

SUMMARY INFORMATION

CITY OF BROWNSVILLE, TEXAS MISSION STATEMENT

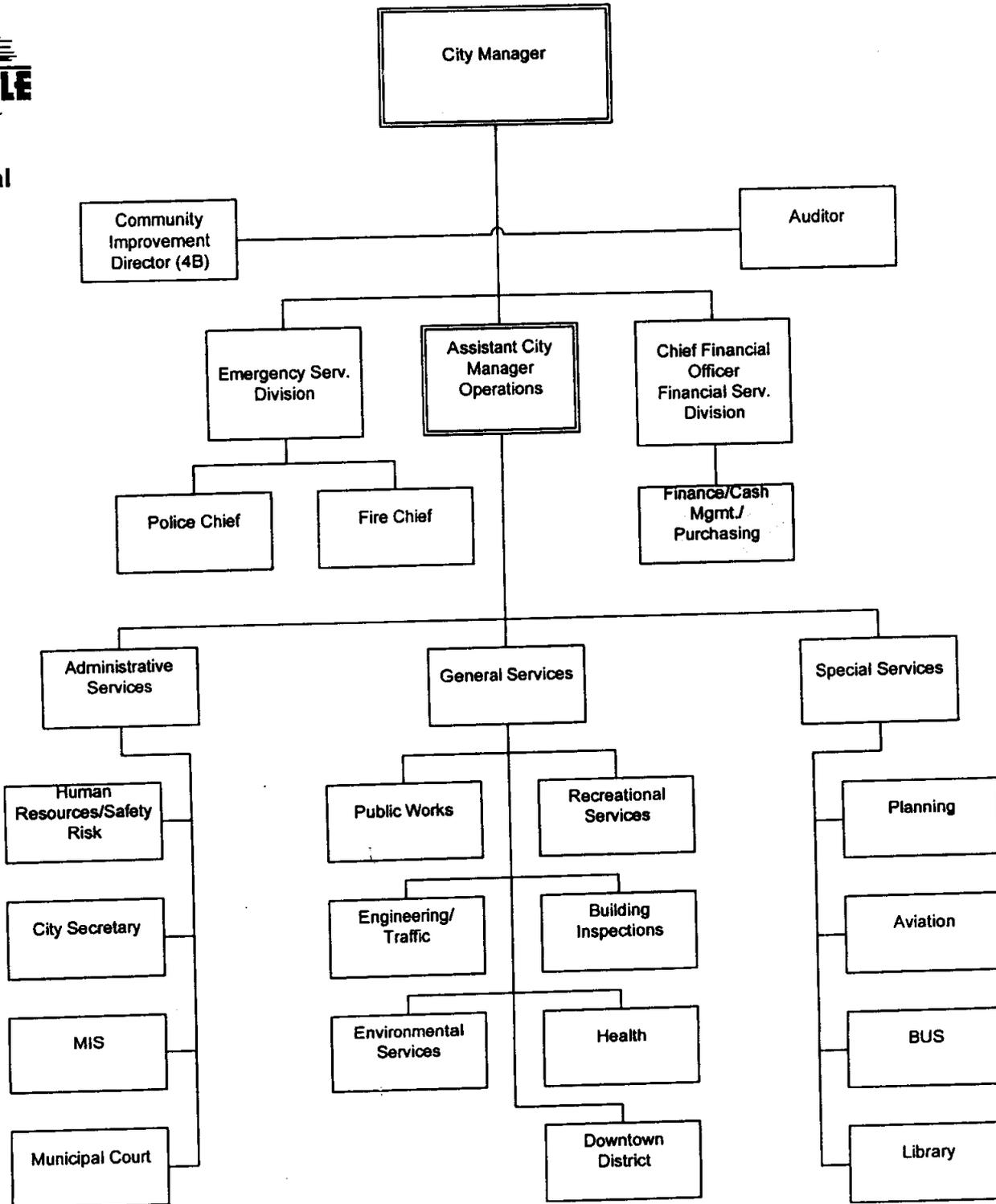
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“To earn and maintain public trust by providing customers efficient and quality municipal services with courtesy and concern”

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**FY 2005
Organizational
Chart**



RESOLUTION NO. 2004-042

A RESOLUTION OF THE CITY COMMISSION OF THE
CITY OF BROWNSVILLE, TEXAS ADOPTING THE FISCAL YEAR
2005 ANNUAL BUDGET AND RESOLVING
OTHER MATTERS THEREOF

WHEREAS, in accordance with the City Charter of the City of Brownsville, Texas, and the budgetary laws of the state of Texas governing home rules cities, the city manager has hereby submitted to the City Commission the fiscal year 2005 annual budget; and

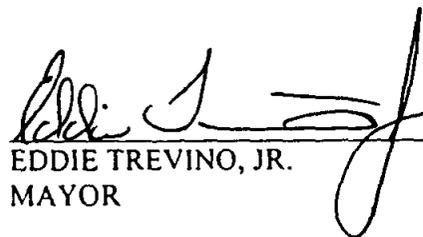
WHEREAS, all prerequisites heretofore required by law have been met and said annual budget must be formally adopted by the City Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF BROWNSVILLE, TEXAS:

SECTION 1. That the fiscal year 2005 annual budget as prepared and submitted to the city commission be and is hereby adopted.

SECTION 2. That operation under the aforementioned budget shall take effect on October 1, 2004 and shall continue through September 30, 2005.

ADOPTED BY THE CITY COMMISSION OF THE CITY OF BROWNSVILLE, TEXAS AT A MEETING THEREOF HELD ON MONDAY, SEPTEMBER 13, 2004.


EDDIE TREVINO, JR.
MAYOR

ATTEST:


INELDA T. GARCIA
CITY SECRETARY



ORDINANCE NUMBER 2004-1422

AN ORDINANCE LEVYING AD VALOREM TAXES FOR THE YEAR 2004 FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF BROWNSVILLE, TEXAS FOR THE FISCAL YEAR 2005, PROVIDING FOR THE INTEREST AND SINKING FUND FOR THE FISCAL YEAR 2005 FOR THE CITY OF BROWNSVILLE, TEXAS, BONDS AS FOLLOWS:

<u>Bond Series</u>	<u>Dated</u>
Public Improvement & Refunding Bonds, Series 1986	August 28, 1986
General Obligation Bonds, Series 1994	December 29, 1994
General Obligation Public Improvement Bonds Series 1997	February 15, 1997
Combination Tax and Revenue Certificates of Obligation, Series 1997-A	February 15, 1997
Combination Tax and Airport Revenues Certificates of Obligation, Series 1997-B	February 15, 1997
Certificates of Obligation, Series 1998	May 1, 1998
General Obligation & Refunding Bonds, Series 1998	May 1, 1998
Certificates of Obligation, Series 1999-A	July 15, 1999
Combination Tax and Airport Revenue Certificates of Obligation, Series 1999-B	July 15, 1999
Certificates of Obligation, Series 2000-A	April 15, 2000
General Obligation Refunding Bonds, Series 2000-B	April 15, 2000
Certificates of Obligation, Series 2001	April 1, 2001
General Obligation Public Improvement Bonds, Series 2002	April 1, 2002

General Obligation Refunding Bonds, Series 2002	October 1, 2002
Combination Tax & Revenue Certificates of Obligation, Series 2003	May 1, 2003
General Obligation Public Improvement Bonds, Series 2003	May 1, 2003
General Obligation Public Improvement Bonds, Series 2004-A	January 15, 2004
General Obligation Airport Improvement Bonds, Series 2004-B	January 15, 2004
Combination Tax & Revenue Certificates of Obligation, Series 2004-A	January 15, 2004
Combination Tax & Revenue Certificates of Obligation, Series 2004-B	January 15, 2004
<u>Long-Term Note Payable</u>	
Brownsville Navigation District Note	October 10, 2001

And apportioning each levy the specific purpose; providing for discounts in the payment of said taxes; providing that all receipts of the city not apportioned by this ordinance or general law shall be payable into the general fund and repealing all ordinance or parts or ordinance in conflict herewith.

WHEREAS, Pete Gonzalez, finance director for the City of Brownsville, Texas, has complied with Article 26.04 of the Texas Tax Code in the submission of the tax roll to the City Commission; and

WHEREAS, under Section 26.04 of the Texas Tax Code, Pete Gonzalez, has calculated the maintenance and operation rate for 2004 to be .314757/\$100, by using the statutory method so required under Article 26.04 of the Texas Tax Code; and

WHEREAS, Pete Gonzalez, has calculated the interest and sinking fund rate for 2004 as (\$.365243/\$100) using the formula set out under Section 26.04 of the Tax Code; and

WHEREAS, Pete Gonzalez, as finance director upon complying with Section 26.04 of the Texas Tax Code has totaled the calculated maintenance and operation rate for 2004 (.314757/\$100) plus the calculated interest and sinking Fund rate for 2004 (\$.365243/ \$100) to be a total of \$.6800/\$100; and

NOW, THEREFORE BE IT ORDAINED BY THE CITY OF BROWNSVILLE,
TEXAS:

Section 1. That there is hereby levied for the year 2004, and there shall be collected for the use and support of the municipal government of the City of Brownsville, Texas, and provide interest and sinking fund for bonds of the City of Brownsville, Texas, for the fiscal year 2005 upon all property, real, personal and mixed, defined and described in Section 2 of Article III of the Charter of the City of Brownsville, Texas, a tax of \$.6800 on each one hundred (\$100.00) dollars assessed valuation of said property, being an increase in total tax revenues of 8.09 %, said tax being so levied and apportioned to the support purpose hereinafter set forth, to-wit:

(1) For the maintenance and support for the fiscal year 2005 of the general government (General Fund) of the City of Brownsville, Texas, \$.314757 on each one hundred (\$100.00) dollars assessed valuation of said property.

(2) For the payment of principal and interest to be deposited in the interest and sinking fund for services of the requirements for the fiscal year 2005 of the City of Brownsville, Texas, \$.365243 on each one hundred (\$100.00) dollars assessed valuation said property.

Section 2. All of said taxes hereby levied shall be payable and become due as provided in the City Charter, provided however, that discounts shall be allowed on the full amount of said taxes hereby levied when paid, if paid as follows:

Three (3%) percent discount during October, 2004
Two (2%) percent discount during November, 2004
One (1%) percent discount during December, 2004

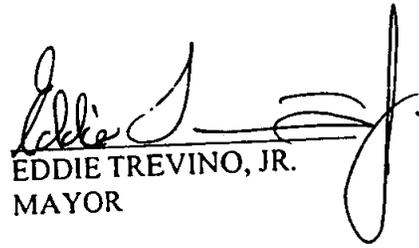
Section 3. That all receipts for the City not specifically apportioned by this Ordinance or the Charter of the City of Brownsville, Texas, or general laws of the State of Texas applicable to home rule cities, are hereby made payable to the General Fund of the City.

Section 4. That all Ordinances or parts of ordinances in any manner in conflict with the Ordinance are hereby repealed.

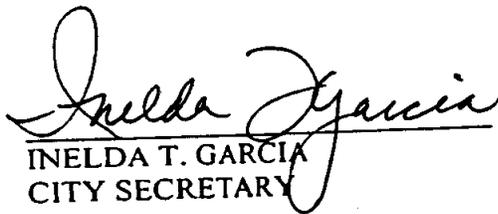
Section 5. That this Ordinance shall take effect and be in force from and after its passage and publications as provided by the Charter of the City of Brownsville, Texas.

INTRODUCED AND PASSED on the first reading on this the 13th day of September, 2004.

Passed on the second and final reading and approved on this the 14th day of September, 2004.


EDDIE TREVINO, JR.
MAYOR

ATTEST:


INELDA T. GARCIA
CITY SECRETARY



**CITY OF BROWNSVILLE, TEXAS
BUDGET POLICIES AND BUDGET PROCESS**

Preparation and administration of the City's budget is one of the most important activities of the City's operation. The budget process is designed to identify and plan the functions, activities and accomplishments of the City as well as plan for its financial needs.

Budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds. Budgets for the enterprise funds exclude depreciation as a budgeted expense. Annual appropriated budgets are adopted for the general fund and the following additional funds:

Special Revenue Funds:

Community Development
Convention and Tourism
Landfill Tipping Fee Increase

Debt Service Funds:

General Bonded Debt Service
General Non-Bonded Debt Service
Streetscape Assessment

Enterprise Funds:

Airport and Business-Industrial Parks
Bridge
Parking Revenue
Public Transit
Brownsville Golf Center

The City follows these procedures in establishing the budgetary data reflected in this budget document.

- As required by the Charter of the City, the city manager submits to the City Commission the proposed executive budgets for the fiscal year prior to the beginning of each fiscal year.
- Public hearings are conducted to obtain taxpayer comments.
- The original annual appropriated budgets are adopted by resolution by the City Commission prior to the beginning of the fiscal year as required by state law.
- The city manager or the finance director are authorized to transfer budgeted amounts between departments within any fund; however, the City Commission must approve any revisions that alter the overall fund total of appropriated expenditures of any fund.

<p>CITY OF BROWNSVILLE, TEXAS 2004 PLANNING CALENDAR TO CERTIFY THE 2004 TAX ROLL AND TO ADOPT THE FISCAL YEAR 2005 BUDGET</p>

<u>DATE</u>	<u>ACTION REQUIRED</u>
May 24	Finance Director distributes information packets, including budget forms, chart of expense accounts, latest revised position class schedule, pay grade schedule, instructions to department directors, computerized personnel schedules that show those employees that were on the May 21, 2004 payday, and intranet MIS instructions for keying or entering the following information: line-item expenditures or revenues, new full-time personnel requests, new part-time personnel requests, seasonal personnel requests, vacancy positions, overtime requests, capital outlay requests, and special capital project requests.
May 25	Finance Director, MIS Director and their staff, will train department directors and their staff on the proper keying (entering) of information into the various budget schedules that have been setup on the intranet.
June 21	Complete budget documents are due at the office of the Finance Director.
June 28	Finance Director prepares revenue estimates, and prepares budget allocations for community projects.
July 6-9	The City Manager and the Finance Director schedule budget meetings with various Department Directors.
July 13	The City Secretary takes publication notice to the <i>Brownsville Herald</i> to announce a City Commission budget workshop and a regular City Commission meeting to be held on August 3rd. This publication notice is to be printed on July 16th. (T.C.G.C. § 102.0065, all hearings on budget must be published in newspaper 10 to 30 days in advance of any public hearing on budget.)
July 16	The Cameron Chief Appraiser certifies the 2004 tax roll.
July 21	Finance Director receives certified tax roll from the Cameron Chief Appraiser.
July 23	Finance Director receives effective tax rate calculation numbers from the Cameron Chief Appraiser.

- Aug. 3 During a workshop and regular meeting, the Finance Director presents to the City Commission the effective tax rate and roll back tax rate calculations.
- Aug. 3 At a regular meeting of the City Commission, the City Commission will acknowledge the 2004 tax roll and the Finance Director presents the tax roll calculations. The Finance Director certifies the estimated ad valorem tax collection rate for tax year 2004, and certifies the excess debt ad valorem tax collections for tax year 2004.
- Aug. 3 During a workshop and regular meeting, the Finance Director presents to the City Commission calculations of a tax increase if the proposed tax rate will exceed the rollback tax rate or 103 percent of the effective tax rate.
- Aug. 3 The City Manager and the Finance Director present a report to the City Commission as to the initial review of all individual department budgets. (Notice was published in *Brownsville Herald* on July 16th, 10-day notice requirement fulfilled.)
- Aug. 4 The Finance Director takes publication notice to *Brownsville Herald* to publish the effective and rollback tax rates; statement and schedules; submission to the City Commission. (Notice to be published in the *Brownsville Herald* on August 8th)
- Aug. 8 The effective and roll back tax rates, as well the statement of increase/decrease, schedules and fund balances, are published in the *Brownsville Herald*.
- Aug. 8 The Finance Director checks the *Brownsville Herald* to make sure that the notice of effective and rollback tax rates, statement of increase/decrease, schedules and fund balances have been published.
- Aug. 13 The Finance Director completes the first budget draft.
- Aug. 13 The City Manager and the Finance Director file the budget draft at the City Secretary's Office 30 days before September 13, 2004. (T.L.G.C. § 102.005)
- Aug. 13 72-hour notice for meeting of August 17th is posted by the City Secretary.
- Aug 17 At a regular meeting the City Commission authorizes a public hearing on a tax increase to be held on August 31st. If the 2004 proposed tax rate will exceed the rollback rate or 103 percent of the effective rate, the City takes record vote from the City Commission and schedules a public hearing for August 31st¹.

- Aug. 18 The City Secretary takes to the *Brownsville Herald* a public notice announcing a public hearing for August 31st. for the proposed budget. (T.L.G.C. § 102.0065 30 to 10 days for budget notice). (Also, to comply with T.L.G.C. § 102.006 – 15 days after City Secretary has it on file.) Notice to be published in *Brownsville Herald* by August 21st.
- Aug. 19 The Finance Director takes to the *Brownsville Herald* the proposed tax increase to notify public of public hearing at a regular meeting on August 31st. (To be published in *Brownsville Herald* on August 23rd seven days before the public hearing on August 31st, V.T.C.A. 26.06). Check *Brownsville Herald* to see if budget notice was published this day.
- Aug. 19 The Finance Director forwards to the City's Public Information Officer the public notice of the public hearing to be held on August 31st regarding the proposed tax increase. (To be posted on the City's television channel that will carry a 60-second notice of the public hearing at least five times a day between 7 a.m. and 9 p.m. for at least seven days.) This notice will run from August 23rd through August 31st.
- Aug. 19 The Finance Director forwards to the City's Web Author the public notice of the public hearing to be held on August 31st regarding the proposed tax increase. (To be posted on the City's Website for at least seven days) This notice will be posted on the City's Website from August 23rd through August 31st.
- Aug. 27 The City Secretary posts a 72-hour notice for the public hearing of August 31st.
- Aug. 31 At a special meeting, the City Commission has the official report on the budget and holds a public hearing on a tax increase. Then it announces the date, time and place of the meeting at which it will vote on the tax levy (September 13th & 14th). Also, it announces a hearing to adopt the budget by resolution on September 13th. (Tax levy must be passed between 3 and 14 days later, V.T.C.A. 26.06). Notice was published in the *Brownsville Herald* on August 23rd and the 7-day tax requirement notice was fulfilled).
- Sept. 1 The Finance Director takes notice to the *Brownsville Herald* on proposed budget hearing to adopt budget and approved the property tax rate on the first reading on September 13th and to approve the property tax rate on the second reading on September 14th. Notice to the *Brownsville Herald* to vote on proposed tax increase on September 13th and September 14th to be published on September 6th.

- Sept. 1 The Finance Director forwards to the City's Public Information Officer the public notice of the public hearing to be held on September 13th and September 14th regarding the vote on the proposed tax rate. (To be posted on the City's television channel that will carry a 60-second notice of the public hearing at least five times a day between 7 a.m. and 9 p.m. for at least seven days.) This notice will run from September 6th through September 14th.
- Sept. 1 The Finance Director forwards to the City's Web Author the public notice of the public hearing to be held on September 13th and September 14th regarding the vote on the proposed tax rate. (To be posted on the City's Website for at least seven days) This notice will be posted on the City's Website from September 6th through September 14th.
- Sept. 6 "Notice of Vote on Tax Rate" (2nd quarter-page notice) is published in the *Brownsville Herald* before the meeting to adopt the tax rate on September 13th and 14th. Newspaper publishes notice of hearing to adopt budget (30 to 10 days in advance T.L.G.C. § 102.0065) to be held on September 13th and also notice {see V.T.C.A. Section 26.06 (d)} of tax increase vote to be held on September 13th and September 14th.
- Sept. 10 The City Secretary will post a 72-hour notice for the public hearings of September 13th and September 14th at which time the City Commission will adopt the 2004 tax rate.
- Sept. 13 At a special meeting, the City Commission conducts a public hearing on the tax levy and budget. Then approves the budget by resolution and then approves the first reading on tax levy. (Notice was published in the *Brownsville Herald* on September 3rd and the 10-day budget requirement notice was fulfilled for budget). Notice for tax increase was published on September 3rd & V.T.C.A. Sec. 26.06 (d) & V.T.C.A. Sec. 26.06 fulfilled.
- Sept. 14 At a special meeting, the City Commission approves the second reading on the tax levy. The law requires that the City adopt a tax rate before the later of September 30th or the 60th day after the certified tax roll is received by the City. The City received the Chief Appraisal's certified tax roll on July 15th.
- ASAP The City's fiscal year 2004 approved budget is filed at the City Secretary's office and at the County Clerk's office as soon as the budget books are printed.
- Oct. 1 New fiscal year begins.

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2	CITY OF BROWNSVILLE																		
3	COMBINED STATEMENT OF REVENUES, EXPENDITURES AND																		
4	CHANGES IN FUND BALANCE/EQUITY																		
5	FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002																		
6																			
7																			
8																			
9	ENTERPRISE FUNDS									INTERNAL SERVICE FUNDS									
10	Landfill																		
11	Tipping Fee																		
12	Increase																		
13	Fund	Airport	MVPS	Public	Brownsville	Bridge	Employee	Workers'	Total All										
14		Fund	Fund	Transit	Golf Center	Fund	Benefit	Comp.	Funds										
15	\$	0	0	0	0	0	0	0	26,099,974										
16		0	0	0	0	0	0	0	100,000										
17		0	0	0	0	0	0	0	19,674,000										
18		0	0	0	0	0	0	0	1,180,000										
19		4,682,000	1,337,439	278,400	1,145,700	549,000	2,500,000	0	24,925,928										
20		0	0	0	2,349,715	0	0	0	8,456,686										
21		0	0	309,000	0	0	0	0	3,579,150										
22		0	0	0	0	0	0	0	2,572,250										
23		13,000	5,000	8,000	7,500	500	12,000	0	433,100										
24		0	0	0	0	0	0	0	98,395										
25		0	0	0	67,500	500	0	0	1,784,001										
26		4,695,000	1,342,439	595,400	3,570,415	550,000	2,512,000	0	88,903,484										
27		0	0	0	0	0	0	0	3,276,430										
28																			
29		4,695,000	1,342,439	595,400	3,570,415	550,000	2,512,000	0	92,179,914										
30																			
31																			
32																			
33		0	0	0	0	0	0	0	10,434,045										
34		0	0	0	0	0	0	0	39,021,760										
35		1,783,917	0	0	0	0	0	0	10,032,120										
36		2,435,791	0	0	0	0	0	0	2,903,860										
37		239,651	0	0	0	0	0	0	1,873,945										
38		0	0	0	0	0	0	0	1,852,753										
39		0	0	0	0	0	0	0	341,916										
40		0	0	0	0	0	0	0	6,869,436										
41		0	0	0	0	0	0	0	1,146,000										
42		0	0	0	0	0	0	0	4,000										
43		0	2,939,354	513,793	4,634,630	661,077	0	0	8,748,654										
44		0	0	0	54,467	0	0	0	54,467										
45		0	0	0	0	0	0	0	0										
46																			
47		0	0	0	0	0	0	0	6,289,650										
48		0	0	0	0	0	0	0	8,478,126										
49		0	0	0	0	0	0	0	0										
50									0										
51		4,459,359	2,939,354	513,793	4,689,097	661,077	0	0	98,051,132										
52																			
53																			
54		235,641	(1,596,915)	81,607	(1,118,682)	(111,077)	2,512,000	0	(5,871,218)										
55																			
56																			
57		0	1,596,915	0	1,142,000	115,000	0	0	6,303,915										
58		0	0	0	0	0	0	0	4,000,000										
59		(300,000)	0	(100,000)	0	0	(2,500,000)	0	(6,103,915)										
60		(300,000)	1,596,915	(100,000)	1,142,000	115,000	(2,500,000)	0	4,200,000										
61																			
62																			
63																			
64																			
65		(64,359)	0	(18,393)	23,318	3,923	12,000	0	(1,671,218)										
66																			
67		786,445	75,000	50,000	0	0	16,884	0	12,019,144										
68																			
69	\$	722,086	\$ 75,000	\$ 31,607	\$ 23,318	\$ 3,923	\$ 28,884	\$ 0	10,347,926										
70																			
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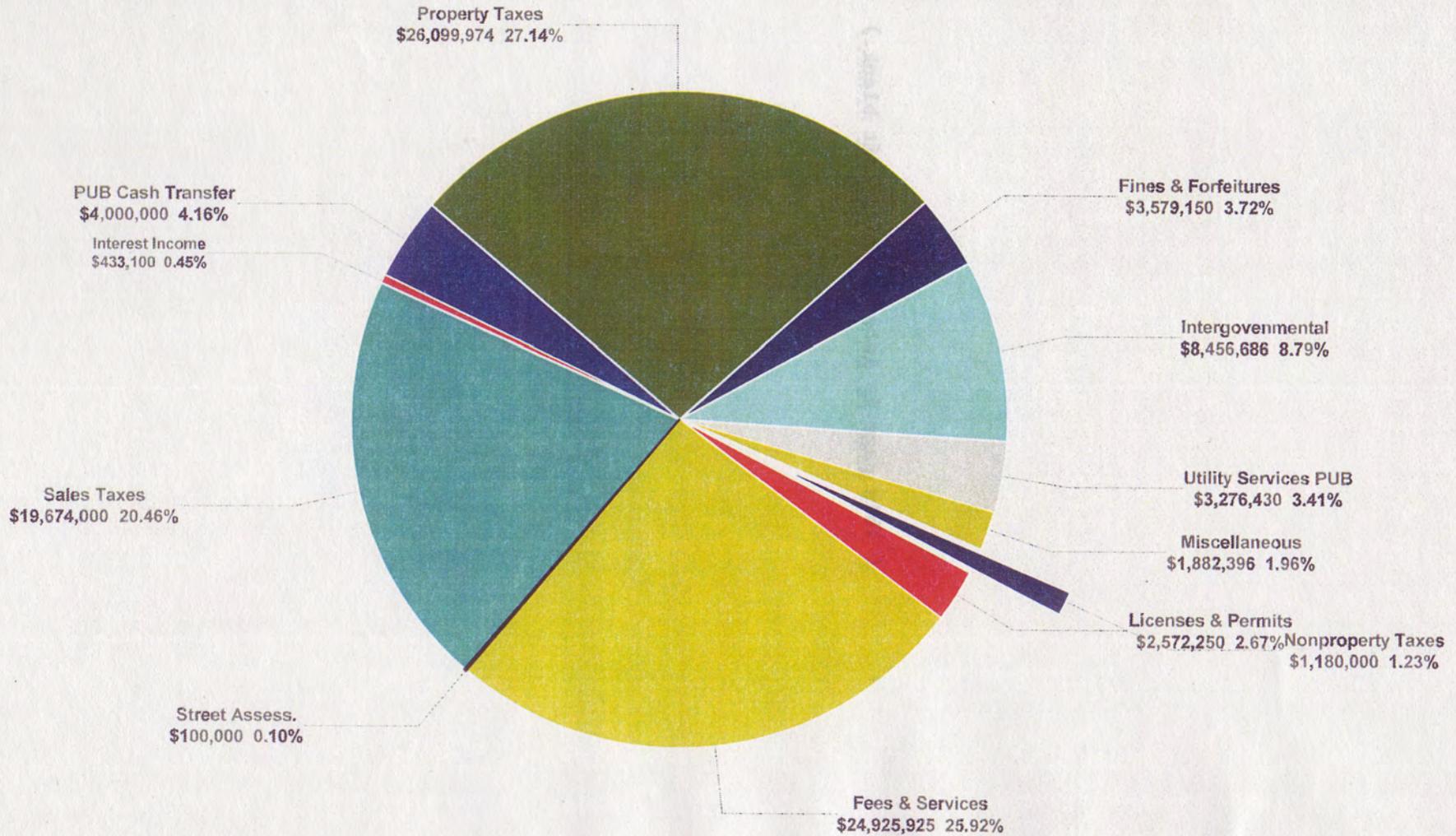
**CITY OF BROWNSVILLE, TEXAS
ALL OPERATING FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/EQUITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

	<u>Total All Funds</u>	<u>Percent of Total</u>
Revenues:		
Property Taxes	\$ 26,099,974	27.14%
Sales Taxes	19,674,000	20.46%
Street Assessments	100,000	0.10%
Non-Property Taxes Fees & Services	1,180,000	1.23%
Fees & Services	24,925,928	25.92%
Intergovernmental	8,456,686	8.79%
Fines & Forfeitures	3,579,150	3.72%
Licenses & Permits	2,572,250	2.67%
Interest Income	433,100	0.45%
Contributions	98,395	0.10%
Miscellaneous	1,784,001	1.85%
Utility Services From BPUB	3,276,430	3.41%
Transfers From Component Unit - BPUB	<u>4,000,000</u>	<u>4.16%</u>
Total Revenues	<u>96,179,914</u>	<u>100.00%</u>
EXPENDITURES:		
General Government	10,434,045	10.64%
Public Safety	39,021,760	39.80%
Public Works	10,032,120	10.23%
Sanitation	2,903,860	2.96%
Public Health	1,873,945	1.91%
Housing Assistance Programs	1,852,753	1.89%
Public Assistance	341,916	0.35%
Culture & Recreation	6,869,436	7.01%
Convention & Tourism	1,146,000	1.17%
Economic Development	4,000	0.00%
Operating Expenses - Enterprise Funds	8,748,854	8.92%
Planning & Cap. Grant	54,467	0.06%
Debt Service:		
Principal	6,289,850	6.41%
Interest & Fiscal Charges	<u>8,478,126</u>	<u>8.65%</u>
Total Expenditures	<u>98,051,132</u>	<u>100.00%</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,871,218)</u>	
Plus Cash Transfer From BPD Forfeiture Fund	200,000 *	
Estimated Fund Balance, October 1, 2004	<u>12,019,144</u>	
Estimated Fund Balance, September 30, 2005	<u>\$ 10,347,926</u>	

* The Brownsville Police Forfeiture Fund is not a budgeted fund. This cash transfer will be used to retire debt issued by the City to finance capital purchases for the police department.

City of Brownsville, Texas

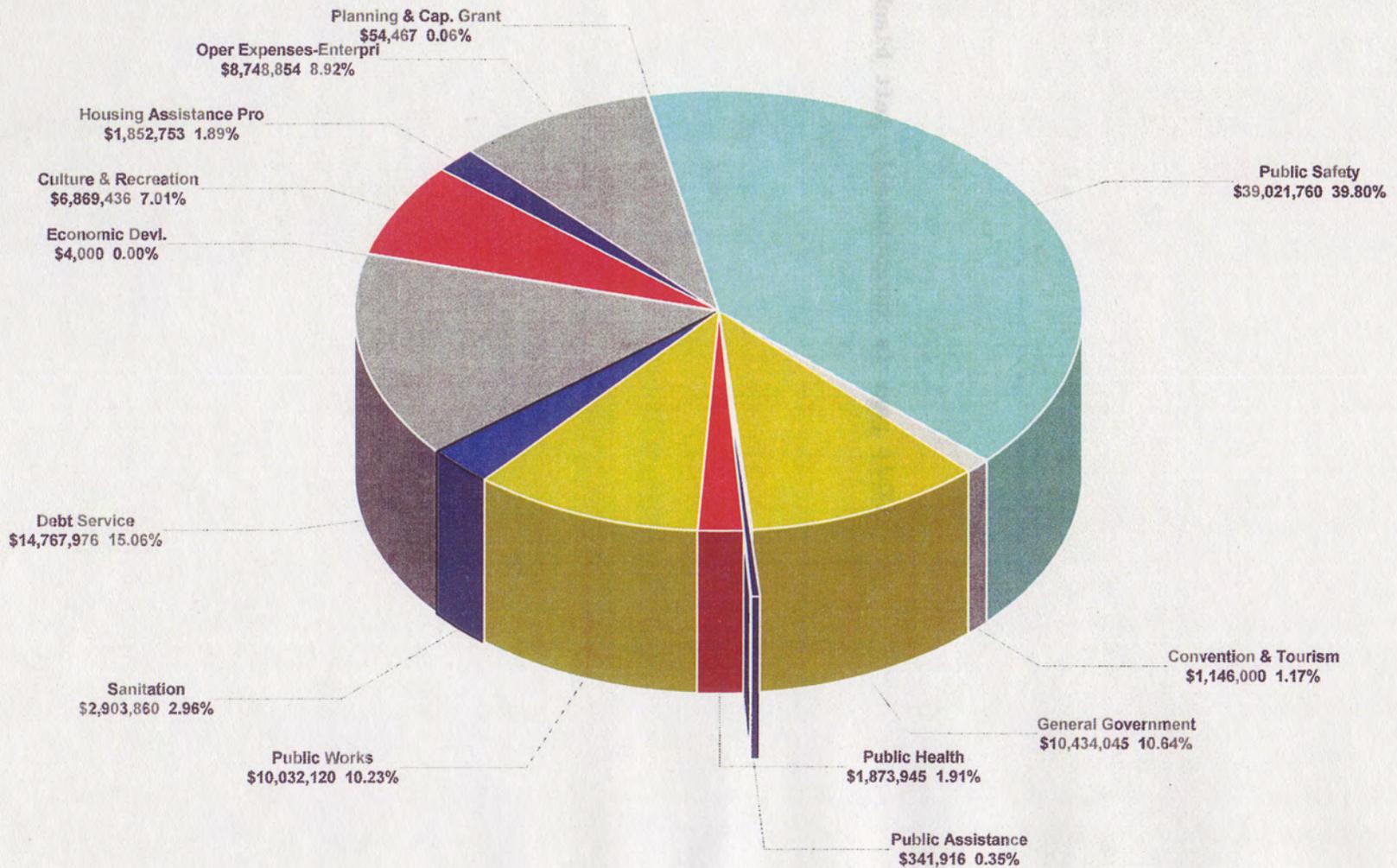
Combined Statement of Revenues for All Governmental, Enterprise, and Internal Service Funds, Excluding Capital Projects For Fiscal Year 2005 Budget



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City of Brownsville, Texas

Combined Statement of Expenditures for All Governmental, Enterprise, and Internal Service Funds, Excluding Capital Projects For Fiscal Year 2005 Budget



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	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	CITY OF BROWNSVILLE, TEXAS													
2	FISCAL YEAR 2004 AND FISCAL YEAR 2005													
3	ANNUAL REVENUE BUDGETS (EXCLUDES INTERFUND TRANSFERS)													
4	INCLUDES BPUB's CASH TRANSFER													
5														
6														Over
7														(Under)
8						Fiscal		Percentage		Fiscal		Percentage		Fiscal Year
9						Year 2004		of Total		Year 2005		of Total		2004
10	FUNDS					Budget								
11														
12	General Fund					59,116,450		64.04%		61,886,303		64.34%		2,769,853
13														
14	Convention & Tourism Fund					1,226,000		1.33%		1,253,000		1.30%		27,000
15														
16	Community Development Fund					5,500,464		5.96%		5,414,669		5.63%		(85,795)
17														
18	General Non Bonded Debt Service Fund					1,000		0.00%		1,000		0.00%		0
19														
20	Debt Service Fund					11,939,419		12.93%		14,241,588		14.81%		2,302,169
21														
22	Streetscape Assessment Fund					189,536		0.21%		118,100		0.12%		(71,436)
23														
24	Landfill Tipping Fee Increase Fund					4,739,500		5.13%		4,695,000		4.88%		(44,500)
25														
26	Airport Fund					2,627,875		2.85%		1,342,439		1.40%		(1,285,436)
27														
28	Bridge Fund					2,312,000		2.50%		2,512,000		2.61%		200,000
29														
30	Motor Vehicle Parking System Fund					580,700		0.63%		595,400		0.62%		14,700
31														
32	Public Transit System Fund					3,553,675		3.85%		3,570,415		3.71%		16,740
33														
34	Brownsville Golf Center Fund					529,200		0.57%		550,000		0.57%		20,800
35														
36	Employee Medical Insurance Fund					0		0.00%		0		0.00%		0
37														
38	Workers' Compensation Fund					0		0.00%		0		0.00%		0
39														
40	Total					92,315,819		100.00%		96,179,914		100.00%		3,864,095

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1						CITY OF BROWNSVILLE, TEXAS								
2						FISCAL YEAR 2004 AND FISCAL YEAR 2005								
3						ANNUAL EXPENDITURE BUDGETS (EXCLUDES INTERFUND TRANSFERS)								
4														
5														Over
6														(Under)
7														Fiscal Year
8						Fiscal		Percentage		Fiscal		Percentage		2004
9	FUNDS					Year 2004		of Total		Year 2005		of Total		Budget
10						Budget		Budget		Budget		Budget		
11	General Fund					60,607,879		64.68%		62,920,110		64.17%		2,312,231
12														
13	Convention & Tourism Fund					1,608,733		1.72%		1,628,697		1.66%		19,964
14														
15	Community Development Fund					5,500,464		5.87%		5,414,669		5.52%		(85,795)
16														
17	General Non Bonded Debt Service Fund					34,653		0.04%		34,652		0.04%		(1)
18														
19	Debt Service Fund					12,593,327		13.44%		14,788,324		15.08%		2,194,997
20														
21	Streetscape Assessment Fund					261,566		0.28%		2,000		0.00%		(259,566)
22														
23	Landfill Tipping Fee Increase Fund					4,205,246		4.49%		4,459,359		4.55%		254,113
24														
25	Airport Fund					2,961,207		3.16%		2,939,354		3.00%		(21,853)
26														
27	Bridge Fund					0		0.00%		0		0.00%		0
28														
29	Motor Vehicle Parking System Fund					530,693		0.57%		513,793		0.52%		(16,900)
30														
31	Public Transit System Fund					4,566,559		4.87%		4,689,097		4.78%		122,538
32														
33	Brownsville Golf Center Fund					831,801		0.89%		661,077		0.67%		(170,724)
34														
35	Employee Medical Insurance Fund					0		0.00%		0		0.00%		0
36														
37	Workers' Compensation Fund					0		0.00%		0		0.00%		0
38														
39	Total					93,702,128		100.00%		98,051,132		100.00%		4,349,004

**City of Brownsville, Texas
Ad Valorem Tax Information
Fiscal Year 2005**

Property within the City is assessed as of January 1 of each year (except for business inventory which may, at the option of the taxpayer, be assessed as of September 1); taxes become due January 1 of the following year, and become delinquent on February 1 of the following year. Discount of 3% for October, 2% for November, and 1% for December are allowed. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

<u>Month</u>	<u>Penalty</u>	<u>Interest</u>	<u>Total</u>
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	12%	6%	18%

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge.

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation for all City purposes. The City operates under a Home Rule Charter, which adopts the Constitutional provisions. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General has adopted an administrative policy that prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the foregoing \$2.50 maximum tax rate calculated at 90% collection. The issuance of the Obligations does not violate the constitutional restriction, City Charter provision, or the Texas Attorney General's administrative policy.

By later of September 30th or the 60th day after the certified appraisal role is received by the City from the Appraisal District, the City Commission adopts a tax rate per \$100 taxable value for the current year. The tax rate consists of two components: a rate for funding of maintenance and operation (General Fund), and a rate for debt service.

The City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A public hearing must be held if the proposed or adopted tax rate exceeds the effective rate by 1.03 or the rollback whichever is lower. If the proposed or adopted tax rate exceeds the rollback tax rate, the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

The "effective tax rate" is the rate that raises the same total levy as last year from properties taxable in both years. The "rollback tax rate" means the rate that will produce last year's maintenance and operation adjusted tax levy from this year's adjusted values multiplied by 1.08 plus a rate that will produce this year's debt service from this year's unadjusted values divided by the anticipated tax collection rate.

The City honors a \$6,000 ad valorem tax homestead exception for those property owners over 65 years of age.

The Texas Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year. The City began collecting the additional one-half cent tax starting October 1, 1992 as authorized by an election held on August 10, 1991. The ad valorem tax reduction was effective beginning with fiscal year 1993.

In addition to the one-half cent sales tax the City was authorized to levy for ad valorem tax reduction, the voters also authorized an additional one-half cent for economic development. The City began collecting this 4A sales tax on January 1, 1992. During a special election held on November 6, 2001, the registered voters of Brownsville adopted Proposition One. Proposition One reduced the 4A sales tax by $\frac{1}{4}$ cent and concurrently levied or adopted a 4B sales tax of $\frac{1}{4}$ cent for quality of life projects.

**CITY OF BROWNSVILLE, TEXAS
GENERAL & DEBT SERVICE FUNDS
AD VALOREM TAX RATE DISTRIBUTION
FISCAL YEAR 2005**

Increase Over Effective Tax Rate		
Effective 2004 Tax Year Rate	Proposed 2004 Tax Year Rate	% Tax Increase
\$0.629099	\$0.680000	8.09%

Tax Rate		
Adopted 2003 Tax Year Rate	Proposed 2004 Tax Year Rate	% Tax Rate Increase (Decrease)
\$0.68000	\$0.680000	0.00%

Rollback Tax Rate Distribution		
Fund	Tax Rate Distribution	Percentage Distribution
General (M&O)	(A) \$0.321686	46.83%
Debt Service	<u>\$0.365243</u>	<u>53.17%</u>
Adjusted Rollback Tax Rate	<u><u>\$0.686929</u></u>	<u><u>100.00%</u></u>

Proposed Tax Rate Distribution		
Fund	Tax Rate Distribution	Percentage Distribution
General (M&O)	\$0.314757	46.287794%
Debt Service	<u>\$0.365243</u>	<u>53.712206%</u>
Proposed Tax Rate	<u><u>\$0.680000</u></u>	<u><u>100.00%</u></u>

Maintenance & Operation (M&O) Rate, Line 31 of Rollback Tax Rate Truth-in-Taxation (TNT) Worksheet	\$0.447103
Truth-in-taxation (TNT) Laws Allow An 8% Increase in Maintenance and Operation (M&O) Rate Without Triggering A Rollback, Line 32 of TNT Worksheet	\$0.482871
Less Sales Tax Adjustment Rate, Line 45 of TNT Worksheet	<u>-\$0.161185</u>
Equals M&O Sales Tax Adjusted Rollback Rate	(A) <u><u>\$0.321686</u></u>

Ad Valorem Property Tax Rates for the Last Fifteen Fiscal Years	
Fiscal Year	Tax Rate
1990	0.7505
1991	0.7505
1992	0.7483
1993	0.6545
1994	0.6545
1995	0.6545
1996	0.6545
1997	0.6545
1998	0.6545
1999	0.6500
2000	0.6700
2001	0.6850
2002	0.6800
2003	0.6800
2004	0.6800

0.680000	Tax Rate
<u>0.365243</u>	Debt Ser
<u>0.314757</u>	M&O

	A	B	C	D	E	F	G	H	I	J
1	CITY OF BROWNSVILLE, TEXAS									
2	ANALYSIS OF ESTIMATED AD VALOREM									
3	TAX COLLECTIONS									
4	FISCAL YEAR 2005									
5										
6						GENERAL		DEBT SERVICE		
7						FUND		FUND		TOTAL
8	Estimated Fiscal Year 2004 Tax Collections									
9	Based on Tax Year 2003 Tax Levy of									
10	\$26,386,531 at 93% Collection Ratio.					11,358,781		13,180,693		24,539,474
11										
12	Less Estimated Tax Discounts									
13	Allowed for Early Payment					(198,000)		(247,500)		(445,500)
14										
15	Estimated Charges on Penalty & Interest					337,500		412,500		750,000
16										
17	Vehicle Inventory Tax					18,500		0		18,500
18										
19	Estimated Collections of Prior Years' Levies					550,000		700,000		1,250,000
20										
21	Tax Collections					12,066,781		14,045,693		26,112,474
22										
23	The above tax levy was based on \$3,880,372,207 of certified taxable property values.									
24	The tax rate applied was \$.680000 per \$100 assessed valuation.									
25										
26	2004 Certified tax roll									3,880,372,207
27										
28	Percentage of 2004 tax roll to be collected									
29	during fiscal year 2004									93%
30										
31	2004 Tax Rate Per \$100 Valuation									0.68
32										
33	2004 Tax Levy (Fiscal Year 2004)									26,386,531
34										
35	Estimated Tax Levy to be Collected During Fiscal Year 2005									24,539,474
36										
37	General Fund (M&O) Ad Valorem Tax Distribution Per \$100 Valuation									0.314757
38										
39	Debt Service Ad Valorem Tax Distribution Per \$100 Valuation									0.365243
40										
41	2003 Tax Rate Per \$100 Valuation									0.68
42										
43	General Fund Ad Valorem Tax Allocation at 93% Collection Rate									11,358,781
44										
45	Debt Service Ad Valorem Tax Allocation at 93% Collection Rate									13,180,693
46										
47	Estimated Tax Levy to be Collected During Fiscal Year 2005									24,539,474

**CITY OF BROWNSVILLE, TEXAS
ANALYSIS OF ESTIMATED AD VALOREM
TAX COLLECTIONS
BETWEEN FISCAL YEARS 2004 & 2005**

<u>Revenue Description</u>	<u>General Fund FY 2004</u>	<u>Debt Service Fund FY 2004</u>	<u>Total FY 2004</u>	<u>General Fund FY 2005</u>	<u>Debt Service Fund FY 2005</u>	<u>Total FY 2005</u>	<u>Over (Under) FY 2004</u>
Current Year Tax Collections	\$ 9,945,450	\$ 11,753,176	\$ 21,698,626	11,358,781	13,180,693	24,539,474	\$ 2,840,848
Prior Year Tax Collections	1,100,000	0	1,100,000	550,000	700,000	1,250,000	150,000
Tax Discounts	(204,000)	(208,000)	(412,000)	(198,000)	(247,500)	(445,500)	(33,500)
Vehicle Inventory Tax	25,000	0	25,000	18,500	0	18,500	(6,500)
Penalty & Interest	500,000	200,000	700,000	337,500	412,500	750,000	50,000
Total	\$ <u>11,366,450</u>	\$ <u>11,745,176</u>	\$ <u>23,111,626</u>	<u>12,066,781</u>	<u>14,045,693</u>	<u>26,112,474</u>	<u>3,000,848</u>
Tax Rate Distribution	\$ <u>0.313290</u>	\$ <u>0.366710</u>	\$ <u>0.680000</u>	\$ <u>0.314757</u>	\$ <u>0.365243</u>	\$ <u>0.680000</u>	\$ <u>0.000000</u>

**CITY OF BROWNSVILLE, TEXAS
ANALYSIS OF INCREASE IN
AD VALOREM TAX COLLECTIONS
BETWEEN FISCAL YEARS 2004 AND 2005
ASSUMING A TAX RATE OF \$0.680000**

<u>Fund</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>	<u>Over (Under) FY 2004</u>
General Fund	11,366,450	12,066,781	700,331
Debt Service Fund	<u>11,745,176</u>	<u>14,045,693</u>	<u>2,300,517</u>
Total	<u>23,111,626</u>	<u>26,112,474</u>	<u>3,000,848</u>

CITY OF BROWNSVILLE, TEXAS TYPES OF DEBT ISSUED & CREDIT RATINGS

The City of Brownsville issues debt in three ways as authorized by state statute: general obligation bonds, certificates of obligation and contractual obligations. General obligation bonds are payable from ad valorem taxes; certificates of obligations and contractual obligations from either ad valorem taxes or combination of ad valorem taxes or revenues generated from either special revenue or enterprise funds.

The City of Brownsville's bonds are currently rated as follows:

	Moody's Investors <u>Service</u>	Standard & <u>Poor's</u>	Fitch <u>Ratings</u>
General Obligation Bonds	A2	A	A+
Certificates of Obligation	A2	A	A+
Contractual Obligations	A2	A	A+

On February 13, 1997, Standard & Poor's upgraded the City's bonds from an "A-" to an "A". According to the report, the rating change was based on Brownsville's "strong tax base growth and an improving financial performance. The rating also reflected a developing, diverse economic base with large infrastructure needs, structurally high unemployment, low income levels, and a moderated debt burden."

On May 5, 1998, Moody's Investors Service upgraded the City's bonds from a "Baa-1" to an "A3". The rating upgrade stemmed from the strengthening of the City's financial position as evidenced by a trend of growing general fund reserves. Also supporting the rating upgrade was the continued growth and diversification of the City's economic base, making it less vulnerable to fluctuations in the Mexican economy. The growth in the tax base has allowed the City's debt position to remain manageable with the issuance of additional debt. According to the report, the outlook on the City's credit is stable. Key to this outlook is Moody's anticipation that management will maintain favorable financial operations and flexibility consistent with the vulnerability of its major revenue streams. Increased cross-border trade activity and the related commercial and residential development is expected to provide adequate increases in property and sales tax revenues to facilitate the maintenance of the City's financial position.

On April 19, 2000, Fitch Ratings upgraded the City's bonds from an "A" to an "A+". The upgrade resulted from the City's strong fund balance policy, quarterly financial monitoring, significant pay-as-you-go funding, conservative revenue estimation, and a declining debt service schedule, which adds flexibility for future debt issuance. According to the report, the City's financial position has improved in recent years, benefiting from steady annual gains in taxable values and a sizable prior period adjustment to correctly show cash transfers from the City's Public Utilities Board. Sales tax collections have rebounded from the effects of the most recent peso devaluation and

are now exhibiting healthy growth. Recent debt issuance to finance growing infrastructure requirements has increased the City's debt burden, but future capital plans appear manageable. The risks that were cited were: (1) low wealth levels and high, but declining, unemployment, (2) ongoing operating and capital pressures associated with rapid population growth, and (3) Mexico's influence on the local economy.

On March 20, 2002, Moody's Investors Service upgraded the City's credit rating from an A3 to an A2. The City earned this upgrade because the City maintained a manageable debt position throughout the implementation of its current capital improvement program plan. According to the report, through fiscal year 2001, the City's financial condition remained satisfactory since its primary revenue sources continued to grow at a moderate and steady rate. For example, the City's tax base has grown every year for the last 12 years by an annual average rate of 7.5%.

A credit rating is an assessment of the City's ability and willingness as well as its legal obligation to make full and timely payments of principal and interest on the debt security over the course of its maturity schedule. Ratings are designed exclusively for the purpose of grading bonds according to their credit qualities and do not constitute a recommendation to buy or sell a security.

The ratings process looks at the past performance and trends as well as at estimated future prospects. Qualitative data as well as quantitative data is considered. Historical trends and current conditions, in addition to prepared projections, are utilized when making evaluations about future performance. Evaluations are generally based on what has taken place over the last five to ten years.

The three rating agencies rated the City's credit in September 2004. The ratings remain the same.

Moody's Investor Service has nineteen basic rating categories for long-term obligations. They range from "Aaa" to "C". "Aaa" rating indicates the issuer has an extremely strong ability to meet its debt obligations, whereas bonds rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing. An "A" bond possesses many favorable investment attributes and is to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present that suggests a susceptibility to impairment some time in the future.

Standard & Poor's has ten basic rating categories. They range from a "AAA" to a "D". "AAA" bonds have the highest rating. Capacity to pay interest and repay principal is extremely strong. "A" bonds have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in higher-rated categories.

The City currently employs Estrada/Hinojosa & Company in the capacity of financial advisor. Estrada/Hinojosa coordinates the debt issuances of the City. In this regard, Estrada/Hinojosa determines the City's capacity to authorize, to issue and to service the debt. When the City accepts a bid for the debt instruments, Estrada/Hinojosa directs the closing of the bond sale. The City's bond counsel is McCall, Parkhurst & Horton LLP.

	A	B	C	D	E	F	G	H
1			City of Brownsville, Texas					
2			Full-Time Authorized Personnel Positions					
3			Collective Bargaining and					
4			Regular (Non-Collective Bargaining) Personnel Positions					
5			Including All Operating Funds					
6			Fiscal Year 2005 Budget					
7								
8						Number of		
9						Full-Time		
10					Collective	Authorized		
11					Bargaining	Personnel		Percentage
12					Employees	Positions		Distribution
13								
14	Collective Bargaining Employees All Funds							
15								
16	Police			237				
17	Fire & EMS			167				
18								
19	Total Collective Bargaining Employees					404	37.90%	
20								
21	Regular Employees All Funds					662	62.10%	
22								
23	Total Authorized Personnel Positions							
24	For All Funds					<u>1,066</u>	<u>100.00%</u>	
25								
26								
27								
28								