infrastructure construction be required? Will the project generate overnight stays in the community? If so, how many annually? What is the estimated return on public investment?
Employment Impact	 How many jobs will be brought to Southlake? How many jobs will be retained? What types of jobs will be created? What will the total annual payroll be? What is the average annual salary of jobs created and/or retained?
Community Impact	 How compatible is the project with the City's comprehensive plan goals? How does the project support goals related to preferred quality of life benefits such as preservation of open space and project enhancements?
Project Eligibility	 Does the project meet the following minimum preferred thresholds? Capital investment: \$5,000,000 Jobs created or retained: 100 Average annual total compensation of jobs created or retained: \$50,000 Average education level: 4-year degree Target industry alignment If the project does not meet the preferred thresholds, will it make a unique or unequaled contribution to the development or redevelopment efforts in the City? How?

Target Industries

The Southlake 2035 Economic Development Master Plan specifies these target industries:

Niche Retail	 Full-service and limited-service restaurants (unique, independent restaurants, farm-to-table, chef-driven, etc.) Specialty grocery (organic/local, specialty foods, dine-in or take-away house made prepared foods, artisanal cafe, wine and cheese from around the globe) House & home retail (furnishings and appliances, home design showrooms, smart home technology) Health, beauty and wellness (salons, spas, fitness training/gyms, yoga studios) Culinary Hub (farm-to-table, farmers market, specialty food retailers, commercial grade kitchens, culinary business incubator)
Office	 Corporate headquarters and regional offices (large scale, build-to-suit campus office) Multi-tenant garden-style (professional services: accountants, engineers/planners/architects, information technology, lawyers, advertising and media, management consulting, actuary)
Medical and Healthcare	 Health, beauty and wellness (specialized facilities for cosmetic procedures, healthy living, etc.) Specialized pediatric and senior clinic / outpatient facilities Specialized medical facilities for surgical procedures (implanted medical devices, bariatric, etc.) Medical/wellness hub along SH 114 Research & Development Center
Finance, Insurance and Wealth Management	 Corporate headquarters and regional offices Professional services
Information Technology and Media	 Corporate headquarters and regional offices Professional services Telecommunications
Biotechnology and Pharmaceuticals	 Corporate headquarters and regional offices Research and development

Eligible Activities

Investment funds may be used for one or more of the following eligible activities to assist a targeted industry in locating in the City or to facilitate a redevelopment project:

- Capital investments related to real property construction and acquisition
- Improvements to an existing building
- On-site and/or off-site infrastructure
- Site enhancements that the City may choose to support in order to encourage upgraded aesthetics or amenities. Examples include parks and open space, public art, decorative fountains, underground utilities and enhanced landscaping
- Other purposes which bring value to the community as determined by the Southlake City Council

Exclusionary Factors

Even though a project might meet all of the minimum project qualifications, it will not be considered for public investment if any of the following factors apply:

- If the project would, for any reason, result in a net reduction of the ad valorem tax valuation of all facilities in the City owned by the company, or its parent, subsidiary or affiliated companies, assistance will not be provided.
- Investment will not be provided to companies not in good legal standing with the state or that have not met their obligations as businesses in the City of Southlake.
- No prior commitment to investment shall be binding if the company originally receiving the assistance assigns it to another company, unless the City has consented to such assignment in writing, as specified in an approved investment agreement.
- The financial condition of the company receiving the assistance must not be such that the ability of the company to meet its obligations is uncertain.

Available Investment Tools

The following economic development investment tools are available for use by the City of Southlake for those economic development projects that meet the eligibility criteria. Not all tools are available for each project and projects may be offered more than one tool. The type and number of investment tools to be used is the sole discretion of the Southlake City Council. Investment from the City of Southlake does not preclude other state and county incentives.

Tax abatement	This is a tool whereby all or a portion of the increase in the value of real and/or business personal property can be exempted from taxation. Legal authority for tax abatements comes from Chapter 312 of the Texas Property Tax Code; therefore, cities must meet the provisions of the Code when using abatements.
Chapter 380 economic development grants	This incentive option is authorized under Chapter 380 of the Texas Local Government Code. It is an agreement between the taxpayer and taxing entity to offer a variety of fee-based or tax-based incentives, grants (which may or may not be repaid), or rebates. This is a flexible option, but there are certain state law requirements that must be met in all cases.
Infrastructure participation	The City of Southlake has a track record of facilitating development through enhancement of water, sewer and roadway infrastructure relevant to sites selected for significant projects as needed.
Tax Increment Reinvestment Zone	Tax Increment Financing is a tool to finance public improvements within a defined area. The improvements should enhance the environment and attract new investment. The statutes governing tax increment financing are in Chapter 311 of the Texas Tax Code.
Public Improvement Districts (PID)	A PID is a defined geographical area established to provide specific types of improvements or maintenance within the area which are financed by assessments against the property owners within the area. Chapter 372 of the Texas Local Government Code authorizes the creation of PIDs by cities.
Fee waivers or reimbursement	The City of Southlake will consider a waiver or reimbursement of development fees on eligible projects.

Other Southlake Financial Policies Governing Public Funds Investment Considerations

Southlake has the following additional policies and guidelines that further define specific types of public investment.

- Tax Abatement Policy
- Economic Development Investment Fund Expenditure Guidelines
- Southlake TIRZ #1 Expenditure Guidelines
- Hotel Occupancy Tax Fund Expenditure Guidelines

Economic development office staff can provide copies of these documents and review applicability prior to submission of a request.

Return on Investment Considerations

Each eligible project must provide a return on investment (ROI) for the public funds investment provided. The City of Southlake calculates ROI for both direct and indirect benefits. The specific ROI will be determined through analysis of:

- The project's total capital investment and resulting taxable value generating an annual increase of property tax revenue
- The number and types of jobs to be created or retained
- The project's estimated ability to generate direct sales tax revenue as well as indirect sales tax revenue
- The project's estimated ability to generate overnight stays that result in direct hotel occupancy fund revenue as well as indirect revenue associated with visitors contributing to the Southlake economy

How to Apply

Fill out and submit a Request for Investment Application. Application forms, deadlines and meeting information can be obtained by contacting the economic development office at 817-748-8039 or by email at econdev@ci.southlake.tx.us. A full review of the application with the economic development staff is recommended prior to submission.

Process

Requests for public investment are facilitated by the economic development and finance staff through a process described in the "Procedure for Investment Consideration" which is provided as an attachment to the Request for Investment Application document. All proposed incentives are subject to review and comment by the Community Enhancement and Development Corporation Board and final City Council approval.

All public investment will be considered on a project-by-project basis by applying the guidelines in this policy statement. The City is not obligated to make any investments. In considering whether or not to provide investment in a project and if so how much, the City will take into account assistance made by private sources to support the project locating in the City. The guidelines in this policy statement are only applicable to projects for which a completed Request for Investment Application has been submitted to the City's Economic Development Department. These guidelines are subject to change, and any changes will be applied to all projects for which a final Economic Development Investment Agreement has not yet been approved by the City Council.

Frequently Asked Questions

Taxation

What is the current tax rate?

The adopted FY 2026 tax rates are shown below. These rates are based on the certified Tarrant Appraisal District taxable values.

The FY 2026 adopted tax rate of \$0.295 is \$0.010
less than the FY 2025 tax rate of \$0.305.

General Fund	.240
Debt Service	.055
Total	.295

What revenue does one cent on the property tax rate generate?

The certified total taxable value (discounted for value protest) provided by the appraisal districts for FY 2026 budget is \$11,718,045,212 (net TIF). One cent is the equivalent of \$1,171,805 (net TIF) in revenue to the City of Southlake.

What percentage change occurred from the FY 2025 certified tax base to the FY 2026 tax base?

The percentage change from FY 2025 certified taxable value to FY 2026 certified was 3.9% (net TIF).

What additional revenue will this growth generate for the General Fund?

The City of Southlake proposes a reduced tax rate for FY 2026, which returns reduces the revenue generated from the increase in taxable value.

What is the distribution of the tax base between residential and commercial property?

In FY 2026, residential property accounted for approximately 75% and commercial/industrial/retail property accounted for 25% of the total tax base.

What is meant by the terms "No New Revenue Rate" and "Voter Approval Rate"?

The "no new revenue rate" (formerly called the effective tax rate) is the rate which would generate the same tax revenue in the new year as in the current year, for properties on the roll in both years. The "Voter Approval Rate" (formerly called the rollback rate) is that rate which is three and a half percent higher than the maintenance and operation portion of the no new revenue rate, plus the required debt service for the new year. These calculations determine how the City of Southlake will advertise taxation plans under state truth-in-taxation laws.

What is Southlake's no new revenue rate and voter approval rate for FY 2024?

The no new revenue tax rate for FY 2026 is \$0.274049 is below the adopted rate of \$0.295. The voter approval rate (adjusted for unused increment rate) for FY 2026 is \$0.364506.

What percentage change are we anticipating in general fund sales tax revenue for FY 2026 (Adopted) to FY 2025 (budget)?

It is estimated that we will collect \$22,665,500 in General Fund sales tax in FY 2026. This number represents a 3.1% increase when compared to the FY 2025 Adopted Budget.

Frequently Asked Questions

General Fund

What is meant by achieving a structurally balanced budget?

A structurally balanced budget is one in which revenues exceed planned operating expenditures, making it unnecessary to use reserves for recurring operational expenses.

What is meant by the term "fund balance?"

Fund balance is the term used to describe the General Fund reserves. Under City policy, the fund balance should be 15-25% of the City's operating expenses.

How is the fund balance used?

Typically the fund balance is an unrestricted reserve of funds that is used to address emergencies or unanticipated needs.

May a portion of the fund balance be designated for particular needs as part of the budget process?

Yes. It may be used for one-time expenditures such as capital needs, provided that the percentage of funds on hand remains within the desired range of 15-25%. It would not be wise, however, to use the fund balance to cover recurring expenses (e.g. salaries or other operational expenses).

What percentage of General Fund expenditures go to various departments?

The general fund is allocated as follows:

Public Safety	44.5%
General Government*	19.9%
Community Services**	13.1%
Finance	13.7%
Public Works	10.8%
Planning	4.8%
Economic Development	0.9%

^{*}Includes City Manager's Office, Communications, City Secretary's Office, Human Resources, Information Technology, and Support Services.

^{**}Includes Parks and Recreation, Community Services, and Library.

Frequently Asked Questions

Other Funds

What other funds are used to account for City revenues and expenditures?

The City accounts for its revenues and expenses in these funds:

General Obligation Debt Service Fund

Utility Fund

Commercial Vehicle Enforcement Fund

Community Enhancement and Development Corporation

Community Enhancement and Development Corporation Debt Service Fund

Court-Security

Court—Technology

Crime Control and Prevention District Operating Fund

Economic Development Investment Fund

Facility Maintenance Fund

Hotel Occupancy Tax Fund

Library Donations

Park Dedication

Parks and Recreation Fund

Police Services Fund

Public Art Fund

Recycling Fund

Red Light Camera Fund

Reforestation

SPDC Operating Fund

SPDC Debt Service Fund

Storm Water Utility District

Strategic Initiative Fund

Technology Infrastructure and Security Fund

TIF Operating Fund

Vehicle Replacement Fund

Why does the City account for revenues and expenditures in so many different funds?

These funds provide a mechanism for the City to segregate revenues generated from a variety of sources and also provide a means for the City to track expenses directly related to those funds sources.



Personnel Schedules

	Department	FY 2024 Actual	FY 2025 Revised	FY 2026 Adopted
	City Manager's Office	6.5000	5.5000	5.6000
	City Secretary's Office	4.0000	4.0000	4.0000
	Community Services	56.8000	50.6000	50.6000
	Economic Development & Tourism	2.4500	3.1500	2.9500
	Finance & Information Technology	40.7900	40.7900	40.1350
	Fire Department	74.0000	73.0000	72.0000
General Fund	Human Resources	6.2500	6.2500	6.2500
	Library	10.5000	10.5000	10.5000
	Office of Communication and Customer Experience	5.0000	6.0000	5.8500
	Planning & Development Services	23.5000	23.5000	23.5000
	Police Department	57.2500	57.2500	57.5000
	Public Works	32.6000	32.6000	32.6000
	Total General Fund FTEs:	319.6400	313.1400	311.4850
	Community Services	57.5800	59.3300	59.3300
Community Enhancement	Finance & Information Technology	1.1000	1.1000	1.1000
and Development Corporation	Human Resources	0.5000	0.5000	0.5000
	Total CEDC FTEs:	59.1800	60.9300	60.9300
	Office of Communication and Customer Experience	0.5000	0.5000	0.2000
Utility Fund	Finance	5.5500	5.5500	5.5500
, como , como	Public Works	31.4500	31.4500	31.4500
	Total Utility Fund FTEs:	37.5000	37.5000	37.2000
Commercial Vehicle Enforcement	Police Department	1.2500	1.2500	1.0000
	Total CVE FTEs:	1.2500	1.2500	1.0000
Count Consults To 1	Finance	0.7475	0.7475	0.6025
Court Security Fund	Total CSF FTEs:	0.7475	0.7475	0.6025
Crime Control &	Police Department	15.3500	15.3500	15.3500
Prevention District (CCPD)	Total CCPD FTEs:	15.3500	15.3500	15.3500

Personnel Schedules

	Department	FY 2024 Actual	FY 2025 Revised	FY 2026 Adopted
Hotel Occupancy	City Manager's Office	0.5000	0.5000	0.4000
	Economic Development & Tourism	1.5500	0.8500	1.0500
Turk Turk	Office of Communication and Customer Experience	0.5000	0.5000	0.9500
	Total HOT Fund FTEs:	2.5500	2.5500	1.8500
Southlake Parks	Community Services	9.5500	9.5500	9.5500
Development	Public Works	0.2500	0.2500	0.2500
Corporation (SPDC)	Total SPDC FTEs:	9.8000	7.3500	9.8000
Storm Water Utility System Fund (SWUS)	Finance & Information Technology	0.2000	0.2000	0.0000
	Public Works 2.7000		2.7000	2.7000
	Total SWUS FTEs:	2.9000	2.9000	2.7000
TIRZ	Police Department	2.7000	2.7000	2.7000
	Total TIRZ FTEs:	2.7000	2.7000	2.7000
	General Fund	319.6400	313.1400	311.4850
	Community Enhancement and Development Corporation	59.1800	60.9300	60.9300
	Utility Fund	37.5000	37.5000	37.2000
	CVE Fund	1.2500	1.2500	1.0000
	Court Security Fund	0.7475	0.7475	0.6025
All Funds Summary	CCPD	15.3500	15.3500	15.3500
	НОТ	2.5500	1.8500	2.4000
	SPDC	9.8000	9.8000	9.8000
	SWUS	2.9000	2.9000	2.7000
	TIRZ	2.7000	2.7000	2.7000
	Total FTE's	451.6175	446.1675	444.1675

Personnel Schedules

Summary of Personnel Changes - FY 2026

The FY 2026 budget proposal reflects a net decrease of two full-time equivalent (FTE) positions, bringing total staffing to 444.1675 FTE. The reduction in FTE count is due to a reorganization in the Parks Maintenance Division that resulted in a reduction of 2 FTEs.

Importantly, this change will not result in any reduction in service levels.







Tax Rate Allocation

PROPERTY TAX

REVENUE ALLOCATION 2026

		<u>AMOUNT</u>
Total Assessed Value 2025		\$15,477,730,411
Less TIF Value	(-)	(\$632,165,088)
Less Exemptions	(-)	(3,127,520,111)
Total Taxable Value	(=)	11,718,045,212
Proposed Tax Rate	(X)	0.29500
Estimated Tax Levy	(=)	34,568,233
Estimated Percent of Collections	(X)	100.00%
Estimated Current Tax Collections	(=)	34,568,233
Estimated Delinquent Collections,		
Penalty, and Interest	(+)	<u>351,800</u>
Estimated Available Funds	(=)	<u>\$34,920,033</u>

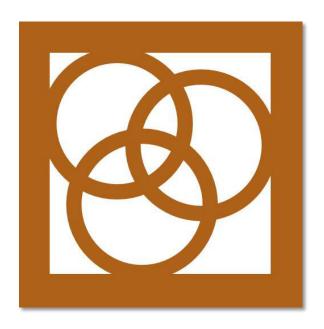
TAX RATE DISTRIBUTION

GENERAL FUND	<u>RATE</u>	<u>PERCENT</u>	<u>TOTAL</u>
Current	\$0.240	81.36%	\$28,123,309
Delinquent, penalty and interest		(+)	300,000
Abatement		(-)	<u>0</u>
Total General Fund		(=)	28,423,309
DEBT SERVICE FUND			
Current	\$0.05500	18.64%	6,444,925
Delinquent, penalty and interest		(+)	51,800
Abatement		(-)	<u>0</u>
Total Debt Service Fund		(=)	<u>6,496,725</u>
Total General and Debt Service Funds	\$0.29500	100.00%	<u>\$34,920,033</u>

HISTORICAL TAX INFORMATION

		DEBT					
	NET	NET GENERAL		SERVICE		TOTAL	
FISCAL	TAXABLE	FUND		FUND		TAX	
<u>YEAR</u>	VALUE (1)		<u>RATE</u>		<u>RATE</u>	<u>RATE</u>	
2025	\$ 11,718,045,212	\$	0.24000	\$	0.05500	\$ 0.29500	
2025	\$ 11,275,155,717	\$	0.25000	\$	0.05500	\$ 0.30500	
2024	\$ 10,564,623,953	\$	0.26400	\$	0.05500	\$ 0.31900	
2023	\$ 9,064,721,083	\$	0.29500	\$	0.06500	\$ 0.36000	
2022	\$ 8,220,731,143	\$	0.32500	\$	0.06500	\$ 0.39000	
2021	\$ 7,768,644,007	\$	0.33000	\$	0.07500	\$ 0.40500	
2020	\$ 7,769,729,082	\$	0.33000	\$	0.08000	\$ 0.41000	
2019	\$ 7,286,898,962	\$	0.35700	\$	0.09000	\$ 0.44700	
2018	\$ 6,618,228,023	\$	0.36200	\$	0.10000	\$ 0.46200	
2017	\$ 6,368,901,046	\$	0.36200	\$	0.10000	\$ 0.46200	
2016	\$ 5.785.322.918	\$	0.36200	\$	0.10000	\$ 0 46200	

(1) Excluding TIF values



City of Southlake Sustainability Master Plan

An Element of the Southlake 2030 Comprehensive Plan

Adopted by Southlake City Council Ordinance No. 1104 February 17, 2015

Prepared by Planning & Development Services Department



ACKNOWLEDGEMENTS

SOUTHLAKE CITY COUNCIL

PLANNING & ZONING COMMISSION

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Deputy Mayor Pro Tem, Place 3 **Shahid Shafi**

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Assistant City Manager

Alison Ortowski

Assistant City Manager

Sharen Jackson, CPA

Chief Financial Officer

Bob Price, P.E.

Director of Public Works

Cheryl Taylor, P.E.

City Engineer, Deputy Director of Public Works

Ken Baker, AICP

Senior Director of Planning & Development Services

Dennis Killough, AICP

Deputy Director of Planning & Development Services

Patrick Whitham, GISP

GIS Analyst

Daniel Cortez, AICP

Principal Planner

Jerod Potts

Planner I

SPECIAL THANKS TO

Pamela A. Muller **Martin Schelling** Former City Council Members

[SOUTHLAKE 2030]

Sustainability Master Plan

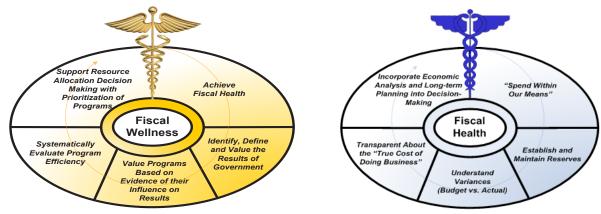
ECONOMIC/FISCAL WELLNESS

Ensure monetary resources are provided in a fiscally conservative manner necessary to support the community's needs.

The purpose of the Economic/Financial Wellness section of the Sustainability Plan is to understand the City's future ability to maintain current level of services and fund the recommendations adopted as part of the Southlake 2030 Plan. The Southlake 2030 Plan contains 17 different elements and those elements include recommendations for future infrastructure and programs to allow the City to maintain a similar level of service as is being experienced today. To assist the City in this analysis, the City retained private consulting firm of CityBase.Net, Inc. whose principal Lewis McClain has over 30 years of experience working in local government creating financial plans. This final section of the Sustainability Plan will analyze the City's ability to maintain service levels, and to implement the recommendations proposed in the various Southlake 2030 plans.

Introduction

This plan is the culmination of a number of concerted efforts and decisions rooted in sound management principles established over the last two decades. It has been an ongoing process. A plan is a snapshot and has great value, but a process is ongoing and adaptive. The process has boundaries yet envisions flexibility as events and assumptions change. With this plan the City is memorializing strong financial management practices and committing to continue their use into the future to ensure financial wellness.



Economic and Fiscal Wellness

Economic or fiscal wellness is a balance between today's financial position and the financial needs of tomorrow. It is maintaining control over current reserves, debt and expenditures to ensure the City is able to meet the financial requirements of the future. It aligns "ability to pay" with the 2030 Plan initiatives. A comprehensive understanding of inflows and outflows of resources and the economic pulse that drives both, fiscal wellness places the City in the enviable position to weather future financial challenges or economic changes, and achieve responsible funding for approved projects. Believing that today's decisions impact the City's financial future, strong analysis and a commitment to responsible financial principles must be incorporated into the management framework.

Much like individual financial planning, it is important to the City to ensure future financial viability and to maintain the quality of living and standards of service desired by Southlake citizens. The Sustainability Plan offers a transparent view of the City's current financial position and clearly outlines the future funding needs and the City's ability to meet those

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[SOUTHLAKE 2030]

Sustainability Master Plan

demands. Knowing where the City stands today better equips policymakers and staff to manage costs and provide feasible solutions for future needs.

Approach Taken

A financial model is inherently complex due to the number of calculations that can easily approach a million or more mathematical inputs, formulae and results. Yet the Southlake model is no black-box-trust-me mystical algorithm. Every number has been hand-calculated for verification purposes. The model incorporates the most basic logic into simple linkages. Land Acreage-Land Use-Densities-Absorption Rates drive population and employment. Those factors drive rooftops and square-footages, which in turn work with infrastructure capacity and service demands. Dollars are attached in every step of these linkages. And like a one-year budget, a multi-year financial plan has to be balanced and any gaps have to be identified. Another benefit, and risk, of looking forward is that it is impossible to ignore the aging process.

The approach also included an all-in feature. The goal was to include just about everything where data existed in GIS systems, accounting systems, spreadsheets and existing master plans. Not only was there a look-back of at least ten years, but the model incorporated a fairly exhaustive level of detail including:

- Tax Base Evaluation by Subdivision.
- Sales Tax Analysis by Sector and individual business.
- All Other Revenues at the line-item level.
- Staff levels by position.
- All other Expenditures at the line-item level.
- Capital Equipment Replacement by equipment item.
- Debt Capacity Analysis.
- Infrastructure replacement/renewal based on segment inventory.
- Economic Development Incentives consideration.
- Inflation considerations.
- Fund balance Preservation.

Findings and Results

The results of the model were very promising. In fact, there were almost entirely positives with few negative findings. After careful review, the analysis revealed that Southlake's financial condition is strong. This can be attributed to Southlake's commitment to build reserves, keep pace with repair and rehabilitation needs, shorten debt maturities and pay for some major facilities out of cash. The review ascertained that these past actions that are benefitting Southlake citizens today will do so into the future. A foregone conclusion when looking far ahead is that the compression of revenues being outstripped by expenditures will reveal shortfalls. While Southlake is not immune to many uncontrollable factors, such as a recession, it appears that almost all the identified project and programs needs in the future can be handled though continued good management of City resources. Specific findings include:

- The tax base is expected to grow significantly although the incremental values for new construction will diminish while the gains from revaluations will increase by at least 3% each year.
- The sales tax base will increase significantly through growth in population and CPI. However, there is likely to be a slight decrease in the portion of the sales tax that comes from outside the City as adjacent

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[SOUTHLAKE 2030]

Sustainability Master Plan

cities grow their retail base. There are high expectations that economic development efforts will continue to provide incremental results for the City.

- Hotel tax revenues are expected to rise significantly in the early part of the plan due to two additional hotels being added to the singular hotel now in Southlake. These additions will also benefit the Public Art Fund, a recipient of 15% of the hotel tax revenues.
- Staffing is projected to increase but the large increases have been funded with the last fire station and the future recreation center being accounted for in the staffing tables.
- Debt will continue to be issued in shorter lengths in order to maximize the debt capacity for future needs.
- Reserves are currently at very strong levels and are projected to be sustained at very respectable levels. Related, while recession forecasts are not recognized by specific year in the financial plan, there is every expectation that the average of one every 5.86 years will likely cause Southlake to handle at least two and perhaps three recessions during the planning period. It is important to follow through with the City's financial policy documents to effectively anticipate and manage unpredictable events such as a recession. For that reason, the City applies these foundational practices to its budgeting efforts, even adopting economic/fiscal wellness recommendations to guide the City's budgeting into the future. These financial recommendations guide the development of the City budget, while simultaneously serving as an accountability tool.
- Other than recessions or other major catastrophic events not within the control of Southlake, the most significant threat is the aging of \$619 million in depreciable assets now entering the critical 20+ year benchmark. While the City acknowledges these challenges and is proactive in addressing these needs, there is reason to be cautious. The infrastructure aging process has an exponential characteristic even though it is often measured as a straight-line issue. The most critical actions will be focused on delaying the impact of or at least preparing for that stage in the future when the depreciation of these assets starts to accelerate.
- The service level expectations by the Council and citizens are set at a very high level in Southlake, an aspect of the difference that sets the City apart from other cities. These expectations are manifested in a quality that is not inexpensive whether it be public safety response times, park amenities or median maintenance. However, the communication mechanisms the City has through SPIN groups and other means should allow for expectation management efforts to adjust as needed through periods of revenue pressure that may occur with economic cycles.

Conclusion

Southlake is well-governed and well-managed with the proof being sound infrastructure, high service levels and good financing condition that exists today and is directly associated with responsible decisions made over recent years. The City is positioned to have many options and to adjust when necessary (following strong financial management principles) so that no abrupt changes are likely to ever be required. The City communicates well with citizens, allowing governance and financial realities to work together in lock-step. The well-educated, high-income constituency, and the governing body that embraces conservative financial practices, positions Southlake to have a sound and sustainable financial plan to wrap around the other elements of a master plan. As such, at the current taxing structure, the City is in the position to maintain current level of services and implement the recommendations of the Southlake 2030 Plan through a combination of cash and limited debt service. Following this section please see "Supplement A" which is a summary of the City's fund structure and the data that supports the findings and conclusions.

The following page contains the recommendations developed for the Economic/Fiscal Wellness section.

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[SOUTHLAKE 2030]

Sustainability Master Plan

Economic/Fiscal Wellness

Ensure monetary resources are provided in a fiscally conservative manner necessary to support the community's needs.

No.	Recommendation / Policy	Implementation Metric	Strategic Link	Vision, Goals & Objectives Tie	Department Responsible	Priority Tier
EFW1	Apply sound financial policies to the City's budget by maintaining structural balance, strong reserves, conservative budgeting, effective economic analysis and understanding the true cost of doing business	Fully implement the "True Cost" analysis model.	Performance Management & Service Delivery; F1, F3	2.3	FIN	1
EFW2	Apply debt management strategies to the City's budgeting	Implement debt management strategies such as the Strategic Initiative Fund (cash funding) and appropriate amortization.	Performance Management & Service Delivery; F1, F3	2.3	FIN	1
EFW3	Fund and adopt annual City operating budget, capital projects and equipment through sound financial policies	Adhere to established financial policies such as the Reserve/Fund Balance policy, Budget Principles and Infrastructure/equipment replacement when developing the City's budget.	Performance Management & Service Delivery; F1, F3, F4	2.3	FIN	1

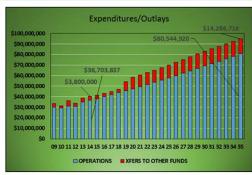
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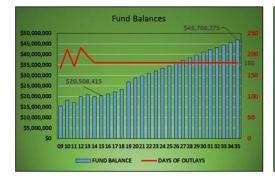


Supplement A Financial Summary Charts

GENERAL FUND - 001







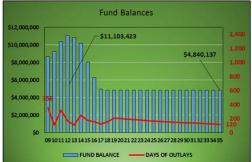
- Then General Fund revenue base is strong and will remain so over the planning period. There will be a boast from the property tax portion of the TIRZ that will end by FY 2018.
 Sales tax continues to rise significantly even though a slight adjustment has been made to reflect competition.
- Expenditures will rise at levels close to the inflation rate and population growth. Transfers to Other Funds will increase as the TIRZ revenues become available and as the City elects to fund a larger portion of CIP projects out of cash.
- Reserves are projected to remain at 180 days of expenditures.

Sustainability Master Plan

GENERAL DEBT SERVICE FUND - 401



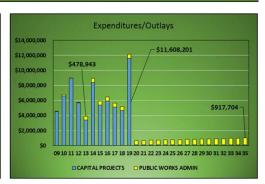




- Used to pay for Debt Service on tax-supported funds and for Certificates of Obligation paid from other sources such as the Drainage Bonds.
- Revenues are shown to increase at the current tax rate of \$0.12 applied to a growing tax base. Other funding sources will shrink as all but direct tax supported bonds are retired.
- Even the current direct tax bonds will be repaid by 2030 and decrease greatly after peaking in 2015. The remaining revenues can be used to pay for additional debt or to transfer to CIP projects.
- The Fund Balance is set to equal 120 days of Outlays.

GENERAL CAPITAL PROJECTS FUND - 211



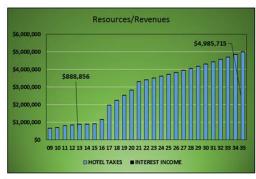




- Primarily the recipient of bond proceeds and other monies to be use for the construction of general capital projects.
 Usually does not include W&S CIP.
- This fund needs to be considered in conjunction with the General Debt Service Fund 401. Either one of two things could happen:
 - There could be up to \$200 million in new debt issued (2015 dollars) or
 - The \$0.12 I&S tax rate could be directed to this fund in the future under a PAYGO scenario.
- The Fund Balance has been quite high in recent years and is being spent down rapidly in 2014-2019.
- The Fund Balance is set to equal 90 days of Outlays.

Sustainability Master Plan

HOTEL OCCUPANCY FUND - 101



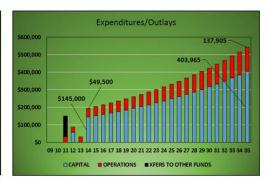




- The revenues reflect at last two new hotels coming on line with occupancy rates that eventual climb to 75%.
- The expenditures reflect increase spending on tourism, a bigger contribution to public art and outlays that include capital and other programs.
- The fund balance is projected to remain at 180 days of

PUBLIC ART FUND 002







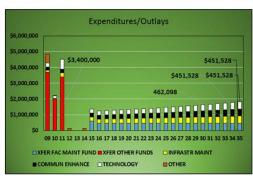
- The Public Art Fund was established to account for funding that is available for the promotion, creation, and/or installation of public art throughout the City
- The majority of the revenues comes from receiving 15% of the Hotel Tax Revenues and are expected to reach almost \$750,000 annually by 2035.
- Expenditures for will be for both Operations and Capital,
- While the current plan shows no particularly large Capital Outlays and a Fund Balance reaching \$566,425, the reality will be that the balances will be used for public art expenditures even though a specific year is not shown.

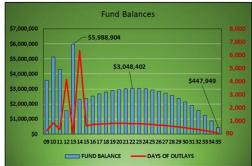
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Sustainability Master Plan

STRATEGIC INITIATIVES FUND 003





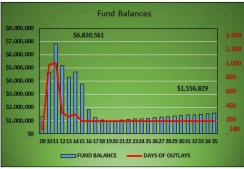


- This fund was created in 2005 for the purpose of taking fund balance reserves in excess of the City identified optimal fund balance level and using them for one-time expenditures of high impact projects such as infrastructure maintenance,
- The plan continues with the assumption that "if and when" conditions are such that it is possible to do so, funds will be set aside to spend on the intended purposes equal to about half of the recent historical levels.
- Expenditures for will be approximately evenly for Infrastructure Maintenance, Community Enhancement and Technology needs of just over \$450,000 each by 2035.
- A Fund Balance equal to at least 90 days of outlays will be targeted.

CRIME CONTROL OPERATING FUND 109



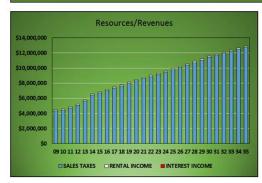


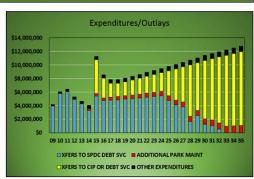


- This fund has been funding the debt service component of a bond issue as well as a portion of certain police operations. That debt service will be paid off in 2017.
- In 2016, subject to a successful election to reduce the CCPD sales tax rate from 1/2 of a penny to 3/8 of a penny to fund a new 4A/4B entity to support allowable projects.
- The remaining 1/8 of a penny will be used to support School Resource Officers as well as an ongoing portion of police operations already established.
- In addition, there should be sufficient revenues to also cover additional police operations climbing to over \$1.6 million by 2035.
- Fund balances will be kept no lower than 180 days of outlays.

Sustainability Master Plan

SPDC OPERATING FUND - 106

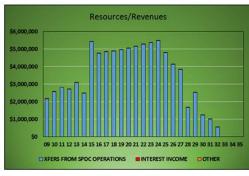


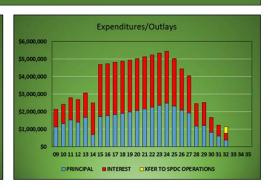


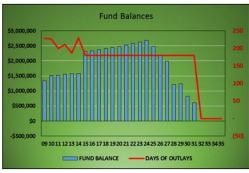


- The revenues remain strong throughout the planning period.
- Expenditures will shift as current debt services levels play out.
- The City will have the ability to fund identified capital and operating expenditures throughout the planning period.
- Fund balances are projected to remain at 180 days of expenditures.

SPDC DEBT SERVICE FUND - 402







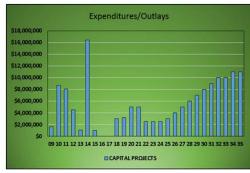
- The revenues are set at levels needed to extinguish the existing debt service schedules.
- The expenditure side is almost totally principal and interest.
- Until the debt service is paid off, fund balances will remain sufficient to meet historical levels.

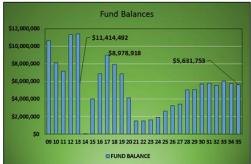
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Sustainability Master Plan

SPDC CIP FUND - 202



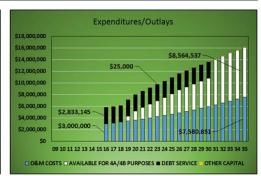




- Revenues are historically from debt issuance and transfers from the SPDC Operating Fund. The planning period shows an amount being transferred that will be set at levels to cover all of the capital projects that have been identified at this time.
- Expenditures equal projects identified by the capital plans available at this time.
- At this point it is projected that about \$5.6 million in reserves will be available to cover the completion of identified projects.

NEW 4A/4B FUND - XXX



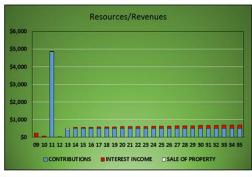




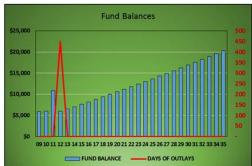
- This fund will be created upon the successful passage of an election in May 2015 that will redirect 3/8 of the 1/2 penny currently going to the Crime Prevention Control District to fund a variety of allowable 4A/4B programs, specifically the new Community Center.
- In addition, there will be Fees & Charges paid into this fund to offset part of the Operating Costs of the Community Center.
- It is projected that after the Debt Service and partial Operating costs are covered that some money will be available for any 4A/4B projects. This will be a small amount at first, rising to \$8.5 million annually by 2035.
- Fund balances will be kept no lower than 180 days of outlays.

Sustainability Master Plan

POLICE FUND - 108

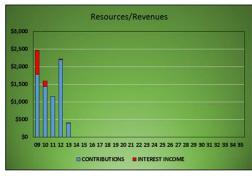




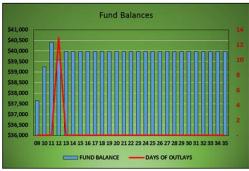


- This is a small fund with limited revenue sources and small discretionary expenditures.
- At this time the fund is shown to be accumulating a
- However, future updates will likely show that this fund has been used as Council approves annual operating budgets.

PARKS & RECREATION SPECIAL REVENUE FUND - 111





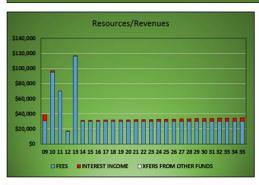


- This is a small fund with limited revenue sources and small
- At this time the fund is shown to be accumulating a
- However, future updates will likely show that this fund has been used as Council approves annual operating budgets

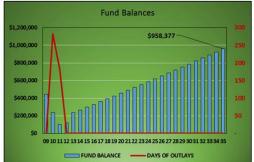
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PARKS DEDICATION FUND – 110



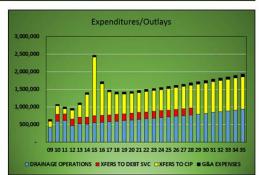




- This is a small fund with limited revenue sources and small discretionary expenditures.
- At this time the fund is shown to be accumulating a balance.
- However, future updates will likely show that this fund has been used as Council approves annual operating budgets

STORMWATER UTILITY FUND - 102



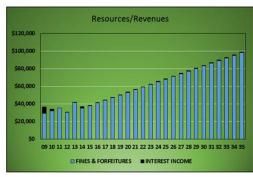




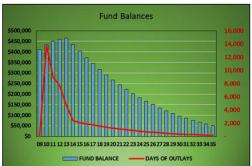
- The revenue sources are the fees charged on monthly utility bills to both residential and commercial customers.
 There is no anticipated rate increase incorporated into the plan at this time.
- Expenditures are set to pay off the existing debt schedule followed by a larger contribution to operations and discretionary capital projects with the restrictions by state law.
- Fund balances are projected to remain at 180 days of expenditures.

Sustainability Master Plan

COURT SECURITY FUND - 103



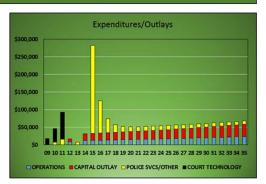


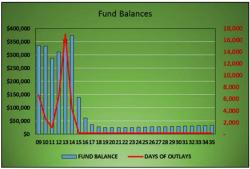


- The revenues are set to grow in proportion of population even though they are subject to fluctuations in citation activity.
- The expenditure side is set to grow in proportion to revenues available.
- Fund balances are set to be drawn down but not less than 180 days of expenditures.

COURT TECHNOLOGY FUND - 104





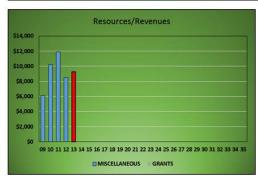


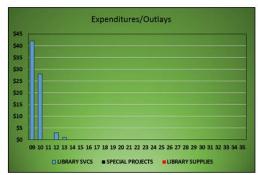
- The revenues are set to grow in proportion of population even though they are subject to fluctuations in citation activity.

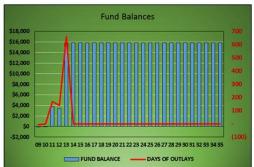
 The expenditure cide is set to grow in proportion to
- The expenditure side is set to grow in proportion to revenues available.
- Fund balances are set to be drawn down but not less than 180 days of expenditures.

Sustainability Master Plan

LIBRARY SPECIAL REVENUE FUND - 107

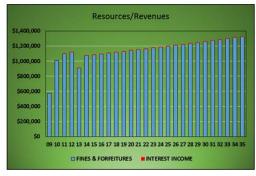


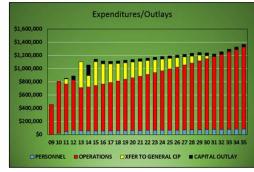


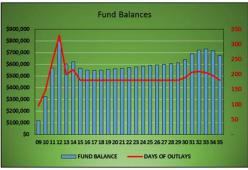


- This is a small fund with limited revenue sources and small discretionary expenditures.
- At this time the fund is shown to be accumulating a balance.
- However, future updates will likely show that this fund has been used as Council approves annual operating budgets

RED LIGHT CAMERA FUND - 112



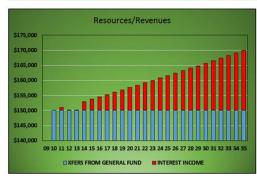




- Revenues are set to grow steadily as long as this program is approved by City Council.
- The expenditure side is expected to continue to cover the current operating and capital spending as approved by the Council in the annual budgeting process.
- Fund balance is set to be no less than 180 days of operations.

Sustainability Master Plan

STORMWATER MAINTENANCE FUND - 113





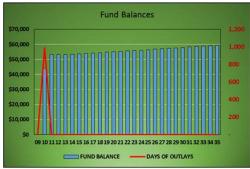


- This is a small fund with limited revenue sources and small discretionary expenditures.
- At this time the fund is shown to be accumulating a
- However, future updates will likely show that this fund has been used as Council approves annual operating budgets

OIL & GAS FUND - 703







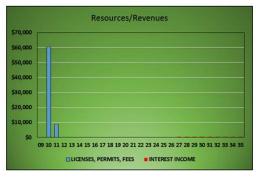
- This is a small fund with limited revenue sources and small
- At this time the fund is shown to be accumulating a
- However, future updates will likely show that this fund has been used as Council approves annual operating budgets

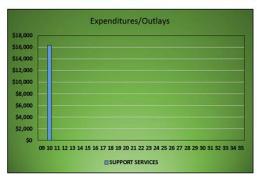
Ordinance No. 1104, Adopted February 17, 2015

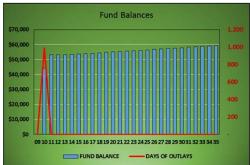
[SOUTHLAKE 2030]

Sustainability Master Plan

COMMERCIAL VEHICLE ENFORCEMENT FUND – 704







- This is a small fund with limited revenue sources and small discretionary expenditures.
- At this time the fund is shown to be accumulating a balance.
- However, future updates will likely show that this fund has been used as Council approves annual operating budgets







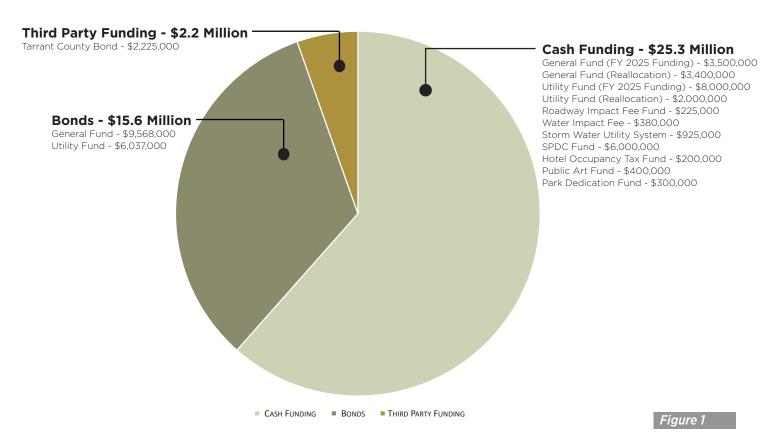
ADOPTED CIP

FY 2025

Capital Budget Highlights

The adopted Capital Improvement Program (CIP) includes \$43.1 million in funding for 30 projects. This total allocation consists of \$25.3 million in cash funding, \$15.6 million from the issuance of Certificates of Obligation bonds, and \$2.2 million from Third Party Funding. A detailed breakdown of the approved funding is provided in Figure 1 and Figure 2.

FY 2025 Capital Budget - Allocation by Funding Type



Additional information regarding the approved projects and the allocated funding, including a breakdown of project expenses and timelines can be found in the Capital Improvements Program which can be found at: www.CityofSouthlake.com/CIP.

FY 2025 Capital Budget Project Funding

FUND	CASH FUNDING	CERTIFICATES OF OBLIGATION BONDS	THIRD PARTY FUNDING	TOTAL FUNDING
General Fund - FY 2025 Funding	\$3,500,000	\$9,568,000	\$O	\$13,068,000
General Fund - Reallocation	\$3,400,000	\$0	\$0	\$3,400,000
Utility Fund- FY 2025 Funding	\$8,000,000	\$6,037,200	\$O	\$14,037,200
Utility Fund - Reallocation	\$2,000,000	\$0	\$0	\$2,000,000
Roadway Impact Fee	\$225,000	\$0	\$0	\$225,000
Water Impact Fee	\$380,000	\$0	\$0	\$380,000
Storm Water Utility System	\$925,000	\$0	\$0	\$925,000
Southlake Parks Development Corporation (SPDC)	\$6,000,000	\$0	\$0	\$6,000,000
Park Dedication Fee	\$300,000	\$0	\$0	\$300,000
Hotel Occupancy Tax Fund (HOT)	\$200,000	\$0	\$0	\$200,000
Public Art Fund	\$400,000	\$0	\$0	\$400,000
Tarrant County Bonds	\$0	\$0	\$2,225,000	\$2,225,000
Total	\$25,330,000	\$15,605,200	\$2,225,000	\$43,160,200

Figure 2

