

Sec. 2-176-- Revenues.

- (b) For every annual budget, the Town shall levy ~~two~~four property tax rates: debt service, operation/maintenance, infrastructure investment and ~~debt service-economic development.~~
- (1) Debt Service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service Fund.
- (2) Operation and Maintenance. The operation and maintenance levy shall be accounted for in the General Fund. The operation and maintenance levy will be established within the eight percent rollback rate as defined by the State of Texas Property Tax Code. City Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.
- (3) Infrastructure Investment. Each year, \$0.006201 of the operation and maintenance levy shall be designated to fund the Infrastructure Investment Fund. Funds held in the Infrastructure Investment Fund may be appropriated to support pay-as-you-go capital projects or significant non-routine capital expenditures of not less than \$500,000.00. The City Council may consider using these funds for projects or expenditures of a lesser amount on a case-by-case basis.

Sec. 2-177-- Operating expenditures.

Sec. 2-177 – Operating expenditures.

(h) For capital expenditures needed as a part of continued operations:

- (1) Capital equipment is defined as equipment that exceeds \$5,000.00 and has a useful life of at least ~~one year~~three years. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General Fund operations will be ~~amortized~~depreciated by charges to the departments using the equipment. The ~~amortization~~depreciation charges will be sufficient for replacing the capital equipment at the end of its expected useful life. The ~~amortization~~depreciation charges and application of those funds will be accounted for in the Capital Replacement Fund.
- (2) Capital improvement is defined as an enhancement that exceeds \$25,000.00 and has a useful life of at least ten years.

Sec. 2-178-- Fund balance.

- (a) ~~(a)~~—The annual budget shall be presented to City Council with each operating fund reflecting an ending fund balance which is no less than 25 percent of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending fund balances may be established which exceed the 25 percent minimum. It is a goal of the City Council to maintain a General Fund ending fund balance of 30 percent.
- (b) ~~(b)~~—~~Fund balance that exceeds~~The annual budget shall be presented to City Council with each special revenue fund (i.e., PEG, court technology, building security, child safety, justice administration and public safety) - not be less than 10 percent of that fund's annual revenues.
- (c) Fund balances that exceed the minimum level established for each fund may be appropriated for non-recurring capital projects or programs.
- (d) ~~(e)~~—The Town will exercise diligence in avoiding the appropriation of fund ~~balance~~balances for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Addison community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to arrest the future use of fund ~~balance~~balances for operating expenditures.

~~Secs. 2-185—2-200. --Reserved.~~

~~Sec. 82-83.4. -- Authority to write off uncollectible debt.~~

~~No later than January 31st of each year the director is authorized to write~~

Sec. 2-185 – Uncollectible debt.

No later than October 31st of each year, the CFO is authorized to write-off general receivables (e.g. court warrant fees, alarm permits fees, ambulance fees, false alarm fees, and solid waste fees) owed to the Town, which following a diligent and reasonable effort to collect these debts, the CFO reasonably determines to be uncollectible for the fiscal year ended the previous September 30th. The CFO may write-off these general debts for amounts totaling up to \$5,000.00. For write-offs involving amounts totaling between \$5,001.00 and \$25,000.00, the CFO shall obtain approval from the city manager. For write-offs exceeding \$25,000.00, the City Manager shall obtain approval from the City Council.

Section 82-83.4 – Authority to write off uncollectible debt.

No later than October 31st of each year the CFO is authorized to write-off those water and sewer debts owed to the Town which, following a diligent and reasonable effort to collect the debt, the ~~director~~CFO reasonably determines to be uncollectible for the fiscal year ended the ~~previous~~ September 30th. The ~~director~~CFO may write off these water and sewer debts for amounts totaling up to ~~\$2,500~~5,000.00. For write-offs involving amounts totaling between ~~\$2,500.01~~5,001.00 and ~~\$24,999.99~~25,000.00, the ~~director~~CFO shall obtain approval from the

| City Manager. For write-offs ~~totaling amounts of exceeding~~ \$25,000.00 ~~or greater~~, the City Manager shall obtain approval from the City Council.