

City of Center

Fiscal Year 2017-2018

Budget Cover Page

September 25, 2017

This budget will raise more revenue from property taxes than last year's budget by an amount of \$20,239, which is a 1.29 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 \$19,099.

The members of the governing body voted on the budget as follows:

FOR:

Leigh Porterfield, Mayor Pro tem

Terry Scull, At Large

Joyce Johnson, Dist. 1

Jerry Lathan, Dist. 2

Howell Howard, Dist. 3

Randy Collard, Dist. 4

AGAINST:

PRESENT and not voting:

ABSENT:

Property Tax Rate Comparison

	2017-2018	2016-2017
Property Tax Rate:	\$0.575000	\$0.560000
Effective Tax Rate:	\$0.564662	\$0.551989
Effective Maintenance & Operations Tax Rate:	\$0.326360	\$0.336504
Rollback Tax Rate:	\$0.605009	\$0.608630
Debt Rate:	\$0.241486	\$0.234240

Total debt obligation for City of Center secured by property taxes:
\$641,676





**FY 2018 BUDGET
CITY OF CENTER, TEXAS
PRINCIPAL OFFICIALS**

MAYOR

David Chadwick

CITY COUNCIL

Leigh Porterfield – Mayor Pro Tem

Joyce Johnson – District 1

Jerry Lathan – District 2

Howell Howard – District 3

Randy Collard – District 4

Terry Scull – At Large

CITY MANAGER

Chad D. Nehring

CITY SECRETARY

Barbara Boyd

CITY ATTORNEY

James Payne





ACKNOWLEDGEMENTS

Special thanks to all the Boards and City employees who contributed to this budget.

ASSISTANT CITY MANAGER

James P. Gibson, CGFO

POLICE CHIEF

Jim Albers

FIRE CHIEF

Keith Byndom

PUBLIC WORKS DIRECTOR

Marcus Cameron

WASTEWATER PLANT SUPERINTENDENT

Larry Weaver

JOHN D. WINDHAM CIVIC CENTER DIRECTOR

Tommy Hughes

PURCHASING MANAGER

Michael Boyd

HUMAN RESOURCE ADMINISTRATOR

Diana Hernandez

CENTER ECONOMIC DEVELOPMENT CORPORATION

John Snider, Corporation Board President

CENTER ECONOMIC DEVELOPMENT FOR STREET IMPROVEMENTS CORPORATION

Buster Bounds, Corporation Board President

HOTEL/MOTEL ADVISORY BOARD

Fred Wulf, Board Chairman

PLANNING AND ZONING BOARD

Stephen Shires, Board Chairman





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Center
Texas**

For the Fiscal Year Beginning

October 1, 2016

A handwritten signature in black ink, reading "Jeffrey R. Ennis".

Executive Director



FY 2018 PROPOSED BUDGET

TABLE OF CONTENTS

Principal Officials	ii
Acknowledgements	iv
GFOAT Distinguished Budget Award	vi
Letter from the Mayor	1
City Manager Transmittal	3
Profile of Center, Texas	9
Strategic Plan	17
Annual Strategic Implementation Plan	23
Long Range Financial Forecast	25
Organizational Chart	34
Staffing Chart	36
Budget Format	38
Budget Process	38
Budget Calendar	39
Budget Philosophy	40
Fund Structure and Basis of Accounting	41
Consolidated Fund Overview	44
General Fund Budget	
General Fund Revenue Overview	47
General Fund Expenditure Overview	61
Non-Departmental	64
City Hall	66
Police Department	68
Fire Department	70
Street Department	72
Center Municipal Airport	74
Parks	76
Inspection Services	78
John D. Windham Civic Center	80
Sanitation	82
Cemetery	83
Animal Control	84
Municipal Court	85
Community Facilities	86

Water/Sewer Enterprise Fund



Fund Narrative	87
Fund Summary	91
Revenue Detail	93
Water Production	94
Water Distribution	96
Sewer Collection	98
Sewer Treatment	100
Public Works Administration	102
Non-Departmental	103
Solid Waste Fund	105
Recreation Fund	107
Park Fund	109
Law Enforcement Special Funds	110
Trust Fund	
Hotel Motel Tax	113
Debt Service Fund.	117
Vehicle Replacement Fund	121
Technology Fund	123
Capital Improvements Program	125
Tax Increment Re-Investment District #1	129
Economic Development Corporation	
Fund Narrative	131
Center 4A Economic Development Corporation	132
Center 4B Street Improvement	133
Debt Management Policy – Appendix A	135
City Fund Balance Policy – Appendix B	139
City Investment Policy – Appendix C	141
City Purchasing Policy – Appendix D	149
Glossary	155





September 8, 2017

Dear Center Resident:

Welcome to the City of Center financial plan and budget for Fiscal Year 2018. We expect this document will provide significant information in an easy to read and understand format. I know that the City staff and corporation and advisory board volunteers have worked to make this budget a success. The Council and I express our gratitude to those that have participated in this budget process.

A budget serves many purposes. It is a financial planning tool; a way for the City Council to allocate finite resources in a way that accomplishes our goals. It is a communication device; providing information to the Council and public on how the City operates. The budget is also a policy document, whereby the Council establishes certain policy goals and the general direction for the City. Finally, the budget is an operations guide, providing insight into services managed by the City departments and how these tasks are accomplished.

Center is a Home Rule city that provides a full range of municipal services to its citizens. As such, Center is very progressive in using tax-payer money to make long term investments into the community in areas such as public safety, parks, community facilities, and critical infrastructure.

Planning the future of our City is not a spectator sport; I would encourage everyone to attend a City Council meeting or consider volunteering for service on a board or committee.

I do hope that you enjoy the budget format and if you have any questions you may contact the City Manager, Chad D. Nehring at 936/598-2941.

Sincerely,

David Chadwick
Mayor, City of Center





Date: September 8, 2017
To: Mayor, City Council Members and Residents of Center
From: Chad D. Nehring, City Manager
Subject: FY 2018 Budget Transmittal Letter

GENERAL COMMENTS ON FY 2018 BUDGET

While the City continues to see new development, particularly retail and service-oriented, revenues have stabilized over the last two years. After record sales tax receipts six years ago, sales tax revenues have reverted to 2013-2014 levels. The City has continued to experience modest additional development and value increase from annexed properties. The economic stabilization during the last several years have allowed the Council and staff to focus on major infrastructure spending, explore sustainable community growth opportunities, and improve programs and services while stabilizing operational costs.

Budget development is challenging when planning for modest growth in expenditures while desiring to minimize the tax rate, maintain equitable utility fee structures, and striving for improved services while meeting imposed mandates and state/federal requirements. Continued development and expanded services generally dictate future revenue growth but also correlate to added service responsibilities and financial demands. Remaining conservative in revenue projections, particularly during a time of great fluctuation in sales tax revenues, insures funding of planned minimum service levels throughout the year and minimizes future needs for drastic budgetary adjustments.

The Council's underlying budget philosophies which provided direction on budget creation can be found on Page 40. These philosophies were derived from operating goals and strategic priorities from the Comprehensive Plan (Pages 17-21) with the financial forecast and planning exhibited on Pages 25-33.

REVENUES

Revenues of the General Fund consist of many different sources projected to generate \$4,614,800 in FY 2018. This represents a negligible increase (0.01%) in total revenues from FY 2017. Most notable are the increase in interfund transfers needed to offset the decline in total taxable value and stagnant sales tax receipts.



Revenue Category	FY 2018 Proposed Budget Revenue	Percent of Budget
Property Taxes	922,500	20.0%
Sales Taxes	1,954,000	42.3%
Franchise Fees	646,800	14.0%
Law Enforcement	223,100	4.8%
Transfers	698,900	17.8%
Airport Revenues	69,000	2.0%
Interest Earnings	2,500	0.1%
Grants	4,000	0.2%
Permits	14,000	0.3%
Miscellaneous	4,100	0.2%
Usage Fees	75,900	1.8%

Sales Tax

The largest source of general fund revenues is sales tax receipts. More detail regarding sales tax revenues, including its distribution, and where sales tax revenue is generated can be found on Page 48. Combined sales tax receipts are budgeted at \$3,120,000, a slight increase (1.2%) from the FY 2017 estimate. Remaining conservative with these projections allows for adjustments to operations and capital expenditures deemed necessary through the year.

Property Tax

Ad valorem appraised values decreased slightly this year (0.11%) where additional value from new construction, tax abatement agreements expiring and newly annexed properties offset value decreases from industrial, commercial and personal property values. The filed version of the budget projects the property tax rate of \$0.57500, which is slightly higher than the effective tax rate of \$0.564662 yet lower than the rollback rate of \$0.605009. Please review the table on Page 53 for historical tax rates and comparison of similar cities.

For additional information on property tax revenues, including the Maintenance and Operation/Interest and Sinking rate split, taxable and appraised values, the relationship between sales tax and property tax revenues, comparative property tax rates, and a sample resident's tax bill please examine the section beginning on Page 50.

Warranting special attention is a recent trend with the City's appraised values versus the adjusted taxable values. The City's tax base is not affected, unlike other taxing entities, by volatile mineral values. The City's adjusted taxable value fluctuates based on changes to existing improvements (appreciation or depreciation). In most years, this aging or depreciation is offset by new construction, property appreciation, or annexations, as seen in years 2008 and 2009 with the adjusted taxable value equating closely to the taxable appraised values.



Tax Year	Adopted Tax Rate	Calculated Effective Tax Rate	Adjusted Taxable Value
2001	0.599500	0.593386	137,618,495
2002	0.622856	0.62131	137,434,057
2003	0.604100	0.586514	148,489,667
2004	0.562100	0.545751	167,738,527
2005	0.536750	0.521121	188,650,972
2006	0.536000	0.541534	186,838,082
2007	0.523300	0.523367	199,429,040
2008	0.508700	0.508798	212,253,207
2009	0.476000	0.476192	225,944,348
2010	0.490250	0.49025	219,376,798
2011	0.490250	0.501454	218,547,452
2012	0.500000	0.51024	214,032,398
2013	0.510000	0.510048	241,653,359
2014	0.500000	0.497781	263,443,994
2015	0.530000	0.510418	262,257,968
2016	0.540000	0.494294	280,829,746
2017	0.560000	0.551989	280,224,688
2018	0.575000	0.564662	279,923,149

During FY 2009, the property tax scenario began changing for the City with the creation of TIRZ #1 and actual reductions in total appraised value from lowered valuations or lost value (e.g. Armstrong plant). While the last five years have exhibited notable increases in appraised values, those gains have been entirely from new construction, value increases within the TIRZ #1 district and annexations. It is further evidenced by the effective tax rate continuing to be very near the prior year's tax rate. The policy of minimizing the tax rate at or below the effective rate was fiscally sound while sales tax revenue was growing rapidly with property values steadily increasing. With economic trends and indicators reflecting tightening fiscal conditions, it is recommended the Council revisit the fiscal policy of reducing reliance on sales taxes. For more information on the TIRZ District #1, please reference Page 129.

Solid Waste Revenues

The current solid waste service contract with Republic Services was renewed four years ago and remains in effect through June 2020. The City will be receiving additional franchise revenue from Republic, escalating up to a total of 10% in FY 2017. Further, Republic informed the City of the need to adjust their rate to reflect CPI increases; this adjustment will result in slightly higher customer rates.



Utility Fund

Revenues are estimated to increase 4.8% from the FY 2017 budget. This increase comes from a combination of higher usage by industrial and water supply corporation customers and partially from an approximate 3% water rate and 5% sewer rate adjustment. Utility rate increases are recommended to insure sufficient income for sewer operations and annual debt payment coverage. The costs of utility operations are impacted by increases in the cost of materials, chemicals, electricity, fuel, and construction/maintenance. All of these non-personnel costs have seen continuous increases over recent years as a result of increased regional and international demand for commodities. Further, the utility system is required to perform stringent water and effluent quality tests. The age of the system in combination with the extreme customer pressures placed on it continue to generate demands for major maintenance items and annual equipment replacement.

Please reference Page 88 in the budget for more information about water consumption and a comparison of utility rates on Page 89.

EXPENDITURES

The greatest challenge to budgeting is providing consistent levels of service and improvements without increasing expenditures disproportionately to revenues. Construction, materials, and utility costs have increased and personnel expenses continue to grow. This year staff worked hard to manage budgeted expenses in recognition of continuing flat revenues.

Personnel

The employees are the greatest asset of the organization. Compensation and benefits are the most significant portion of the City's expenditure budget. Personnel related costs equate to 69% of General Fund expenses and 33% of Utility Fund expenses. The proposed budget maintains current employee benefits absorbing an 8% health insurance premium rate hike while also providing a COLA of 3%.

Further in the budget document, one can find an Organizational Chart (Page 34) and a Staffing Chart (Page 36). Personnel cost summaries and prior year actual expenses are listed on the Expenditure Overview on Page 61. Additionally, personnel costs are highlighted for each department on their individual pages.

Utility Fund Expenses

Transfer expenses to the General Fund and I&S (Debt) Fund make up nearly one fourth of all utility expenses. Personnel costs are also substantial, representing one third of all expenses.



Operational expenses continue increasing, including mandated operational changes, construction, chemicals, equipment and lab testing fees. Even with staff striving to reduce costs, there is a 4.8% increase in the cost to operate the City's utility. In FY 2015, the large water fund debt issue was retired, freeing up much needed capacity to engage in major system maintenance. Additionally, the SIB loan was fully retired in FY 2016. However, additional debt was issued in FY 2016 to fund a significant rehabilitation project at the Waste Water Treatment Plant and other major utility projects.

DEBT SERVICE

The City's debt service is similar to last fiscal year and the projected total debt service requirements for FY 2018 are \$1,237,150. Funds are budgeted to cover current debt payments, interest requirements and related expenses. For more information regarding the City's projected debt payment structure and debt benchmark data, reference the Debt section starting on Page 117.

TRUST FUND

The Trust Fund is composed of three main sources: the Animal Welfare Fund, the Cemetery Trust Fund and Hotel/Motel Fund. At this time, the Cemetery Fund is only accruing interest with no additional proceeds – however, in FY 2016 some improvements were made at Fairview Cemetery including the reconstruction of the gazebo, sign repairs and plat map display.

Hotel/Motel Taxes

Revenues in this fund are generated from the "bed tax" at hotels and motels within the City. Occupants pay a tax of 7% on the cost of their room, which is remitted directly to the City. Discretionary fund expenditures are overseen by the Hotel Advisory Board which makes funding recommendations to the City Council. Please see the Trust Fund section starting on Page 113 for more information.

INTERNAL SERVICE FUNDS

In FY 2016, the City Council created the Vehicle Replacement Fund, to stabilize the funding for capital vehicle purchases. Instead of this capital purchase being a major budgetary decision, Council designated a portion of excess fund balance to smooth out these large expenses.

In FY 2017, the Council created the Technology Fund for the same purpose. The Technology Fund will expense all technology related charges where the individual departments will make a monthly allocation transfer. Sufficient monies were transferred in the Fund's creation where significant technology capital expenses can be funded over time, thereby minimizing one-time budget volatility.



CLOSING COMMENTS

The City is striving to continue to improve both infrastructure and service delivery to the taxpayers, residents, and our utility customers. This budget reflects those desires and goals and continues to build on past successes without jeopardizing future growth and opportunities. Fund balances are near goals and debt levels are reasonable despite significant expenditures from debt issuances and fund balances for public facilities and infrastructure improvements. This continues to provide the City with adequate reserves to maintain a sound financial rating and be prepared for emergency situations in accordance with the fund balance policy adopted by the Council. Priorities used to define budget development include:

- Stabilization of tax rate and decreased reliance on volatile sales tax revenues;
- Completion of 2016-2018 Capital Improvements Program projects;
- Optimization of utility rates and decreasing subsidy of sewer operations;
- Maintaining personnel benefits to attract and retain qualified employees;
- Service levels to provide for the operation and maintenance of recent facility enhancements;
- Focus towards maintenance of major assets including public facilities;
- Enhancement and major maintenance to components of the utility system;
- Continuing funding toward enhancing the appearance of the community, and;
- Technology upgrades to improve service quality and maintain efficiency.

These objectives and budget priorities are accomplished while continuing a tradition of fiscal conservatism and responsibility. Center is a great place to live, work, visit, and do business because of its progressive spirit which meets its future needs while providing quality yet affordable services. Center is fortunate to have the community leaders, volunteers, and employees to pursue these goals and continue to improve the City.



FY 2018 BUDGET PROFILE OF CENTER, TEXAS

Although the FY 2018 budget is primarily a financial document, it is also an opportunity to acquaint you with some of the history, highlights, facilities, and economy of Center, which make it a great place to visit, live, work and do business.

City Government

The City of Center operates under a Home Rule Charter with a Council-Manager form of government. The governing body, the Center City Council, is composed of a Mayor, two council members elected “at-large” by city-wide elections, and four members elected from single member districts. The Mayor and Council members serve staggered two-year terms. The Mayor and Council are responsible for casting a vision and direction for the city, enacting legislation in the form of ordinances and resolutions, adopting and amending budgets, making appointments to the boards and commissions, and determining the general policies of the City.

The Center City Council meets on the second and fourth Mondays of each month at 5:00 in the council chambers at City Hall, located at 617 Tenaha Street in Center, Texas.

History of Center

Shelby County was one of the original thirteen counties in Texas, being organized by the Republic of Texas Congress in 1837. The county was named for Isaac Shelby, an American military hero and Governor of Kentucky. Shelby County eventually became one of the most populous and prosperous counties in the state because of its proximity to Louisiana and location along the Sabine River.

The settlement which eventually became the City of Center was originally called White Cottage. A post office was established at this settlement on April 6, 1848.

Al Johnson, an East Texas state representative, introduced a bill to have all county seats be as close to the center of the county as possible. R.L. Parker, the County Clerk at the time, arranged to have the county surveyed and the center located. A vote was held in Shelby County to move the seat of county government from Shelbyville, the original county seat, to the center of the county. The result of the vote was in favor of relocating the county seat. The people in Shelbyville organized to protect the county records. However, one night in 1866, a group of men led by Parker entered into the courthouse, confiscated all of the records and relocated them to a log cabin near White Cottage. Shortly after the incident, the community became known as Center, primarily to reflect the requisite location of the county seat.

The Center post office opened in October 1866. In 1869, Confederate veteran Captain Jesse Amason donated fifty acres of land for the town site of Center.



On the night of May 31, 1882, a fire erupted at the courthouse and the building was a complete loss. The county contracted with J.J.E. Gibson, an Irish immigrant, to construct a new courthouse and jail. In November 1885, the new courthouse was completed and remains standing to this day. The courthouse serves as an icon in the downtown city square and has been the hub of commerce and public life in the community ever since.

The City of Center was incorporated in 1893, however, the result of this incorporation was dissolved and the city was reincorporated by means of another charter election in 1901. The city developed and adopted a home rule charter April 7, 1984.

Economy of Center

This section is intended to provide a brief snapshot of the Center and Shelby County economy. The topics discussed will be population change in Shelby County including how this population change occurred, the size of the local labor force and the unemployment rate, and per capita and household income. Finally, data will be presented which will describe the different industry clusters in Shelby County and the location quotients of the County.

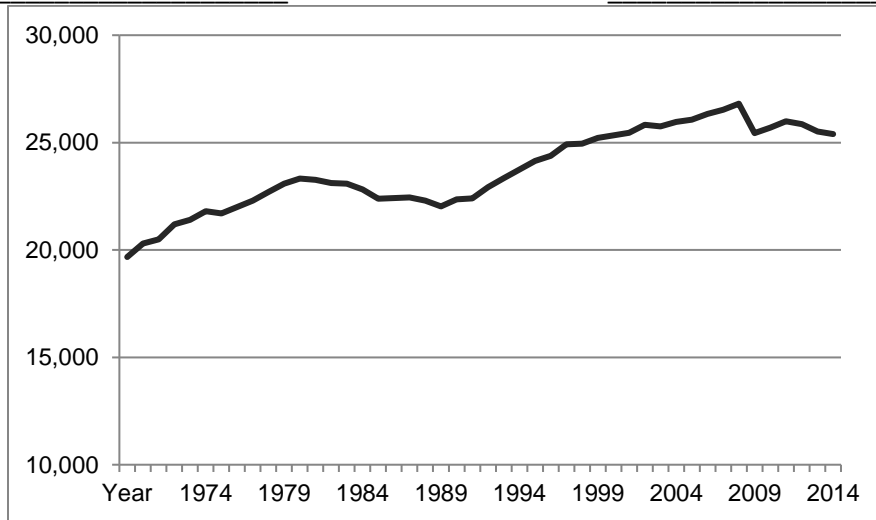
The economy of Center has evolved through four distinct stages. The first stage was cotton; Center boasted a number of cotton gins. Cotton production eventually was superseded by timber production; there were two pulpwood mills located in the city. In the 1950's the poultry industry was introduced in Center as the timber industry became less lucrative. In the early 2000's, the Haynesville Shale gas formation was discovered in Shelby County and natural gas production activity became a staple of the economy.

One of the recurring trends illustrated in this section is just how bound Shelby County's economy is to the State of Texas. This is indicated in nearly all of the economic factors discussed below.

Population

The population of Shelby County has changed dramatically over the last 40 years. As graph 1 indicates, the population of the county has increased 36% over this time period, representing about a 1% increase each year. The population adjusted following the 2010 census and has since stabilized.

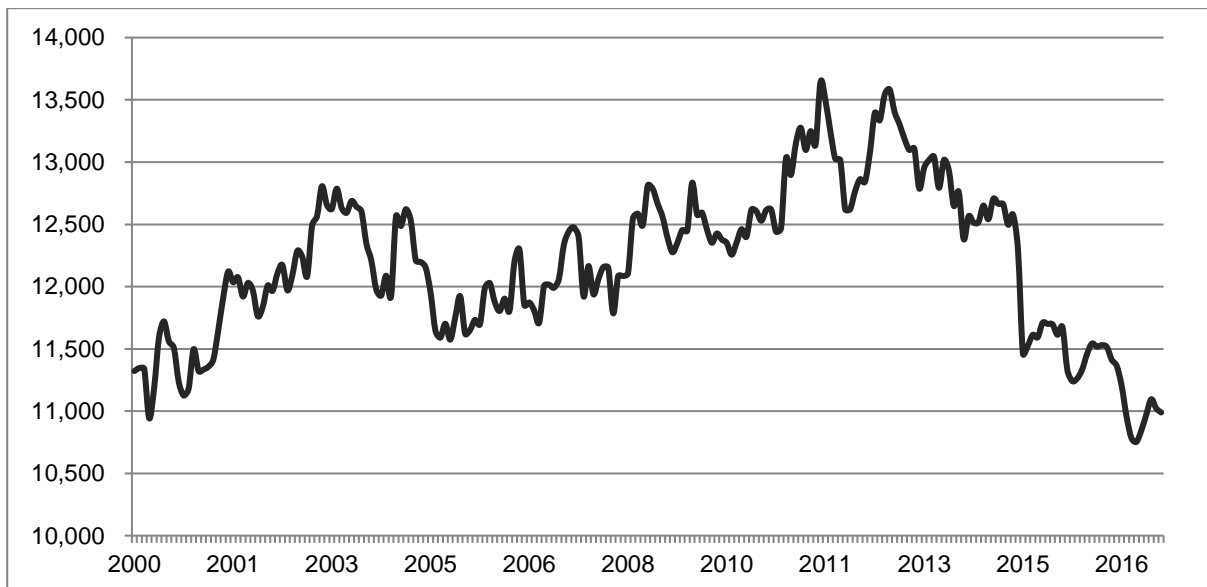
The first peak in population in the late 1970's and early 1980's represents a relative prosperous time in the State of Texas prior to the oil bust. The population of the county continued to decline through the late 1980's until making a correction in the early 1990's. The trend of population growth has increased since then, reflecting the overall population growth and demographic changes in the State of Texas.



Graph 1 – Population trends in Shelby County 1970-2015
Source: Texas Workforce Commission

Labor Force

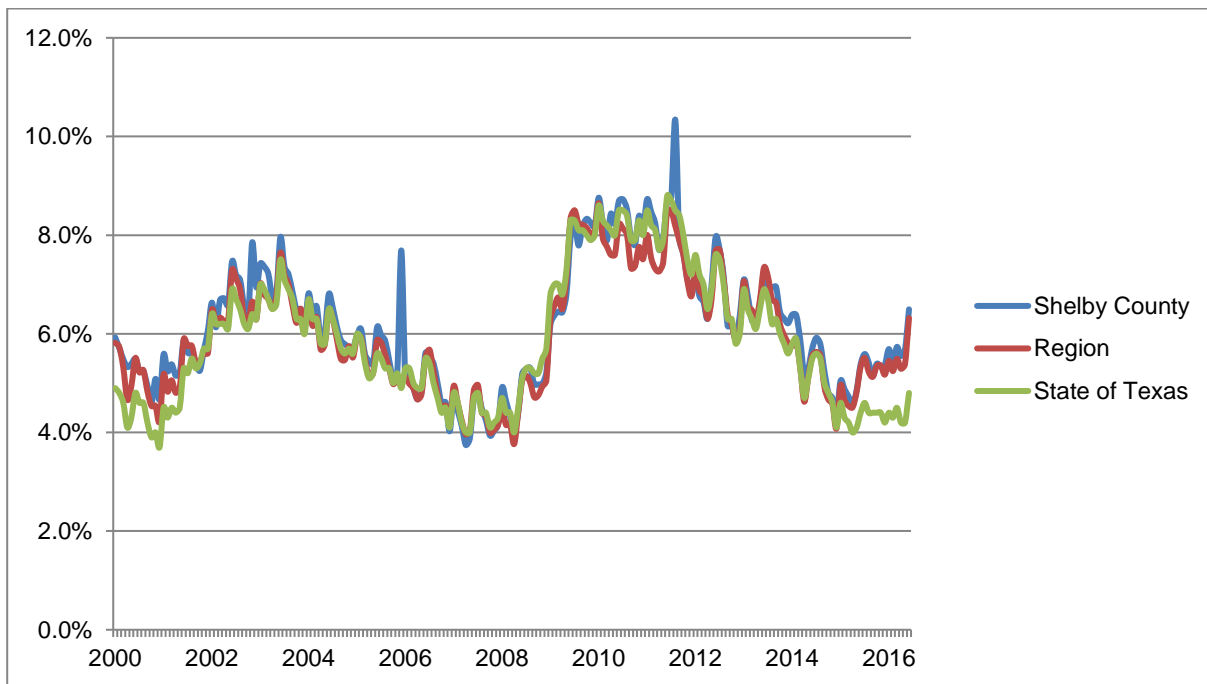
The size of the labor force in a given area can indicate the relative health of the local economy. As graph 2 indicates, the size of the Shelby County labor force has declined from record levels and appears to have bottomed out at 11,000. The months where the number is above 12,500 would indicate the time period where gas development was strong in the county and there were simply more individuals working in the county.



Graph 2 – Size of the labor force – Shelby County – January 2000 to May 2017
Source: Texas Workforce Commission

Unemployment

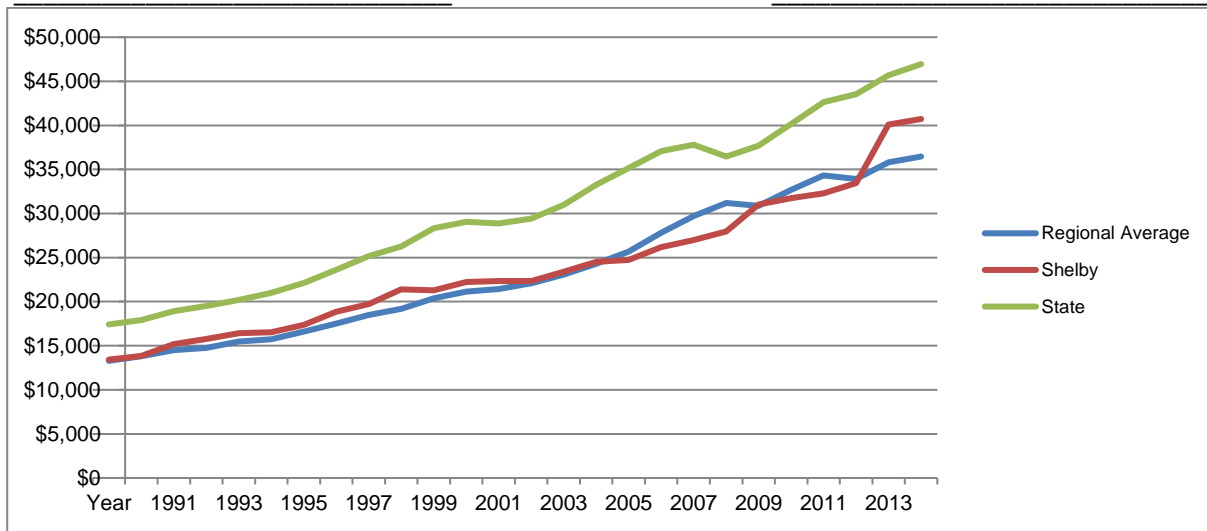
The unemployment rate in Shelby County remained stubbornly high following the 2009 recession. Along with the nationwide economic downturn, Shelby County has also felt its share of hard times. Following a brief plateau period, the unemployment rate slowly began its descent. After flirting with some of the lowest unemployment rates in the County's history, the unemployment rate of both Shelby County and the Region (the surrounding five counties) have begun a peculiar pattern of bifurcating from the State's rate. The State's low unemployment rate can partially be explained by the robust energy sector in other parts of the State as well as strong labor markets in large metro areas.



Graph 3 – Unemployment Rate of Shelby County and State of Texas – Not Seasonally Adjusted – January 2000 to May 2017
Source: Texas Workforce Commission

Income

Graph 4 shows the per capita income of Shelby County, the State of Texas and the Region (the five surrounding counties). Unsurprisingly, the State's per capita income far exceeds that of Shelby County or the Region. However, Shelby County's per capita income is the highest of all 6 counties. It would be foolish to expect that Shelby County's income levels would meet or exceed that of the State, but in the last ten years, the gap has closed. In 2006-2007, this gap was over 40% - in 2014-2015 the gap was 14-15%. Some explanations for this is that local industries have become more productive which results in higher wages. There have also been new business development in the County.



Graph 4 – Per capita income of Shelby County and the State of Texas – 1990 – 2015
Source: Texas Workforce Commission

Economic Clusters

An economic cluster, according to information from the U.S. Economic Development Administration, are geographic concentrations of competing, complimentary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. This analysis can be beneficial for a small community in an attempt to identify its unique clusters.

A total of seven industrial clusters were identified based on the data accessed. The seven strongest industrial clusters in Shelby County are: Agribusiness, Forestry, Fishing and Hunting; Mining and Gas Extraction; Construction; Manufacturing; Retail Trade; Finance and Information Services; and Health Care.

Industry	Number of Firms	Number of Employees	Annual Wages
Agribusiness, Forestry, Fishing & Hunting	32	286	8,355
Mining, Gas Extraction	19	399	21,280
Construction	40	280	18,999
Manufacturing	16	1,986	72,494
Retail Trade	86	1,021	25,285
Finance and Information	45	490	21,259
Health Care	36	638	18,596

Table 1 – Shelby County Industrial Clusters – 2015
Source: County Business Patterns www.census.gov



Major Employers

The Center local economy has a relatively strong industrial base. In the Deep East Texas region, Center is the only small city with an employer that has over 1,000 employees. In addition, there is also a healthy mix of smaller and medium sized businesses in the City. Table 2 lists the major employers in the immediate Center area.

Employer	Product	Number of Employees
Tyson Foods	Poultry	1,600
Center Independent School District	Education	400
Wal-Mart Supercenter	Retail	281
Port-A-Cool LLC	Manufacturing	270
Shelby County	Government	130
Holiday Nursing	Health Care	93
General Shelters of Texas	Manufacturing	85
Pine Grove Nursing	Health Care	81
City of Center	Government	79
Green Acres Nursing	Health Care	72
Hallmark – Center Fixture Operations	Manufacturing	54
Spartan Structures	Manufacturing	50
Nacogdoches Medical – ER Department	Health Care	49

Table 2 - Center Major Employers
Source: Shelby County Chamber of Commerce

Location Quotient

The location quotient of a community looks at the proportion of a type of worker in a given area and the percentage of a worker in a comparison area such as the state or nation and divides those two numbers. A quotient greater than or equal to 1 indicates that there is a strong proportion of an occupation in comparison to another area. Table 3 examines those workers in four different industries and creates a multi-year location quotient table compared to the State of Texas.

Economic Area/Industry	2016	2015	2014
Financial Activities	0.90	0.85	0.72
Goods Producing	2.67	2.80	2.87
Manufacturing	2.91	2.85	2.67
Trade, Transportation & Utilities	0.94	0.96	0.94
Natural Resources & Mining	8.27	8.25	9.16

Table 3 – Location Quotients in Shelby County
Source: Bureau of Labor Statistics

Table 4 provides evidence that Shelby County is one of the top counties in the State that specializes in manufacturing



County	2016 Manufacturing Location Quotient
Titus	4.38
Morris	4.27
Calhoun	3.58
Shelby	2.91
Harrison	2.87

Table 4 – Top 5 Texas Counties – Manufacturing Location Quotients – December 2016
Source: Bureau of Labor Statistics

These two points of data indicate the strength of the agricultural and manufacturing base in Shelby County.

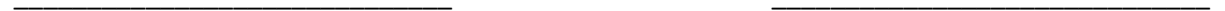
Building Permits as an Indicator

As a source of municipal revenue, building permit receipts are not a major contributor to City coffers. However, they can be used as a measure of the City's growth patterns. Up to 2007, there were not many permits issued and their value was not great. Corresponding to the oil and gas development activity following 2007, there was a surge in the number of building permits issued and with higher values. Much of the commercial values reflected in Table 4 represent the recent hotel construction activity.

Year	Residential		Commercial/Industrial		Total	
	# Permits	\$ Value	# Permits	\$ Value	# Permits	\$ Value
2002	5	48,000	7	101,970	12	149,970
2003	3	10,150	7	291,100	10	301,250
2004	33	2,811,090	6	8,660,000	39	11,471,090
2005	4	441,710	11	2,311,000	15	2,752,710
2006	3	21,500	7	3,745,754	10	3,767,710
2007	15	738,800	11	535,160	26	1,273,960
2008	11	686,513	23	13,104,921	34	12,781,434
2009	10	499,359	25	13,989,157	35	14,488,516
2010	10	2,005,614	16	2,233,795	26	4,239,409
2011	10	470,000	18	22,774,492	28	23,244,492
2012	19	1,269,866	12	4,205,686	31	5,475,552
2013	13	803,350	4	854,000	17	1,657,350
2014	9	376,445	9	4,741,266	18	5,117,711
2015	13	60,419	3	1,294,900	16	1,355,319
2016	20	227,051	11	2,810,851	31	3,037,902
2017	15	312,659	14	874,034	29	1,186,693

Table 4 – Building permits issued
Source: City of Center

There was marginal increase in building permit activity in 2016 with anticipated new construction projects in development.





**CITY OF CENTER
STRATEGIC PLAN
FY 2018 – FY 2020**

VISION STATEMENT

By the year 2030, the City of Center will be a community significantly larger than its' current size and be known as a desirable community with an enviable quality of life, a diversified economy, an attractive physical environment, and a variety of housing choices.

This will be accomplished by a strategic planning approach, innovative and aggressive policies and programs, and a relentless pursuit of quality.

The Center City Council adopted an updated Comprehensive Plan in 2014 that identifies a number of issues that warrant attention. The list can be condensed into four primary categories: Economic Development, which includes housing development and tourism promotion; Quality of Life which includes community beautification and community amenities; Growth and Physical Development of the utility and transportation system; and Improvements in understanding and communication.

Each of these imperatives are of varying importance and require action at different points in time.

Strategic Importance	High	Economic Development	
		Annexation	
		Quality of Life	
		Improve Understanding and Communication	Beautification
	Low	Housing Development	Community Amenities
			Tourism Development
	Short	Long	
Time Frame			

In the Summer of 2017, the City Council held a planning retreat where they identified the following strengths, weaknesses, opportunities, and threats.

<u>Strengths</u> Financially sound City Active economy and civic groups Functional council and staff Infrastructure (Water, Civic Center, hotels, airport, downtown) Industrial base	<u>Weaknesses</u> General cleanliness Lack of: Housing, medical facilities, food and dining options, land for industrial development Branding/image Private property improvement/Pride
<u>Opportunities</u> Marketing Improved relationships with County and ISD Return of oil/gas activity Sports tourism Water availability	<u>Threats</u> Loss of industry/employers Continuing 'run down' appearance



To assist in budget development, in Spring of 2017, the Council was provided a survey to assist staff in crafting budget priorities, which also serves to justify the continuation of strategic plan goals and objectives.

The Council's top 5 goals in order of importance are:

- Economic Development
- Financial Stability and Sustainability
- Growth Planning
- Ensure Quality Utility Operations
- Address Public Safety Concerns

The following sections will explain in detail the strategic imperatives.

GOAL A. ECONOMIC DEVELOPMENT: THE CITY OF CENTER WILL BE A PLACE WITH A VIBRANT BUSINESS ENVIRONMENT WITH A DIVERSIFIED ECONOMIC BASE.

Objective 1. Develop relationships with local industries to foster active listening and communication so that the City can be responsive to their needs. (Comp Plan #13)

1. Conduct a periodic business survey
2. Conduct annual site visits to local industries
3. Resume quarterly industrial breakfasts
4. Provide market and other necessary data and technical assistance for local businesses

Objective 2. Expand and diversify the local industrial base.

1. Expand relationships with business consultants (Comp Plan #11)
2. Focus on spin-off/companion companies and opportunities (Comp Plan #9)
3. Continue to pursue programs providing incentives or funding for encouraging new businesses (Comp Plan #15)
4. Ensure no restrictive zoning regulations to accommodate target industries (Comp Plan #14)
5. Increase the number of developable and marketable sites in the City for different types of development (i.e. industrial, retail, commercial)
6. Identify, foster and develop small businesses through an entrepreneur development and assistance program
7. Market to identified companies within targeted industries and respond to prospect leads

Objective 3. Continue and encourage coordination, cooperation, and building regional relationships with economic development allies. (Comp Plan #12)

1. Partner with Center ISD to enhance the school's reputation as being a quality school district
2. Foster relationships with regional utility providers
3. Continue engagement with regional economic development agencies (e.g. Texas Forest Country Partnership, Northeast Texas Economic Developer's Roundtable, the Right Corner)
4. Become active in Statewide economic development activities (e.g. Team Texas, Texas One, Governor's Office, Texas Economic Development Council)



Objective 4. Develop the local workforce and human capital capabilities.

1. Participate in the Center ISD Career and Technical Education (CATE) program
2. Remain active in the Panola College Advisory Board
3. Seek out additional educational alternative opportunities

Objective 5. Transform the Center Historical Downtown Square into an economically vigorous area.

1. Continue to plan for the downtown streetscape enhancement project (Comp Plan #4)
2. Develop a model of the ideal mix of businesses for the downtown area
3. Ensure that the downtown area regulations are compatible with the vision and plans.
4. Update or adopt codes to encourage the reuse of existing structures in the downtown square (Comp Plan #17)
5. Market a façade improvement grant program to incentivize the redevelopment of existing structures in the downtown square
6. Encourage mixed use projects in the downtown area (Comp Plan #5)
7. Seek recognition as one of the most dynamic downtowns in East Texas

Objective 6. Develop Center as a retail hub.

1. Resume the retail recruitment effort
2. Encourage/incentivize retail-ready development projects

GOAL B. METHODICALLY GROW THE CENTER CITY LIMITS AND POPULATION IN AN ORDERLY MANNER

Objective 1. Secure high value areas in the ETJ which the City can easily annex

1. Adopt the Future Land Use Maps and revise the City's zoning map to reflect Future Land Uses.
2. Identify utility extension projects which will allow for system growth; Coordinate annexation proceedings with utility system expansions
3. Identify areas that are candidates for annexation and pre-emptively secure development agreements to begin the waiting period
4. Secure high value areas in the ETJ which the City can easily annex

Objective 2. Create a vibrant housing market in Center with a mix of full life-cycle housing units (Comp Plan #23)

1. Develop strategies to encourage the construction of single and multi-family developments (e.g. TIRZ, utility and street construction, construction rebates, tax abatements) (Comp Plan #27)
2. Encourage appropriate residential in-fill development (Comp Plan #25)
3. Seek to stabilize neighborhoods, housing stock, and property values by creating a housing maintenance program (Comp Plan #26)
4. Encourage individual home ownership by helping to create a pipeline of potential home buyers.
5. Coordinate volunteer teams to repair blighted housing units
6. Sponsor HOME grant applications and other governmental assistance programs

Objective 3. Coordinate efforts with Center ISD regarding population growth rates and direction.



GOAL C. PROACTIVELY ENGAGE IN ACTIONS THAT WILL ENHANCE CENTER'S QUALITY OF LIFE

Objective 1. Engage in creative efforts to aesthetically enhance Center's physical appearance

1. Aesthetically enhance targeted areas (e.g. Roughrider Drive, Hurst Street, focal points, community facilities)
2. Identify strategic locations in the City for placement of forms of public art (e.g. murals, sculptures, display art)
3. Install entryway and directional signage (Comp Plan #21)
4. Adopt signage, landscaping, and property maintenance codes (Comp Plan #19, 20)
5. Continue demolition of blighted structures

Objective 2. Develop Center into a tourist destination

1. Develop the presence of art in the community
2. Partner with organizations to create new events which will serve as draws to the community
3. Target civic center marketing efforts on events which will bring out-of-area visitors
4. Engage with the school other entities to attract more regional activities to Center
5. Grow the Recreation Program to expand and create demand for athletic tournaments and events

Objective 3. Build the best park system for a mid-sized East Texas City

1. Continue implementation of the Parks Master Plan
2. Promote walkability and pedestrian connectivity (Comp Plan #22)
3. Complete Portacool Park and planned Perry Sampson Park projects

Objective 4. Create a health care task force

GOAL D. ENGAGE THE COMMUNITY BY IMPROVING UNDERSTANDING AND COMMUNICATION

Objective 1. Enlarge the City's marketing and external recognition efforts.

1. Develop a branding strategy to promote a consistent and cohesive identity for Center (Comp Plan #16)
2. Develop a media strategy involving the creation of compelling content with social media activity
3. Resume community outreach programs (e.g. Coffee with the Mayor, quarterly mayors meetings, industrial breakfasts)
4. Seek out external awards to earn recognition for efforts.
5. Continually update data on websites
6. Create themed months to generate awareness of certain topics.

GOAL E. ENHANCE CORE PUBLIC SERVICE DELIVERY

Objective 1. The City of Center will construct a reliable and safe utility infrastructure system which will provide excellent service to all customers

1. Develop plant improvement programs (i.e. water production and sewer treatment plants)
2. Implement the water master plan to address future needs



-
3. Identify those areas of the City that are in need of enhanced pressure or looping
 4. Identify those areas where utility lines need to be replaced or enlarged
 5. Continue negotiations with other water supply corporations for the City to sell them water.

Objective 2. Enhance drainage systems to protect property

1. Identify drainage projects for maintenance or enlargement
2. Adopt a monthly drainage fee to fund drainage projects
3. Review FEMA floodplain maps
4. Enforce storm water prevention standards on large developments

Objective 3. Implement the Center Municipal Airport Capital Improvements Plan

Objective 4. Enhance public safety programs and outreach

Objective 5. Make improvements to the City's transportation system

1. Continue the annual street maintenance program
2. Develop collector street system based on areas planned for infrastructure expansion (Comp Plan #7)
3. Coordinate with TxDOT for highway improvements





**CITY OF CENTER
STRATEGIC PLAN
FY 2018 IMPLEMENTATION PLAN**

The secondary component of the strategic plan is the development of an annual implementation work plan to:

- Compartmentalize the strategic plan into manageable pieces;
- Allow Council the opportunity to evaluate annual goals and objectives;
- Allow Council to set funding priorities on projects designed to further the strategic plan.

The annual strategic work plan is divided into two sections – those areas that the City will provide attention to which will take time but not necessarily dedicated resources, and those projects that are specifically identified and funded.

The work plan is organized by Goal-Objective and which department or fund is tasked with the program/project. A funding level is also provided, if applicable.

FY 2018 FUNDED PROJECTS/ACTIVITIES

Goal A				
	Objective 1.3	Quarterly breakfasts	4A EDC	1,000
	Objective 2.1	Develop strategic relationships with stakeholders	4A EDC	5,000
	Objective 2.5	Increase developable sites	4A EDC	50,000
	Objective 2.6	Small business development	4A EDC	TBD
	Objective 2.7	Business marketing	4A EDC	5,000
	Objective 5.1	Downtown streetscape development	CIP	5,000
	Objective 5.5	Downtown façade improvements	4A EDC	40,000
Goal B				
	Objective 1.2	Water utility expansion	Water Distribution	60,000
	Objective 1.2	Sewer utility expansion	CIP	1,850,000
Goal C				
	Objective 2.3	Civic Center marketing	Civic Center	1,500
Goal E				
	Objective 1.1	Utility plant improvements	Water Production	35,000
	Objective 1.1		CIP	2,100,000
	Objective 1.1	Additional Water Storage	CIP	900,000
	Objective 1.3	Water Tank Maintenance	Water Production	94,000
	Objective 5.1	Annual street maintenance program	4B EDC	600,000
TOTAL				5,746,500



ONGOING PROJECTS

Goal A			
	Objective 1	Business outreach	4A EDC, City Hall
Goal B			
	Objective 1.4	Annexation	City Hall
	Objective 2.1	Enhance housing stock	4A EDC, City Hall
Goal D			
	Objective 1.5	Website update	4A EDC, City Hall
		IT Services	City Hall/Technology Fund
Goal E			
	Objective 1.3, 1.4	Identify utility lines for upgrade	Water Distribution, Sewer Collection



CITY OF CENTER LONG RANGE FINANCIAL FORECAST FY 2018 – FY 2022

Near the beginning of FY 2015, the City of Center developed a formal process of considering a five-year financial forecast. The goal of the Financial Forecast is to look prospectively to anticipate problems and assess opportunities. This exercise also allows the City Council to plan future goals. Some issues identified in this financial forecast are:

- Fund Balance. Insuring the City's fund balance and cash reserve position so that it complies with the Fund Balance policy. As the size of the operating budget grows, so too should the fund balance.
- Revenue and Expense Policy. Each year the City reviews the tax and utility rates as well as analyzes how Center compares with other communities
- Debt capacity and payment requirements.

This forecast has been prepared to provide the following benefits to City leaders:

1. The forecast can be used by the City Council in orchestrating policy decisions with long term implications.
2. The forecast can serve as an aid to both elected and administrative officials in anticipating future fiscal conditions, so that strategies can be developed and action implemented to correct, minimize or counteract these potential difficulties.
3. The financial forecast can assist the City Manager as well as City departments in operational planning.
4. The long range forecast can result in more accurate estimates of revenues and expenditures during the annual budget process.
5. The forecast can indicate to bond rating agencies and other interested parties that Center does have a systematic financial planning process in place.
6. The long range financial forecast can help the general public understand that long-term costs associated with current and proposed City activities that may affect the municipal government of Center.

FORECAST PREPARATION

A forecast is only one component of a financial planning program. The financial forecast, as presented, does not attempt to predict the future; current economic and regulatory conditions can be volatile indicating the forecast is only as good as its' underlying assumptions. However, it is the potential for accuracy and the discussion and deliberation stimulated that is the forecast's true benefit.

The long-range forecast contains many underlying assumptions for each projection. Each section details the assumptions used in projecting revenues and expenditures and in some cases, identifies policy changes or environmental factors that may cause inaccuracy.

Forecasting Methodology

The City of Center uses three basic techniques to forecast revenue and expenditures: expert judgment, trend analysis and incremental change.

The expert judgment, also known as the "best guess" approach, is used to project some revenues. This method relies on a variety of experts on the City staff as well as outside sources. Trend analysis assumes that revenues and expenditures are a function of linear factors, most often time. Once revenues or expenditures are separated into line item accounts, the City's future activity can be projected based upon trends experienced over the past several years. At a minimum, data collection over the past five years is used.



Expenditures and revenues are also forecast using an incremental and deterministic model unless specifically denoted. This assumes a consistent level of services, unless otherwise noted, that accounts for inflation yet ignores service enhancement or improvement. Personnel expenditures reflect cost of living adjustments and increases to volatile health insurance costs, yet does not show any staffing increases. The forecast separates expenditures by prime accounts and provides for an annual inflation factor.

Potential Economic and Environmental Conditions

There are a number of economic and policy factors which could significantly impact the City's ability to generate revenue, increase demands for service or generally increase the cost of operations.

Energy Industry Activity

The United States in general and Texas in particular, began exporting crude oil and natural gas in late 2015/early 2016. The United States is poised to become a world leader in commodity exports over the next 20 years. This could result in a resurgence in activity in the Haynesville Shale. An energy activity renaissance would cause a massive influx of temporary works, boosting Hotel Occupancy Taxes around 200%, bringing revenues back to 2010-2011 levels. The City could also experience a 25% increase in sales tax revenues, similar to 2012 levels, however, this would be elastic to the point of volatile.

Property tax would see a minor increase as there are not many value producing wells inside the City; value increases would come from some property appreciation but mostly from business personal property and inventories. However, the TIRZ#1 would be the largest beneficiary in terms of property valuations, as the two hotels would have high valuation increases.

On the other hand, this extra activity would place strain on City services. Law enforcement personnel would need to be added to accommodate the larger in-town population. Last time, requests for City building permits and inspections increased, businesses were making applications for re-zone and variance requests; the City would need to add back one inspection clerk position that was eliminated.

Health Insurance Rate Volatility

During FY 2016, the City experienced a bad health insurance loss ratio year. Naturally, this led to increases in the premiums paid by the City and employees. In addition to health care regulatory uncertainty, the FY 2017 insurance premiums jumped 20%.

The risk that the City will experience chronic large loss ratio years requires a long-term mitigation approach. Working with the insurance provider and Personnel Department, employees are encouraged to participate in the wellness program.

Poultry Industry



Center's reliance on the poultry industry places it in danger to at least 3 hazards. The first is a bird flu event that results in the culling of large numbers of birds. The second is the detection of a bio-hazard at the Tyson plant, and the third is a shortage of water for the Tyson plant.

There have been a few isolated incidents of bird flu affecting poultry in other parts of the Country – it has never been detected in Shelby County. In the event of an avian disease event, many of the exposed birds are culled and are not able to be processed for human consumption. The impact would be two fold. First, the contract growers may not be paid for culled birds. They rely on these payments to meet their needs and repay their loans with local banks. Second, the supply of birds to the Tyson plant would be severely reduced, resulting in less need for water (bought from the City) and shifts to produce product to sell.

In 2015, listeria was discovered at the Blue Bell ice cream plant in Brenham and the plant was closed down for about nine months. An event like that would also devastate the local economy. If Tyson is not buying birds, then contract growers are not getting paid and the City is not selling them water.

With both of these scenarios, the City would receive significantly reduced payments from taxes and utilities. Tyson is the largest property tax payor to the City. If they halt production, then their valuation also declines. Tyson Foods is the City's largest utility customer, providing roughly 25% of the City's Utility Fund revenue. If dollars are not circulating in the local economy, the City is not receiving sales tax revenue. Further, the local banks would be under stress and would seize up their lending. This would, in turn, deter local businesses seeking financing and consumers making large purchases.

In 2011, the State of Texas experienced the worst drought in 60 years. While the City never ran out of water for residents, City staff had to communicate with Tyson to reduce water consumption for their operations. Under this scenario, the worst result is that Tyson would cut back on shifts and slow production.

Overall, given the relative geographic isolation, the community is fairly well insulated from positive or negative major national economic trends.

Other Potential Events

New industry locating in town or existing industry expansion would increase dollars circulating, create jobs, and add to the tax roll.

Additional commercial or residential development would further add population

Severe weather events (drought, heavy rain, or disaster) would disrupt utility revenues or greatly increase operational expenses.

For the purposes of this forecast, none of these events are included for planning purposes.



General Fund Revenue Assumptions

Property tax collections are projected using the following assumptions and methodology:

- The net taxable values for FY 2017 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2018 through 2022 are calculated at 2% annual increase. This is supported by tax abatement expiration, annexations, limited new construction offset by depreciation in existing properties.
- The delinquency rate will remain at 4% through the forecast period.

Sales tax revenues are projected to increase 1.5% each year through the forecast period. Sales tax revenues have stabilized after correcting from record setting years.

Franchise revenues were examined at a line item level. Historically, the electricity franchise has generated revenue in a tight range; with very little projected growth this trend will continue. The phone and cable franchise revenues, however, are projected to continue their overall decline at 5% and 7% each year respectively. This is due to the fact that more customers are switching to non-franchise collecting satellite services and the abandonment of landlines in favor of mobile communications.

Each year the Utility Fund transfers funds to the General Fund to offset the costs of administering the Utility Department, and functions as a franchise payment for use of City rights of way. A study was conducted in FY 2013 to determine the funding adequacy of this revenue stream and determined that the General Fund was subsidizing Utility Fund operations. The study indicated that the transfer should increase to \$400,000 in FY 2016 and then to \$475,000 in FY 2017. For FY 2018, an administration fee is assessed to the Utility and Solid Waste Funds in addition to a 3% and 10% franchise fee. The two Economic Development Corporations also transfer money to the City to reimburse for administrative costs. These costs are projected to slightly increase through the forecast period. Finally, the transfer from Hotel Occupancy Taxes are used to offset the costs of maintenance and operation of the Civic Center and Community House. In FY 2013, the Civic Center transfer was reduced to reflect depressed occupancy tax revenues. The forecast anticipates stabilizing Hotel Occupancy Tax revenues to allow the transfer amount to eventually be restored.

The areas of Law Enforcement (Municipal Court Revenues), Airport, Miscellaneous, Permits and Usage Fees are all expected to be stable with little variation over the forecast period.

	FY 2016 Actual	Adopted FY 2017	Proposed FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
Property Taxes	969,844	901,500	922,500	901,324	946,917	1,112,118	1,146,071
Sales Taxes	1,922,764	1,952,300	1,954,000	2,006,363	2,036,459	2,067,006	2,098,011
Law Enforcement	214,724	221,600	223,100	230,300	232,600	234,900	237,300
Franchise Fees	438,512	513,000	646,800	1,153,300	1,155,800	1,154,300	1,159,300
Airport	91,158	92,100	69,000	95,000	95,000	95,000	95,000
Permits	21,558	14,200	14,000	18,000	18,000	18,000	18,000
Usage Fees	80,382	80,900	75,900	72,000	75,000	75,000	80,000
Solid Waste	8,288	0	0	-	-	-	-
Miscellaneous	59,392	5,600	4,100	20,000	20,000	20,000	20,000



Transfers	747,861	823,600	698,900	245,000	260,000	265,000	265,000
Interest	6,890	2,600	2,500	2,500	2,500	2,500	2,500
Grants	12,922	7,000	4,000	7,500	7,500	7,500	7,500
TOTAL	4,574,297	4,614,400	4,614,800	4,751,287	4,849,775	5,051,323	5,128,682
Personnel	3,129,145	3,168,000	3,196,700	3,290,764	3,374,888	3,461,738	3,551,426
Supplies	106,178	112,350	109,750	119,192	122,768	126,451	130,244
Contractual	466,506	492,550	589,250	537,952	552,332	563,855	580,294
Utilities	228,326	228,800	214,600	247,470	257,369	267,664	278,370
Sundry	196,163	211,900	183,900	216,159	218,321	220,504	222,709
Maintenance	273,809	283,300	284,200	300,553	309,570	318,857	325,234
Capital	241,032	85,500	36,500	90,000	90,000	90,000	90,000
Transfers	200,000	32,000	0				
TOTAL	4,841,160	4,614,400	4,614,800	4,802,090	4,925,247	5,049,069	5,178,277
Revenues Over/(Under) Expenditures							
	(266,862)	0	0	(50,803)	(75,472)	2,255	(49,595)

Property Tax Rate

The Forecast anticipates that the property tax rate will go on a slightly higher trajectory over the forecast period, rising from the current \$0.56 to \$0.58. Revenue sources that are under the City's control, such as the property tax rate, will need to be evaluated as the rising costs of personnel services exceeds the City's ability to generate revenue.

Tax Year	Taxable Value	M&O Rate	I&S Rate	Total Rate	M&O %	I&S %
2017	280,224,688	0.325760	0.234240	0.560000	58.2%	41.8%
2018	279,923,149	0.328514	0.241486	0.5750	57.1%	42.9%
2019	288,115,815	0.327124	0.250376	0.5775	56.64%	43.36%
2020	293,878,132	0.327188	0.257812	0.5850	55.93%	44.07%
2021	299,755,694	0.384562	0.200438	0.5850	65.74%	34.26%
2022	305,750,808	0.388552	0.196448	0.5850	66.42%	33.58%

Internal Administration Fees and Franchise Fee Payments

One goal of future budgets is to appropriately account and justify the transfer of monies from one operating fund to another. Historically, money was just transferred with no analysis. Now, this revenue stream will be invoiced from the general fund to the solid waste and utility funds appropriately.

Admin Fees Charged to General Fund From:

	Utility Fund	SW Fund
<u>Non Departmental</u>		
Payroll	1,350	-
Supplies	1,250	150
Contractual	54,990	8,350
Utilities	7,000	-
Sundry	15,200	2,900
Capital	500	-



City Hall

Personnel	333,222	126,036
Supplies	9,530	2,030
Contractual	17,435	4,430
Utilities	4,725	1,050
Sundry	12,450	300
Maintenance	2,835	630
Capital	2,250	500
TOTAL	462,737	146,376

	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Internal Admin Fees					
Utility Admin Fee	475,000	475,000	475,000	475,000	475,000
Solid Waste Admin Fee	160,000	160,000	165,000	165,000	165,000
EDC Street Admin	25,000	30,000	30,000	30,000	30,000
4A EDC Admin	55,000	55,000	60,000	60,000	62,000
Subtotal	715,000	720,000	730,000	730,000	732,000
Internal Franchise Fees					
Utility Franchise Fee	25,000	25,000	30,000	35,000	35,000
Solid Waste Franchise Fee	140,000	140,000	150,000	150,000	150,000
Subtotal	165,000	165,000	180,000	185,000	185,000
Internal General Operating Transfers					
H/M Community House	5,000	5,000	5,000	5,000	5,000
H/M Civic Center	70,000	75,000	75,000	75,000	75,000
Subtotal	75,000	80,000	80,000	80,000	80,000
Total	955,000	965,000	990,000	995,000	997,000

Utility Fund Revenue Assumptions

The financial position of the Utility Fund is very different than the General Fund. Council acted in FY 2014 to reduce and eventually eliminate the Utility Fund's subsidy from the General Fund, making it self-sustaining. This was accomplished by slightly increasing water rates, a moderate increase to sewer rates, and increasing the transfer to the General Fund. This model continues the policy of establishing each cost center (water and sewer) to be self-sustaining with their respective rate structures and for the Utility Fund collectively.

For the purposes of this forecast, the following are assumed for Utility Fund revenue projections:

- Water revenues will increase 2.0% each year mostly due to growth in the number of accounts, consumption increases, and slight rate adjustments.



- Sewer revenues will increase 5% each year mostly due to rate adjustments and growth in the number of accounts.

	FY 2015 Actual	FY 2016 Actual	Adopted FY 2017	Proposed FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
Water	2,640,384	2,710,103	2,782,950	2,783,150	2,859,229	2,899,762	2,940,904	2,982,662
Sewer	735,668	734,479	881,000	970,000	951,172	979,107	1,007,880	1,037,516
Miscellaneous	10,491	11,527	2,900	2,800	2,900	2,900	2,900	2,900
Interest	4,234	5,420	2,000	2,000	2,000	2,000	2,000	2,000
Tap Fees & Charges	80,118	87,538	73,000	71,200	72,800	72,800	72,300	72,800
Total	3,470,895	3,549,067	3,741,850	3,923,000	3,888,100	3,956,569	4,025,983	4,097,878

All other accounts essentially remained constant throughout the forecast period.

EXPENDITURE ASSUMPTIONS

As stated, one of the methods used to project operating expenditures is to develop separate inflation rates for the different prime account subtotals. The annual inflation rate is then applied on a cumulative basis. The expenditure levels are projected using the following assumptions for both the General and Utility Funds.

Personnel costs are expected to increase through annual cost of living adjustments (COLA) of 2-3% each year. Increases in salaries translate into proportionate increases in Social Security; the Pension contribution rate is not projected to change now that the City is paying the full contribution rate, however the increase in salaries will dictate escalations. Health insurance premiums are projected to rise an additional 6% each year following a 20% leap in FY 2017. Workers Comp and Unemployment Insurance are projected to remain flat through the forecast period. At this point no new personnel are projected to be included in the forecast indicating no additional city offered services or service enhancements. Further, there are no vacancy rates projected in the budget. Any personnel separating from the City offer an opportunity to evaluate positions to seek opportunities for enhancements without growing the City's employment base.

Costs of Contractual Services and Sundry are projected to grow at 1% each year; Supplies and Maintenance Costs will increase at 3% each year; Utilities will escalate 4% each year; and, Capital will remain constant.

General Fund

	FY 2016 Actual	Adopted FY 2017	Proposed FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
Property Taxes	969,844	901,500	922,500	901,324	946,917	1,112,118	1,146,071
Sales Taxes	1,922,764	1,952,300	1,954,000	2,006,363	2,036,459	2,067,006	2,098,011
Law Enforcement	213,340	221,600	223,100	230,300	232,600	234,900	237,300
Franchise Fees	438,512	513,000	646,800	1,153,300	1,155,800	1,154,300	1,159,300
Airport	91,158	92,100	69,000	95,000	95,000	95,000	95,000
Permits	100,158	14,200	14,000	18,000	18,000	18,000	18,000
Usage Fees	80,382	80,900	75,900	72,000	75,000	75,000	80,000



Solid Waste	38,775	0	0	0	0	0	0
Miscellaneous	59,392	5,600	4,100	20,000	20,000	20,000	20,000
Transfers	464,785	823,600	698,900	245,000	260,000	265,000	265,000
Interest	7,176	2,600	2,500	2,500	2,500	2,500	2,500
Grants	12,922	7,000	4,000	7,500	7,500	7,500	7,500
TOTAL	4,409,863	4,614,400	4,614,800	4,751,287	4,849,775	5,051,323	5,128,682
Personnel	3,065,993	3,168,000	3,196,700	3,290,764	3,374,888	3,461,738	3,551,426
Supplies	106,178	112,350	109,750	119,192	122,768	126,451	130,244
Contractual	466,506	492,550	589,250	537,952	552,332	563,855	580,294
Utilities	235,979	228,800	214,600	247,470	257,369	267,664	278,370
Sundry	197,510	211,900	183,900	216,159	218,321	220,504	222,709
Maintenance	270,818	283,300	284,200	300,553	309,570	318,857	325,234
Capital	241,032	85,500	36,500	90,000	90,000	90,000	90,000
Transfers	200,000	32,000	0				
TOTAL	4,784,015	4,614,400	4,614,800	4,802,090	4,925,247	5,049,069	5,178,277
Revenues Over/(Under) Expenditures							
	(374,152)	0	0	(50,803)	(75,472)	2,255	(49,595)

Utility Fund

	FY 2015 Actual	FY 2016 Actual	Adopted FY 2017	Proposed FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
Water	2,640,472	2,743,645	2,783,150	2,877,000	2,859,229	2,899,762	2,940,904	2,982,662
Sewer	735,668	828,484	881,000	970,000	951,172	979,107	1,007,880	1,037,516
Miscellaneous	11,018	11,427	2,900	2,800	2,900	2,900	2,900	2,900
Interest	4,234	5,727	2,000	2,000	2,000	2,000	2,000	2,000
Tap Fees & Charges	84,043	88,938	73,800	71,200	72,800	72,800	72,300	72,800
Total	3,475,435	3,678,221	3,742,850	3,923,000	3,888,100	3,956,569	4,025,983	4,097,878
EXPENDITURES								
Personnel	1,036,215	1,131,920	1,238,900	1,284,800	1,306,436	1,339,392	1,373,412	1,408,545
Supplies	394,543	326,735	360,550	372,500	348,754	359,217	369,993	381,093
Contractual	304,982	517,743	281,000	305,550	298,470	304,439	310,528	316,738
Utilities	361,662	356,416	365,400	364,500	387,653	399,282	411,261	423,599
Sundry	60,033	46,745	57,100	58,450	55,894	57,012	58,152	59,315
Maintenance	306,306	320,100	350,300	435,400	454,272	472,443	491,341	510,994
Capital	252,808	160,038	171,600	157,500	180,000	180,000	180,000	180,000
Transfers	899,063	797,105	918,000	944,300	326,197	322,889	326,834	322,904
TOTAL	3,615,612	4,371,540	3,742,850	3,923,000	3,357,675	3,434,674	3,521,521	3,603,188
Revenues Over/(Under) Expenditures								
	(140,177)	(693,319)	0	0	530,425	521,895	504,462	494,690

FUND BALANCE

The City refined its Fund Balance Policy in the FY 2014 Budget. The Policy directs fund balance be a minimum of 20% of annual expenditures; the policy establishes a goal of 25% or three months of expenditures.



However, the City's actual cash position will always be different than the amount reflected in the financials.

Included in reported fund balance are various receivables and other non-cash assets. It is important to note that the fund balance position is not a true cash position.

In the out years of the forecast period (FY 2018 through 2022), the growth in expenditures without corresponding fund balance growth will bring the General Fund closer to non-compliance with the policy. The City will need to identify options for maintaining sufficient fund balance to comply with this policy. For example, for every \$100,000 in General Fund expenditure growth, an additional \$25,000 will need to be added to the fund balance.

	FY 2015 Actual	FY 2016 Actual	Estimated FY 2017		Proposed FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
TOTAL GENERAL FUND REVENUE	5,675,334	4,409,863	4,596,325		4,614,800	4,751,287	4,849,775	5,051,323	5,128,682
TOTAL GENERAL FUND EXPENDITURES	5,518,452	4,784,015	4,617,152		4,614,800	4,802,090	4,925,247	5,049,069	5,178,277
Beginning Fund Balance (Audited)	1,359,999	1,464,517	1,090,365		1,069,538	1,069,538	1,018,735	943,263	945,518
Revenues Over/(Under) Expenditures	104,518	(374,152)	(20,827)		0	(50,803)	(75,472)	2,255	(49,595)
Ending Fund Balance	1,464,517	1,090,365	1,069,538		1,069,538	1,018,735	943,263	945,518	895,923
Fund Balance Analysis									
Target - 20%					922,960	960,418	985,049	1,009,814	1,035,655
Target - 25%					1,153,700	1,200,523	1,231,312	1,262,267	1,294,569
Percent Compliance									
Target - 20%					116%	106%	96%	94%	87%
Target - 25%					93%	90%	76%	75%	69%
Actual Percent of Expenditures					23%	21%	19%	19%	17%

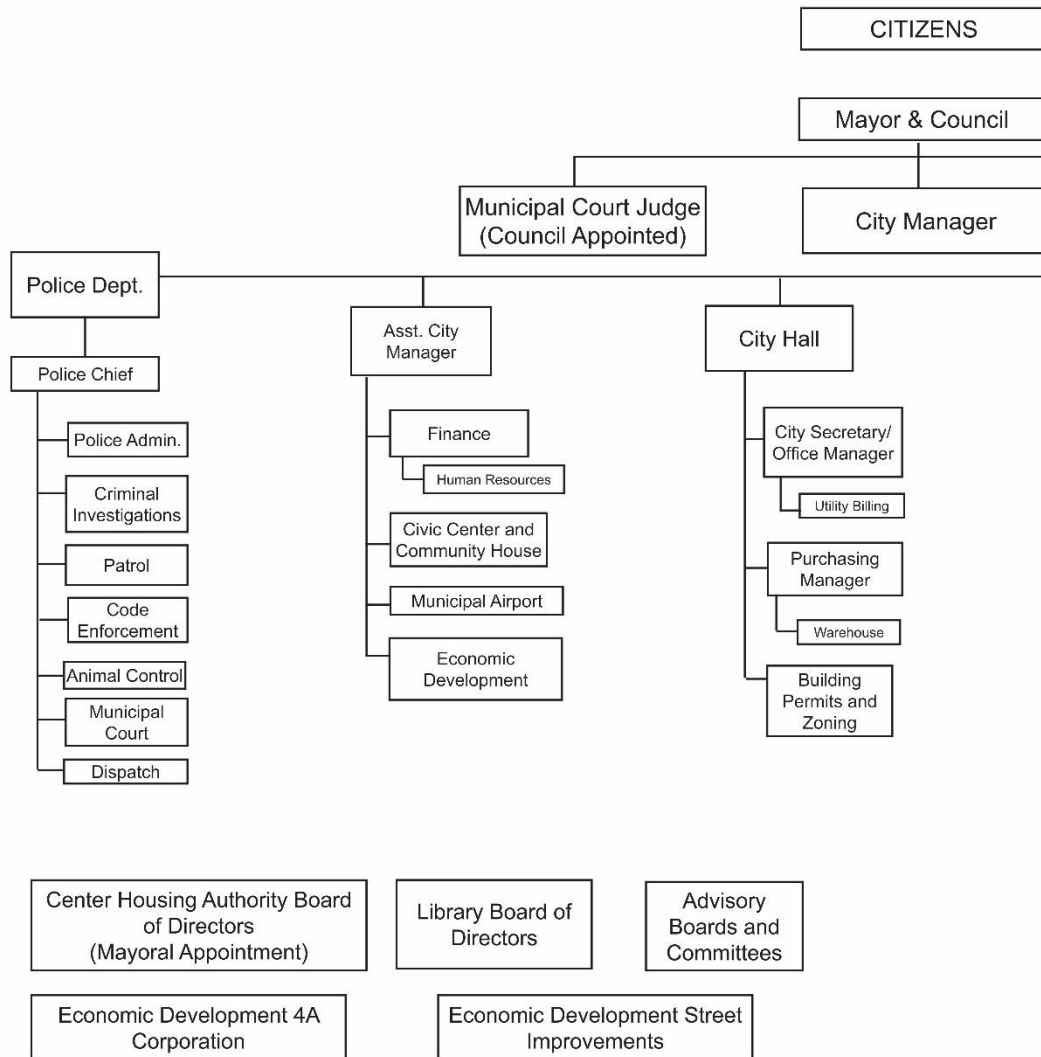
DEBT SERVICE

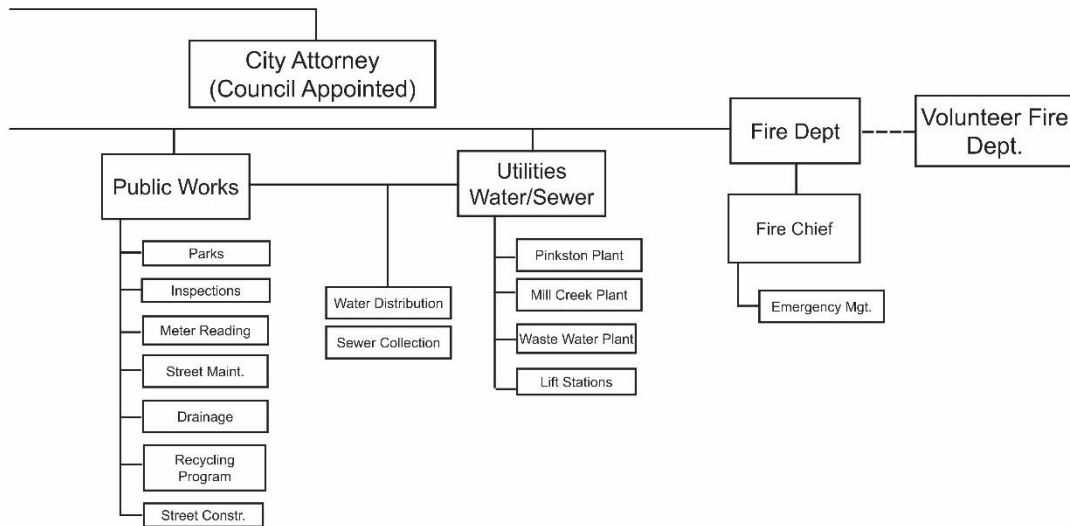
The City has five debt instruments serviced through the property tax supported debt service fund. In FY 2016, the fifth instrument was added to fund designated CIP projects. The forecast period's debt schedule is shown below with anticipated complete amounts to be paid/contribute from other sources.

	Hotel/Motel	Ad Valorem						Utility Fund		
	2007 CO's - Civic Center	2011 Refunding Bonds	2011 CO's	2012 Refunding	2014 Tax Notes	2016 CO's	Total	2016 CO's	2012 TWDB Bonds	Total
FY 2018	137,900	198,550	126,000	196,725	178,851	64,991	765,117	194,972	130,438	325,410
FY 2019	138,200	192,850	126,000	203,325	176,012	65,441	763,628	196,322	129,875	326,197
FY 2020	138,300	-	276,000	234,725	193,173	64,616	768,514	193,847	129,043	322,890
FY 2021	138,200	-	281,001	230,425	-	66,291	577,717	198,872	129,963	328,835
FY 2022	142,800	-	281,000	231,125	-	65,416	577,541	196,247	126,658	322,905



**FY 2018 BUDGET
ORGANIZATIONAL CHART**







**FY 2018 BUDGET
STAFFING CHART**

Department	Job Title	FY 2014 Amended Budget	FY 2015 Adopted Budget	FY 2016 Amended Budget	FY 2017 Adopted Budget	FY 2018 Proposed Budget
City Hall (Includes annex and warehouse)	City Manager	1	1	1	1	1
	Asst. City Manager	1	1	1	1	1
	City Secretary	1	1	1	1	1
	Asst. City Secretary	0	0	0	1	0
	Finance Officer	1	0	0	0	0
	Purchasing Agent	1	1	1	1	1
	HR Clerk	1	1	1	1	1
	Accounting Administrator	0	0	0	0	1
	Clerks	3.5	4.5	4	3	3
	IT Consultant	0.25	0.25	0.5	0	0
	IT	0	0	0	1	1
	Subtotal - City Hall	9.75	9.75	9.5	10	10
Police Department	Police Chief	1	1	1	1	1
	Lieutenant	1	1	1	1	1
	Detective (1 Sgt)	3	3	3	3	4
	Patrol Sergeant	3	3	3	3	3
	Patrol Officer	8	8	8	7	7
	Warrant Officer/Bailiff	0	1	1	1	0
	Dispatchers	5	4.5	5	6	6.5
	Admin. Assistant	2	2	1	1	1
	Evidence Room Technician	0.50	0	0	0	0
	Janitor	1	1	1	1	1
	Subtotal - Police Department	24.50	24.5	24.0	24	24.5
Fire Department	Fire Chief	1	1	1	1	1
	Fire Investigator	0	0	0	0	0
	Fire Fighter	5	5	5	5	5
	Subtotal - Fire Department	6	6	6	6	6
Street Department	Foreman	1	1	0	0	0
	Street Maintenance	3	3	3	3	4
	Subtotal - Street Department	4	4	3	3	4
Municipal Airport	Airport Manager	1	1	1	0.5	0.5
	Subtotal - Airport	1	1	1	0.5	0.5
Parks Department	Parks Maintenance	1	1	1.5	2	1.5
	Subtotal - Parks	1	1	1.5	2	1.5
Inspection Services	PW Superintendent	1	1	0	0	0
	Asst. PW Superintendent	0	0	0	1	0
	Building Official	0	0	1	0	0.5
	Code Compliance Officer	1	1	1	0	0



	Clerk	0	0	0	0	0
	Subtotal - Inspection Services	2	2	2	1	0.5
Municipal Court	Court Clerk	0	0	1	1	1
	Subtotal – Municipal Court	0	0	1	1	1
Civic Center	Civic Center Director	1	1	1	1	1
	Assistant Director	0	0	0	1	1
	Pool Maintenance Position	0.5	0.5	1.25	0.5	.5
	Subtotal - Civic Center	1.5	1.5	2.25	2.5	2.5
TOTAL GENERAL FUND		49.75	49.75	49.25	49.0	50.5
RECREATION FUND						
	Recreation Program Director	0	0	.75	1	1
TOTAL RECREATION FUND		0	0	.75	1	1
UTILITY FUND						
Water Production	Chief Operator	1	1	1	1	1
	Lead Operator	1	1	2	2	2
	Plant Operator	5	5	5	4	4
	Monitoring Technician	0	0	1	1	2
	Subtotal - Water Production	7	7	8	8	9
Water Distribution	Equipment Operator	1	1	0	0	0
	Maintenance	3	3	3	4	4
	Subtotal - Water Distribution	4	4	3	4	4
Sewer Collection	Equipment Operator	1	1	1	1	1
	Maintenance	2	1	2	2	2
	Subtotal - Sewer Collection	3	2	3	3	3
Sewer Treatment	Chief Operator	1	1	1	1	1
	Plant Operator	2	2	2	2	2
	Electrician/Plant Operator	1	1	1	1	1
	Subtotal - Sewer Treatment	4	4	4	4	4
Public Works	Public Works Director	1	1	1	1	1
	Public Works Superintendent	1	1	1	1	0.5
	Public Works Foreman	0	0	0	1	2
	Plumbing Inspector	0	0.5	0	0	0
	Meter Reader/Maintenance	0	0	0	1	0
	Warehouse Clerk	0	0	0.5	0	0
	Subtotal - Public Works	2	2.5	2.5	4	3.5
TOTAL UTILITY FUND		20	19.50	20.5	23	23.5
TOTAL CITY EMPLOYEES		69.75	69.25	70.5	73.0	75



BUDGET FORMAT

The budget format for the FY 2017 Budget is very different than previous City of Center budgets. This budget document seeks to present much more information for the reader to better understand the operations of the City of Center.

The information included in the budget is organized into columns (financial data over time) and budget units. The financial information contained in the budget is as follows.

FY 2015 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2015.

FY 2016 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2016.

FY 2017 Amended Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2017, including revenues, expenditures, and fund balances.

FY 2017 Estimate – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2017.

FY 2018 Proposed– Budgeted amounts for each category for the fiscal year ending September 30, 2018.

Other City budgets in the past did not create prime account categories. This is a line item which gives a sub-total amount to expense accounts of a similar nature. For example, all accounts associated with personnel costs are sub-totaled to "Personnel Services". This budget employs the following prime accounts:

Personnel – All costs associated with city employees, including salary/wages, retirement contributions (TMRs), health insurance, Social Security, workers compensation insurance, etc.

Supplies – All costs associated with purchasing materials to fulfill department objectives

Contractual – All costs associated with securing outside contractual services

Utilities – All costs associated with the operations of a building such as electricity, gas and phone

Maintenance – All costs associated with maintaining equipment, rolling stock, buildings, and infrastructure

Sundry – All costs miscellaneous to the operations of the department

Capital – All costs associated in capital purchases of major equipment, buildings, or other assets

BUDGET PROCESS

The budget process began with requests to the different department heads for budget proposals and capital requests. City staff consolidated those requests and compared them to revenue estimates for the upcoming year. The first draft of the budget showed that all requests could be funded, cost of living wage rate adjustment provided, and projected increases in health insurance while projecting a slight



budget surplus. The City Council held extensive budget workshops to prioritize the budget requests and to provide their input on funding priorities.

A more detailed budget calendar is listed below.

BUDGET ADOPTION

The budget must be adopted by the City Council prior to October 1 each year in order to set the property tax rate. Public hearings are held and when completed, it is given final approval by the Mayor and City Council.

AMENDING THE BUDGET

As the fiscal year progresses, situations may sometimes arise that were not anticipated and affect the budget. From time to time, the City Manager may present the council with requests for budget amendments.

BUDGET CALENDAR

Week of May 1, 2017 – Provide budget material to Department Heads

Week of May 22, 2017 – Department Heads return completed work budgets to the finance department

June 15 through July 10, 2016 – City Manager reviews budget data with Council, Department Heads, and Staff. Begin development of budget book.

July 24, 2017 –City Council is provided the first summary draft of the proposed budget and Council adopts a resolution considering a maximum tax rate for budget development

August 14, 2017 – Proposed budget filed with the City Secretary; proposed budget is available for public review.

August 16, 2017 – Notice of Public Hearings are published in the Light & Champion.

August 28, 2017 - Council holds first public hearing for proposed property tax increase

September 11, 2017 – City Council holds second public hearing for proposed property tax increase and public hearing for FY 2017 Proposed Budget

September 25, 2017 – Council adopts tax levy and proposed budget

October 1, 2017 – New budget is implemented

FOR MORE INFORMATION

The budget document summarizes and condenses a substantial amount of information in order to avoid a cumbersome document. However, there are times that more detailed information may be needed or further explanation required. In these instances, citizens and users may contact City Hall at 936/598-2941 to have their questions answered. City Hall is open Monday through Friday from 8:30 a.m. to 4:30 p.m.

For additional information about the City, to download important forms and applications and to view meeting agendas, please visit the City of Center website at www.centertexas.org



FY 2018 BUDGET PHILOSOPHY

The City Council annually adopts a spending and tax collection plan to fund service provision for the citizens and businesses of Center. Over the long term, the Council has made taxing and spending decisions operating with established principles or philosophical foundation. These values provide guidance for staff in developing the City's budget.

1. To link comprehensive and strategic plan components to the annual operating budget.
2. The realignment of organizational priorities to focus more efforts on those capital projects that will affect long term growth of the City. These projects include
 - a. Quality of life projects (parks, athletic facilities, sidewalks and trails) that seek to make Center a more desirable place to live, and
 - b. Sustainable growth projects (water projects, water system upgrades, and street renovation)
3. Providing a reasonable property tax rate that minimizes the property tax burden on citizens and commercial property while seeking to stabilize any tax rate fluctuations.
4. Sustaining current levels of service that our citizens have come to expect of the City.
5. Ensuring a competitive city workforce by maintaining a competitive pay and benefits schedule.
6. The moderate growth of financial reserves to a targeted level, to ensure that the city has sufficient cash to continue operations through a short-term disruption of income. This is to ensure our ability to provide uninterrupted services during times of disaster or short-term economic decline.
7. Continue to be good stewards of the tax payer's money by keeping a balanced budget where expenditures do not exceed revenue and maintaining a solid and improving credit rating.



FUND STRUCTURE AND BASIS OF BUDGETING

The City of Center uses multiple funds through which to accomplish its goals. Governmental Funds are used to account for the City's general service provision activities and use the modified accrual basis of budgeting. Most City departments receive their funding from these Governmental funds, although the Police Department and Municipal Court receives funding from special dedicated funds as well. The City's Governmental Funds include:

- General Fund – This fund includes the major financial resources of the City except those required to be accounted for in another fund. Major funding sources include sales tax, property taxes, franchise fees, and transfers from other funds
- Special Revenue Funds – These funds are budgeted to account for revenue sources and dedicated expenses from dedicated funding sources. The City operates the Park Fund, the Recreation Fund, the Economic Development Funds, the Hotel Occupancy Tax and Trust Funds, and the Police Department/Municipal Court Restricted Funds
- Debt Fund – The Debt Service Fund is budgeted to service the repayment of principal and interest expenses relating to the various debt instruments the City has issued.
- Capital Improvement Fund – The City is prohibited the comingling of special grant funds and operates a separate fund for these purposes. Further, all capital projects (e.g. bond funded projects) are operated through this fund.

Proprietary Fund types use the accrual basis of budgeting. Revenues are recorded when earned and expenses are recognized when liabilities are incurred. Funds are held in reserve to cover significant liabilities. Proprietary Funds include:

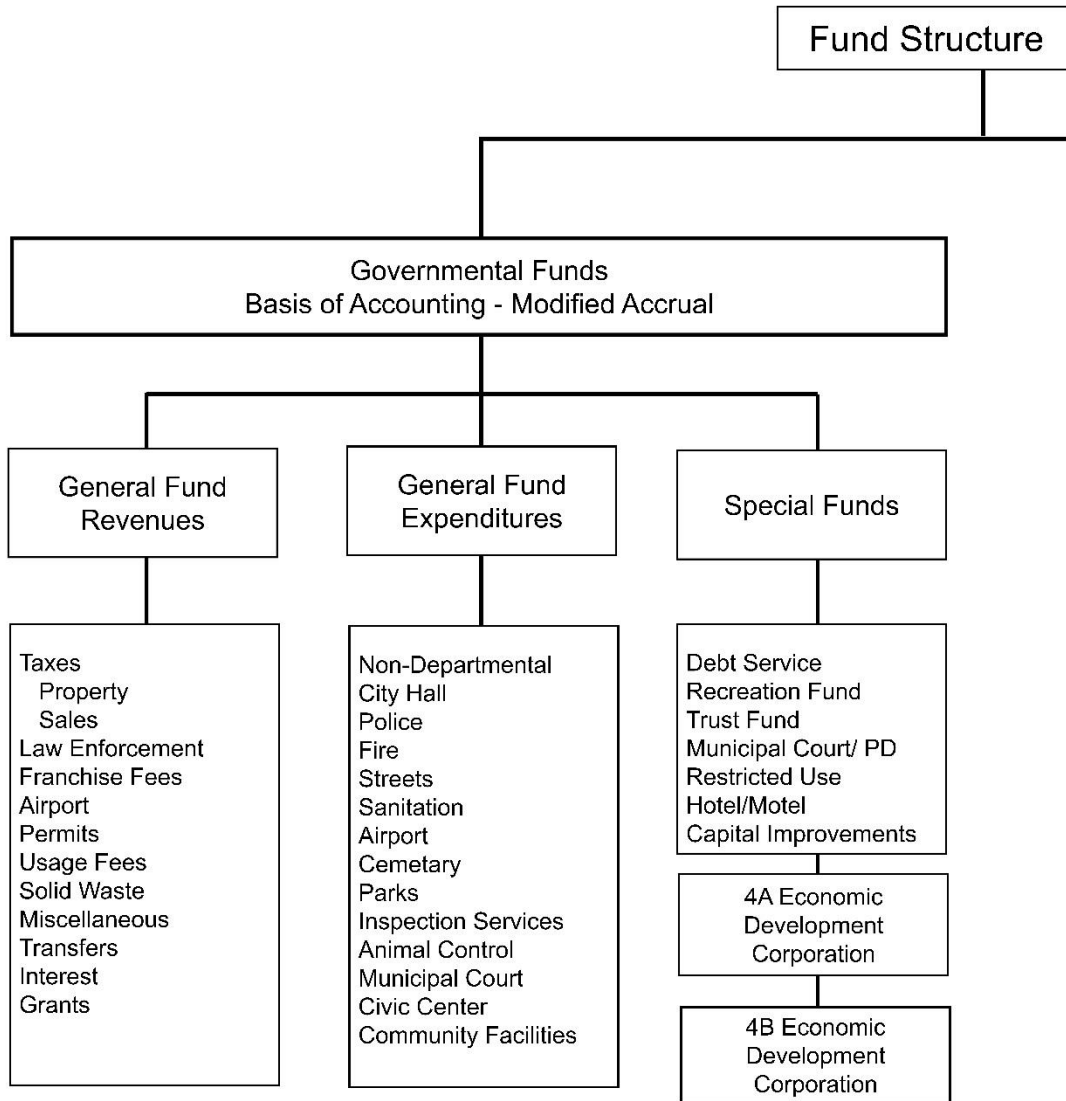
- Enterprise Funds – The Utility and Solid Waste Funds are budgeted to account for those City operations that mirror a private business, where the intent is to provide a good or service to customers which are financed through user charges. This budget is presented as a modified accrual basis to enhance the understanding of how funds are used.
- Internal Service Funds - The City created a Vehicle Replacement Fund in FY 2016 to provide a funding mechanism for future vehicle purchases. The City also created a Technology Fund in 2017.

Basis of Accounting

Basis of accounting refers to the point in time where revenues and expenditures are recognized in the City's financial system and statements.

The modified accrual basis of accounting recognizes revenues when they become available and recognizes liabilities when they are incurred. The Governmental Funds use this basis of accounting.

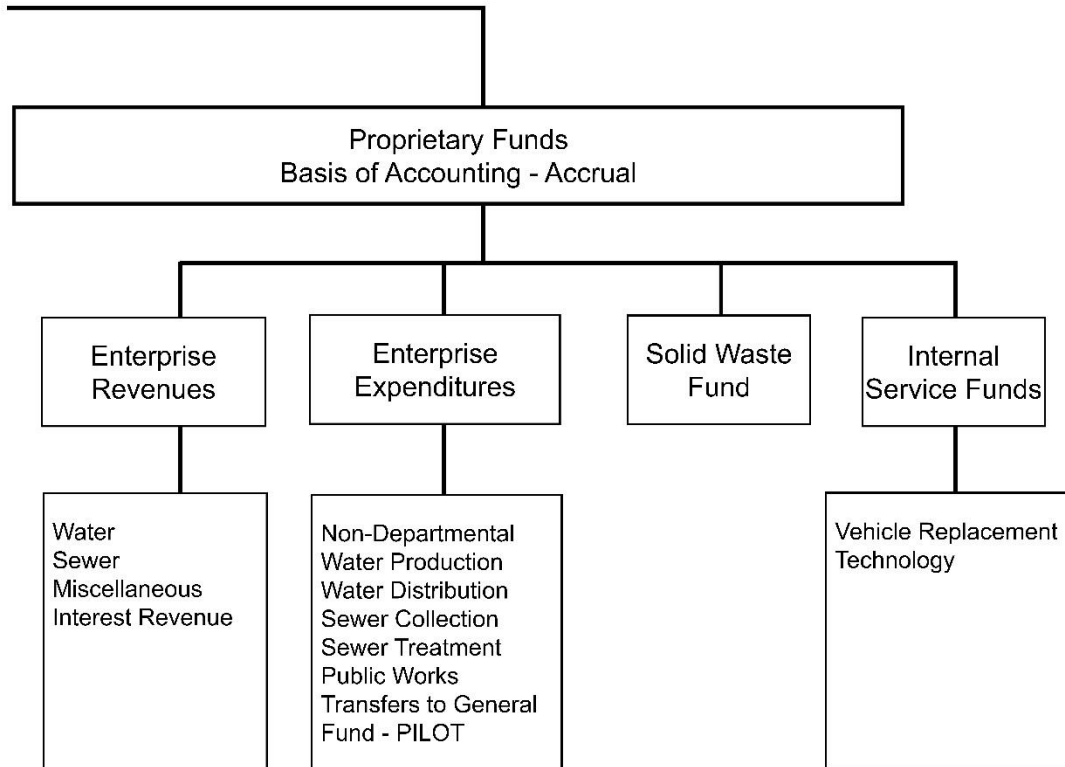
The accrual basis of accounting recognizes events regardless of when the transaction occurs. The concept is to match incoming revenues to outgoing expenses when a transaction occurs rather than when cash is exchanged. The benefit of this approach is to provide a longer-term view of the City's financial position. The Proprietary Funds use this basis of accounting.



Definitions

Accrual System - A system of accounting in which revenues and expenses are recorded at the time they occur, rather than the time cash is received or expensed by the City.

Modified Accrual System - A system of accounting in which revenues are recognized and recorded in the accounts when they are measurable, available, and collectable in the fiscal year.



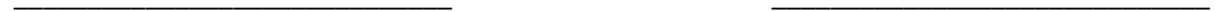


**FY 2018 BUDGET
CONSOLIDATED FUND PRESENTATION**

	Governmental Funds							
	General Fund	Debt Service	Court Technology	Building Security	Seizure Fund	Park Fund	Recreation Fund	TIF Fund
ESTIMATED BEGINNING BALANCE	1,087,223	130,000	6,920	4,817	27,927	215,586	4,727	11,710
REVENUES								
Taxes	2,876,500	640,400	0	0	0	0	0	34,450
Permits and Licenses	14,000	0	0	0	0	0	0	0
Charges for Service	791,700	0	0	0	0	0	170,000	0
Fines and Penalties	223,100	0	6,200	4,400	5,000	0	0	0
Interest	2,500	2,350	0	0	0	500	0	0
Miscellaneous Receipts	8,100	0	0	0	0	69,500	0	0
Transfers	698,900	574,400	0	0	0	0	0	0
Total Revenues	4,614,800	1,217,150	6,200	4,400	5,000	70,000	170,000	34,450
TOTAL RESOURCES	5,702,023	1,347,150	13,120	9,217	32,927	285,586	174,727	46,160
EXPENDITURES								
Personnel	3,196,700	0	0	0	0	0	76,800	0
Supplies	109,750	0	0	0	0	0	69,600	0
Contractual	589,250	0	5,000	0	2,000	0	18,100	0
Utilities	214,600	0	0	0	600	0	500	0
Sundry	183,900	0	500	0	5,200	0	4,000	0
Maintenance	284,200	0	0	0	0	0	1,000	0
Capital	36,500	0	0	1,000	10,000	0	0	0
Fund Transfers	0	0	0	0	0	70,000	0	0
Debt Service	0	1,237,150	0	0	0	0	0	28,270
Total Expenditures	4,614,800	1,237,150	5,500	1,000	17,800	70,000	170,000	28,270
REVENUE OVER/ (UNDER) EXPENDITURES	0	(20,000)	700	3,400	(12,800)	0	0	0
ENDING BALANCE	1,087,223	110,000	7,620	8,217	15,127	215,586	4,727	17,890



	Internal Service Funds		Enterprise Funds		Economic Development Corporations		TOTAL
Hotel/ Motel Fund	Vehicle Replacement Fund	Technology Fund	Utility Fund	Solid Waste Fund	4A EDC	4B Street Improvement EDC	
154,065	224,196	52,000	1,117,306	133,476	1,413,848	717,441	5,085,656
220,000	0	0	0	0	390,000	780,000	4,941,350
0	0	0	0	0	0	0	14,100
0	67,800	11,500	3,918,200	1,410,600	15,000	0	6,384,800
0	0	0	0	0	0	0	238,700
1,300	1,500	500	2,000	0	4,000	2,500	17,150
0	0	0	2,800	0	26,000	0	106,400
0	80,000	140,000	0	0	28,200	0	1,521,500
221,300	149,300	152,200	3,923,000	1,410,600	463,200	782,500	13,224,000
375,365	373,496	204,200	5,040,306	1,544,076	1,877,048	1,499,941	18,309,656
	0	70,900	1,284,800	0	0	0	4,629,200
	0	0	372,500	0	0	0	551,850
	0	0	305,550	1,210,000	4,850	33,850	2,168,600
	0	0	364,500	0	0	0	580,200
	0	0	58,450	1,200	22,500	1,000	307,950
	0	51,200	435,400	3,000	0	0	774,800
	258,000	36,000	157,500	0	346,100	600,000	1,412,200
	0	0	944,300	196,400	55,000	25,000	1,487,100
	0	0	0	0	0	0	1,265,420
227,600	258,000	158,100	3,923,000	1,410,600	428,450	659,850	13,177,320
(6,300)	(108,700)	(5,900)	0	0	34,750	122,650	46,680
147,765	115,496	46,100	1,117,306	133,476	1,448,598	840,091	5,132,336





FY 2018 BUDGET GENERAL FUND REVENUE OVERVIEW

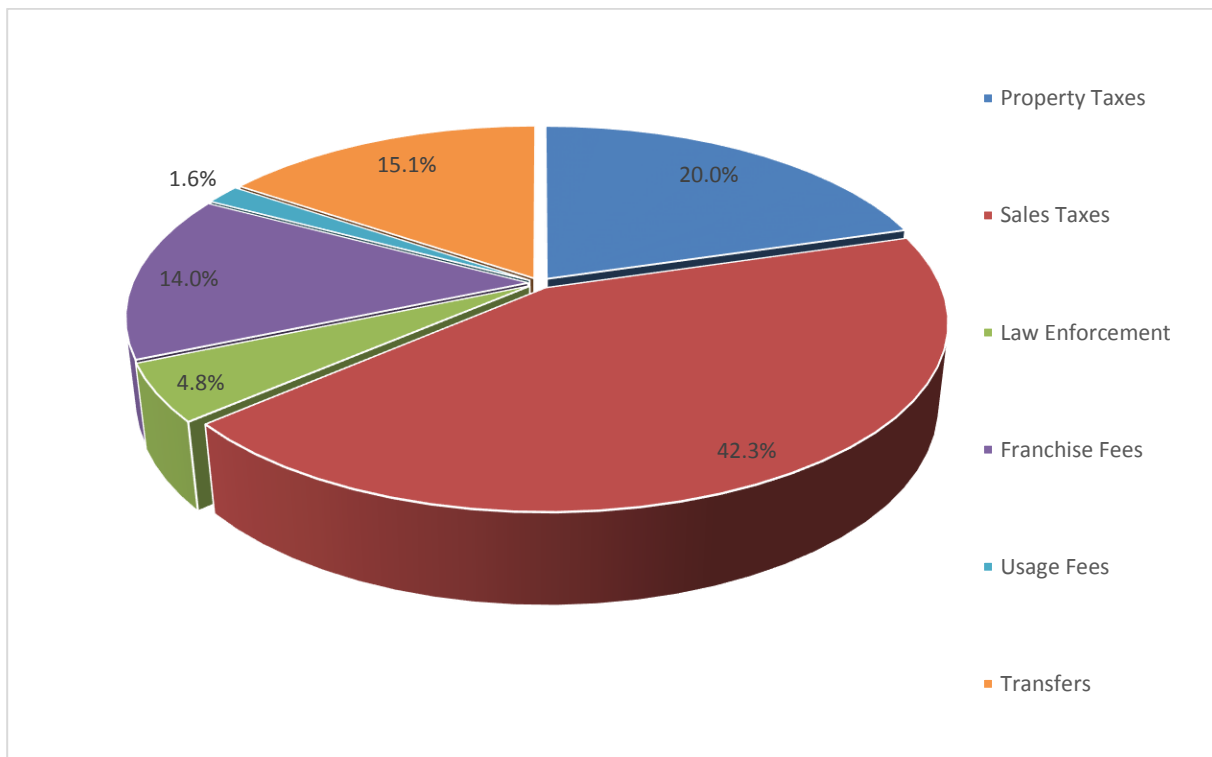
The General Fund provides financing for the City's governmental services, which excludes water and wastewater utility, solid waste, and recreation program operations. General Fund services consist of all public safety functions, including police, animal control, and fire services; community services, including streets, parks, inspections, planning, library, airport and code enforcement; and administrative functions, which includes general management, finance, human resources and purchasing. The City's main governmental buildings are maintained and operated as assets within the General Fund.

General Fund revenues come from multiple sources but are mostly derived from sales taxes on the purchases of goods and services within the City. The City's largest expenditure category is compensation to City personnel who ensure the provision of the services mentioned. The modified accrual basis of accounting is used for the General Fund.

GENERAL FUND REVENUE

The City of Center receives operating revenue from multiple streams. Much like a well-organized business, the City does not solely rely on one large revenue source, but rather, the revenue is diversified.

Graph 1 and Table 1 both illustrate how the vast majority, over 90%, of general fund revenues are collected from four categories: sales tax receipts, property tax payments, fund transfers, and franchise fees.



Graph 1 - FY 2018 Proposed Budget – Revenue Sources



Top Revenue Sources

Sales Taxes	1,954,000	42.3%
Property Tax	922,500	20.0%
Transfers	698,900	15.1%
Franchise Fees	646,800	14.0%
Total	4,222,200	91.5%

Total Revenue 4,614,800

Table – 1 - Top City Revenue Sources

Sales Taxes

The largest source of City revenues is from sales tax receipts, which are projected to account for 42% of the City's general fund revenue. FY 2018 sales tax revenues are budgeted at \$1,947,000, which is a 1.0% increase from the FY 2016 estimate. Please see table 2 for a description of historic total City sales tax receipts, which is the full 2% local option collected by the City.

FY 2008 Actual	2,798,156
FY 2009 Actual	2,975,713
FY 2010 Actual	2,931,706
FY 2011 Actual	3,739,425
FY 2012 Actual	3,498,572
FY 2013 Actual	3,022,640
FY 2014 Actual	2,977,904
FY 2015 Actual	2,987,519
FY 2016 Actual	3,069,326
FY 2017 Estimate	3,083,000
FY 2018 Proposed	3,120,000

Table 2 – Total City sales tax receipts

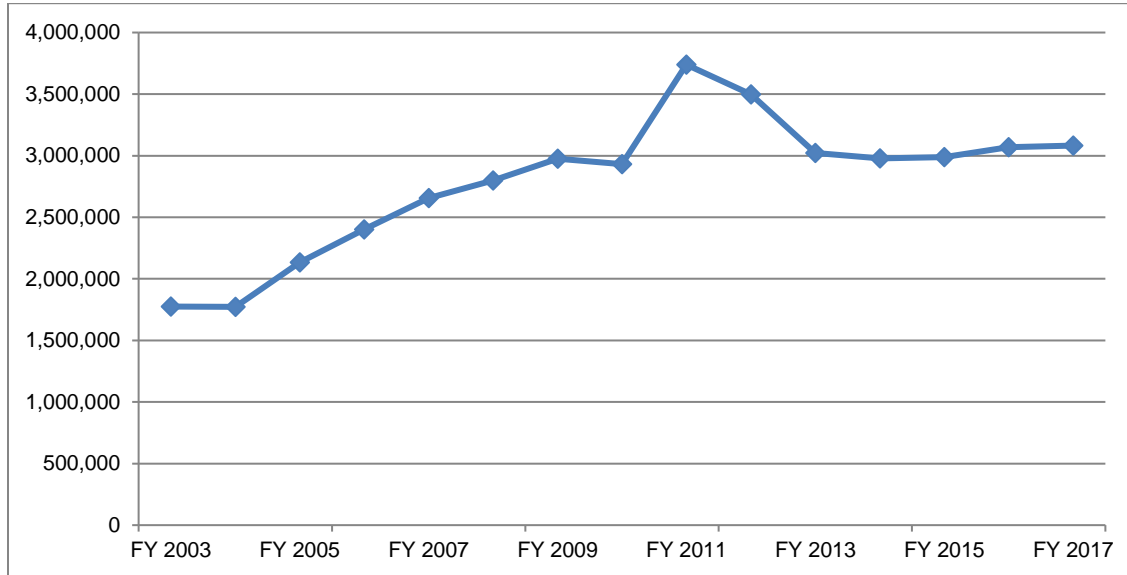
Total City sales tax receipts are split four ways to fund different activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements. One quarter cent, or 12.5% of total revenues, is dedicated to fund the City's 4A Economic Development Corporation. Finally, the last quarter cent, or 12.5% of revenues, is dedicated to provide property tax relief for Center tax payers and is included in the General Fund sales tax totals above.

In fact, the property tax relief sales tax reduces approximately \$0.138 from the City's property tax rate.

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Proposed
City Sales Tax – 1 cent	1,488,952	1,490,037	1,534,663	1,541,500	1,560,000
Sales Tax for Property Tax Relief – ¼ cent	372,238	372,509	383,666	383,375	390,000
Total Sales Tax to General Fund	1,861,190	1,862,546	1,918,329	1,924,875	1,950,000
4A EDC – ¼ cent	372,238	372,509	383,666	383,375	390,000
4B Street EDC – ½ cent	744,476	745,018	767,331	766,750	780,000
TOTAL CITY SALES TAX COLLECTIONS	2,977,904	2,980,073	3,069,326	3,083,000	3,120,000



Total sales tax receipts began a correction mode in FY 2013, experiencing a 19% slide from the FY 2011 peak. Sales tax collections in FY 2011 and 2012 represent a windfall where the City experienced a tremendous increase in receipts, shattering the \$3 million barrier. This growth is directly attributed to the oil and gas activity in Shelby County and the corresponding industrial and commercial development within the community. When considering this trend in a broader context, it is apparent that the overall trend is positive and the City expects modest average growth.



Graph 2 – Total sales tax collection history. FY 2003 – FY 2017

Looking to the future, the City expects continued expansion of commercial and retail establishments. The City anticipates that once the price and demand of natural gas increases there will be additional drilling activity in the region. Center is now even better positioned to capture those sales tax dollars than during the initial surge of the energy industry into the area in 2008.

The State of Texas Comptroller of Public Accounts provides information to the City detailing where our sales taxes are generated. The data set begins in October 2010 and runs through the most recent available month, August 2016, providing insight to sales tax generated by industrial classification code. Table 3 provides the percent of receipts by industry code for the given fiscal year.

Industry Classification	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Agriculture, Forestry & Fishing	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%
Mining, Utilities & Construction	9.2%	5.9%	6.6%	5.7%	5.6%	6.0%
Manufacturing	6.8%	6.3%	8.0%	8.3%	8.8%	8.4%
Wholesale and Retail	62.8%	64.6%	61.6%	61.0%	60.6%	60.1%
Information, Financial and Professional Services	9.4%	10.1%	10.7%	10.8%	11.4%	11.6%
Education and Health Care	0.0%	0.0%	0.0%	0.2%	0.3%	0.3%
Accommodations and Food	9.4%	10.3%	10.5%	11.3%	10.6%	10.5%
Other	1.8%	2.0%	1.9%	2.0%	2.1%	2.5%
Public Administration	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%

Table 3 – Percent of Sales Tax Generated Each Year by Industry Classification Code
Source: Texas State Comptroller of Public Accounts



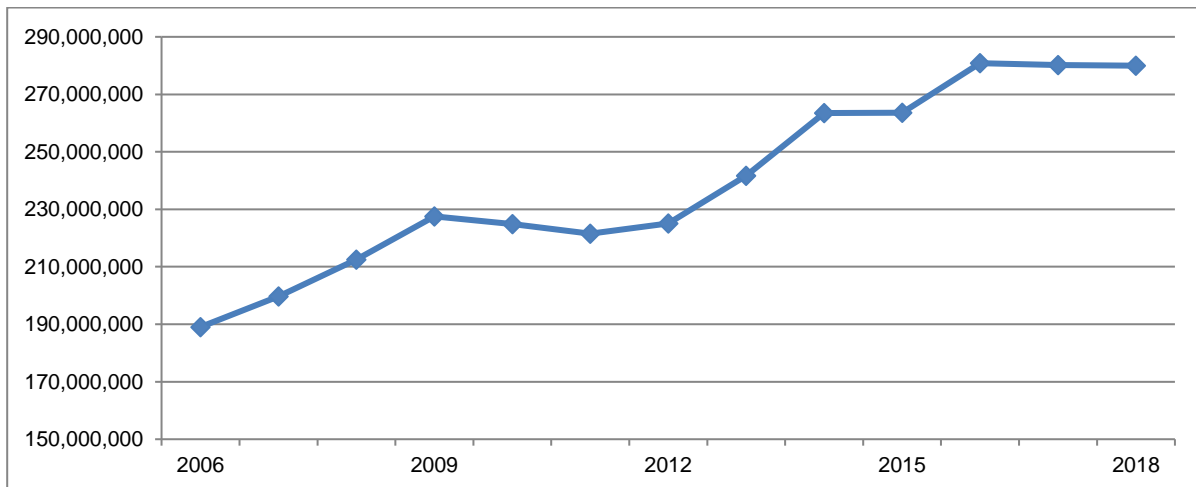
Property Taxes

Table 4 exhibits the increases in appraised value from the 2001 tax year, and how the appraised taxable value has doubled since 2002. The table also shows how the property tax rate has declined and stabilized as the total taxable values have increased; one reason for this is the effect of the $\frac{1}{4}$ cent sales tax for property tax relief.

Tax Year	Tax Rate	Appraised Taxable Value
2002	0.622856	140,069,602
2003	0.604100	151,844,181
2004	0.562100	169,059,857
2005	0.536750	183,209,901
2006	0.536000	189,050,972
2007	0.523300	199,725,654
2008	0.508780	212,508,699
2009	0.476000	227,529,570
2010	0.490250	224,839,614
2011	0.490250	221,532,434
2012	0.500000	225,067,201
2013	0.510000	241,616,065
2014	0.500000	263,443,994
2015	0.530000	263,621,780
2016	0.540000	280,829,746
2017	0.560000	280,224,688
2018 Proposed	0.575000	279,923,149

Table 4 – City tax rate history

Expanding upon the data from Table 4, Graph 3 visually depicts the rise in the City's taxable value from 2006 to 2018. Essentially, through such factors as annexation, development, and property appreciation, the taxable value of the City has risen 48% over the past 13 years.



Graph 3 – Certified Taxable Value History – 2006 - 2018



The City's total property tax rate is divided into two portions. The first is the Maintenance and Operations rate (M&O) and this part of the property tax levy is deposited into the City's general fund and is merged with other revenues to pay for the operation of the City each year. The second portion is the Interest and Sinking rate (I&S); proceeds from this levy are deposited into a separate fund and is used to repay debt that has been secured with property tax revenues. Table 5 shows how the I&S and the M&O rates fluctuate from year to year and the goal is to have the two operate in a balance. The reason why the 2017 tax year I&S rate is higher than last year is that the City took on additional property-tax secured debt in FY 2014 and FY 2016 as part of the Capital Improvements Program.

Tax Year	M & O Rate	I & S Rate	Total Tax Rate
2003	0.392953	0.211147	0.604100
2004	0.340300	0.221800	0.562100
2005	0.327890	0.208860	0.536750
2006	0.327536	0.208464	0.536000
2007	0.326500	0.196800	0.523300
2008	0.296540	0.212240	0.508780
2009	0.276600	0.199400	0.476000
2010	0.293350	0.196900	0.490250
2011	0.337800	0.162200	0. 490250
2012	0.251000	0.249000	0. 500000
2013	0.260500	0.249600	0.510000
2014	0.290953	0.209047	0.500000
2015	0.327787	0.202213	0.530000
2016	0.328430	0.211570	0.540000
2017	0.325760	0.234240	0.560000
2018 Proposed	0.333514	0.241486	0.575000

Table 5 – City M&O and I&S Rate History

Table 6 below shows how, over time, the composition of the Center tax base has slightly changed. Until the 2012 tax year, the highest percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial property. The last few years has seen residential and commercial properties achieve a balance. Commercial properties, however, have shown a dramatic increase from the 2011 tax year. With recent annexations of industrial areas, the industrial personal property has witnessed strong gains.

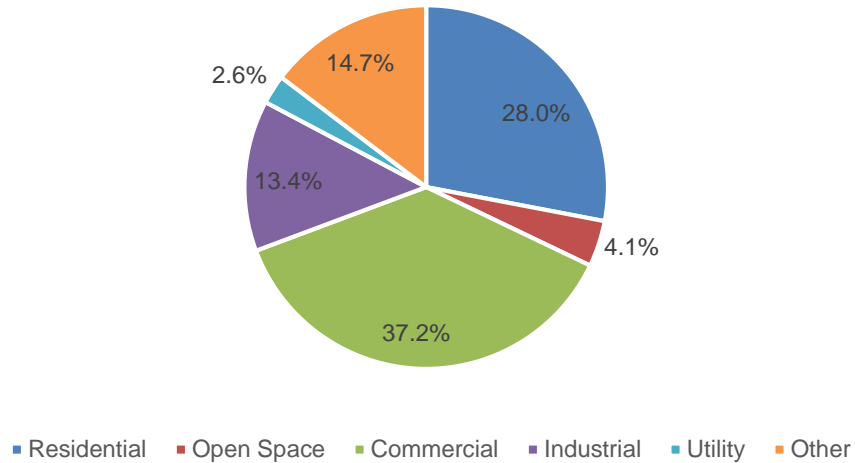
	2011	2012	2013	2014	2015	2016	2017
Single family residential	33.58%	34.2%	29.66%	33.87%	32.4%	33.3%	34.7%
Multi-family residential	0.74	0.73	0.67	0.59	0.55	0.6%	0.6%
Vacant lots	0.75	0.74	0.68	0.75	0.68	0.7%	0.7%
Commercial	26.51	30.76	33.74	34.94	32.57	33.4%	34.5%
Industrial	5.34	4.67	4.75	4.54	4.66	5.2%	3.9%
Personal – commercial	12.72	12.12	11.45	12.90	13.19	12.8%	12.5%
Personal – industrial	12.30	8.91	11.59	14.39	16.52	15.6%	13.1%

Table 6 – Composition of Center tax base

Graph 4 below provides a visual representation of the composition of the City's tax base by major category.

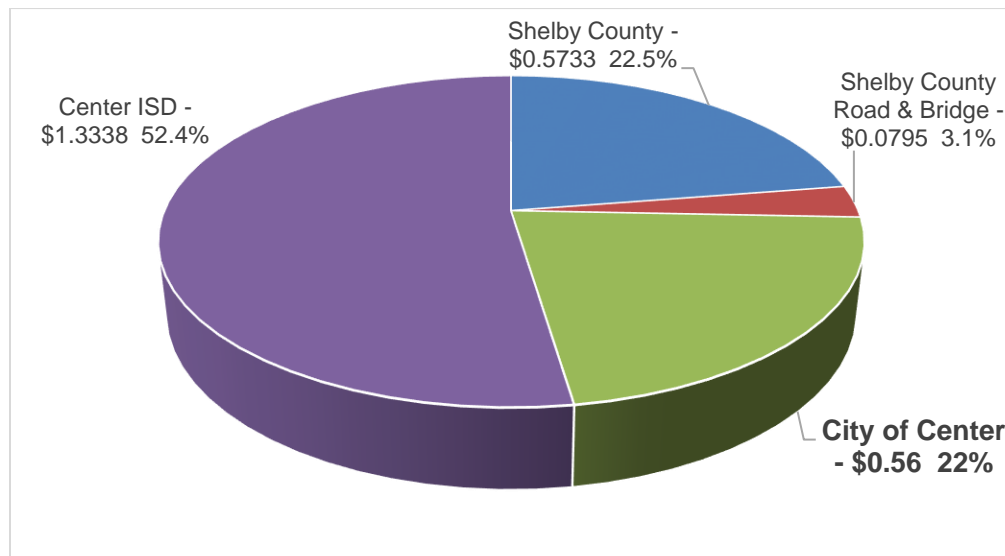


Taxable Value Composition



Graph 4 – 2018 Taxable Value by Category

Many citizens are often unclear as to how much of their total tax bill represents City taxes compared to other taxing entities. For those property taxpayers in the City, there are three property tax entities: the City, the Center Independent School District, and Shelby County, which also includes a separate Road and Bridge Tax. Graph 5, provides a graphical representation of the 2016 tax rates and how the City's rate stands in comparison.



Graph 5 – City of Center taxing entities tax rate comparison - 2017

The City of Center portion of a property owner's total tax bill is approximately 22% without adjusting for exemptions. The City of Center provides a very competitive tax rate compared to other cities of similar size as depicted in Table 7.



City	Population	Total Net Taxable	Gross Tax Rate	Per Capita Taxable Value
Athens	12,846	685,673,701	0.6852210	53,376
Bridgeport	6,381	359,249,802	0.6390000	56,300
Bullard	3,043	176,097,500	0.5632640	57,870
Cameron	5,552	160,411,737	0.7590000	28,893
Carthage	6,851	452,122,366	0.5200000	65,994
Commerce	9,750	287,724,309	0.8200000	29,510
Crockett	6,950	267,435,288	0.5338230	38,480
Decatur	6,523	611,751,291	0.7030000	93,784
Gilmer	5,187	289,523,128	0.6295230	55,817
Liberty	9,039	587,306,311	0.6100000	64,975
Mexia	7,539	264,821,594	0.8084000	35,127
Mineola	4,625	222,776,349	0.5624100	48,168
Navasota	7,816	363,452,800	0.5542000	46,501
Vidor	10,945	332,880,140	0.7250000	30,414
White Oak	6,544	335,405,226	0.5868500	51,254
Whitehouse	8,189	348,470,420	0.6500000	42,553
Average	7,361	359,068,873	0.646856	49,938
Center	5,232	280,224,688	0.560000	53,560

Table 7 – Property tax rate comparison Source: 2017 TML Tax and Debt Survey

Cost of Services to City Property Tax Payers

This brief section seeks to show City of Center property tax payers the relative value of the services and benefits of living in the City. For a home valued at \$100,000, the property receives a 20% homestead exemption and will pay an estimated \$460 in annual City property taxes, or \$38.33 per month, at the proposed \$0.575 tax rate.

Of that monthly amount, they will pay:

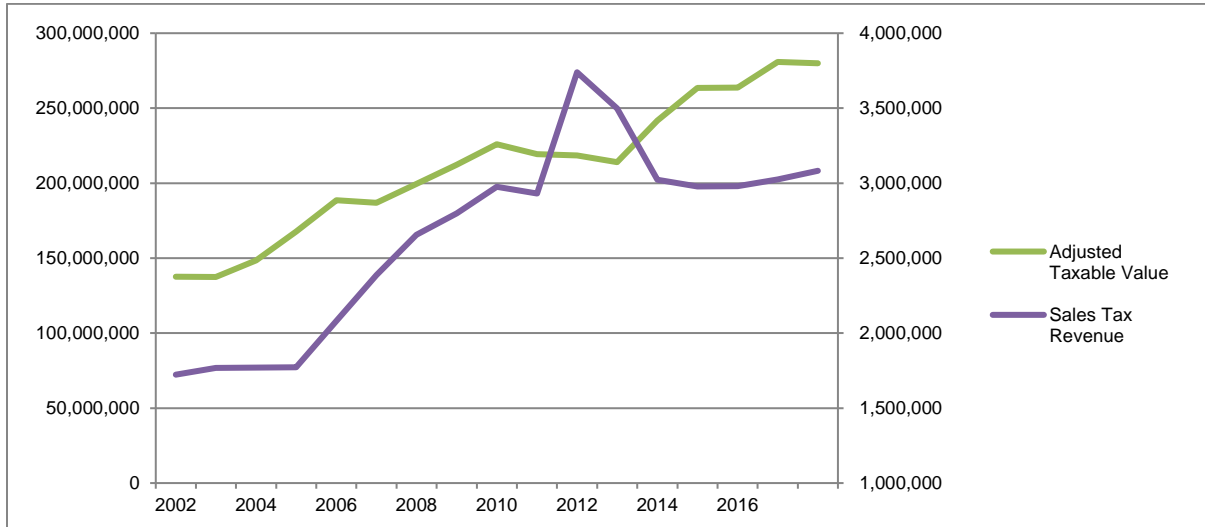
- \$15.98 for 24/7 police protection;
- \$4.22 for fire protection services;
- \$3.18 for street maintenance;
- \$1.30 for maintenance and operation of City park facilities;
- \$0.34 for building inspection;
- \$0.73 for the maintenance and operation of the Library, Community House and Senior Center, and;
- \$6.32 for the general administration of the City.

Sales Tax and Property Tax Revenue Relationship

The final area of analysis depicts the relationship between sales and property tax revenues (not counting the I&S portion). Graph 5 illustrates this relationship where Center's adjusted taxable values started a significant increase in 2004 coupled with the rapid rise in total sales tax revenues. The City's tax structure is such that the sales tax for property tax relief correspondingly increased. This allowed for the City to reduce its property tax rate (Reference Table 5) and, in essence, provide a form of enhanced property tax relief for taxpayers. Further, due to annexations, new development and general property



appreciation, the adjusted taxable values also increased which places further downward pressure on tax rates. There was a short period where excess sales tax revenues allowed the City to lower property tax rates. One can see that the decline in sales tax receipts has now temporarily reversed the trend and in order to maintain service levels, the City must look to property tax revenue to solidify overall funding. The FY 2018 Budget looks to raise property tax rates slightly to compensate.



Graph 5 – Relationship between sales tax and property tax revenues

Graph 6 presents this information in a different way, where actual revenue streams are plotted. Attention is called to the decoupling of property tax and sales tax revenues. At their height, the difference between them was \$1.67 million. This gap has shrunk 39%, reflecting the City's increased reliance upon property tax revenues to serve as a foundation for City services.



Graph 6 – Relationship between sales tax and property tax revenues



Franchise Fees

Franchise fees are essentially access rights or lease payments from utility companies for the use of City owned and maintained right-of-way. Utility companies locate their service lines along City streets which basically allow them to use City property to provide their services. The franchise fee is paid by the customer on the utility bill but remitted to the City. These revenues are predominately slated towards street repairs and right-of-way maintenance and are relatively stable from prior year revenues.

Starting with the FY 2018 Budget, the City will begin assessing a franchise fee to the Solid Waste and Utility Funds.

Solid Waste Collection Fees

The current solid waste contract with Allied Waste was renewed in 2014 and remains in effect through June 2020. In FY 2014, solid waste rate adjustments were made by the City. Allied Waste proposed a 2.2% rate adjustment based on CPI, which the Council approved in July 2017. Minor rate changes are anticipated in FY 2018.

The City Council created the Solid Waste Fund at the beginning of FY 2016 and those funds were separated from the General Fund beginning with the FY 2016 Amended Budget.





FY 2018 BUDGET REVENUE SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Property Taxes	873,461	969,844	901,500	928,000	922,500
Sales Taxes	1,871,774	1,927,417	1,952,300	1,922,275	1,954,000
Law Enforcement	227,796	213,340	221,600	233,050	223,100
Franchise Fee	440,559	438,512	513,000	532,800	646,800
Airport	206,224	91,158	92,100	67,500	69,000
Permits	17,280	21,558	14,200	18,500	14,000
Usage Fees	73,247	80,382	80,900	78,200	75,900
Solid Waste	1,377,057	38,775	0	0	0
Miscellaneous	30,379	59,392	5,600	17,300	4,100
Transfers	528,174	543,385	823,600	818,600	698,900
Interest	3,907	7,176	2,500	2,500	2,500
Grants	25,476	12,922	7,000	3,600	4,000
TOTAL	5,675,333	4,403,863	4,614,300	4,622,325	4,614,800

FY 201 BUDGET REVENUE DETAIL

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Taxes - Current Ad Valorem	822,929	894,810	849,500	872,000	870,500
Taxes - Delinquent	28,075	43,137	30,000	28,000	27,000
Taxes - Penalty	22,457	31,898	22,000	25,000	25,000
Property Taxes	873,461	969,844	901,500	928,000	922,500
Taxes - Sales Tax	1,493,760	1,539,316	1,558,000	1,534,500	1,560,000
Taxes - Sales M&O	373,440	383,666	389,000	383,375	390,000
Taxes - Mixed Beverage	4,198	4,404	5,000	4,400	4,000
Taxes - Discount/Sales	376	32	300	0	0
Sales Taxes	1,871,774	1,927,417	1,952,300	1,922,275	1,954,000
Court Fines	188,869	161,351	185,000	185,000	185,000
Warrant Fees	9,535	20,798	12,000	17,500	15,000
Court Service Fee Discounts	9,663	15,395	10,000	16,000	10,000
Court Administrative Fee	2,512	2,762	2,500	3,500	2,500
Collection Agency Rec	71	0	0	0	0
Judicial Support Fee	673	946	1,000	900	1,000
Arrest Fees	6,288	6,429	6,000	6,300	6,000
Court Cost Fees	892	(227)	1,000	0	0
Time Payment Fees	2,854	2,066	3,000	2,800	2,500
Police Department Copies	1,015	1,214	1,000	1,000	1,000
Misc. Restitution	0	0	0	0	0
Prisoner Phone Commission	121	47	100	50	100
Child Safety Program	5,302	2,557	0	0	0
Law Enforcement	227,796	213,340	221,600	233,050	223,100



AEP SWEPCO Franchise	246,962	256,189	255,000	264,400	260,000
DETEC Franchise	21,868	23,325	22,000	26,100	25,000
Centerpoint Franchise	54,712	45,082	50,000	45,400	50,000
AT&T Franchise	80,150	79,024	80,000	75,000	70,000
Telecommunication Fees	9,271	9,345	8,000	11,500	9,200
Suddenlink Franchise	27,595	25,548	26,000	24,400	24,000
PEG Fee	0	0	0	0	0
Solid Waste Franchise	0	0	72,000	86,000	86,300
Utility Fund Franchise	0	0	0	0	122,300
Franchise Fee	440,559	438,512	513,000	509,800	646,800
Airport Fuel	170,520	58,638	60,000	40,500	40,000
Fuel Flow Fee	3,406	7,334	7,000	5,000	5,000
Airport Hangar Lease	32,288	24,547	25,000	22,000	24,000
Donations Airport	0	0	0	0	0
Airport - Msc. Fees	0	619	0	0	0
Airport Gate Entry	10	20	100	0	0
Airport	206,224	91,158	92,100	67,500	69,000
Misc. Garage Sale Permit	330	272	200	200	200
Zoning Variance Permit	1,200	150	500	150	500
Demolition Permits	105	70	100	0	100
Construction Permit	12,570	15,641	10,000	13,600	10,000
Electrical Permits	2,205	2,415	2,500	2,200	2,200
Beer/Wine/Liquor License	450	2,535	500	1,750	500
Move Structure Permits	0	100	100	300	100
Misc. Permits	0	0	100	0	0
Carnival/Event Permit	200	225	100	200	200
Vendor Permit	220	150	100	100	100
Permits	17,280	21,558	14,200	18,500	14,000
City Park Ball Field	1,000	0	0	0	0
Suddenlink Lease Riggs St	3,680	1,800	3,600	3,600	3,600
Rental Senior Center	0	500	0	0	0
Rental Community House	12,705	13,660	12,000	12,000	12,000
Community House Sec Officer Fee	50	75	100	1,500	100
Rental Civic Center	43,328	49,860	55,000	50,000	50,000
Rental Civic Center Caterer Fee	6,208	5,370	5,000	5,000	5,000
Civic Center Security	3,440	4,505	3,000	3,000	3,000
Civic Center OT Fee	75	587	200	200	200
Equipment Rental	801	4,025	2,000	2,900	2,000
Civic Center Addtl Cost	1,960	0	0	0	0
Usage Fees	73,247	80,382	80,900	75,200	75,900
SW Collections 5% Admin. Fee	62,454	27,633	0	0	0
SW Collections 5% Franchise Fee	0	11,053	0	0	0
SW Collection Residential	373,231	0	0	0	0
SW Collection Commercial	932,255	0	0	0	0
Garbage Bags Taxable Sales	1,576	0	0	0	0
Garbage Bags Tax Exempt Sales	50	0	0	0	0
Penalty 10% Misc AR	37	89	0	0	0
Recycling Receivable	454	0	0	0	0
Recycling Contributions	7,000	0	0	0	0
Solid Waste	1,377,057	38,775	0	0	0



Reimb. Fire Dept Calls	1,110	1,450	0	750	0
Building Demo/Clean Up	0	0	0	0	0
RR Park Donation	0	0	0	0	0
Returned Check Fee	50	25	0	0	0
Insurance Claims	13,210	7,805	0	4,800	0
Royalties Mineral Rts	0	0	0	0	0
Refunds Return - TML IRP	0	0	0	0	0
Downtown Elect Access	0	100	100	100	100
Workers Comp Discount	2,308	6,591	1,000	8,150	2,000
Others	9,413	2,710	1,000	1,000	1,000
Copies	40	43	0	0	0
Vending Machine Income	0	0	0	0	0
Prior Budget Year	1,181	0	0	0	0
Surplus Equipment/Land	0	37,544	1,000	500	1,000
SWEPCO Refunds	0	0	0	0	0
DETEC Capital Refund	598	600	0	0	0
Donations Police Dept	0	0	0	0	0
Donations Fire Dept	2,470	2,525	2,500	2,000	0
Miscellaneous	30,379	59,392	5,600	17,300	4,100
Transfers Interfund Water	350,000	400,000	475,000	475,000	412,000
Transfers Interfund Solid Waste	0	4,785	190,000	190,000	146,400
Transfers Intrafund	0	0	0	0	0
Transfers HM Comm House	5,000	5,000	5,000	5,000	5,000
Transfer HM Civic Center Ops	50,000	50,000	70,000	70,000	53,000
Transfer Interfund Court Tech	0	0	0	0	0
Transfer Interfund Bldg Security	9,100	5,000	0	0	2,500
Transfer Interfund Child Safety	0	0	0	0	0
Transfer Interfund 2011 CO's	0	0	0	0	0
EDC Street Admin Fees	25,000	25,000	25,000	25,000	25,000
Transfer Interfund I&S	30,576	0	0	0	0
Transfer Interfund Civic Center	8,499	0	0	0	0
Economic Development Adm Fee	50,000	53,600	53,600	53,600	55,000
Transfers	528,174	543,385	823,600	818,600	698,900
Interest General Fund	3,907	7,176	2,500	2,500	2,500
Interest	3,907	7,176	2,500	2,500	2,500
Police Training Grant	1,859	1,974	1,500	1,600	1,500
Police BVP Grant	392	0	0	0	0
Arson Investigator Grant	976	972	500	0	500
Airport TXDOT Ramp Grant	2,249	9,976	5,000	2,000	2,000
Solid Waste Grant	20,000	0	0	0	0
Grants	25,476	12,922	7,000	3,600	4,000
TOTAL	5,675,333	4,403,863	4,614,300	4,622,325	4,614,800





FY 2018 BUDGET EXPENDITURE OVERVIEW

The City of Center general fund is organized into fourteen different departments. For the purposes of this document, each department will have its own section describing its mission statement, what their function is within the organization, some of their achievements for the past fiscal year, and department goals and objectives for the next fiscal year.

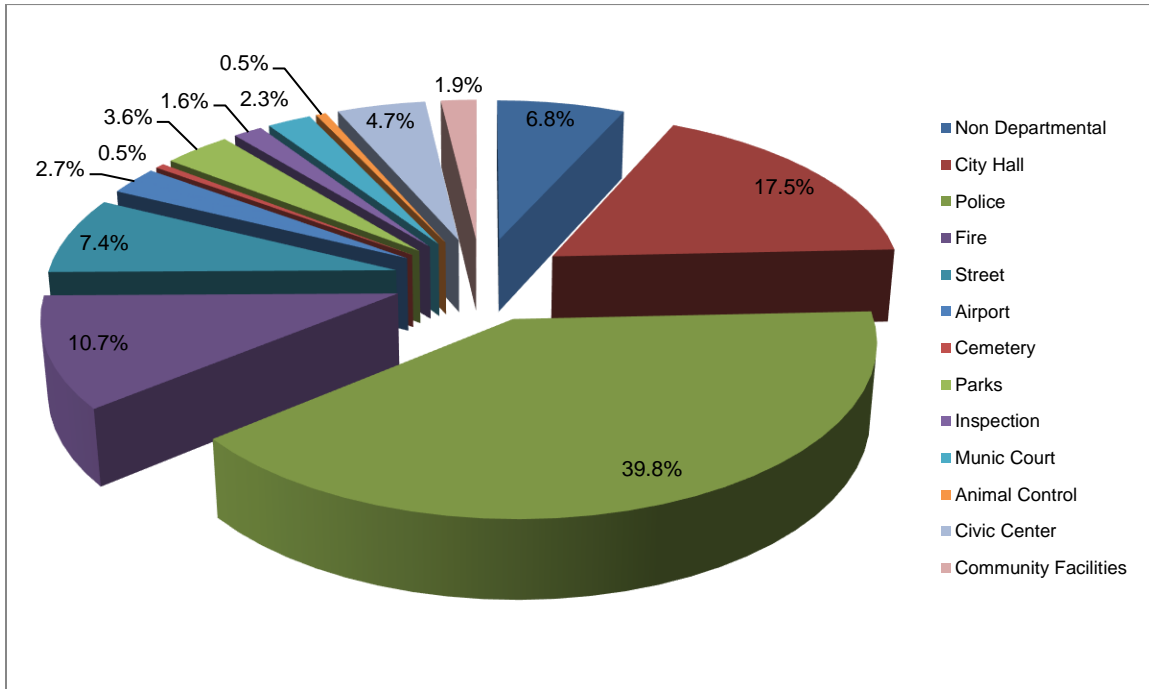
This budget includes increases in operational department budgets primarily in utilities and maintenance but also relating to personnel services, including retirement pension funding, health insurance with a 3.0% COLA. All other notable items are specifically listed on each department's page.

Each department's page will provide financial data on each prime account. There is also a description of the capital purchases within each department and a discussion of differences between last year's budget and the FY 2017 Amended Budget.

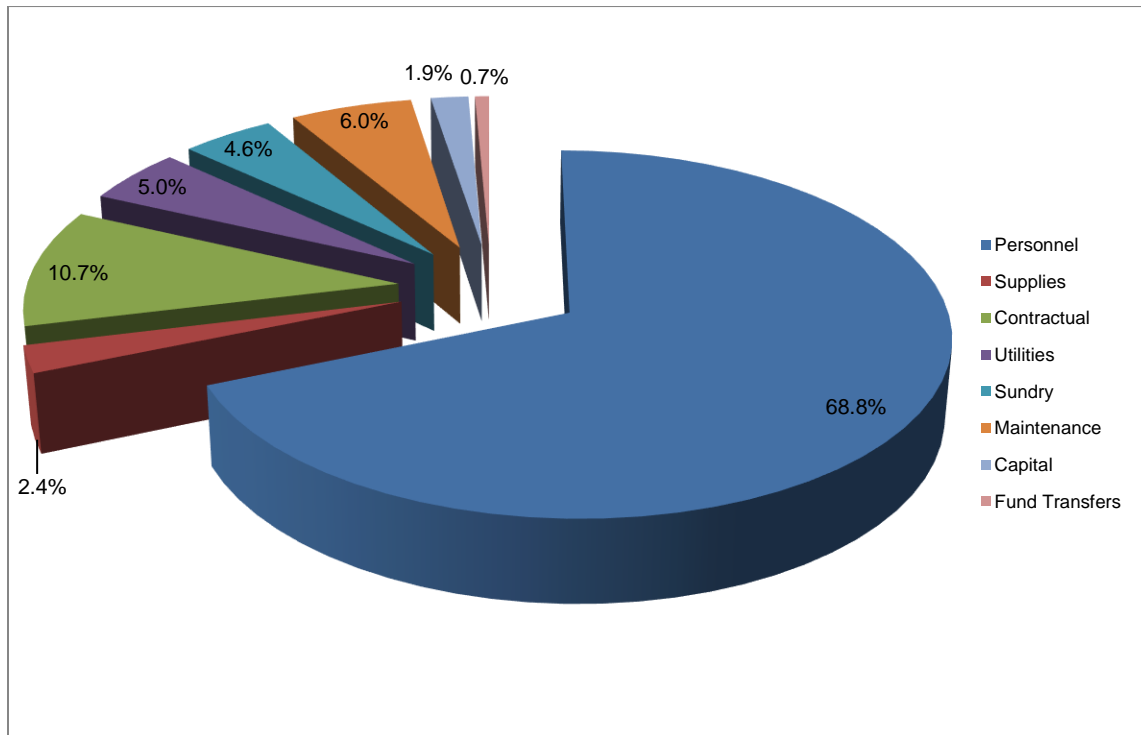
	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
BY DEPARTMENT					
Non Departmental	225,675	516,305	312,200	304,200	278,400
City Hall	727,194	741,882	807,500	812,300	762,300
Police Department	1,776,959	1,782,288	1,840,450	1,921,850	1,924,900
Fire Department	467,374	446,990	492,800	473,800	506,500
Street Department	380,784	417,400	344,000	388,200	382,350
Sanitation	1,157,226	0	0	3,000	0
Airport	249,852	226,137	124,800	82,300	88,700
Cemetery	26,284	20,641	22,700	22,600	22,500
Parks	118,771	140,514	164,300	118,600	156,000
Inspection Services	136,392	104,103	71,500	68,800	41,800
Animal Control	21,460	26,070	25,100	27,200	27,700
Municipal Court	0	96,582	107,100	105,800	114,800
Civic Center	155,058	182,512	216,250	203,402	222,650
Community Facilities	75,425	82,418	86,500	85,100	86,200
TOTAL	5,518,454	4,783,842	4,614,300	4,617,152	4,614,800
BY ACCOUNT CATEGORY					
Personnel Services	3,018,403	3,065,993	3,168,000	3,205,752	3,196,700
Supplies	86,138	106,177	112,350	111,000	109,750
Contractual	1,557,647	466,507	493,500	499,600	589,250
Utilities	214,474	235,979	228,800	197,400	214,600
Sundry	205,232	197,510	211,800	180,800	183,900
Maintenance	269,507	270,818	283,150	286,000	284,200
Capital Items	167,053	241,032	85,500	110,600	36,500
Fund Transfers	0	200,000	32,000	26,000	0
TOTAL	5,518,454	4,784,015	4,614,300	4,617,152	4,614,800



FY 2018 BUDGET EXPENDITURES – BY DEPARTMENT



FY 2018 BUDGET – BY PRIME ACCOUNT





FY 2018 BUDGET
REVENUES OVER/(UNDER) EXPENDITURES

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Property Taxes	873,461	969,844	901,500	928,000	922,500
Sales Taxes	1,871,774	1,927,417	1,952,300	1,922,275	1,954,000
Law Enforcement	227,796	213,340	221,600	233,050	223,100
Franchise Fee	440,559	438,512	513,000	532,800	646,800
Airport	206,224	91,158	92,100	67,500	69,000
Permits	17,280	100,158	14,200	18,500	14,000
Usage Fees	73,247	80,382	80,900	78,200	75,900
Solid Waste	1,377,057	38,775	0	0	0
Miscellaneous	30,379	59,392	5,600	17,300	4,100
Transfers	528,174	464,785	823,600	818,600	698,900
Interest	3,907	7,176	2,500	2,500	2,500
Grants	25,476	12,922	7,000	3,600	4,000
TOTAL	5,675,333	4,409,863	4,614,300	4,622,325	4,614,800

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
BY DEPARTMENT					
Non Departmental	225,675	516,305	312,200	304,200	278,400
City Hall	727,194	741,882	807,500	812,300	762,300
Police Department	1,776,959	1,782,288	1,840,450	1,921,850	1,924,900
Fire Department	467,374	446,990	492,800	473,800	506,500
Street Department	380,784	417,400	344,000	388,200	382,350
Sanitation	1,157,226	0	0	3,000	0
Airport	249,852	226,137	124,800	82,300	88,700
Cemetery	26,284	20,641	22,700	22,600	22,500
Parks	118,771	140,514	164,300	118,600	156,000
Inspection Services	136,392	104,103	71,500	68,800	41,800
Animal Control	21,460	26,070	25,100	27,200	27,700
Municipal Court	0	96,582	107,100	105,800	114,800
Civic Center	155,058	182,512	216,250	203,402	222,650
Community Facilities	75,425	82,418	86,500	85,100	86,200
TOTAL	5,518,454	4,784,015	4,614,300	4,617,152	4,614,800

Revenues Over/(Under)					
Expenditures	156,879	(374,152)	0	5,173	0



FY 2018 BUDGET NON DEPARTMENTAL - #601

The Non-Departmental function of the City of Center pays for those areas that are general to the entire organization, such as the annual audit, insurance, and the City Council reimbursements.

The Mayor and six Council members act as the elected representatives of the citizens of Center to formulate public policy to meet community needs and assure orderly development in the City.

DESCRIPTION

- Appoint the City Manager, City Attorney, Municipal Court Judge and various citizen boards and commissions.
- Adopt the City's annual budget and ad valorem tax rate.
- Adopt City ordinances and resolutions.
- Establish the fees and rates for City goods and services.
- Approve purchases and contracts as prescribed by the City Charter and State Law.

FY 2017 ACCOMPLISHMENTS

- Continued to operate with fund balance above minimum goal
- Update of long range financial forecast
- Issuance of clean and unqualified audit
- Established the Technology Fund

FY 2018 GOALS

- Continue implementation of Long Range Annexation Plan
- General community beautification programs and projects
- Utility expansion planning and project implementation
- Plan, design and construct directional and entryway signage around the City



**FY 2018 BUDGET
NON DEPARTMENTAL**

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	240	(6,537)	2,700	2,600	2,700
Supplies	2,541	1,662	2,500	7,300	2,400
Contractual	180,383	161,055	171,800	177,700	184,200
Utilities	7,782	12,625	14,000	0	0
Sundry	34,729	109,450	86,700	88,100	89,100
Maintenance	0	0	0	0	0
Capital Items	0	38,050	2,500	2,500	0
Fund Transfers	0	200,000	32,000	26,000	0
Total	225,675	516,305	312,200	304,200	278,400

PERFORMANCE MEASURES

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
City Council Meetings	23	20	20	21	21	19
Council Workshops/Special Meetings	8	10	9	5	8	5
Ordinances Passed	17	18	15	16	11	11
Resolutions Passed	25	33	32	40	32	22

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Decrease in Software Maintenance (\$16,000) with offsetting increases in Transfer to Technology Fund (\$20,000), Auditing (\$5,000), Insurance (\$2,000), Election (\$700), and Tax Collector (\$500)
- Elimination of Telephone (\$14,000)
- Increase in Tax Appraisal Board (\$3,500)
- Elimination of Capital Codification (\$2,500)
- Non-recurring charge of Transfer to Vehicle Replacement Fund (\$16,000) and Recreation Fund (\$16,000)



FY 2018 BUDGET CITY HALL - #602

To provide professional management and administration of the City, implementing City Council policy decisions by directing, coordinating, monitoring, and evaluating all City government activities.

DESCRIPTION

- Execute the policies established by the City Council and administers the affairs of the City consistent with the City Charter.
- Prepare and maintain minutes, ordinances, resolutions, and proclamations.
- City elections conducted by designated election official.
- Responsible for the collection, investment, disbursement & documentation of all City funds.
- Monitor and approve all City purchases, expenditures, and budget.
- Prepare the City employee payroll and administer employee benefits programs.
- Prepare annual City budget

FY 2017 ACCOMPLISHMENTS

- Entered into water supply agreement with water supply corporation
- Received the GFOA Distinguished Budget Award
- Improved Information Technology systems for operational efficiencies
- Completed Capital Improvements Program projects
 - Portacool Park expansion
 - Airport CIP project

FY 2018 GOALS

- Update of City Code of Ordinances
- Receive the Comptroller's Transparency Award
- Create robust performance measurement program
- Develop CIP document
- Manage Capital Improvements Program projects
 - 2011 Texas Water Development Board HWY 96 interceptor and lift station
 - WWTP rehabilitation



**FY 2018 BUDGET
CITY HALL****DEPARTMENT SUMMARY**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	659,647	654,874	706,100	708,100	656,100
Supplies	13,089	19,285	20,300	20,500	19,100
Contractual	15,691	29,990	37,800	37,800	46,100
Utilities	16,009	14,297	10,500	15,100	15,200
Sundry	17,361	15,739	21,500	21,500	17,500
Maintenance	1,980	3,768	6,300	6,300	4,800
Capital Items	3,416	3,930	5,000	3,000	3,500
Total	727,194	741,882	807,500	812,300	762,300

PERFORMANCE MEASURES

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Open Records Requests	6	4	7	5	4	6
Average Number of Utility Accounts	2,523	2,477	2,464	2,470	2,461	2,437
Average Work Order Completions	1 Day	1 Day	1 Day	1 Day	1 Day	1 Day

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Transfer of personnel to the Technology Fund balanced with 3% COLA and Health Insurance decreases Salaries (\$42,300), Pension Fund (\$7,100), and Social Security (\$3,300) with an increase in Health Insurance (\$3,000)
- Reduction in Computer Equipment (\$2,000) cancels slight increases in Wearing Apparel (\$500) and Supplies (\$400)
- Increase in Transfer to Technology Fund (\$14,800) and Janitorial (\$500) offset with elimination of Software Maintenance (\$6,500)
- Reallocation from Non-Departmental for Telephone (\$4,700)
- Reduction in Training (\$4,700) – staff not attending InCode user conference
- Contraction on Building Maintenance (\$1,500)
- Reduction in Capital from elimination of Capital Computer (\$5,000) and planned purchase of conference room Furniture (\$3,500)



FY 2018 BUDGET
POLICE DEPARTMENT - #603

To preserve order and protect life and property through the enforcement of laws and municipal ordinances.

DESCRIPTION

- Oversee all major criminal investigations within the City.
- Respond to calls from the public requesting police emergency services.
- Respond to traffic-related incidents and accidents; issues citations for traffic violations
- Provide assistance to victims of crime or persons in distress.
- Provide assistance to surrounding law enforcement agencies

FY 2017 ACCOMPLISHMENTS

- UCR Part I crimes reduced 10%
- Two Center Police Officers became State Certified SWAT Team Snipers
- Received grant from State of Texas to replace technology equipment
- Performed community outreach with K-9 units
- Cooperated with area agencies and the District Attorney's office to help prosecute cases

FY 2018 GOALS

- Complete the Public Safety Technology Enhancement Program
- Update fleet and equipment by purchasing two patrol units
- Grow the Selective Traffic Enforcement Program (S.T.E.P.)
- Expand Code Enforcement activities



**FY 2018 BUDGET
POLICE DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	1,477,758	1,488,845	1,583,700	1,617,150	1,641,800
Supplies	29,190	45,241	39,750	46,000	42,300
Contractual	79,122	28,738	36,800	34,100	81,000
Utilities	39,784	44,641	40,800	36,100	40,800
Sundry	15,625	14,683	16,700	16,200	16,800
Maintenance	98,884	86,167	92,700	105,700	102,200
Capital Items	36,596	73,972	30,000	66,600	0
Total	1,776,959	1,782,288	1,840,450	1,921,850	1,924,900

PERFORMANCE MEASURES

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 - YTD
Citations Issued	2,498	3,148	3,530	2,594	2,076	2,018
Average Warrants Outstanding	2,227	1,838	1,936	1,506	1,464	1,682
Average Value of Outstanding Warrants	498,150	485,900	482,840	376,428	404,410	523,424
Average Response Time (Minutes)	2.95	3.3	4.49	4.03	3.46	2.39
Calls for Service	3,835	6,130	5,199	5,337	6,075	5,270
Felony Arrests	137	129	149	128	129	193
UCR Part 1 Crimes per 1,000 population	66.3	67.8	69.8	65.2	58	49.3

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Increases in Personnel from 3% COLA and Health Insurance rate increases: Salaries (\$28,800), Health Insurance (\$21,300), Pension Fund (\$4,500), Pre-Employment (\$1,000), and Social Security (\$2,000)
- Increase in Wearing Apparel (\$3,500) and Materials (\$1,000) with offsetting decrease PC Software (\$2,400) and Office Supplies (\$1,000)
- Purchase of two new vehicles results in increase in Vehicle Lease (\$12,600); also creation of Technology Fund (\$34,800). Offsetting elimination of Software Maintenance (\$3,800)
- Boost in Vehicle Maintenance (\$15,000) with slight decrease in Gas (\$5,000)
- Elimination of Capital Computer (\$30,000)



FY 2018 BUDGET

FIRE DEPARTMENT - #604

Protect lives and property from fire and man-made or natural disasters. Provide emergency management procedures for the City and investigate all suspicious fires within the City.

DESCRIPTION

- Response area included 525 square miles, of which 3.25 is inside the Center City Limits
- Respond to and extinguishes structure, vehicle, grass and brush fires in the City of Center (primary) and surrounding rural areas (secondary).
- Respond to other emergency situations in conjunction with the Police department and other emergency agencies.
- Assist in fire prevention activities.
- Coordinate all planning and preparedness activities for emergency management.
- Investigate fires to determine cause and origin.

FY 2017 ACCOMPLISHMENTS

- Reduced the number of fire calls by increasing fire prevention programs
- Increased fire inspections and pre-fire surveys
- Maintained vehicles and equipment by regular maintenance and daily inspections
- Purchased new PPE (bunker gear) for Fire Volunteers
- Established a weekly radio news report to inform the public of Fire Department call volume and activities
- Purchased a new Jaws of Life set with leveraged donation

FY 2018 GOALS

- Create and implement replacement plans for PPE (bunker gear), station furnishing and apparatus
- Utilize equipment funding through outside sources (e.g. Texas Forest Service, Homeland Security, FEMA)
- Implement a smoke detector drive
- Research, plan and implement extensive firefighter training through an outside instructor



**FY 2018 BUDGET
FIRE DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	390,571	383,504	390,200	392,600	401,100
Supplies	8,035	9,776	9,000	8,000	10,700
Contractual	7,834	6,359	9,700	7,900	17,300
Utilities	16,334	18,153	20,000	8,400	9,000
Sundry	4,028	4,462	12,900	8,600	8,400
Maintenance	29,824	22,308	34,000	33,300	36,000
Capital Items	10,748	2,428	17,000	15,000	24,000
Total	467,374	446,990	492,800	473,800	506,500

PERFORMANCE MEASURES

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Calls	332	315	323	268	217	156
Fires and Explosions	230	165	185	135	107	75
Fire Fighter Accidents	0	0	0	0	0	0
Percent Response under 5 Minutes	52	52.5	52	51.5	52	52.5
False Alarm Calls/Rate	N/A	N/A	N/A	37/14%	26/12%	12/8%

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Increases in Salaries (\$7,700), Social Security (\$500), and Pension (\$1,300) from COLA and Health Insurance rate increase (\$5,300)
- Increases in Supplies Equipment (\$1,300) and Wearing Apparel (\$1,000) met with slight reductions in Materials (\$500) and Communications (\$200)
- Introduction of Technology Fund Transfer (\$6,000) and Vehicle Lease (\$3,800) with a reduction in CVFD Gas Allowance (\$1,000)
- Significant savings in Telephone (\$10,000) and Electricity (\$1,000)
- Contraction in VFD Training (\$2,000), Training (\$1,500), Subscription & Dues (\$500) and Education (\$500)
- Addition of Furniture (\$2,000)
- VFD bunker gear included in Capital Emergency Equipment (\$6,000). Increase in Capital Building (\$3,000) with elimination of Capital Computer (\$1,000) and reduction in Emergency Equipment (\$1,000)



FY 2018 BUDGET
STREET DEPARTMENT - #605

To provide and maintain a transportation system of streets, alleys and sidewalks for safe and efficient vehicular and pedestrian traffic, and to provide and maintain a storm water management system to efficiently convey storm water and prevent flooding.

DESCRIPTION

- Repair streets for damage caused by water line breaks and failure of road base material.
- Plan and supervise the annual street maintenance and reconstruction program funded by the 4B EDC
- Install and maintains traffic control signs and paving markers.
- Mow rights-of-way and maintain street and alley shoulders.
- Maintain storm drains

FY 2017 ACCOMPLISHMENTS

- Completed installation of decorative street signs
- Managed the annual street reconstruction program, a 4B EDC funded program
- Completed the Childs Street reconstruction project
- Continued the community banner decoration and Downtown building lights programs
- Assisted the Utility Departments with major water and wastewater leaks

FY 2018 GOALS

- Maintain pedestrian right of ways
- Roadway tree trimming
- Manage annual street reconstruction program
- Update and replace traffic signage



**FY 2018 BUDGET
STREET DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budge
Personnel Services	166,180	182,534	139,500	202,000	189,200
Supplies	12,878	9,472	12,100	9,000	11,100
Contractual	4,172	14,613	15,500	17,400	21,250
Utilities	75,039	83,646	80,500	70,500	83,500
Sundry	612	658	2,200	2,800	2,700
Maintenance	84,652	90,987	90,700	85,500	73,600
Capital Items	37,250	35,489	3,500	1,000	1,000
Total	380,784	417,400	344,000	388,200	382,350

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Unpaved Streets – Linear Miles	0	0	0	0	0
Gravel Streets	0	0	0	0	0
Asphalt Streets	34.55	34.55	34.55	34.55	34.55
Concrete Streets	8.83	8.83	9.08	9.08	9.08

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Adopted Budget

- Reallocating position from the Utility Fund results in increases in Salaries (\$31,000), Health Insurance (\$9,900), Pension (\$5,200), Social Security (\$2,400), and Worker's Comp (\$800)
- Decrease in Vector Control (\$2,000) balanced with increase in Materials (\$1,000)
- Introduction of Technology Fund Transfer (\$3,900) couples with increases in Vehicle Lease (\$1,350), Mowing (\$1,000), and Rental (\$500)
- Increase in Electricity (\$3,000)
- Cancelled mowing contract results in \$9,000 savings with slight increase in Street Repairs (\$2,500)
- Decorative Capital Street Sign replacement program complete (\$2,500)



FY 2018 BUDGET
CENTER MUNICIPAL AIRPORT - #607

The mission of the Center Municipal Airport is to provide sufficient air service facilities to aid in local real estate sales, industrial development, business management, banking, and recreation. The airport also serves as a fueling station for pilots on an as needed basis.

DESCRIPTION

The Center Municipal Airport consists of one 5,501' lighted runway; other airport facilities include 34 hangars, 1 office and terminal building which includes a pilot's lounge, and one fueling station.

FY 2017 ACCOMPLISHMENTS

- Completed the Airport CIP Project, which included new runway lighting, drainage improvements, the rehabilitation of the airport beacon, and reconstruction of the fuel farm tarmac
- Maintained the facility in a neat and professional manner
- Contracted all mowing and land maintenance
- 50% City owned T-Hangar occupancy
- Clear cut airport property to remove hazardous trees and potential bird nesting sites

FY 2018 GOALS

- Begin planning for the FY 2018 TxDOT Airport CIP Project – Taxiway D rehabilitation
- Increase fuel sales
- Provide great customer service to visitors and fuel customers



**FY 2018 BUDGET
CENTER MUNICIPAL AIRPORT**

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	51,905	47,836	26,400	17,700	22,900
Supplies	1,913	1,545	1,700	1,200	1,700
Contractual	12,145	30,746	3,800	4,600	4,700
Utilities	12,004	12,503	13,000	14,300	14,400
Sundry	124,391	38,053	52,400	27,500	31,500
Maintenance	9,357	11,660	12,500	7,000	8,500
Capital Items	38,140	83,796	15,000	10,000	5,000
Total	249,852	226,137	124,800	82,300	88,700

PERFORMANCE MEASURES

Fuel Sold	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Fuel Transactions	1,025	1,116	916	764	384	338
100 LL (gallons)	18,210.3	18,885.6	20,351.0	16,292.2	9,171	6,863.4
Jet A (gallons)	27,362.0	36,423.7	15,820.1	21,042.0	6,637.5	4,370.1

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Continued personnel savings results in decrease in Salaries (\$4,500) and Social Security (\$500) with increases in Health Insurance (\$1,900) and Pension (\$1,000)
- Introduction of Technology Fund Transfer (\$900)
- Addition of internet services at the terminal results in higher Telephone (\$1,200)
- Lower fuel sales translates into savings in Fuel (\$20,000) and Credit Card Fees (\$800)
- Contractions in Building (\$3,000) and Equipment (\$1,000) Maintenance
- Reduction in TxDOT RAMP Grant expenditures (\$10,000)



FY 2018 BUDGET
PARKS DEPARTMENT - #609

To provide clean, safe, and well-maintained outdoor recreation space and park lands to the citizens of Center.

DESCRIPTION

- Manage contract for mowing all City parks, trails and recreation areas.
- Remove trash and debris within City parks, trails and recreation areas.
- Maintain and repair City park facilities and playground equipment as needed.
- Maintain athletic fields and irrigation systems.
- Provide pest and weed control within City parks and facilities.

FY 2017 ACCOMPLISHMENTS

- Completed construction of Portacool Park
- Provided assistance for State baseball tournament and youth athletic leagues
- Continued enhanced maintenance of park facilities

FY 2018 GOALS

- Begin planning for the rehabilitation of Community/Ballard Street Park
- Seek funding opportunities for park system improvements



**FY 2018 BUDGET
PARKS DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	51,197	73,132	91,400	44,900	71,200
Supplies	4,573	4,845	6,100	4,600	6,300
Contractual	25,386	25,399	37,500	39,500	42,800
Utilities	9,305	11,157	10,200	10,200	10,600
Sundry	213	875	1,000	1,000	1,000
Maintenance	10,853	25,105	17,100	17,400	24,100
Capital Items	17,245	0	1,000	1,000	0
Total	118,771	140,514	164,300	118,600	156,000

PERFORMANCE MEASUREMENTS

Number of Amenities	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Baseball fields	9	9	9	9	9	9	9
Softball fields	3	3	3	3	3	3	3
Playgrounds	3	4	4	4	4	4	4
Pavilions	3	4	4	4	4	4	5
Basketball Courts	1	1	1	1	1	1	3
Sprayground	0	1	1	1	1	1	1
Trails (Linear Miles)	0.5	0.5	0.7	3.8	3.8	3.8	4.3

Total park area (in acres) 124.4
Developed park area 87.5

Developed park area per 1,000 residents

Center 14.1
Mt. Pleasant 11.3
Lufkin 8.3
Mt. Vernon 3.8

Source: MHS Planning: Center Parks Master Plan 2011

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Reassignment of one full time employee with a part time results in a decrease in Salaries (\$18,000), Health Insurance (\$4,700), Pension (\$2,300), Social Security (\$1,000), and Worker's Comp (\$1,600)
- Increase in Supplies Equipment (\$200)
- Introduction of Vehicle Lease (\$3,800) and Technology Fund Transfer (\$1,500)
- Elimination of Telephone (\$1,000) and increase in Electricity (\$400)
- Due to new park facilities, additional funding for Building/Ground Maintenance (\$5,000), Gas (\$1,500) and Vehicle Maintenance (\$500)
- Elimination of Facility Capital (\$1,000)



FY 2018 BUDGET INSPECTION SERVICES - #610

To monitor the orderly growth of the City and foster compliance with the City's development standards and ordinances.

Enforce the City's building, plumbing, electrical and City ordinances and state law to ensure the construction and maintenance of safe residential and commercial structures.

DESCRIPTION

- Review plans and specifications for subdivisions and building projects within the city.
- Represent the City staff and keeps records and minutes for the Planning and Zoning Commission and the Zoning Board of Adjustments.
- Issue permits for building, plumbing, and electrical construction. Also issue permits for garage sales, demolition, and house moving.
- Inspect construction work within the City to verify compliance with adopted codes and standards.
- Initiate and investigate complaints on properties found to be in violation of City ordinances.
- Provide for mosquito spraying/vector control

FY 2017 ACCOMPLISHMENTS

- Developed an industrial pre-treatment, cross-connection and customer service inspection programs
- Certified personnel – International Electrical Code License

FY 2018 GOALS

- To certify staff as licensed plumbing inspector
- Staff to obtain required certifications to become a licensed building official



**FY 2018 BUDGET
INSPECTION SERVICES****DEPARTMENT SUMMARY**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	121,187	90,353	52,800	55,300	27,600
Supplies	1,186	993	6,500	1,000	1,300
Contractual	2,700	2,661	2,500	4,100	7,000
Utilities	4,532	3,340	2,800	3,900	1,000
Sundry	2,050	1,542	3,200	2,200	2,700
Maintenance	4,737	5,275	3,700	2,300	2,200
Capital Items	0	0	0	0	0
Total	136,392	104,103	71,500	68,800	41,800

PERFORMANCE MEASUREMENTS

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
New Construction Permits Issued	16	11	11	16	22	29
Demolition Permits Issued	5	6	0	6	3	1
Rezone Cases Considered	0	0	3	0	0	0

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Splitting personnel between Inspections and Public Works results in decreases to Salaries (\$17,800), Health Insurance (\$2,900), Pension (\$3,000), and Social Security (\$1,300)
- Elimination of PC Software (\$5,000)
- Addition of Vehicle Lease (\$3,800), Technology Fund Transfer (\$700), and Contractual Labor – contract plumbing inspector (\$2,000)
- Elimination of Electricity (\$2,000) offset with the creation of Cell Phone Allowance (\$1,000)
- Reduction on Training (\$500)
- Reductions in Tires (\$800) and Vehicle Maintenance (\$500)



FY 2018 BUDGET
CIVIC CENTER - #616

Manages, maintains, and schedules the use of the Windham Civic Center and the Community House.

DESCRIPTION

- Manage the Windham Civic Center and the Community House, including coordinating events, bookings, lease agreements, and marketing.
- Ensure condition of facilities for events by working with City staff and outside contractors.
- Oversight and scheduling of maintenance and custodial functions at the Windham Civic Center and Community House.
- Schedules and coordinates leasing of other City facilities.

FY 2017 ACCOMPLISHMENTS

- New marketing position created
- Gun show was booked for the first time in three years
- Began systematic replacement of furniture at the Civic Center to rotate used furniture to the Community House

FY 2018 GOALS

- Replace vacant staff position
- Develop a Shelby County Bridal Fair
- Expand the marketing efforts for the facilities and the City
- Begin a maintenance cycle for paint and carpet at the Civic Center



**FY 2018 BUDGET
CIVIC CENTER**

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	99,719	106,466	126,700	118,800	129,600
Supplies	8,068	7,505	6,400	6,200	6,650
Contractual	8,144	21,928	23,700	19,800	27,200
Utilities	20,844	22,194	23,000	23,700	24,600
Sundry	3,063	5,634	7,700	6,600	7,700
Maintenance	14,425	15,418	17,250	16,800	23,900
Capital Items	793	3,367	11,500	11,500	3,000
Total	155,058	182,512	216,250	203,402	222,650

PERFORMANCE MEASURES

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Event Days Used	159	105	116	237	240	240
Utilization Rate	44%	29%	32%	65%	66%	66%
Approximate Attendance	20,900	13,500	15,000	17,825	17,628	15,754
Cancellations	9	2	3	0	0	0
Total Rental Revenue	\$67,461	\$54,565	\$38,504	\$55,812	\$57,902	\$46,652
Avg. Rental Revenue per Use	\$424	\$520	\$332	\$332	\$391	\$194

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Increases in Salaries (\$800), Health Insurance (\$1,700) and Pension (\$200)
- Addition of Laundry (\$750) is offset with a decrease in Office Supplies (\$500)
- Increase in Mowing Maintenance (\$500) and creation of Technology Fund Transfer (\$2,200)
- Increase in Electricity (\$500) and Telephone (\$1,000)
- Replacement Equipment is planned for purchase (\$6,700) with offsetting decreases in Capital Furniture (\$7,500) and Equipment (\$1,000)



FY 2018 BUDGET
SANITATION DEPARTMENT - #606

Since 1992, the City has contracted with a private firm for garbage collection services. The Solid Waste department contains the funding for this contract as well as funding for a portion of billing and administrative personnel costs.

In FY 2016, the costs for this program were shifted to the Solid Waste Fund.

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	1,130,178	0	0	0	0
Utilities	0	0	0	0	0
Sundry	702	0	0	0	0
Maintenance	3,482	0	0	3,000	0
Capital Items	22,865	0	0	0	0
Total	1,157,226	0	0	3,000	0



FY 2018 BUDGET
CEMETERY DEPARTMENT - #608

The Cemetery Department of the City of Center is responsible for the annual maintenance and mowing of Fairview and Eastview cemeteries.

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	0	0	200	100	0
Contractual	19,520	19,677	22,000	22,000	22,000
Utilities	0	0	0	0	0
Sundry	0	0	0	0	0
Maintenance	6,764	960	500	500	500
Capital Items	0	0	0	0	0
Total	26,284	20,641	22,700	22,600	22,500

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

FY 2018 funding is at FY 2017 levels



FY 2018 BUDGET
ANIMAL CONTROL - #612

To control and contain stray animals within the City limits through enforcement of City ordinances and removal of deceased animals.

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	4,359	3,726	4,600	4,500	5,000
Contractual	14,198	15,685	14,000	16,000	16,000
Utilities	247	573	500	700	700
Sundry	2,456	4,924	4,500	4,500	4,500
Maintenance	200	1,162	1,500	1,500	1,500
Capital Items	0	0	0	0	0
Total	21,460	26,070	25,100	27,200	27,700

DESCRIPTION

- Provides pickup and transport of stray animals within the City limits.
- Provides disposal of dead animals within the City limits.
- Follows through on all animal bite reports and ensures that animal owners follow State quarantine laws.
- Completes and maintains information for reporting to City management and State agencies.
- Provides information for prosecution of cases involving cruelty of animals.

PERFORMANCE MEASUREMENTS

	FY 2014	FY 2015	FY 2016	FY 2017
Animal Calls	252	234	195	168

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Increases in Contractual Other (\$2,000) and Supplies Materials (\$500)



**FY 2018 BUDGET
MUNICIPAL COURT - #613**

Provide lawful notice to those individuals receiving a citation from the Center Police Department; guarantee due process is followed and serve the Citizens of Center by ensuring proper justice is served.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	0	44,831	48,500	46,600	54,500
Supplies	0	2,185	2,200	1,700	2,200
Contractual	0	48,075	54,200	54,700	55,800
Utilities	0	0	0	700	1,000
Sundry	0	1,491	1,900	1,800	1,000
Maintenance	0	0	300	300	300
Capital Items	0	0	0	0	0
Total	0	96,582	107,100	105,800	114,800

DESCRIPTION

- Review citations issued; issue arrest warrants when necessary; turn violators into collection service if necessary.
- Provide outstanding customer service by being polite and professional
- Maintain education in latest changes in the law
- Court Clerk Supervisor earned State Certification as Municipal Court Clerk Manager

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Increases in Salaries (\$1,900), Health Insurance (\$900), Pension (\$700) and Social Security (\$300) with the addition of Overtime (\$2,000)
- Addition of Technology Fund Transfer (\$3,300) offset with the elimination of Software Maintenance (\$2,200) and an increase in Rental (\$500)
- Addition of Telephone (\$1,000)
- Decrease in Training (\$800)



FY 2018 BUDGET
COMMUNITY FACILITIES - #617

The Community Facilities budget provides funding for the maintenance, operations and upkeep of three different facilities within the City: The Fannie Brown Booth Memorial Library, the Community House, and the Center Senior Nutrition Center.

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	304	0	900	900	900
Contractual	58,175	61,560	64,200	64,000	63,900
Utilities	12,596	12,850	13,500	13,800	13,800
Sundry	0	0	1,200	0	1,000
Maintenance	4,349	8,008	6,700	6,400	6,600
Capital Items	0	0	0	0	0
Total	75,425	82,418	86,500	85,100	86,200

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

FY 2018 funding is at FY 2017 levels



FY 2018 BUDGET WATER/SEWER UTILITY FUND

FUND NARRATIVE

The Water/Sewer Utility Fund is an enterprise fund that includes all water and wastewater system operations. The City provides water and wastewater service within its designated CCN area to all visitors, businesses and approximately 6,000 residents, including some outside the City limits.

The City produces consumable water from two surface water treatment plants at Lake Pinkston and Old City Lake. The water is transported to the City and is distributed by over 87 miles of water lines.

The City operates one wastewater treatment plant, located on the northeast side of the City. The wastewater collection system utilizes eleven lift stations throughout the City. The City received funding from the Texas Water Development Board and is in the process of constructing a large lift station at one of the lowest points in the area; this will allow for the removal of seven lift stations

As the City has experienced rapid growth, there has been a corresponding expansion of the City's utility services area. The City now provides water and wastewater service to more households and businesses than ever before.

This budget provides funding for all positions with a cost of living adjustment to all employees, and 8% higher health insurance costs. The budget also takes into account increases in operating costs such as a higher price of fuel, utilities and chemicals. A marginal rate increase for residential and business customers is included in this year's budget.

UTILITY FUND REVENUE

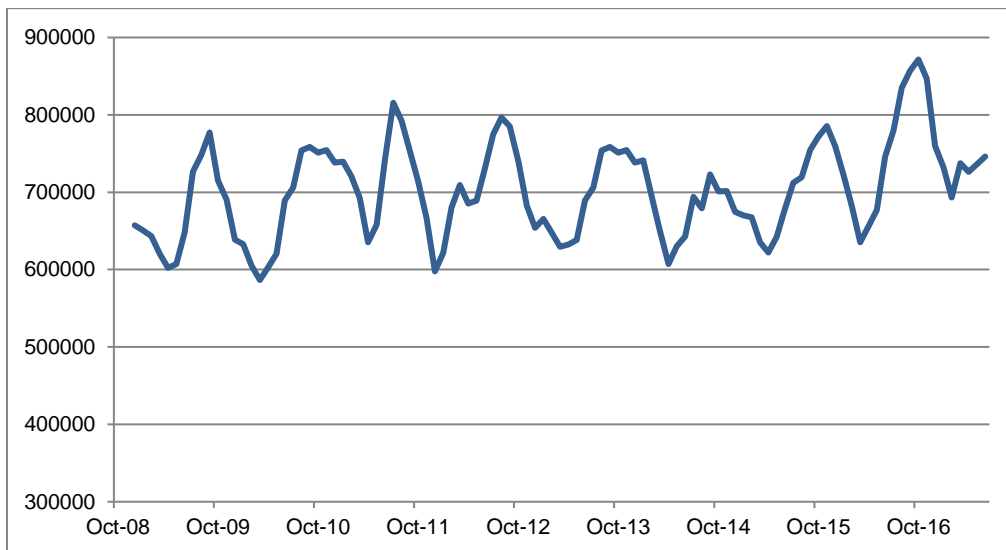
Utility revenue is collected by the City as a result of water sales to customers and fees for wastewater (sewer) collection and treatment. Approximately 98% of total revenues into this fund originate from water sales and wastewater fees of which water sales alone account for 73%.

Water sales and wastewater fees are calculated based on metered water consumption. The City completed a transition to radio read water meters which greatly reduces the costs and increases the reliability compared to manually reading each of the approximately 2,500 meters in the system. The meter reading is used to calculate water consumption and is also used to calculate the wastewater fee. Graph 1 in this section illustrates the amount of water consumed. One can witness the peaks during



the summer months and the low consumption times of the year during the winter. In this graph, one can also observe the effects of the severe drought of 2010-2011, where water consumption never dipped to its traditional low. Another factor effecting consumption is the Tyson Foods plant expansion, which was also completed in the summer of 2011. This expansion has created additional demand for the City's water. This information leads to the conclusion that the City's revenue stream from water sales is very stable.

While most growth in revenue derives from increased consumption, water rate adjustments are being proposed to offset growth in Consumer Price Index (inflation) which results in increased cost of materials, supplies and utilities.



Graph 1 – Monthly Water consumption. October 2008 through June 2017

It is also helpful to explore how the City's utility rates compare with other similar-sized communities in the region. Table 1 provides this information which shows that Center's residential utility rates are competitive with other cities. The data also indicate that Center's residential utility rates are well below the state average for cities particularly in light of the fact that most systems have some groundwater production which is significantly less expensive to treat.



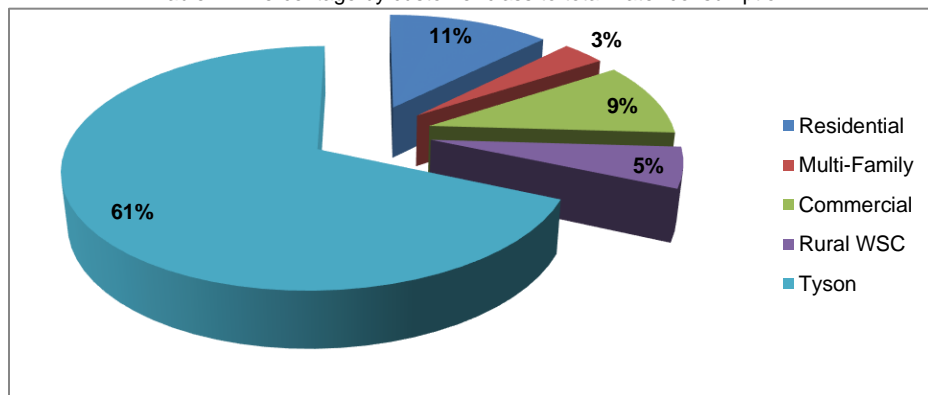
City	Population	5,000 Gallons		Total
		Water	Sewer	
Bridgeport	6,381	28.10	31.89	59.99
Bullard	3,043	30.45	21.40	51.85
Cameron	5,552	61.89	38.50	100.39
Carthage	6,851	26.25	31.55	57.80
Commerce	9,750	30.60	33.75	64.35
Crockett	6,950	38.92	31.72	70.64
Decatur	6,523	39.82	42.32	82.14
Gilmer	5,187	29.61	24.21	53.82
Liberty	9,039	30.74	28.64	59.38
Mexia	7,539	65.00	52.15	117.15
Mineola	4,625	41.96	26.83	68.79
Navasota	7,816	37.93	28.02	65.95
White Oak	6,544	22.00	27.00	49.00
Whitehouse	8,189	49.97	21.52	71.49
Average	6,714	38.09	31.39	69.48
State Average		33.63	29.23	62.86
Center	5,232	29.85	27.53	57.38

Table 1 – 2016 Utility rate comparison
Source: Texas Municipal League 2017 Annual Utility Rate Survey

It is also enlightening to examine water consumption by customer class. The City's single largest water customer class is Poultry, which is chiefly consumption from Tyson Foods. The other customer classes are detailed in Table 2 as a percentage of total water sales.

Customer Class	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Residential	15%	15%	15%	14%	12%	11%
Multi-Family	3%	3%	19%	3%	2%	3%
Commercial	11%	11%	9%	9%	9%	9%
Rural Water Supply	8%	5%	5%	5%	5%	5%
Tyson	63%	64%	67%	69%	64%	61%

Table 2 – Percentage by customer class to total water consumption



FY 2017 Year to Date Water Consumption by Customer Class



Finally, the total amount of water sales is illustrated in Table 3, which provides historical data on the amount of water revenue that the City receives.

	Gross Water Sales - \$
FY 2017 - Est	2,738,000
FY 2016	2,743,645
FY 2015	2,640,472
FY 2014	2,534,007
FY 2013	2,701,104
FY 2012	2,276,832
FY 2011	2,418,146
FY 2010	2,252,937

Table 3 – Annual amount of water sales

UTILITY FUND EXPENDITURES

This budget includes increases in operational department budgets relating to personnel services. All full-time non-exempt wage scales are increased by 3.0% for cost of living adjustments. The City employee compensation package also includes retirement pension funding and health insurance. All other notable items are specifically listed on each department's page.



**FY 2018 BUDGET
UTILITY FUND SUMMARY**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues					
Water	2,640,472	2,743,645	2,783,150	2,738,000	2,877,000
Sewer	735,668	828,484	881,000	850,000	970,000
Miscellaneous	11,018	11,427	2,900	106,300	2,800
Interest	4,234	5,727	2,000	2,000	2,000
Fees	84,043	88,938	73,800	76,050	71,200
Transfers	0	0	0	0	0
TOTAL	3,475,435	3,678,221	3,742,850	3,772,350	3,923,000

Expenditures

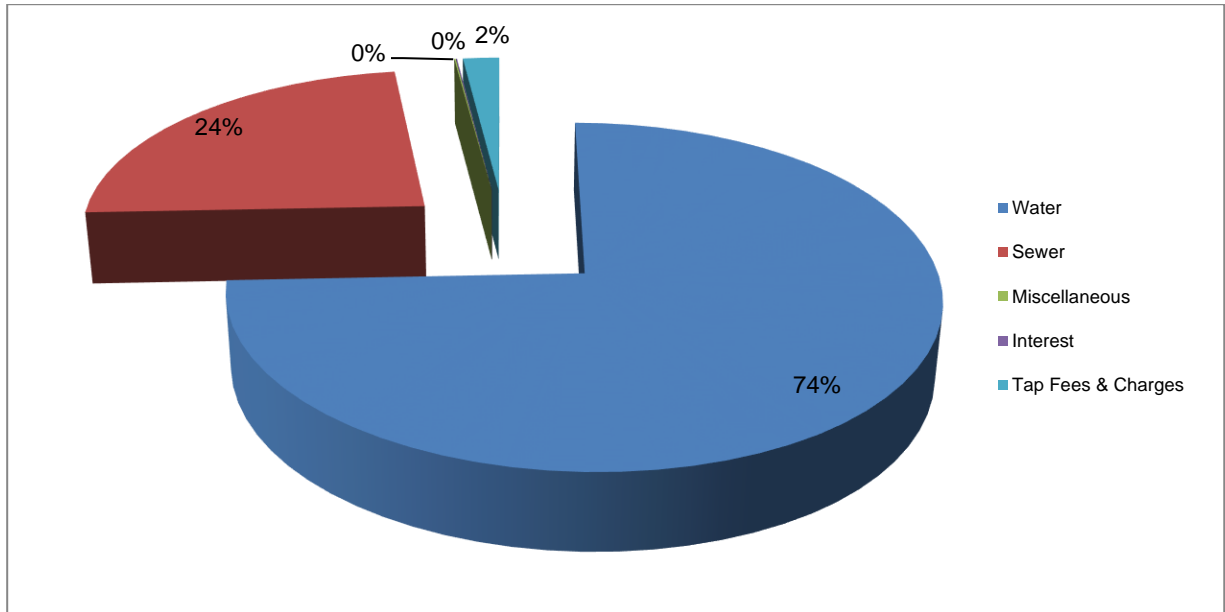
	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
BY DEPARTMENT					
Non-Departmental	952,478	1,557,698	976,500	989,350	995,500
Water Production	1,298,522	1,284,391	1,349,800	1,358,250	1,444,400
Water Distribution	353,490	413,902	386,800	356,250	449,700
Sewer Collection	216,776	229,248	274,100	266,200	277,800
Sewer Treatment	553,808	727,384	500,750	505,800	511,150
Public Works	240,538	158,917	254,900	253,300	244,450
TOTAL	3,615,612	4,371,540	3,742,850	3,729,150	3,923,000

BY ACCOUNT CATEGORY

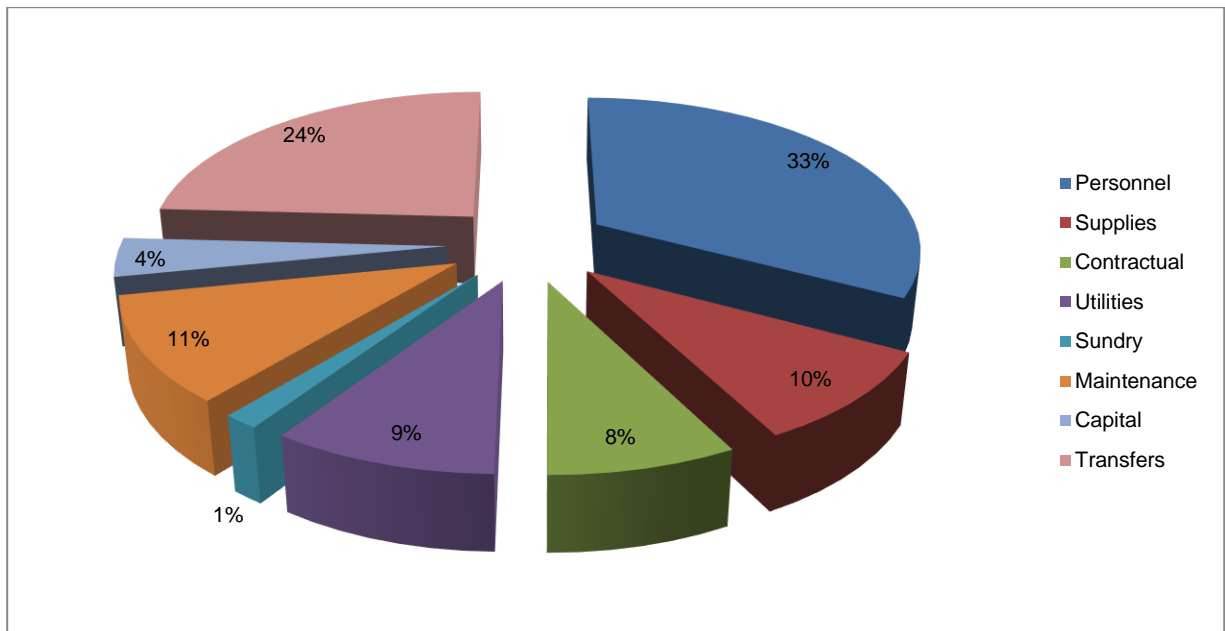
Personnel Services	1,036,215	1,131,920	1,163,900	1,231,500	1,284,800
Supplies	394,543	326,735	360,550	360,600	372,500
Contractual	304,982	517,743	267,400	273,550	305,550
Utilities	361,662	356,416	365,400	359,800	364,500
Sundry	60,033	46,745	57,100	48,200	58,450
Maintenance	306,306	320,100	423,300	347,300	435,400
Capital Items	252,808	160,038	145,500	167,950	157,500
Fund Transfers	899,063	797,105	976,600	940,250	944,300
Total	3,615,612	4,371,540	3,742,850	3,729,150	3,923,000



FY 2018 Budget – Utility Revenues



FY 2018 Budget – Utility Expenditures by Prime Account





FY 2018 BUDGET REVENUE DETAIL

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Water					
Residential Water	572,583	595,477	675,950	664,500	690,000
Bulk Water Sales	7,800	8,884	5,000	2,000	2,000
Commercial Sales	358,319	380,042	417,200	355,500	425,000
Poultry Processing	1,402,444	1,456,154	1,400,000	1,420,000	1,450,000
Rural Water Systems	139,440	147,334	130,000	130,000	150,000
Industrial	0	0	0	0	0
Outside City Limits	159,885	155,754	155,000	166,000	160,000
Total Water	2,640,471	2,743,645	2,783,150	2,738,000	2,877,000
Sewer					
Billed Sewer	706,369	821,088	861,000	843,000	965,000
Contractual Disposal	29,299	7,396	20,000	7,000	5,000
Total Sewer	735,668	828,484	881,000	850,000	970,000
Miscellaneous					
Returned Check Fee	875	775	800	700	800
Insurance Claims	2,334	0	0	0	0
Worker's Comp Discount	974	3,044	0	4,000	0
Other	92	(50)	0	84,300	0
DETEC Capital	1,473	1,490	0	2,150	0
Contractor Damages	535	0	0	0	0
Surplus Equipment	0	3,950	0	0	0
Lake Pinkston Lease	76	0	100	0	0
Lease Mineral Rights	4,659	2,218	2,000	2,000	2,000
Sale of Equipment/Land	0	0	0	0	0
Total Miscellaneous	11,018	11,427	2,900	106,300	2,800
Interest					
Interest Water Fund	3,583	4,994	1,000	1,000	1,000
Interest Water Refund	651	733	1,000	1,000	1,000
Total Interest	4,234	5,727	2,000	2,000	2,000
Fees Taps & Charges					
Administrative Fees	5,910	5,625	5,000	6,000	5,000
10% Charges	43,170	45,973	42,500	48,000	42,000
10% A/R	1,823	(1,751)	100	0	0
Reconnect Fees	16,050	25,225	15,000	15,000	15,000
After Hours Fee	150	50	100	0	100
Water Taps	11,576	9,736	7,000	3,000	6,000
Plumbing Insp. Permit	3,465	615	200	1,050	200
Sewer Taps	1,900	1,050	2,000	1,000	1,000
Total Fees	84,044	88,938	73,800	76,050	71,200
TOTAL REVENUE	3,475,435	3,678,221	3,742,850	3,772,350	3,923,000



FY 2018 BUDGET WATER PRODUCTION - #636

To provide an adequate supply of treated water for the City of Center residents and businesses that meets all federal and state regulations, in the most efficient manner possible

DESCRIPTION

The Water Production Department consists of 8 full time operators who staff and maintain the city's two surface water treatment plants, 8 storage tanks, 3 raw water pump stations, 3 treated water pump stations, and both of the city owned lakes. All operators must be certified by the Texas Commission on Environmental Quality. The Pinkston plant is staffed 24 hours a day, 7 days a week and treats water from Lake Pinkston. Average daily production is 3.4 million gallons and peak production capacity is 3.5 million gallons. The Mill Creek plant is staffed 5 days a week, 8 hours a day and treats water from Lake Center (Old City Lake). Average daily production is 200,000 gallons a day with peak production capability of 1.4 million gallons a day.

FY 2017 ACCOMPLISHMENTS

- Replaced Raw, High-Service pumps
- Upgraded SCADA and lab equipment
- Continued sludge lagoon cleaning program

FY 2018 GOALS

- Install new lagoon at Pinkston plant
- Begin program to refurbish elevated and ground storage water tanks



FY 2018 BUDGET WATER PRODUCTION

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	419,841	443,285	421,000	463,000	498,700
Supplies	341,326	251,685	284,600	287,900	294,950
Contractual	132,453	161,035	196,600	137,400	134,100
Utilities	259,249	249,647	264,200	265,000	270,000
Sundry	11,930	15,440	15,200	14,700	16,650
Maintenance	99,858	108,025	110,200	112,300	210,500
Capital Items	33,867	55,275	58,000	77,950	19,500
Total	1,298,522	1,284,391	1,349,800	1,358,250	1,444,400

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Total Gallons of Treated Water Produced – billion gallons	1.033	1.034	1.123	1.143	1.09
TCEQ Violations	0	1	1	1	2
Treatment Plant Capacity					
Mill Creek	1.4 mgd	1.4 mgd	1.4 mgd	1.4 mgd	1.4 mgd
Pinkston	3.5 mgd	3.5 mgd	3.5 mgd	3.5 mgd	3.5 mgd
Storage Tank Capacity – million gallons	6.25	6.25	6.25	6.25	6.25
Average Cost to Treat 1,000 gallons	N/A	N/A	\$0.78	\$0.66	\$0.69

HIGHLIGHTS – FY 2018 Amended Budget Change From FY 2017 Amended Budget

- Additional personnel and COLA results in increases in Salaries (\$29,600), Health Insurance (\$10,200), Pension (\$3,900), Social Security (\$2,300) and Worker's Comp (\$1,500)
- Increases in Chemicals (\$5,000), Laboratory (\$3,000), Minor Tools (\$1,000) and Wearing Apparel (\$1,000)
- Decreases in Special Projects (\$26,000) and Alternative Disposal (\$20,000) offset the creation of Technology Fund Transfer (\$14,000) and increases in Other (\$9,000) and Vehicle Lease (\$3,800)
- Increase in Electricity (\$15,000) and Telephone (\$1,000)
- Increases in Training (\$1,000) and Mileage (\$400)
- Addition of Water Tank Maintenance (\$94,000) and increases in Preventative (\$9,750) balancing decreases in Building Maintenance (\$10,000) and Chemical Pumping Equipment (\$2,500)
- Elimination of Capital Buildings (\$15,000) and Other Equipment (\$34,500) with decreases in Capital Equipment (\$1,000) and Chemical Pumping Equipment (\$2,000)



FY 2018 BUDGET
WATER DISTRIBUTION - #637

The Water Distribution Department's mission is to maintain the potable water supply of the City with a minimum system pressure of 35 psi in compliance with TCEQ regulations, and rapidly respond to customer service calls

DESCRIPTION

- Set water taps and meters for new accounts and customers
- Inspect and replace isolation valves
- Responsible for the flushing of the water system
- Install water mains as needed
- Repair leaks and broken lines
- Comply with TCEQ rules for operation, maintenance, and training

FY 2017 ACCOMPLISHMENTS

- Continued electronic meter replacement program
- Performed numerous water leak repairs, including two to the 18" water line
- Enhanced system testing and monitoring
- Installed loop line from Hwy 7 E to Loop 500

FY 2018 GOALS

- Extend service lines to allow for annexation of new areas
- Repair or replace 15 fire hydrants
- Maintain current infrastructure
- Increase certified personnel through staff development and training



**FY 2018 BUDGET
WATER DISTRIBUTION**

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	187,371	211,064	189,500	172,500	195,500
Supplies	3,788	5,071	6,000	6,900	6,900
Contractual	28,692	21,887	12,600	8,050	23,700
Utilities	2,689	1,930	3,400	3,800	4,300
Sundry	548	1,159	2,600	1,600	2,600
Maintenance	85,106	92,863	94,700	92,900	86,700
Capital Items	45,296	79,928	78,000	70,500	130,000
Total	353,490	413,902	386,800	356,250	449,700

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Miles of water lines maintained	90	90	93	94	96
Number of fire hydrants	290	291	294	294	296

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Increases in Salaries (\$2,800), Health Insurance (\$3,600), Pension (\$500), and Social Security (\$200)
- Minor increases in Wearing Apparel (\$500) and Equipment (\$400)
- Increase in Vehicle Lease (\$3,800) and creation of Technology Fund Transfer (\$7,300)
- Increase in Electricity (\$900)
- Reduction in Water Meters (\$9,500) with additional funding to Gas (\$1,000) and Tires (\$500)
- Elimination of Capital Equipment (\$7,000) and Fire Hydrants (\$3,000) with funding for new Water Meters (\$60,000) and increase in Tools (\$2,000)



FY 2018 BUDGET
SEWER COLLECTION - #638

Provide an efficient wastewater collection system to protect the public health, safety, and water quality of the community.

DESCRIPTION

- Maintains the City's wastewater collection system, to include mains, manholes and clean-outs.
- Installs and repairs sewer taps as needed.
- Replaces deteriorated sections of mains and service lines.
- Available 24 x 7 for customer service calls

FY 2017 ACCOMPLISHMENTS

- Continued manhole maintenance and rehabilitation program
- Located and repaired areas of major I&I in the collection system
 - Wulf Creek
 - North Circle

FY 2018 GOALS

- Implement a comprehensive smoke testing program to identify areas of major I&I
- Staff training and development to increase the number of certified personnel
- Complete the Southside Lift Station project
- Identify and replace brick manholes



**FY 2018 BUDGET
SEWER COLLECTION**

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	93,960	111,929	143,500	144,500	149,900
Supplies	2,342	9,719	4,300	4,200	4,300
Contractual	5,433	7,355	17,700	11,200	19,000
Utilities	24,244	25,377	26,900	24,400	22,900
Sundry	275	421	1,500	1,300	1,500
Maintenance	30,411	64,110	80,200	80,100	80,200
Capital Items	60,109	10,337	0	500	0
Total	216,775	229,248	274,100	266,200	277,800

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Miles of sewer line maintained	75	75	75	75	75
Number of lift stations	14	14	14	14	14

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Increases in Salaries (\$2,900), Health Insurance (\$2,600), Pension (\$500) and Social Security (\$300)
- Creation of Technology Fund Transfer (\$2,700) and elimination of Uniforms (\$1,400)
- Reduction on Electricity (\$4,000)



FY 2018 BUDGET
SEWER TREATMENT - #639

To process the wastewater stream generated by the City of Center residents and businesses, to federal and state requirements, in the most efficient manner possible.

DESCRIPTION

The Wastewater Treatment Department consists of 4 full time operators who operate and maintain the city's wastewater plant and 15 associated pump stations. All operators must be certified by the Texas Commission on Environmental Quality. On average the wastewater plant processes 800,000 gallons of wastewater per day, but during high flow periods flows in excess of 2,000,000 gallons per day have been treated. The current wastewater plant is an extended aeration activated sludge plant which utilizes a belt press for sludge processing. Annually about 1,100 cubic yards of sludge is disposed of in a landfill.

FY 2017 ACCOMPLISHMENTS

- Installed new bar screen cleaner, electrical modifications, and grant-funded solar power system

FY 2018 GOALS

- Total overhaul of WWTP in addition to new lift station on Loop 500, which reduces the total number of lift stations
- Work to consistently meet all discharge permit limitations, especially metals
- Continue industrial pretreatment monitoring
- Complete the rehabilitation of the WWTP, including aeration, clarifiers, and electrical system
- Upgrade treatment technique in the orbital basin to air blowers
- Reduce overall electricity consumption via new solar power system



**FY 2018 BUDGET
SEWER TREATMENT****DEPARTMENT SUMMARY**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	218,465	234,882	230,400	225,000	232,100
Supplies	32,299	41,789	41,250	38,000	48,250
Contractual	96,148	306,556	72,800	89,400	94,500
Utilities	62,079	65,794	54,800	56,000	53,000
Sundry	44,130	17,844	20,000	19,100	20,000
Maintenance	88,364	54,535	62,500	59,300	55,300
Capital Items	12,322	5,985	19,000	19,000	8,000
Total	553,807	727,384	500,750	505,800	511,150

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Wastewater Treated – million gallons	370	415	470	411	420
Sludge Disposed – cubic yards	1,050	850	1,000	1,040	1,040
Permitted Plant Capacity	1.7 mgd	1.7 mgd	1.7 mgd	1.7 mgd	1.7
Average Plant Discharge	0.7 mgd	1.1 mgd	1.2 mgd	1.13 mgd	1.20 mgd

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Budget adjustment for Health Insurance (\$3,000) balanced with increases in Salaries (\$3,000), Pension (\$500) and Worker's Comp (\$1,000)
- Additional funding for Chemicals (\$16,400), Furniture (\$1,000), Postage (\$800), and Laboratory (\$200)
- Increase in Alternative Disposal (\$10,000) and the addition of Technology Fund Transfer (\$4,900) and Vehicle Lease (\$6,800)
- Decrease in Electricity (\$2,000) and Telephone (\$200)
- Reductions in Equipment Maintenance (\$5,000), Gas (\$1,500), and Vehicle Maintenance (\$500)
- Reduction in Capital Equipment (\$10,400) and eliminations of Capital Computer (\$1,500) and Lift Station (\$10,500)



FY 2018 BUDGET
PUBLIC WORKS ADMINISTRATION - #641

To provide administrative functions, oversight and support of Water and Sewer departmental operations.

To provide timely billing and collection of City provided water, sewer and refuse services in a courteous and responsive manner.

DEPARTMENT SUMMARY

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	117,785	134,931	223,500	226,500	207,600
Supplies	2,020	2,768	9,900	3,500	3,600
Contractual	4,392	2,855	7,200	8,500	14,050
Utilities	9,512	7,184	8,300	10,600	14,300
Sundry	3,052	2,100	1,800	1,500	2,200
Maintenance	2,563	567	2,700	2,700	2,700
Capital Items	101,212	8,513	1,500	0	0
Total	240,538	158,917	254,900	253,300	244,450

DESCRIPTION

- Provides supervision for the staff of the Water and Sewer departments.
- Oversight and inspection of City infrastructure projects.
- Funds Warehouse and Vehicle Maintenance building

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

Elimination of part-time personnel results in savings to Salaries (\$15,200), Social Security (\$1,200), and Pension (\$300)

Elimination of PC Software (\$7,000) and an increase in Wearing Apparel (\$800)

Elimination of Software Maintenance (\$2,500) is balanced with increases in Rental (\$2,200) and Lease (\$1,350). Additions of Technology Fund Transfer (\$3,600), Mowing (\$1,000), and Uniforms (\$1,000)

Increase in Electricity (\$2,000), Natural Gas (\$600), and Telephone (\$3,400)

Increase in Employee Recognition (\$500)

Elimination of Capital Computers (\$1,000) and Equipment (\$500)



**FY 2018 BUDGET
NON-DEPARTMENTAL - #634**

The Non-Departmental function of the City of Center pays for those areas that are general to the entire city, such as the annual audit and the City Council reimbursements.

DEPARTMENT SUMMARY

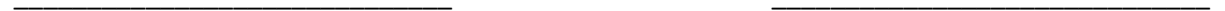
	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Personnel Services	(1,208)	(4,171)	1,000	0	1,000
Supplies	12,769	15,704	14,500	20,100	14,500
Contractual	37,864	18,055	19,200	19,000	20,200
Utilities	3,891	6,484	7,800	0	0
Sundry	99	9,782	16,000	10,000	15,500
Maintenance	0	0	0	0	0
Capital Items	0	0	0	0	0
Fund Transfers	899,063	797,105	918,000	940,250	944,300
Total	952,478	842,960	976,500	989,350	995,500

DESCRIPTION

- Pays the postage for all utility bills.
- Pays the utility billing and accounting software.
- Provides funding for the interfund transfers to the General Fund and the Debt Service Fund.

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Amended Budget

- Elimination of Software Maintenance (\$17,000) with offsetting increase in Technology Fund Transfer (\$18,000)
- Elimination of Telephone (\$7,800)
- Reduction on Bad Debt (\$7,000) with balancing increases in Employee Banquet (\$5,000), Credit Card Fee (\$1,000) and Mapping (\$500)
- Reduction in Tax Note Payment transfer (\$24,000), Transfer to Vehicle Replacement Fund (\$17,000), and Utility Fund Franchise (\$86,300) with offsetting decrease in Transfer to General Fund (\$63,000)





**CITY OF CENTER
FY 2018 BUDGET
SOLID WASTE FUND**

In 2015, the City Council created the Solid Waste Fund in order to create a more accurate accounting of the solid waste program and activity of the City. The mission of this program is to provide the Citizens of Center with timely, safe, cost effective, and environmentally conscious solid waste collection and disposal services. Since 1992, the City has contracted with Republic Services for these activities. The fund collects administration and franchise fees totaling 10%. These fees are transferred to the City's General Fund to defray the costs of street repairs and maintenance and for the billing and administration of the program. The Fund is also the cost center for the Shelby County recycling program and the blight removal program.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues					
Solid Waste Discount Sales	0	358	500	0	500
SW Collection – Residential	0	413,129	412,000	410,350	394,000
SW Collection – Commercial	0	992,001	943,500	1,079,300	1,016,100
Garbage Bag Sales – Taxable	0	1,741	1,500	1,200	0
Penalty 10% Misc. A/R Cust.	0	0	200	0	0
Misc. Recycling Receivable	0	828	1,000	800	0
Recycling Contributions	0	54	0	0	0
Total Revenue	0	1,408,263	1,358,700	1,491,850	1,410,600
Expenditures					
Personnel	0	0	0	0	0
Supplies	0	0	0	3,200	0
Contractual	0	1,142,081	1,157,800	1,333,250	1,210,000
Utilities	0	0	0	0	0
Sundry	0	927	7,900	1,000	1,200
Maintenance	0	2,991	3,000	3,000	3,000
Capital	0	0	0	1,200	0
Fund Transfers	0	(13,675)	190,000	190,000	196,400
Total Expenditures	0	1,132,324	1,358,700	1,531,650	1,410,600

DESCRIPTION

- This department is responsible for collecting and disposing of the municipal solid waste generated in Center.
- The Sanitation Department also provides funding for the demolition of dilapidated structures within the City and for the recycling program, managed by staff from the Inspection Department.





**CITY OF CENTER
FY 2018 BUDGET
RECREATION FUND**

In FY 2016, the City Council authorized the creation of a Recreation Department to consolidate the operations of the various youth and adult athletic organizations under the City's umbrella. The City hired a full-time Recreation Director to oversee the program and has begun with youth basketball, baseball, softball, and football. The program is working to establish a soccer league. The program is also seeking to create other recreation opportunities for Center residents.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
REVENUE					
Registration	0	69,510	62,800	73,500	78,000
Event Proceeds	0	52,690	57,700	65,900	72,400
Advertising	0	14,250	12,000	16,300	17,000
Merchandise	0	7,149	9,400	2,600	2,000
Donations	0	1,000	0	650	0
Transfers	0	0	16,000	10,000	0
TOTAL	0	144,599	157,900	169,775	170,000
EXPENDITURES					
Personnel	0	67,799	74,000	74,150	76,800
Supplies	0	58,207	60,700	61,900	69,600
Contractual	0	19,671	17,000	20,650	18,100
Utilities	0	0	0	500	500
Sundry	0	4,428	6,200	7,900	4,000
Maintenance	0	0	0	900	1,000
Capital	0	725	0	0	0
TOTAL	0	150,830	157,900	166,000	170,000

PERFORMANCE MEASUREMENTS

Number of Participants	FY 2016	FY 2017 YTD
Baseball	288	245
Soccer (Fall & Spring)	164	300
Football	118	110
Basketball	166	197
Softball	171	162





**CITY OF CENTER
FY 2018 BUDGET
PARK FUND**

In 2014, the City Council voted to create a Park Fund, in order to properly account for park-specific grants and donations, and to ensure these monies were dedicated to park improvements in accordance with the Parks Master Plan.

In 2014, the City received a Texas Department of Parks and Wildlife grant for the Center Softball Complex which reimbursed prior expenditures. The area athletic associations have also made pledges to offset park construction costs. The City also received pledges from different organizations towards the Softball Complex; these funds will be deposited into the Park fund upon receipt.

For FY's 2016 and 2017, the budget proposes using a small portion to make payments on a debt instrument used for the Softball Complex construction.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues					
Donations/Pledges	147,500	47,750	0	0	69,500
TPWD Grant	0	0	0	0	200,000
Interest	2,144	825	500	1,500	500
Total Revenue	149,644	48,575	500	1,500	270,000
Expenditures					
Project Engineering	8,256	0	0	0	0
Transfer to Debt Service	22,400	20,000	50,000	50,000	70,000
Total Expenditures	30,656	20,000	50,000	50,000	70,000
Beginning Fund Balance	116,523	235,511	216,111	264,086	215,586
Revenues Over/(Under) Expenditures	118,988	28,575	(49,500)	(48,500)	200,000
Ending Fund Balance	235,511	264,086	166,611	215,586	415,586

Projected Use of Funds

	FY 2019	FY 2020
Transfer to Debt for Softball Complex	\$50,000	\$30,000
Perry Sampson Park projected grant match	\$75,000	\$0
Community Park repurpose project	\$100,000	\$100,000
Transfer to Debt for Portacool Park	TBD	TBD



**FY 2018 BUDGET
LAW ENFORCEMENT SPECIAL FUNDS**

The City is authorized by State Law to collect two additional fees in addition to the state fee and local court costs and fines. One of these fees, the Court Technology fee, is to be used to fund enhancements to and additional technology equipment for the municipal court. The Court Security fee is used primarily to fund projects to enhance security features at the Municipal Court. Finally, when the police department seizes and is awarded from the court certain assets, such as vehicles and cash, the assets may be used to pay for certain law enforcement related expenses.

Court Technology Fund

In FY 2015, the City purchased the InCode municipal court module so that court operations could be integrated with other City financial software. The Court Technology Fund is paying for the financing note (\$6,000) and for the annual maintenance (\$6,000). This note will be retired in early FY 2018.

Building Security Fund

The Building Security Fund is allowed, by State law, to pay for certain improvements and maintenance costs at the police station and personnel costs associated with a warrant officer. In FY 2014, the City's General Fund was reimbursed eligible building maintenance costs. In FY 2015, the City hired a warrant officer, partially funded by the Fund. In FY 2017, this cost was discontinued.

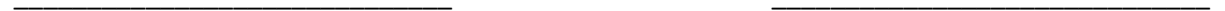
Seizure Fund

The Seizure Fund primarily pays for the cost of narcotics investigations, e.g. drug buy money and cell phones. A large award is anticipated in FY 2018 and budget seeks to apply a portion of these funds to assist in purchasing non-asset equipment for a police vehicle.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Court Technology					
Court Tech Fee	5,421	5,253	6,200	5,200	6,200
Loan Proceeds	17,000	0	0	0	0
Interest	13	40	0	50	0
Court Tech Total	22,434	5,293	6,200	5,250	6,200
Expenses					
Supplies	0	0	0	0	0
Contractual	5,625	8,231	8,500	6,000	5,000
Sundry	600	1,566	500	500	500
Capital	19,823	0	0	0	0
Total	26,048	9,797	9,000	6,500	5,500
Beginning Fund Balance	16,288	12,674	8,106	8,170	6,920
Revenues Over/(Under) Expenses	(3,614)	(4,504)	(2,800)	(1,250)	700
Ending Fund Balance	12,674	8,170	5,306	6,920	7,620



	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Court Building Security					
Building Security Fee	4,066	3,940	4,400	4,200	4,400
Other	0	0	0	0	0
Interest	15	25	0	50	0
Building Security Total	4,081	3,965	4,400	4,250	4,400
Expenses					
Sundry	900	1,457	0	0	0
Capital	1,782	1,065	0	300	1,000
Transfer to General Fund	9,100	5,000	5,000	0	0
Total	11,782	7,522	5,000	300	1,000
Beginning Fund Balance	12,125	4,424	588	867	4,817
Revenues Over/(Under) Expenses	(7,701)	(3,557)	(600)	3,950	3,400
Ending Fund Balance	4,424	867	(12)	4,817	8,217
	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Law Enforcement Seizure Fund					
Judgment Forfeiture	16,385	0	5,000	21,800	5,000
Interest	14	49	0	150	0
Seizure Fund Total	16,399	49	5,000	21,950	5,000
Expenses					
Supplies Equipment	2,066	0	2,000	2,000	2,000
Cell Phone	698	657	600	700	600
Investigation Expense	4,000	4,300	5,200	4,000	5,200
Vehicle Maintenance	0	0	0	0	0
Software Maintenance	995	0	0	0	0
Capital Equipment	0	0	10,000	0	10,000
Total	7,759	4,957	17,800	6,700	17,800
Beginning Fund Balance	8,945	17,585	12,585	12,677	27,927
Revenues Over/(Under) Expenses	8,640	(4,908)	(17,585)	15,250	(12,800)
Ending Fund Balance	17,585	12,677	0	27,927	15,127





FY 2018 BUDGET TRUST FUND

FUND NARRATIVE

The Trust Fund is a special fund established by the City to collect and hold funds related to a special project or activity whereby the City assumes a fiduciary responsibility. Primarily, the Fund is composed of three parts: the Hotel Occupancy Tax Revenues, the Fairview Cemetery Perpetual Fund, and the Animal Welfare Fund.

HOTEL OCCUPANCY TAX

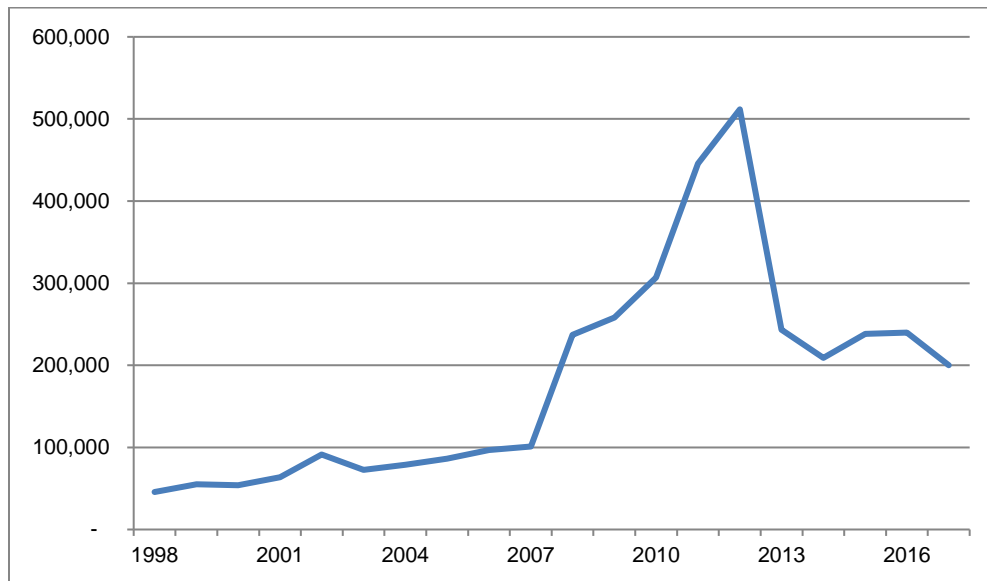
The City collects a 7% Hotel Occupancy Tax when a person rents a room from a hotel located inside of the city limits. The State of Texas collects an additional 6%, making the total tax rate 13%. The expenditures of the Hotel Occupancy Taxes are managed by a City Council-appointed Hotel/Motel Advisory Board. The Texas Local Government Code is very specific on allowable uses of these funds and allows only certain types of expenditures to be paid from this tax revenue. Essentially, any expenditure has to promote the tourism industry of the community and “put heads in beds”.

In fact, the State Law is so specific as to the use of the funds that any expenditure must pass a two part test. The first part is that expenditures must promote tourism and the convention and hotel industry in the City. All expenditures must further fall into one of seven statutory categories:

1. The acquisition of sites and the construction and maintenance of convention center facilities and visitor information centers;
2. Expenses associated with the registration of convention delegates;
3. Advertising, solicitations, and promotions that attract tourists and convention delegates to the City;
4. Promotion of the arts;
5. Historical preservation projects;
6. Sporting events that promote tourism in counties of less than one million population, and;
7. Transportation systems that transport tourists from hotels to the commercial center of the City, convention center or other hotels, provided the system does not serve the general public.

The largest type of expenditure in this fund, allowed under category 1, is the debt payment and the maintenance/ operational costs of the John D. Windham Civic Center. The increased revenues generated from Hotel Occupancy Taxes pays the entirety of the facility's debt obligation and greatly subsidizes the facility's operation costs. Additionally, the revenues fund some of the operation and maintenance of the Community House. A portion of funding is provided to support two community festivals, pay membership to the Texas Forest Country Partnership which satisfy the community promotion and tourism activities and advertising allowed under category 3. The fund has also contributed toward community beautification projects and attracting state baseball tournaments to the City, also allowed under category 3.

Graph 1 below highlights the increase in hotel occupancy tax revenues, beginning in approximately 2008 and peaking in 2012 at over \$500,000. This was driven primarily by the influx of temporary workers needed for the development of the local gas fields. With the dramatic fall of natural gas prices, drilling activity has subsequently subsided. However, looking to FY 2018, these revenues are expected to stabilize.



Graph 1 – Hotel Occupancy Tax Revenues
FY 1998 – FY 2017

CEMETERY FUND

The Cemetery Trust Fund does not have any operational expenditure, but rather collects interest into the fund, which was created from perpetual care maintenance fees on plots at Fairview Cemetery and donations. This trend will continue into the future. However, special projects require specific approval of Council.

ANIMAL WELFARE FUND

In FY 2015, the City was given the fiduciary responsibility of holding monies to be used for a future animal shelter project by the former Center Pet and Animal Welfare Society (PAWS). The City placed the \$40,000 corpus in a separate CD where the interest is booked towards this project.

FY 2018

ANIMAL WELFARE FUND

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues					
Donation Animal Welfare	40,489	0	0	0	0
Interest Animal Welfare	154	189	400	500	500
Total	40,643	189	400	500	500
 Ending Balance	 40,643	 40,832	 41,524	 41,332	 41,832



**FY 2018 BUDGET
HOTEL OCCUPANCY FUND**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues					
Hotel/Motel Taxes	238,152	242,823	240,000	200,000	220,000
Donations	0	0	0	0	0
Interest Hotel/Motel	211	1,055	700	1,600	1,300
Interfund Transfer	0	0	0	0	0
Total	238,363	243,878	240,700	201,600	221,300
Expenditures					
Memberships	500	546	500	500	500
Downtown Banners	0	0	1,000	0	1,000
Athletic Facilities	0	0	0	0	0
Baseball Tournaments	20,000	20,000	20,000	29,000	20,000
Community Events	5,800	5,550	6,000	5,500	6,000
Chamber of Commerce	500	500	500	700	700
Downtown Streetscape	0	0	0	0	0
Downtown Lights	3,860	6,607	3,100	6,550	3,000
Civic Center Ops	50,000	50,000	70,000	70,000	53,000
Community House Ops	5,000	5,000	5,000	5,000	5,000
Transfer - Civic Center Debt	134,500	134,100	134,600	133,600	138,400
TOTAL - Hotel Motel	220,160	222,304	240,700	250,850	227,600
Beginning Fund Balance	163,538	181,741	200,247	203,315	154,065
Revenue Over/(Under) Expenditures	18,203	21,574	0	(49,250)	(6,300)
Ending Fund Balance	181,741	203,315	200,247	154,065	147,765

FAIRVIEW CEMETERY FUND

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues					
Interest Cemetery	1,378	1,549	500	650	500
Total	1,390	1,549	500	650	500
Expenditures					
Capital	0	0	0	0	0
Ending Balance	138,642	140,191	120,955	140,841	141,341





FY 2018 BUDGET DEBT SERVICE FUND

From time to time, cities will often incur various amounts of debt to fund major capital expenses. Capital expenses are typically classified in one of two ways: either they are assets that have a very large purchase price or a long life expectancy. The City of Center has incurred debt to pay for projects in both of these categories.

Why Debt?

In today's economic environment, there is a great debate over debt and its place in government operations. In short, debt to pay for daily governmental operations is irresponsible; this is a value that the leadership of the City of Center does not subscribe to. The responsible uses of debt to pay for items that will improve the quality of life in the City or to contribute to further economic and community development are, however, values that City leadership upholds.

The justification for issuing debt to make these purchases fall under a pay-as-you-use perspective. This view holds that future citizens who enjoy the use of certain infrastructure have an obligation to pay for it. For example, a family living in the City five years from now, should help pay for the improvements to the park where they take their children to play. The following sections will illustrate how the City of Center is being responsible with the debt it has issued and intends to issue.

Measures of Capacity – Peer Comparisons

City	Population	Total Net Taxable	Total Tax Rate	Total Debt	Per Capita debt
Athens	12,846	685,673,701	0.6852210	15,445,000	1,202
Bridgeport	6,381	359,249,802	0.6390000	20,113,082	3,152
Bullard	3,043	176,097,500	0.5632640	5,295,000	1,740
Cameron	5,552	160,411,737	0.7590000	22,218,608	4,002
Carthage	6,851	452,122,366	0.5200000	14,439,100	2,108
Commerce	9,750	287,724,309	0.8200000	17,017,000	1,745
Crockett	6,950	267,435,288	0.5338230	2,570,000	370
Decatur	6,523	611,751,291	0.7030000	10,220,000	1,567
Gilmer	5,187	289,523,128	0.6295230	11,175,000	2,154
Liberty	9,039	587,306,311	0.6100000	23,101,055	2,556
Mexia	7,539	264,821,594	0.8084000	6,975,000	925
Mineola	4,625	222,776,349	0.5624100	12,385,000	2,678
Navasota	7,816	363,452,800	0.5542000	12,860,000	1,645
Vidor	10,945	332,880,140	0.7250000	6,283,000	574
White Oak	6,544	335,405,226	0.5868500	7,550,000	1,154
Whitehouse	8,189	348,470,420	0.6500000	18,087,273	2,209
Average	7,361	359,068,873	0.646856	12,858,382	1,861
Center	5,232	280,224,688	0.5750000	13,060,000	2,496

Table 1 – Peer City Comparison Source: 2017 Texas Municipal League Annual Tax and Debt Survey



Table 1 of this section provides a comparison of other cities in Texas who have incurred debt, most of which are of a comparable size. The table indicates that Center has one of the lowest levels of outstanding principal (both ad valorem and utility supported), a tax rate that is below the average of the comparison cities, and a reasonable debt per capita ratio.

DEBT LIMITS

The City of Center's Debt Policy (Appendix A on Page ____) states that the City shall not incur property tax supported debt in an amount exceeding 4% of the net taxable value. Given the total taxable value of \$279,923,149, the City's maximum debt service principal to carry would be \$11,196,900. At the end of FY 2018, the City's outstanding ad valorem principal debt balance will be \$6,325,000 or 2.25% of net taxable value, well below established debt levels.

DEBT SERVICE FUND HIGHLIGHTS

Revenue

The proposed FY 2018 City tax rate is \$0.575 per \$100 of taxable value. The interest and sinking rate is projected to increase to \$0.241486. The projected amount to be raised from ad valorem taxes for debt payments is \$640,400. The Debt Fund has accumulated some surplus fund balance and the FY 2018 Budget seeks to slowly bring that balance down to help stabilize the property tax I&S rate

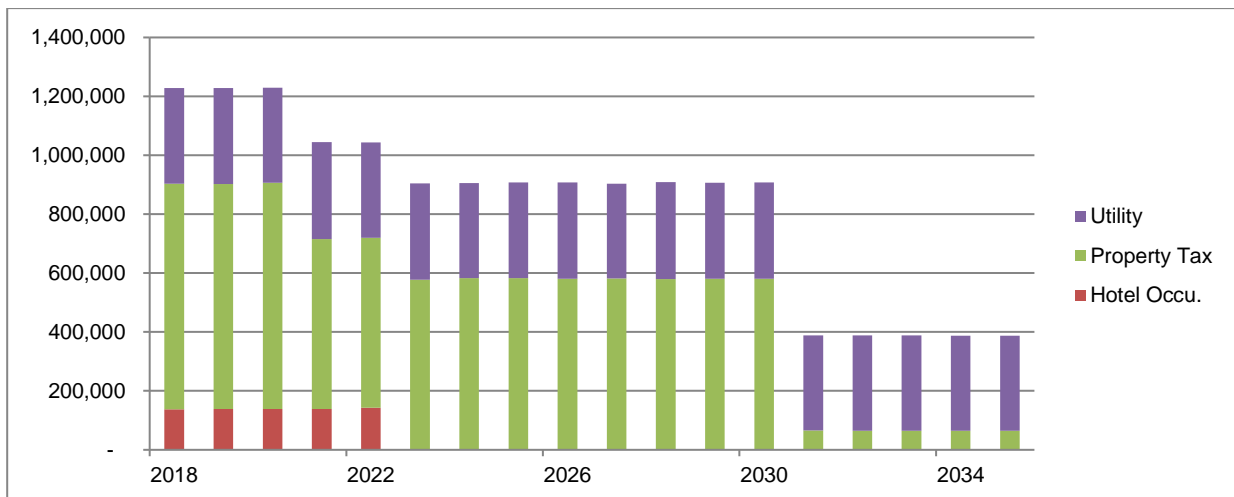
The inter-fund transfer from the water utility fund is projected to slightly decrease to \$366,000.

Finally, the inter-fund transfer from hotel occupancy tax receipts, which are to retire the debt from the construction of the Windham Civic Center, are projected to also slightly increase to \$138,400.

In FY 2014, the City received some pledged future donations for the Softball Complex, which the 2014 tax notes were secured to complete. The FY 2018 Proposed Budget allocates some of those funds (\$70,000) to make a portion of that debt instrument's payment.

Expenditures

Graph 1 of this section illustrates the total projected debt service and from which revenue source the debt will be supported.



Graph 1 – Total existing debt service payments FY 2018 - 2036



**FY 2018 BUDGET
DEBT SERVICE FUND**

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenue					
Taxes - Current Year	506,005	574,379	627,300	615,000	640,400
Interest - Debt Service	1,065	2,015	1,500	3,000	2,350
Transfer - Fund Balance	0	0	30,000	0	20,000
Interfund Transfers - Water	490,500	231,250	390,000	390,000	366,000
Interfund Transfers - Hotel/Motel	134,500	134,100	133,600	133,600	138,400
Interfund Transfers – Park Fund	22,400	20,000	50,000	50,000	70,000
Total - Revenue	1,154,470	969,451	1,232,400	1,191,600	1,237,150
Expenditures					
Principal 2007 CO's	95,000	100,000	105,000	105,000	115,000
Principal 2011 Refunding	180,000	180,000	180,000	180,000	190,000
Principal 2011 CO's	70,000	0	0	0	0
Principal 2012 CO's	30,000	90,000	90,000	90,000	90,000
Principal 2012 Refunding	412,000	0	0	0	0
Principal 2012 GO Refunding	90,000	165,000	170,000	170,000	170,000
Principal 2014 Tax Notes	0	170,000	175,000	175,000	170,000
Principal 2016 CO's	0	0	140,000	140,000	160,000
Subtotal Principal	877,000	705,000	860,000	860,000	895,000
Interest 2007 CO's	38,956	33,594	28,100	28,100	22,900
Interest 2011 Refunding	20,400	16,800	13,200	13,200	8,600
Interest 2011 CO's	126,700	126,000	126,000	126,000	126,000
Interest 2012 CO's	40,730	40,730	40,700	40,700	45,450
Interest 2012 Refunding	6,427	0	30,200	0	0
Interest 2012 GO Refunding	35,225	33,425	30,200	30,150	26,800
Interest 2014 Tax Notes	23,380	14,613	11,800	11,800	8,900
Interest 2016 CO's	0	0	119,900	119,900	100,000
Subtotal Interest	291,818	265,162	369,900	369,850	338,650
Debt Issuance Costs					
Annual Bank Agent Fees	2,500	2,500	2,500	2,750	3,500
Total - Expenditures	1,171,318	972,662	1,232,400	1,232,600	1,237,150





**CITY OF CENTER
FY 2018 BUDGET
VEHICLE REPLACEMENT FUND**

In FY 2016, the City Council created the Vehicle Replacement Fund in an effort to level and stabilize required vehicle purchases. At the end of FY 2016, the City infused the fund with cash to begin this effort. In order to make the fund self-sustaining and accelerate certain purchases, other transfers will need to be made.

	FY 2016 Actual	FY 2017 Amended Budget	FY 2017 Estimate	FY 2018 Proposed Budget	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Transfer							
General Fund	200,000	16,000	16,000	0	0	0	0
Solid Waste	0	0	0	0	0	20,000	0
Utility Fund	105,000	0	53,000	80,000	0	0	0
Total	305,000	16,000	69,000	80,000	0	20,000	0
Revenue							
Police	0	6,300	6,160	18,900	31,500	40,500	45,000
Fire	0	0	0	3,800	3,800	3,800	3,800
Street	0	3,000	3,240	4,350	4,350	4,350	4,350
Parks	0	0	0	3,800	3,800	3,800	3,800
Airport	0	0	0	0	2,500	2,500	4,000
Inspections	0	0	0	3,800	3,800	3,800	3,800
Subtotal - General Fund	-	9,300	9,400	34,650	49,750	58,750	64,750
Solid Waste	0	0	0	0	0	4,500	4,500
Water Production	0	3,800	3,635	7,600	7,600	10,600	14,600
Water Distribution	0	3,800	3,480	7,600	7,600	7,600	11,400
Sewer Collection	0	6,800	4,795	6,800	6,800	6,800	6,800
Sewer Treatment	0	0	0	6,800	6,800	6,800	6,800
Public Works	0	3,000	3,240	4,350	4,350	4,350	4,350
Subtotal - Utility Fund	0	17,400	15,150	33,150	33,150	36,150	43,950
Interest Income	46	0	2,000	1,500	1,500	1,500	1,500
TOTAL REVENUE	305,046	42,700	95,550	149,300	84,400	116,400	110,200
Vehicle Purchases							
Police	0	42,000	32,900	84,000	84,000	60,000	30,000
Fire	0	0	0	25,000	0	0	0
Street	0	0	0	0	0	0	0
Parks	0	0	0	25,000	0	0	0
Airport	0	0	0	0	15,000	0	10,000
Inspections	0	0	0	25,000	0	0	0
Subtotal - General Fund	0	42,000	32,900	159,000	99,000	60,000	40,000



Solid Waste	0	0	0	0	0	30,000	0
Water Production	0	25,000	23,200	25,000	0	0	20,000
Water Distribution	0	25,000	24,350	37,000	0	0	25,000
Sewer Collection	0	45,000	37,250	0	0	0	0
Sewer Treatment	0	0	0	37,000	0	0	0
Public Works	0	60,000	58,700	0	0	0	0
Subtotal - Utility Fund	0	155,000	143,500	99,000	0	0	45,000
TOTAL PURCHASES	0	197,000	176,400	258,000	99,000	90,000	85,000
Beginning Fund Balance	0	305,046	305,046	224,196	115,496	100,896	127,296
Revenues Over/(Under)							
Expenditures	0	(154,300)	(80,850)	(108,700)	(14,600)	26,400	25,200
Ending Fund Balance	305,046	150,746	224,196	115,496	100,896	127,296	152,496

Vehicles Purchased

Vehicle	Department	Vehicle	Department
Skid Steer	Street/Public Works	2017 Chevy Silverado	Water Production
2017 Chevy Silverado	Water Distribution	2017 Chevy Tahoe	Police
2017 Ford F350	Sewer Collection		

FY 2018 Planned Purchases

Vehicle	Department	Vehicle	Department
2018 Tahoe	Police	2018 Tahoe	Police
2018 Ford F150	Fire	Utility Vehicle	Parks
2018 Ford F150	Inspections	Ford F150	Water Production
2018 Ford F250	Water Distribution	2018 Ford F250	Sewer Treatment

Future Planned Purchases – FY 2019 and FY 2020

Vehicle	Department	Vehicle	Department
2019 Tahoe	Police	2019 Tahoe	Police
2020 Car – TBD	Police	2020 Car – TBD	Police
Airport Utility – TBD	Airport	Recycling Trailer	Solid Waste



**CITY OF CENTER
FY 2018 BUDGET
TECHNOLOGY FUND**

In FY 2017, the Center City Council created the Technology Fund to set aside funds to ensure that the City can sustain technological improvements to provide City services. At the end of FY 2017, the City supplied the initial transfers to start the Fund.

	FY 2016 Actual	FY 2017 Amended Budget	FY 2017 Estimate	FY 2018 Proposed Budget	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Capital Contribution	0	0	52,000	0	0	0	0	0
Annual Lease	0	0	0	11,500	15,100	20,000	27,575	45,677
Dept. Allocation	0	0	0	140,200	147,210	147,210	147,210	147,210
Interest	0	0	0	500	500	500	500	500
TOTAL REVENUE	0	0	52,000	152,200	162,810	167,710	175,285	193,387
Expenditures								
Personnel	0	0	0	70,900	74,445	78,167	82,076	86,179
Maintenance	0	0	0	51,200	51,200	51,200	51,200	51,200
Capital	0	0	0	36,000	12,000	15,000	25,600	57,350
Total	0	0	0	158,100	137,645	144,367	158,876	194,729
Beginning Fund Balance	0	0	0	52,000	46,100	71,265	94,608	111,017
Difference	0	0	52,000	(5,900)	25,165	23,343	16,409	(1,343)
Ending Fund Balance	0	0	52,000	46,100	71,265	94,608	111,017	109,674





**CITY OF CENTER
FY 2018 BUDGET
CAPITAL IMPROVEMENT PROGRAM**

In FY 2012, the City Council approved a slate of projects that would substantially enhance the quality of life in Center. That same year, the Council authorized the issuance of tax supported bonds to make a substantial investment into the City's wastewater collection system. These steps represent the beginnings of the City's annual Capital Improvements Program (CIP). Although the City has always re-invested in itself, by adopting a CIP the Council and Citizens can easily see how much is invested and how local dollars are leveraged with donations and grant money to go farther.

This section will describe the assorted revenue streams that fund the CIP. These include bond funds, grant monies, local tax dollars, and contributions from the community. Information about each of the projects is then presented, first as an expenditure summary followed by a description of each project, how they will be funded, how much they will cost and a schedule.

Previously Completed Projects

Project	Year Completed	Funding Source
Community House Renovation	2013	2011 CO's
Ladder Truck	2012	2011 CO's
Mini-Park Renovation	2012	2011 CO's
City Hall Expansion	2013	2011 CO's
Softball Complex & Center Park Playground	2013	2011 CO's & 2014 Tax Notes
Hike & Bike Connectivity Trails	2012	TxDOT STEP Grant
Airport Weather Observation System (AWOS)	2013	TxDOT Grant & Donations
Downtown Streetscape Master Plan	2012	2011 CO's
Loop 500 Lift Station Elimination	2013	4A EDC & Local Funds
Lakewood Sewer	2014	2014 Tax Notes & Local Funds
Airport CIP: runway lighting, drainage, pavement	2017	2016 CO's; TxDOT CIP
Portacool Park expansion	2017	2016 CO's; TPWD Grant; Donation
WWTP Solar Project	2017	CFE Grant

FY 2018 Revenue Notes

Series 2016 Bond Proceeds – Council authorized the issuance of \$4 million in ad valorem and utility supported bonds. \$3 million was designated for utility projects, specifically the WWTP rehab and other utility projects. The other \$1 million was directed to fund the Airport CIP match and the Portacool Park expansion.

Series 2011 Bond Proceeds – The original funding mechanism for the FY 2012 -2014 CIP projects. Bond funds paid for either entire projects or provided the cash match for other projects. Reference individual project narratives to see how the funds were employed.

Texas Parks and Wildlife Department (TPWD) Grant – The City successfully applied for a park grant for the expansion of Portacool Park



Donations – Portacool, LLC., has generously donated funds which the City has leveraged against a TPWD grant to complete the expansion of Portacool Park.

Texas Water Development Board Bond Proceeds – In FY 2011, the City was approved the issuance of \$2.28 million in TWDB bond monies to fund the Southside Sewer Project.

Texas Department of Agriculture Grant – The City completed an application in FY 2015 for the Downtown Revitalization Grant to help pay for a portion of the Downtown sidewalk project.

Community Facilities Enhancement Grant – The Texas Department of Agriculture created a one-time grant opportunity which the City was able to successfully submit an application to fund the installation of solar panels at the WWTP.

UPCOMING/ONGOING PROJECTS AND IMPACT

Southside Sewer System

The City developed a plan to eliminate seven sewer lift stations, reverse the flow of the wastewater collection and provide for one large lift station to pump to the treatment plant. This project would also allow the City to update and replace old sewer collection lines and manholes. This project is scheduled to begin in FY 2016 and be complete in FY 2018. This project is funded by 2012 CO's

Ongoing Operational Impact	Estimated Annual Cost/(Savings)
Utilities	(\$10,000)
Maintenance	(\$10,000)
Capital – Pump replacements	(\$10,000)

WWTP Rehabilitation

The WWTP will be undergoing a major overhaul with new motors, blowers, controls, etc. These improvements should make operations more efficient and provide for cost savings for the first five years of service. This project is funded by 2016 CO's

Ongoing Operational Impact	Estimated Annual Cost/(Savings)
Utilities	(\$5,000)
Maintenance	(\$15,000)

Airport CIP

The Texas Department of Transportation has identified the rehabilitation of Taxiway D as the next project in their multi-year CIP. The project contribution is expected to be \$69,000

City staff will use FY 2018 to manage ongoing projects and begin to develop future improvements.



Fund 42 Government Projects	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues				
Bond Proceeds	1,000,000	0	0	0
Interest	8,181	5,000	20,000	5,000
Transfer from Airport Fund	0	0	10,670	0
4B EDC Contributions	32,779	0	24,814	0
Donations	0	50,000	50,000	0
TDA Sidewalk Grant	120,519	52,000	21,980	0
TPWD Grant - PAC Park	0	400,000	0	200,000
Total	1,161,479	507,000	127,464	205,000
Projects				
Downtown Streetscape Design	17,705	25,000	4,000	4,000
TDA Downtown Sidewalk	195,832	52,000	24,141	0
Airport CIP Match	110,670	0	(2,815)	69,000
Perry Sampson Park	0	0	8,250	0
Community Park	0	0	0	0
Portacool Park	75,873	900,000	968,000	0
Total	186,543	977,000	1,001,576	73,000
Beginning Fund Balance	0	974,936	974,936	100,824
Revenues Over/(Under) Expenditures	974,936	(470,000)	(874,112)	132,000
Remaining Fund Balance	974,936	504,936	100,824	232,824



Fund 42 Utility Projects	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Revenues				
Bond Proceeds	3,000,000	0	0	0
Interest	2,831	0	14,500	0
Transfer from Utility Fund	175,320	0	0	0
CDBG	0	0	0	0
CFE Grant	0	350,000	85,500	264,500
Disaster Recovery	0	0	5,300	0
Total	3,178,151	350,000	105,300	264,500
Projects				
Southside Lift Station	26,733	1,850,000	1,685,000	225,400
WWTP Rehab	161,820	2,100,000	491,300	1,608,700
WWTP Solar Project	0	385,000	85,500	300,000
Water Tank	0	900,000	0	0
Disaster Recovery	0	12,000	6,050	0
Total	161,820	5,247,000	2,267,850	2,134,100
Beginning Fund Balance	1,860,383	4,876,714	4,876,714	2,714,164
Revenues Over/(Under) Expenditures	3,016,331	(4,897,000)	(2,162,550)	(1,869,600)
Remaining Fund Balance	4,876,714	(20,286)	2,714,164	844,564



**FY 2018 BUDGET
TAX INCREMENT REINVESTMENT DISTRICT #1
FUND NARRATIVE**

A Tax Increment Reinvestment Zone (TIRZ or TIF) is a financing tool enabled by the Texas Legislature in Chapter 311 of the Texas Tax Code, to assist cities in developing or redeveloping blighted areas with substandard infrastructure within their boundaries. Cities may create a TIRZ in areas where the absence of public infrastructure inhibits development.

How Does It Work?

A geographical area is designated as the TIRZ and the area's taxable value is calculated; this represents the base value. The taxing entity still receives the full base value of the property. Typically, the TIRZ borrows money to fund improvements, such as streets and utilities. Any future improvements or development of the property will cause the value to rise; this is the tax increment. The property tax amount is calculated on the increment and then dedicated towards the repayment of the loan. The TIRZ is dissolved once the debt is retired, all projects are complete or expiration of its created term.

TIRZ #1 was created to expedite the development of the vacant properties that have the potential for valuable commercial development. TIRZ #1 consists of a 72.29 acre tract of primarily vacant and agricultural land on the west side of the City. US 96 makes up the eastern boundary, Roughrider Drive is the southern boundary, the Center ISD property (Center High School) serves as the western boundary. The TIRZ #1 has a term of 20 years, beginning on July 15, 2010 and expiring July 14, 2030.

The Center EDC funded the initial debt for the TIRZ project. A 3,800 foot street (Civic Center Drive), water, sewer, and drainage improvements were constructed. The participating taxing entities who contribute to the debt payments are the City of Center, Shelby County, and the Shelby County Road and Bridge. The City, acting as the TIF administrator uses the increment to calculate annual payments credited back to the EDC based on the loan agreement.

Since the TIF's creation, two new hotels and Center Motors have been constructed with other developments being planned.

TIF FUNDED IMPROVEMENTS -	
Civic Center Drive	\$410,000
Drainage Issues	61,300
Surveying, Engineering & Testing	55,000
Total	\$526,300
ACTUAL PROJECT EXPENDITURES	\$409,427

Due to the decline in the zone's property values in 2014, it became necessary to execute an amendment to the loan agreement in order to reduce the annual payments to a level more commensurate with generated revenues. Also a stipulation was added that the TIF leave in reserve an amount less than or equal to one half of the annual payment amount.



FY 2018 BUDGET
TAX INCREMENT FINANCING ZONE #1

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Total Increment Amount	1,980,023	2,464,471	3,336,781	3,297,971	3,131,611
TIF Revenue					
City of Center	13,204	11,592	16,906	16,906	16,450
Shelby County	12,985	13,020	17,628	17,423	16,500
Road & Bridge	1,978	1,959	2,653	2,622	2,500
Interest Earnings	0	0	0	100	0
TOTAL	28,167	26,571	37,187	37,050	35,450
Debt Payments	28,223	28,223	28,270	28,223	28,270
Expenditures Over/(Under)	(56)	(1,652)	8,964	8,828	7,110
Revenues					
Reserve Amount	13,362	11,710	20,674	20,538	28,848
Loan Balance	318,811	300,152	280,934	280,934	261,139

Payment #	Due Date	Beginning Balance	Scheduled Payment	Principal	Interest	Ending Balance
1	02-01-2015	336,926.74	28,223.20	18,115.40	10,107.80	318,811.34
2	02-01-2016	318,811.34	28,223.20	18,658.86	9,564.34	300,152.48
3	02-01-2017	300,152.48	28,223.20	19,218.63	9,004.57	280,933.85
4	02-01-2018	280,933.85	28,223.20	19,795.19	8,428.02	261,138.67
5	02-01-2019	261,138.67	28,223.20	20,389.04	7,834.16	240,749.63
6	02-01-2020	240,749.63	28,223.20	21,000.71	7,222.49	219,748.92
7	02-01-2021	219,748.92	28,223.20	21,630.73	6,592.47	198,118.18
8	02-01-2022	198,118.18	28,223.20	22,279.66	5,943.55	175,838.53
9	02-01-2023	175,838.53	28,223.20	22,948.05	5,275.16	152,890.48
10	02-01-2024	152,890.48	28,223.20	23,636.49	4,586.71	129,254.00
11	02-01-2025	129,254.00	28,223.20	24,345.58	3,877.62	104,908.48
12	02-01-2026	104,908.41	28,223.20	25,075.95	3,147.25	79,832.47
13	02-01-2027	79,832.47	28,223.20	25,828.23	2,394.97	54,004.24
14	02-01-2028	54,004.24	28,223.20	26,603.07	1,620.13	27,401.17
15	02-01-2029	27,401.17	28,223.20	26,579.13	822.03	0

Original Principal Borrowed from Center EDC: \$409,427
Interest Rate: 3%
Cumulative Interest: \$70,546

June 2014 Loan Amendment
Principal Refinanced: 336,926.74
Interest Rate: 3%
Cumulative Interest \$86,421.27



FY 2018 BUDGET CENTER ECONOMIC DEVELOPMENT CORPORATIONS

FUND NARRATIVE

The City of Center operates two distinct economic development corporations, a 4A and a 4B corporation as identified by Chapter 342 of the Texas Government Code. The 4B Corporation is dedicated to using sales tax revenue to reconstruct and rehabilitate City streets and thoroughfares. The 4A Corporation is the traditional economic development corporation in that it helps fund projects to locate and expand industry to create primary jobs. The 4B EDC collects a ½ cent sales tax on all taxable purchases inside of the City, and the 4A EDC collects a ¼ cent tax.

4A ECONOMIC DEVELOPMENT CORPORATION

In 1996, the voters in Center adopted a resolution authorizing the creation of a 5-member EDC Board, which is appointed by the City Council.

In FY 2009, the 4A EDC agreed to provide the funding to create a Tax Increment Financing Zone (TIF) to pay for the construction of Civic Center Drive. The TIF borrowed the money from the EDC, and this infrastructure development was meant to create more developable area around the new Civic Center. The additional tax generated from increased values is directed to repaying the EDC. This is reflected as a payable due from the TIF.

Similarly, in FY 2016, the EDC entered into an agreement with VIATRACK, who began operations in the former Armstrong Hardwood Flooring plant. The agreement was for a loan/forgivable loan combination package

The Center EDC has also agreed to sponsor the new AWOS system at Center Municipal Airport. The Corporation also made contributions to extend utility service to areas serviced by the new Loop extension.

The CEDC made a commitment to assist in the redevelopment of the former HEB building and to rebate some of the construction costs associated with a new retail strip center.

The Center EDC created three new programs – one to help entrepreneurs in the start-up process (EMERGE program), one to assist property owners improve their buildings and/or facades (INNOVA program) and the other to document tracts of land to facilitate marketing.

Finally, the EDC makes payments to the City to offset the costs of administration and staff services.

4B ECONOMIC DEVELOPMENT CORPORATION

Each year, the Street EDC allocates nearly \$600,000 for street reconstruction projects. In FY 2016, the EDC funded the match for a Downtown sidewalk grant, completed an update to the long-term street maintenance study, and began the reconstruction of Childs Street.

Finally, the Street EDC makes payments to the City to offset the costs of administration and staff services.



FY 2018 BUDGET
4A ECONOMIC DEVELOPMENT CORPORATION

	FY 2015 Actual	FY 2016 Actual	FY 2017 Proposed	FY 2017 Estimate	FY 2018 Proposed
REVENUE					
Sales Tax	373,863	384,597	389,500	385,375	390,000
Interest	2,461	4,308	3,500	5,200	4,000
Sale of Land	0	0	0	0	26,000
Viatracs Payment	0	0	0	10,000	15,000
TIF Note Payments - Principal	18,115	18,659	19,218	19,200	19,800
TIF Note Payments - Interest	10,108	8,104	9,000	9,005	8,400
Other	0	1,600	0	350	0
Total Revenue	404,546	417,268	421,218	429,130	463,200
EXPENDITURES					
Administration	50,000	53,600	53,600	53,600	55,000
Supplies	0	127	0	0	0
Contractual	5,798	21,713	6,750	4,600	4,850
Sundry	13,609	17,669	36,000	14,450	22,500
Projects & Commitments					
Project Assistance	37,530	286,354	228,100	0	228,100
Project Engineering	0	0	10,000	0	10,000
INNOVA Program	0	0	0	7,500	40,000
EMERGE Program	0	0	0	0	0
Documented Sites Program	0	46,075	50,000	2,500	50,000
Workforce Development Programs	0	0	40,000	25,000	15,000
Project Maintenance	0	2,500	2,500	3,000	3,000
Land Acquisition	0	0	0	315,500	0
Subtotal	37,530	334,929	330,600	353,500	346,100
Total Expenditures	106,936	428,038	426,950	426,150	428,450
Beginning Fund Balance	1,124,028	1,421,638	1,420,598	1,410,868	1,413,848
Revenues Over/(Under) Expenditures	297,610	(10,770)	(5,732)	2,980	34,750
Ending Fund Balance	1,421,638	1,410,868	1,414,866	1,413,848	1,448,598
Due from City - TIF Balance	318,811	300,152	280,934	280,934	261,139
Due from Viatracs - Industrial Loan	-	200,000	190,000	190,000	175,000
Net Fund Balance	1,102,827	910,716	924,618	942,914	1,012,459

GOALS

Market the Community, seek cost effective advertising methods, attract outside investment, assist entrepreneurs in starting a business in Center



FY 2018 BUDGET
4B ECONOMIC DEVELOPMENT CORPORATION

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted Budget	FY 2017 Estimate	FY 2018 Proposed Budget
REVENUE					
Sales Tax	746,880	769,194	779,000	770,750	780,000
Other	0	0	0	25,000	0
Interest	1,906	3,809	2,700	5,000	2,500
TOTAL REVENUE	748,786	773,003	781,700	800,750	782,500
EXPENDITURES					
Administration	25,000	25,000	25,000	25,000	25,000
Supplies	0	0	0	400	0
Contractual	1,050	3,850	3,850	2,000	3,850
Sundry	2,790	9,489	1,000	1,000	1,000
<u>Projects & Commitments</u>					
Annual Street Program	471,130	827,422	600,000	558,900	600,000
Downtown Program	0	0	0	2,200	0
Grant Match Sidewalk Construction	0	0	0		
New Sidewalk Development	0	0	85,000	85,200	0
New Street Construction	0	0	175,000	207,800	0
Center Motors Match	17,965	0	0	0	0
Engineering	38,735	0	35,000	25,500	30,000
TOTAL EXPENDITURES	556,670	865,761	924,850	993,250	659,850
BEGINNING FUND BALANCE	810,583	1,002,699	941,549	909,941	717,441
REVENUES OVER/(UNDER) EXPENDITURES	192,116	(92,758)	(143,150)	(192,500)	122,650
ENDING FUND BALANCE	1,002,699	909,941	798,399	717,441	840,091





APPENDIX A

DEBT MANAGEMENT POLICY

INTRODUCTION

The purpose of this policy is to ensure that the City of Center is responsible with the debt it issues and with future debt; that it maintains sufficient amounts of financial reserves to meet its debt service obligations; and, that the City can fund long range capital projects.

By adopting this policy, the Center City Council agrees that some long-range projects should be funded by means of debt. Certain capital projects have a cost which exceeds the ability of the City to save funds and then pay cash. Inflationary costs may push the cost of the project up to a point where it is more financially feasible to pay for the project in current rather than future dollars. Also, the project may be needed in the short term, which precludes the option of saving and then paying cash. Finally, the financial burden of some projects should be borne by those individuals who are receiving the benefit of the project.

POLICY

The City may authorize Certificate of Obligation (CO) bonds in the amount necessary to purchase capital items or fund capital projects.

The City shall issue debt when the use of debt is appropriate and specifically approved by the Center City Council and expenditure of such debt proceeds shall be in strict accordance with the designated purpose.

In no case shall the term of issued debt be longer than a period of 25 years. If the debt issue is for a single project, the term of the debt shall be no longer than the expected life of the project.

Long term debt shall not be used to finance current operations. Long term debt may also not be used to pay personnel costs related to the project management associated with the debt issuance.

The Center City Council shall exhibit a willingness to raise the necessary revenue to fully fund the current year's annual debt service payment.

In the budgetary process, the City Council shall ensure that all debt instruments will be properly funded in accordance with the appropriate bond covenants.

For revenue or tax and revenue supported debt, if system revenues are actually on deposit in the Interest and Sinking Fund prior to the time when ad valorem taxes are levied, then the amount of ad valorem taxes which otherwise would have been required to be levies may be reduced to the extent and by the amount of revenue on deposit in the Interest and Sinking fund.

Debt Limitations

At no time shall the total general fund debt obligation of the City of Center exceed 4% of the total taxable value of property inside the Center City Limits.

In regards to Utility System debt, revenue backed debt may only be issued to fund utility system improvements only when:



-
1. The benefit is for the overall system, such as water treatment plants, wastewater treatment plants, or means to secure additional water supplies.
 2. The proposed project can demonstrate the capability to support the debt service payments.
 3. The project will finance utility extensions to areas where the City has desired to annex property. At that point, the City may consider Combination Tax and Revenue Bonds.

Annual contributions to the debt service fund shall not exceed 20% of the total general fund or utility fund expenditure budget.

Debt may be used to finance improvements to extend service life of original capital improvements under the following conditions:

1. The original improvement is at or near the end of its expected service life.
2. The improvement extends the service life by at least 1/3 of the original service life.
3. The life of the financing is shorter than the life of the betterment.

Tax Rate

The City will maintain an overall tax rate at or below regional comparison cities. The Maintenance and Operations (M&O) tax rate and the Interest and Sinking (I&S) tax rate will remain relatively balanced.

Debt Structuring

The City will generally issue debt for a term not to exceed 25 years. In no case shall the term exceed the planned life of the asset purchased. The repayment schedule shall approximate level debt service unless operational matters or emergency situations dictate otherwise or if market conditions indicate a significant potential savings.

Bond Insurance

The City staff will analyze whether the cost of bond insurance outweighs the additional interest cost without bond insurance. The City staff shall recommend which approach saves the City the most in interest payment costs.

Disclosure

Full disclosure of economic conditions and operations shall be made to the bond rating agencies and other consumers of financial information. The City staff with the assistance of the financial advisor and bond counsel, shall prepare the necessary materials for presentation to the rating agencies, and shall aid in the production of Offering Statements.

The City will maintain communication with the financial advisor, bond counsel, and ratings agencies. The City will follow a policy of full disclosure in every financial report and official bond statement.

Debt Refinancing

It is incumbent upon the City Council to be good stewards of taxpayer and customer money. As such, it is the responsibility of the City Council and City Management to save as much money as possible on debt service payments. The Council may authorize the refinancing of debt when:

1. The debt instrument is eligible for refinance.
2. The interest rate will be lower than the current interest rate.
3. The City will realize substantial net savings compared to the existing debt instrument.



-
4. The refinance will not extend the life of the debt.

Capital Projects

The City will not engage in proposing additional capital projects, which would include incurring additional debt, until all projects in a debt issuance have been completed or will be completed within 3 months of debt package proposal.

Federal Requirements

The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.





APPENDIX B CITY FUND BALANCE POLICY

The City of Center recognizes the importance of maintaining an appropriate level of Unassigned Fund Balance. After evaluating the City's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the City establishes the following goals regarding the Unassigned Fund Balance of the General Fund for the City of Center, Texas.

Beginning in FY 2016 and 2017, the City Council created the Vehicle Replacement Fund and Technology Fund as internal service funds. The City establishes the policy that, in the event of an emergency, the City is allowed to employ those resources.

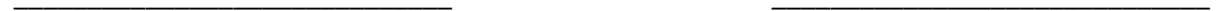
The goal for this policy is that the City would retain in reserves a minimum of 20% and 25% optimally without any other funds. This equates to 72 to 90 days of operating reserves which would allow the City to continue providing services without receiving additional funding.

Once the City achieves its minimum goal of an appropriate level of Unassigned Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes.

This policy has been adopted by the City to recognize the financial importance of a stable and sufficient level of the Unassigned Fund Balance. However, the City, by adopting an official action, reserves the right to appropriate funds from the Unassigned Fund Balance for emergencies and other unanticipated requirements the City believes to be in the best interest of the City.

Fund Balance Analysis

	FY 2015 Actual	FY 2016 Actual	FY 2017 Amended Budget	FY 2017 Estimate	FY 2018 Proposed Budget
Fund Balance as of October 1 (includes receivables)	1,359,999	1,464,517	1,275,577	1,082,056	1,087,223
Revenues	5,537,808	4,209,864	4,609,300	4,622,325	4,614,800
Expenditures	(5,433,290)	(4,592,325)	(4,607,850)	(4,617,152)	(4,614,800)
Fund Balance as of September 30	1,464,517	1,082,056	1,277,027	1,087,223	1,087,223
Adjusted Total Expenditures					
75 %Solid Waste	(867,920)	0	0	0	
Adjusted Total	4,565,370	4,592,325	4,607,850	4,617,152	4,614,800
Fund Balance Goal					
Minimum (20%)	913,074	918,465	921,570	923,430	922,960
Optimal (25%)	1,141,342	1,148,081	1,151,962	1,154,288	1,153,700
Goal Attainment					
Minimum (20%)	160%	118%	139%	118%	118%
Optimal (25%)	128%	94%	111%	94%	94%
Percent Liquid Fund Balance at Year End	92%	97%	90%	96%	96%





APPENDIX C INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is the investment policy and strategy for the City of Center in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. The City Council of the City of Center shall review and adopt its investment strategies and the Policy not less than annually. This policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Texas Government Code 2256 (the "Act")) to define, adopt, and review a formal investment strategy and policy.

II. INVESTMENT STRATEGY

The City of Center maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

- A. **Operating Funds.** Investment strategies for operating funds and co-mingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. The dollar weighted average maturity of 6 months or less will be calculated using the stated final maturity date of each security.
- B. **Debt Service Funds.** Investment strategies for debt service funds shall have as their primary objective the assurance of investment liquidity adequate to cover the debt service obligations on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date and the next debt service date shall be fully funded before extensions are made. The maximum WAM shall be 9 months.
- C. **Debt Service Reserve Funds.** Investment strategies for debt service reserve funds shall have as their primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Securities should be of high credit quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate term maturities. The maximum WAM shall not exceed 9 months.
- D. **Special Projects Funds.** Investment strategies for special projects or special purpose fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date.

III. SCOPE

The investment policy applies to all financial assets of the City of Center. These funds are accounted for in the City's Comprehensive Annual Financial Report (CAFR) and include:

- General Fund
- Special Revenue Fund
- Capital Project Fund
- Enterprise Funds
- Trust and Agency Funds
- Other funds as created from time to time



IV. OBJECTIVES

The City of Center shall manage and invest its cash with four objectives, listed in order of priority: Safety, Liquidity, Yield, and Public Trust. The preservation of capital always remains the primary objective. All investments shall be designated and managed in a manner responsive to the public trust and consistent with State and Local law. (Public Funds Investment Act, Texas Government Code 2256.)

A. SAFETY

The primary objective of the City's investment activity is the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they be from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

B. LIQUIDITY

The City's investment portfolio shall be structured such that the City is able to meet all obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

C. YIELD

The City's cash management portfolio shall be designed with the objective of regularly exceeding the average rate of return on three month U.S. Treasury Bills. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment policies.

D. PUBLIC TRUST

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

V. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by conducting a process of due diligence. These may include 'primary' dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1. This list will be reviewed and adopted annually

The investment officer shall determine which financial institutions are authorized to provide investment services to the City. Institutions eligible to transact investment business with the City include primary government dealers as designated by the Federal Reserve Bank; nationally or state chartered banks; the Federal Reserve Bank; and direct issuers of securities eligible for purchase.

The City may contract with an investment management agent registered under the Investment Advisors Act of 1940 and with the State Securities Board to execute discretionary investment transactions and provide management of the investment portfolio within the guidelines of this policy. The advisory contract may not be for a term of more than two years. A renewal or extension of the contract must be made by resolution of the City Council.

The City may execute transactions only through or with entities that have been provided a copy of the City's investment policy and have signed a written instrument acknowledging that the organization has received and reviewed the City's investment policy and that it will limit transactions to those authorized under this policy.

Selection of financial institutions and broker/dealers authorized to engage in transactions with the City shall be at the sole discretion of the City.



VI. RESPONSIBILITY AND CONTROL

A. FINANCE COMMITTEE

A Finance Committee, consisting of appointments by the City of Center Council shall review operational strategies and monitor results. The Finance Committee shall include in its deliberation such topics as: performance reports, economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds and authorized brokers and dealers.

B. DELEGATION OF AUTHORITY AND TRAINING

The authority to manage the City's investment program is derived from a resolution of the City Council. The Director of Finance is designated as investment officer of the City and is responsible for investment decisions and activities. The City Manager is designated as investment officer in the same capacity as the Finance Director in the event the Finance Director is not available or needs assistance. The Director of Finance shall establish written procedures for the operation of the investment program, consistent with this Investment Policy. The investment officers shall attend at least one training session of 10 hours relating to the officer's responsibility under the Act within 12 months after assuming duties and every succeeding two-year period.

C. INTERNAL CONTROLS

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Director of Finance shall establish a process for annual independent reviews by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- A. Control of collusion.
- B. Separation of transaction authority from accounting to record keeping.
- C. Custodial safekeeping.
- D. Electronic transfer of funds and securities.
- E. Clear delegation of authority to subordinate staff members.
- F. Written confirmation for telephone (voice) transaction for investments and wire transfers.
- G. Execution of a wire transfer agreement with the depository bank or third party custodian.

D. PRUDENCE

The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration.

- A. The investment of all funds, or funds under the City's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment.
- B. Whether the investment decision was consistent with the written investment policy of the City.



The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

E. ETHICS AND CONFLICTS OF INTEREST

City staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. City staff shall disclose to the City Manager any material financial interests in financial institutions that conduct business with the City and they shall further disclose positions that could be related to the performance of the City's portfolio. City staff shall subordinate their personal financial transactions to those of the City, particularly with regard to timing of purchases and sales.

An investment officer of the City who has a personal relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

VII. COMPETITIVE TRANSACTIONS

Competitive bid information will be required on all purchases of investment instruments purchased on the secondary market (new issues are excepted). A competitive bid can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform

VIII. SAFEKEEPING AND CUSTODY

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment basis (DVP) to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

Securities will be held by an independent third-party safekeeping institution selected by the City. All securities will be evidenced by safekeeping receipts in the City's name.

IX. COLLATERAL

Consistent with State law requirements, the City requires all bank deposits to be Federally insured or collateralized with eligible securities. Financial institutions serving as City depositories will execute a Depository Agreement. The safekeeping portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations.

A. Time and Demand Collateral. All City time and demand deposits shall be secured above FDIC coverage by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, collateral will be maintained and monitored by the depository at 102% of market value of principal and accrued interest on the deposits. The bank shall review collateral at least quarterly to ensure that the market value of the pledged securities is maintained at 102% or greater.

Collateral pledged to secure deposits shall be held by an independent financial institution outside the holding company of the depository. The City shall require monthly reports from institutions that hold deposits for the City, demonstrating compliance of pledged securities. All collateral shall be subject to inspection and audit by the City or the City's independent auditors.



X. REPORTING

A. QUARTERLY REPORTING

The Director of Finance shall submit a signed quarterly investment report that summarizes current market conditions, economic developments and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and shall explain the total investment return for the quarter. The report shall be signed by all investment officers.

B. ANNUAL REPORT

Within 60 days of the end of the fiscal year, the Director of Finance shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the City Manager and City Council.

The quarterly investment report shall include detail and a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will be provided to the City Manager and City Council. The report will include the following:

- A. A listing of individual securities held at the end of the reporting period.
- B. The beginning and ending amortized book and market value of securities for the period.
- C. Average weighted yield to maturity of portfolio on investments as compared to the benchmark for the overall portfolio, which shall be the period coverage yield of the three month U.S. Treasury Bill.
- D. Additions and changes to the market value during the period.
- E. Listing of investments by market sector and maturity date.
- F. The percentage of the total portfolio which each type of investment represents.
- G. Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
- H. Unrealized gain/loss on the portfolio (market value vs. book value).
- I. Diversification by maturity and market sector.

All reports will provide the market value of the portfolio not only the amount paid for the security.

XI. INVESTMENT PORTFOLIO

A. ACTIVE PORTFOLIO MANAGEMENT

The City shall pursue an active versus a passive portfolio management philosophy. This is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. The investment officer will routinely monitor the contents of the portfolio, the available markets, and the relative value of competing instruments, and will make investment decisions and adjust the portfolio accordingly.



B. INVESTMENTS

Assets of the City of Center may be invested in the following instruments. At no time shall assets of the City be invested in any transaction or security not authorized for investment under the Act, as the Act may be amended from time to time.

1. Authorized

- A. Obligations of the United States of America, its agencies and instrumentalities with a maximum maturity of two years.
- B. Direct obligations of the State of Texas and agencies thereof with a maximum maturity of 3 years.
- C. Obligations of the States, agencies thereof, counties, cities and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than an "A" or its equivalent with a maximum maturity of 1 year.
- D. Certificates of Deposit of state and national banks doing business in Texas, guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations described in A through D above, which are intended to include all direct agency or instrumentality issued mortgage backed securities rated AAA by a nationally recognized rating agency, and that have a market value of not less than the principal amount and accrued interest on the certificates.
- E. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities safekept with an independent third party, selected by the Director of Finance and/or City Manager. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas.
- F. AAA rated constant dollar public fund investment pools meeting the requirements of Texas Government Code 016-2356.019.

Securities added to the Act shall not be authorized for City until this Policy is amended and adopted.

All securities will be obtained on a competitive bid basis.

2. Not Authorized

The City's authorized investment options are more restrictive than those allowed by State Law. State law specifically prohibits investment in the following investment securities.

- A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage backed security collateral and pays no principal.
- B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage backed security collateral and bears no interest (Principally only MBS).
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (Inverse floater MBS).



C. HOLDING PERIOD

The City of Center intends to match the maturity of investments with liquidity needs of the City. In no case will the average maturity of investments of the City's operating funds exceed 6 months. The maximum final stated maturity of any investment shall not exceed three years.

D. RISK AND DIVERSIFICATION

The City of Center recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification which shall be achieved by the following general guidelines.

- A. Risk of issuer default is controlled by limiting investments to high credit quality securities allowed by the Act, which are described herein.
- B. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to 6 months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits.

E. DOWNGRADED SECURITIES

The City may, from time to time, be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed by this policy, the investment officer will review and recommend an appropriate plan of action to the City Manager and City Council, no less frequently than quarterly. If the City has an investment advisor, that advisor shall notify the City and recommend a plan of action. The City may continue to hold a downgraded investment to maturity if a probable outcome is the eventual realization of full value, rather than a realized loss if divested prior to maturity.





APPENDIX D PURCHASING POLICY

I. Purpose

The purpose of the purchasing policy is to provide City staff with guidelines for materials, services and equipment procurement. The City of Center is committed to ensuring that the purchasing process is conducted in an ethical manner with consistent application to guarantee appropriate stewardship of public funds. Following these guidelines will assure that the City is in compliance with State and Federal law and City ordinances and policies while procuring the highest quality material and services at the best value for the citizens of Center. All formal bids require the Purchasing Department to confirm compliance with State law (e.g. newspaper advertisements, written specifications).

II. Bid Procedures

A. Purchases less than \$1,000 may be ordered in the most expeditious manner by use of one verbal quotation. Quotation will be verbally accepted based upon past experience, considering price, quality, and delivery date.

B. Purchases between \$1,000 and \$10,000

1. Not less than three (3) **written** quotes. Quotes shall be submitted to Purchasing and shall be attached to the purchase order request. **Any purchase of \$1,000.00 or more requires an issued purchase order.**

C. Purchases between \$10,000 and \$50,000

1. An informal Request for Proposal, Qualifications, or Bid (RFP, RFQ, RFB) will be required for purchases between \$10,000 and \$50,000.

2. The City Manager must authorize the release of any RFP, RFQ, or RFB's for budgeted proposed purchases between \$10,000 and \$50,000. Purchasing and the requesting Department will make a recommendation to the City Council; it is the responsibility of the requesting Department to present the request to the City Manager.

3. Departments shall coordinate with Purchasing to receive quote information. There is a minimum of five (5) business days for vendors to respond.

4. Not less than three (3) **written** proposals must be received.

5. No purchase orders will be issued prior to City Manager approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

D. Purchases of greater than \$50,000

1. A formal Request for Proposal or Qualifications (RFP, RFQ) with detailed written specifications or scope of work will be required for purchases over \$50,000.

2. No purchase orders will be issued prior to Council approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

E. Formal Request for Proposal/Qualification Procedure for City Departments –The solicitation of formal bids must abide by the following procedures so that the City is in compliance with all applicable laws.

1. The Department will develop detailed written specifications or scope of work to be included in the formal Request for Proposals or Qualifications. Purchasing will complete the other required language for the RFP/RFQ packet.

2. The RFP/RFQ is presented to City Council for authorization for release. The City Council must approve the release of any RFP, RFQ's for proposed purchases over \$50,000. Purchasing and the requesting Department will make a recommendation to the City Council; it is the responsibility of the requesting Department to present the request to Council.

3. The notice of RFP/RFQ including the notice of the time and place of proposal opening will be advertised in two successive issues of the City's official newspaper. There is a minimum of five (5) business days for vendors to respond. Purchasing will prepare the bid notice and submit to the paper for publishing.

4. Purchasing maintains a vendor list registering all vendors requesting to receive bids from the City of Center. Purchasing will send applicable vendors a copy of the RFP/RFQ following Council authorization.



-
5. Only signed and sealed responses will be considered valid and accepted.
 6. A minimum of three (3) written proposals must be received.
 7. A Purchasing representative will attend all bid openings. This is to protect the City against any claims of impropriety.
 8. If less than three responses are received, the Purchasing Department will contact other vendors receiving a bid and collect "No Bid" information. This is to protect the City and its departments from accusations of favoritism or soliciting bids that are proprietary.
 9. Any or all bids may be rejected. The City may base their decision upon past experience, quality, and delivery date.

F. Items exempt from competitive bidding are:

- a. Sole source purchases (due to patents, copyrights, secret processes, or natural monopolies)
- b. Electricity, gas, water or other utility services
- c. Emergency purchases (Items purchased in case of public calamity to relieve the needs of the citizens or to preserve City property)
- d. Personal or professional services
- e. Work paid on a daily basis (day labor)
- f. Land or right-of-way acquisitions
- g. Items necessary because of unforeseen damage to public property
- h. Interlocal contracts

III. Purchase Order Procedure

The following procedures for the issuance of Purchase Orders (PO's) are put in place to allow for budgetary accountability. All purchase above \$1,000 will require a purchase order. There are two categories of purchase order, those between \$1,000 and \$10,000 and those greater than \$10,000.

Purchases Between \$1,000 and \$25,000.

1. The employee requesting the purchase completes a Purchase Order Requisition Form.
2. The employee's Department Head signs off on the requisition form.
3. Three written quotes will need to be collected. The quotes and the Requisition Form are returned to Purchasing. Purchasing enters the information into the system. The Purchasing Manager approves the requisition to form and process; the Finance Director approves the requisition form to guarantee funds are available in the budget. The City Manager must also grant final approval on purchases over \$10,000. Following these three approvals, the Purchase Order is approved and issued.
4. Purchasing prints out a copy of the PO for the Department Head. The Department Head then authorizes the purchase with the selected vendor.
5. Once the product has been delivered or the service complete, the Department Head eventually receives an invoice. The Department Head signs the invoice, attaches the PO, and sends it to Accounts Payable
6. Accounts Payable then issues a check to complete the process.

Purchases Greater than \$25,000

1. The employee requesting the purchase completes a Purchase Order Requisition Form.
2. The employee's Department Head signs off on the requisition form.
3. Depending upon the anticipated purchase price, either the formal or informal bidding process will need to be followed.
4. Department head works with Purchasing to develop the bid packet.
5. The City Manager must approve the bid packet prior to placement on the City Council agenda.
6. The City Council votes to authorize the release of the Request for Proposal/Qualification.
7. After bids are received in accordance with Section II of this policy, the requisition is approved by Purchasing to form and process; the Finance Director approves the requisition to guarantee funds are available in the budget. Following these two approvals, the Purchase Order is approved and issued.
8. Purchasing prints out a copy of the PO for the Department Head. The Department Head then authorizes the purchase with the selected vendor.



-
9. Once the product has been delivered or the service complete, the Department Head eventually receives an invoice. The Department Head signs the invoice, attaches the PO, and sends it to Accounts Payable
 10. Accounts Payable then issues a check to complete the process.

IV. Signature Authority

Each Department Head delegates signature authority for their division. Authorized personnel are then allowed to sign for requisitions and/or receiving reports to the specified amount.

1. Typically, those with signature authority are department heads/supervisors (anyone in charge of a budget) and Administrative Assistants.
2. Department Heads, or any authorized/designated employee with proper signature authority, are required to approve all purchase requests.
3. City Manager must approve amounts of \$10,000 and over.
4. Any purchases of \$50,000 and over require advanced City Council approval.

V. Conflict of Interest

An employee who participates in the selection or approval of products or sources of supply, or who has supervisory responsibility for such employees, may not have a financial interest in the company which furnishes the supplies or services being purchased. This would avoid an unfair competitive advantage and protect the interests of the City. For this reason, employees directly involved in the purchasing process are to refrain from any outside activity or relationship which lessens their impartiality, judgment, or effectiveness.

Disclosure of Relationship to Vendor is Required:

1. In instances of financial interests (e.g., employee's spouse or other immediate relative is an owner or shareholder or an employee of a firm being considered for potential purchase(s);
2. In any situation where there is a potential for an employee to benefit financially from a business transaction conducted by the City.

Employees will complete a Conflict of Interest Form where applicable.

All City employees are to avoid accepting any kind of gratuities, tips, or gifts for himself/herself or for any member of his or her family. This includes merchandise, cash, services, entertainment, and other courtesies. It is essential to both the City and its supplies that all decisions and actions regarding purchasing are based upon proper business considerations and are not influenced in any way by personal obligations. Most offers of this kind are made in the spirit of good business relations without the intent to obligate the recipient in any way. However, it is extremely difficult to differentiate between minor gratuities or courtesies and those which will cause some feeling of obligation or create any unfavorable impression in the minds of other vendors. Because of this difficulty, employees must refrain from accepting any gratuity regardless of its magnitude or the manner in which it is presented.

Exceptions:

- A. Calendars, desk novelties, or similar advertising items;
- B. Reasonably priced meals accepted in settings where City business is conducted;
- C. Text books, recorded media, software or similar work-related items for which the City is not being charged;

Employees must exercise caution that neither regular gifts of nominal value, nor reasonably priced meals from a particular vendor, do not gradually accumulate into a potential obligation that could constitute a violation of this policy. Under no circumstances shall an employee accept a gratuity where prohibited by law, policy, or regulation or where the appearance of impropriety may occur.

VI. Professional Services

Personal and professional services are exempted from the competitive bidding process, and are procured through the use of Request for Qualification (RFQ) documents. The Purchasing Department is available to consult with departments regarding the preparation of information; however, the presentation of technical and qualifications aspects of personal and/or professional services included in the RFQ documents is the sole responsibility of the requesting department.



Texas Government Code, Chapter 2254, Professional and Consulting Services, states in part that contracts for the procurement of defined professional services may not be awarded on the basis of competitive bids. Instead they must be awarded on the basis:

1. Of demonstrated competence and qualification to perform the services;
2. For a fair and reasonable price; and
3. May not exceed any maximum provided by law.

Professional services for the purposed of Texas Government Code, Chapter 2254, are defined as those services within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing, or provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant, an architect or landscape architect, a land surveyor, a physician, including surgeon, an optometrist, or a professional engineer, a state certified or state licensed real estate appraiser or professional nurse.

VII. Grant Funding

All requests for grants are to be approved by the City Manager and/or City Council prior to submittal to the granting agency. The awarded department is encouraged to contact the City Manager prior to beginning the purchasing process.

VIII. Cooperative Purchasing

Cooperative purchasing occurs when two or more governmental entities coordinate some or all purchasing efforts to gain the best overall value for the entities. Cooperative purchasing can occur through inter-local agreements, state contract, and/or joint purchases. The Purchasing Department will assist departments to determine the best method/cooperative for the purchase.

The bidding requirement in this policy may be waived if an item or service can be procured through a cooperative purchasing organization (e.g. Buyboard, HGAC, DIR, etc.)

IX. General Exemptions

The State Legislature has exempted certain items from sealed bidding in the law.

Emergency Purchases

Valid emergencies are those that occur as a result of an unforeseen breakdown or damage of equipment, a procurement necessary to protect the public's safety, health, and/or procurement made due to a public disaster. When this situation occurs, the department shall contact the Purchasing Department and conduct the procurement of supplies and services in accordance with the City's Purchasing Policy, the City Charter, and the Texas Local Government Code.

Sole Source Purchases

Sole source purchases are items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies as defined by the local government code.

When a department has identified a specific item with unique features or characteristics essential and necessary to the requesting department and no alternative products are available, a detailed written justification must be included with the purchase requisition along with the Department head's approval.

Refer to Texas Local Government Code 252.022 (a) 7 for sole source purchases and 252.022 for a complete listing of General Exemptions.



X. Insurance Requirements

As a general rule, the City will require that vendors performing work for the City will provide a copy of their general liability, auto, and worker's compensation insurance policies. Both policies will be a minimum of \$1 million.

XI. Progressive Payments

Departments may request blanket purchase orders for large purchase contracts to last over the course of a year (e.g. bulk chemical purchases). In the necessity of a progressive payment, the City Manager must approve such type of payment. In the event of a contractual obligation where progressive payments have been made, the City Council must authorize final payment and release of retainage.

XII. Definition of Capital Purchases

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

For implementation of GASB 34 requirements for capital assets, the City establishes the following categories and their thresholds.

- | | |
|-------------------------------------|------------|
| • Land/land improvements | Any amount |
| • Buildings/building improvements | \$25,000 |
| • Facilities and other improvements | \$25,000 |
| • Infrastructure | \$25,000 |
| • Personal Property | \$5,000 |
| • Leasehold improvements | \$25,000 |

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expends incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

In order for other equipment or supplies to be capitalized, another standard is considering the item's useful life. Items that have a life expectancy exceeding the following are considered capital

- | | |
|---|----------------|
| • Structures and water and sewer system | 10 to 50 years |
| • Infrastructure | 10 to 30 years |
| • Transportation and other equipment | 3 to 20 years |





BUDGET GLOSSARY

Account number: A code made up of numbers used to classify how specific dollar amount are categorized as revenue or expenditures. Typically, similar revenues or expenditures are classified into the same account

Accounting system: The methods and records established to identify, assemble, analyze, classify, record and report the City's transactions and to maintain accountability for the related assets and liabilities.

Accounts payable: A short term (one year or less) liability reflecting amounts owed for goods and services received by the City.

Accounts receivable: An asset reflecting amounts due from other entities for goods and services provided by the City.

Accrual accounting: A system of accounting in which revenues and expenses are recorded at the time they occur, rather than the time cash is received or expensed by the City.

Ad Valorem taxes: Also known as property taxes, the taxes levied on all real and certain personal property according to the assessed value of the property and the established tax rate.

Appropriation: An authorization made by the City Council which permits the City staff to make expenditures and incur financial obligations.

Asset: The resources and property of the City that can be used or applied to cover liabilities.

Audit: An examination of the City's financial accounts and records. The City is required by law to have an audit completed each year by an independent certified public accountant.

Bond: A written promise to pay a specified amount of money (the principal) at a specified date or dates in time (maturity dates) and carrying interest at a specified rate. The most common form of bonds are general obligation bonds and certificates of obligation. Bonds are usually used to fund large construction projects that have a long life span and/or are too expensive for the City to pay for with cash. Some examples are public buildings, water and sewer infrastructure, and streets.

Bonded debt: The portion of indebtedness represented by unpaid bonds. Or, the amount of principal on all bonds issued by the City.

Budget: A financial plan for a specified period of time (the fiscal year for the City) that includes an estimate of proposed revenues, and estimate of anticipated expenditures, and an analysis of the undedicated fund balance.

Capital Improvements: Expenditures for the construction, purchase or renovation of City facilities or property, usually those projects which have a lifespan of greater than five to seven years.

Capital outlay: Expenditures resulting in the acquisition of or addition to the City's fixed assets.

Cash: Currency on hand and demand deposits with banks and other financial institutions.

Cash basis: A method of accounting in which transactions are recorded when cash is received or disbursed.



Certificates of Obligation (CO): A form of bond used to finance capital improvement projects or purchases. CO's are backed by the full faith and credit of the government issuing them. CO's can be issued by a vote of the City Council and are not necessarily voter approved.

Current taxes: Taxes that are levied and due within the ensuing fiscal year.

Debt service fund: A fund established to account for funds needed to make principal and interest payments on outstanding bonds.

Debt service requirements: The amount of money required to pay interest and principal on outstanding bonds. Sometimes the bond covenants (terms of the bond) may require special requirements such as cash reserves in the debt service fund.

Delinquent taxes – Property taxes remaining unpaid after the due date. Delinquent taxes incur penalties and interest at rates specified by law.

Department – A functional group of the City with related activities aimed at accomplishing a major City service or program.

Depreciation: The proration of the cost of a fixed asset over the estimated service life of the asset. Each period is charged with a portion of such cost, and through this process, the entire cost of the asset is ultimately charged off as an expense.

Effective tax rate: The rate that produces the same amount of property tax revenues compared to the prior year. Based on the total property valuation for the City and how much property tax was levied, the rate is determined by the laws of the State of Texas.

Encumbrance: The commitment of appropriated funds to purchase an item or service. Once an encumbrance is made, a purchase order is issued for the expenditure.

Enterprise fund: See proprietary fund.

Expense: Charges incurred, whether paid or unpaid, for operation, maintenance, interest and other charges which are made within the current fiscal year.

Equity: The difference between assets and liabilities of the fund.

Fiscal year (period): The time period designated by the City signifying the beginning and ending period for recording of financial transactions of the City. The City of Center's fiscal year begins on October 1 of each year and ends on September 30 of the following year.

Fixed assets: Assets of a long term character which are intended to be held or used, such as land, buildings, machinery, furniture and equipment.

Fund: A separate fiscal and accounting entity with their own resources and budgets necessary to carry out specific duties or programs to accomplish certain objectives.

Fund balance: The difference between fund assets and fund liabilities of government and trust funds. Fund balance for general fund usually equates to available cash. In essence, it is the City's cash reserve.



General fund: The largest fund within the City. It accounts for all resources except those that are required to be in a special fund. The general fund contains the activities commonly associated with municipal government, such as police, fire, streets, and parks.

General Obligation (GO) bonds: Bonds that finance a variety of public capital improvement projects. The repayment of these bonds are typically pledged against property tax revenues. They are backed by the full faith and credit of the City. Voters must approve the issuance of general obligation bonds through a special called bond election.

Grant: Contributions or gifts of cash or other assets from another government to be used for a specific purpose, activity, or facility.

Infrastructure: Long term capital assets that normally are stationary in nature (fixed as compared to rolling stock) and can be preserved for a great number of years. Examples include water and sewer lines, roads, bridges, buildings, etc.

Inter-fund transfers: An amount of money transferred from one fund to another fund. For example, transferring money from the utility enterprise fund to the general fund.

Intergovernmental revenue: Revenues received from another governmental entity, such as county, state or federal governments.

Machinery and equipment: Property that does not lose its identify when removed from its location and is not changed materially or consumed immediately by use.

Maintenance: The act of keeping assets in a state of good repair. It includes preventative maintenance, normal periodic repairs, part replacement and so forth so that it continues to provide normal service.

Mission: The basic purpose of a department, the reason for its existence, what the department aims to accomplish.

Operating budget: Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing activities of the City are controlled.

Operating expense: Proprietary fund expenses related directly to the Fund's primary activities.

Operating income: The excess of proprietary fund operating revenues over operating expenses.

Operating revenues: Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

Ordinance: A formal legislative enactment by the Center City Council.

Principal: The face value of a bond, payable on stated dates of maturity.

Property taxes: See Ad Valorem taxes.

Proprietary fund: Also referred to as an Enterprise Fund. A governmental accounting fund in which the services provided, such as water and sewer service, are financed and operated similarly to those in a private business. The intent is that the costs of providing these services be recovered through user charges.



Refunding: The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (advanced refunding).

Resolution: A special or temporary order of the Center City Council. Requires less formality than an ordinance and does not carry with it the force of law.

Revenue bonds: Bonds whose principal and interest are payable exclusively from earnings of a proprietary fund.

Special revenue fund: Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Taxable value: The assessed value of property less any exemptions available on that specific property. The tax rate is applied to the taxable value to calculate a total tax levy.

Tax base: The total taxable value of all real and personal property in the City as of January 1 of each year as certified by the Shelby Central Appraisal District, less any exemptions.

Tax levy: The resulting product when the tax rate per one hundred dollars is multiplied by the tax base.

Tax rate: The amount of tax levied for each \$100 of taxable value.

Texas Municipal League (TML): The Texas Municipal League is a voluntary coalition of Texas municipalities created for the purpose of furthering and enhancing causes of mutual interest to Texas cities. The League offers educational and training opportunities, legislative activities and legal advisement to its members. Additionally, the League has intergovernmental risk pools that offer insurance coverage.

Texas Municipal Retirement System (TMRS): The Texas Municipal Retirement System provides retirement plans to its member cities. Each city selects its own plan and its contributions are computed on each individual city's plan and actuarial information.

User charges: The payment of a fee for direct receipt of a public service by the party benefiting from the service, such as water and sewer fees.