

City of Center

Fiscal Year 2018-2019

Budget Cover Page

September 24, 2018

This budget will raise more revenue from property taxes than last year's budget by an amount of \$90,721, which is a 5.61 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 \$11,900.

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

Leigh Porterfield, Mayor Pro tem
Joyce Johnson, Dist. 1
Howell Howard, Dist. 3

Terry Scull, At Large
Jerry Lathan, Dist. 2
Randy Collard, Dist. 4

AGAINST:

PRESENT and not voting:

ABSENT:

Property Tax Rate Comparison

	2018-2019	2017-2018
Property Tax Rate:	\$0.600000	\$0.575000
Effective Tax Rate:	\$0.564509	\$0.564662
Effective Maintenance & Operations Tax Rate:	\$0.322527	\$0.326360
Rollback Tax Rate:	\$0.616027	\$0.605009
Debt Rate:	\$0.289962	\$0.241486

Total debt obligation for City of Center secured by property taxes:
\$843,337.





**FY 2019 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.

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 COMMISSION

Stephen Shires, Board Chairman

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

Tammi Kellar





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Center
Texas**

For the Fiscal Year Beginning

October 1, 2017

Christopher P. Morrell

Executive Director



**FY 2019 PROPOSED BUDGET
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September 17, 2018

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, corporation officers, 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 17, 2018
To: Mayor, City Council Members and Residents of Center
From: Chad D. Nehring, City Manager
Subject: FY 2019 Budget Transmittal Letter

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2018-2019 (FY 2019) Budget. The City finds itself in a healthy financial position because of decisions made over the last several years. Following an economic downturn in 2012-2014, the Council took steps to ensure its chief priority of financial stability. Decisions were made to right-size the organization, establish internal service funds and shift financial dependency away from volatile revenue sources. Also, the Council began an effort in strategic planning which has helped to focus efforts on Council priorities. As a result, the City's fund balances have grown meeting current goals; the City's debt is structured in a way that is not burdensome; and, the service levels that City residents have come to expect are enhanced. Further, the City's property tax and utility rates are less than or equal to most of our comparison cities.

The current economic situation allows for budget development to be less demanding than recent budget cycles. The City has witnessed a resurgence of regional energy industry activity resulting in modest growth of sales tax revenue followed with tremendous growth in hotel occupancy taxes. The property tax base is stable with some additional development, expiring tax abatement agreements, and general property value appreciation. These additional resources allow the City to reinvest funds to meet current obligations and plan for limited one-time capital expenses. All current personnel positions are funded and personnel benefits are stable with no benefit plan changes.

This transparent document is intended to provide significant detail of the City's budget as it relates to the four recognized purposes of a budget book.

- Budget as a Financial Document - This budget document provides thorough financial information about the composition, past performance and current assumptions about our revenue streams. Information is intended to be clear in how the City spends the money with which it is entrusted.
- Budget as a Planning Document - This budget book describes the ways the City will achieve its goals through ongoing operations and special projects.
- Budget as a Policy Document - The budget describes the policies that guide the management of the City – whether it's explicit like the Purchasing, Investment, Debt and Fund Balance Policies or a description of policies that guide financial decisions.



-
- Budget as a Communication Too - Overall, the budget is a communication tool that summarizes information in an understandable form for the public's consumption.

The following pages will provide a summary of the factors affecting the budget including the major individual funds, their purpose, revenue sources and proposed expenditures.

GENERAL COMMENTS ON FY 2019 BUDGET

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 and planning future improvements;
- Optimization of utility rates and decreasing subsidy of sewer operations;
- Maintaining personnel benefits to attract and retain qualified employees;
- Focus on service levels to provide for the operation and maintenance of community assets;
- 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.

The Council's underlying budget philosophies which provided direction on budget creation can be found on Page 41. These philosophies were derived from operating goals and strategic priorities from the Comprehensive Strategic Plan (Pages 17-21) with the financial forecast and planning exhibited on Pages 25-33.

REVENUES

Like a responsible business, the City has a diversified stream of independent revenue sources. General Fund revenues are projected to generate \$4,784,300 in FY 2019; this represents a modest increase (3.6%) in total revenues from FY 2018. Most notable are the increase in interfund transfers needed to capture the full cost of other business-type activities supported by the General Fund.

Sales Tax

The largest source of general fund revenue is sales tax receipts. More detail regarding sales tax revenues, including its distribution, and where sales tax revenue is derived can be found on Page 50. Combined sales tax receipts are budgeted at \$3,204,400, a slight increase (0.6%) from the FY 2018 estimate. Remaining conservative with these projections allows for adjustments to operations and capital expenditures or to offset under-performing revenue sources.



Property Tax

Ad valorem appraised values increased slightly this year (1%), where additional value from new construction, tax abatement agreements expiring and newly annexed properties increased values in industrial, commercial and personal properties. This increase is supplemented with minor increases in residential and utility categories. The filed version of the budget projects the property tax rate of \$0.60000, which is above the effective tax rate of \$0.564509 yet below the rollback rate of \$0.616027. The table on Pages 53 and 57 for provides historical tax rates and comparison of similar cities respectively.

For additional information on property tax revenues, including the ratio of operations to debt, 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 52.

Warranting special attention is the Council's directive to move away from reliance on sales tax revenue. The Council once had a policy of minimizing the property tax rate at or below the effective rate while sales tax was rapidly growing and property values steadily increasing. The Council revised this strategy when the City went through a period where this trend corrected. Moving forward, the Maintenance and Operation tax rate will begin to increase once debt instruments retire or the tax base can be expanded through new development or other increases in value.

Utility Fund

Revenues are estimated to decrease 0.9% from the FY 2018 budget. This decrease is a result of conservative revenue estimates in water sales. In FY 2018, the City was negotiating with a large industrial user to treat their wastewater discharge. The budget reflected this service annualized. The results of the customer's trial run deemed City service unnecessary which precipitated a budget adjustment. Utility rate increases are recommended (Water 2% and Sewer 4%) to insure sufficient income for sewer operations and annual debt payment coverage.

Please reference Page 92 in the budget for more information about water consumption and a comparison of utility rates on Page 93.

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 receives a 10% franchise fee from Republic and makes a monthly administration transfer fee to the General Fund for billing and service contract monitoring.



EXPENDITURES

The greatest challenge to budgeting is providing consistent levels of service 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 relatively flat revenue projections. A listing of expenditures by prime account across all funds is provided in the Consolidated Fund Presentation, found on pages 46-47.

Personnel

The City employees are the greatest asset of this organization. Compensation and benefits are the most significant portion of the City's expenditure budget. Personnel related costs equate to 68% of General Fund expenses and 36% of Utility Fund expenses. The proposed budget maintains current employee benefits absorbing an 5% health insurance premium increase while also providing a 3% COLA.

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 65. 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 over one third of all expenses.

Operational expenses continue escalating, including mandated operational changes, construction, chemicals, and equipment. Further, the utility system is required to perform stringent water and effluent tests for regulatory compliance. The age of the system in combination with increasing customer demand requires continuous major maintenance and annual equipment replacement. Even with staff striving to reduce costs, there is a 2.8% total increase in the cost to operate the City's utility. In FY 2015, the primary utility fund debt instrument was retired, freeing up capacity to engage in major system maintenance projects. 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 utility projects. The City issued bonds in 2012 through the Texas Water Development Board to fund the Southside Sewer project that remain outstanding.



Solid Waste Expenses

The contract with Republic represents the City's single largest payment to a vendor for service. 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.

DEBT SERVICE

The City's debt service is similar to last fiscal year and the projected total debt service requirements for FY 2019 are \$1,309,900. Funds are budgeted to cover current principal installments, interest payments 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 121.

TRUST FUND

The Trust Fund is composed of three main components – all with very specific and limited uses of funds: the Animal Welfare Fund, the Cemetery Trust Fund and Hotel/Motel Fund. At this time, the Cemetery and Animal Welfare Funds are only accruing interest with no additional proceeds or designated projects – however, in FY 2016 some improvements were made at Fairview Cemetery including the reconstruction of the gazebo, sign repairs and plot 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 117 for more information.

INTERNAL SERVICE FUNDS

In FY 2016, the City Council created the Vehicle Replacement Fund, to stabilize the replacement of fleet vehicle purchases. Instead of this capital purchase being a major budgetary decision, Council designated a portion of fund balance ensure a sustainable source of funding for operational capital expenses.

In FY 2017, the Council created the Technology Fund to also stabilize large capital purchases. The Technology Fund will expense all technology related charges where the individual departments will make regular allocation transfers. Sufficient monies were transferred at the Fund's creation for significant technology expenses that can be funded over time, thereby minimizing one-time budget volatility. The section describing the Internal Service Funds starts on Page 125.



CLOSING COMMENTS

The City is striving to continue to enhance both infrastructure and service delivery to the taxpayers, residents, and our utility customers. This budget reflects those desires and goals while building on past successes without jeopardizing future opportunities. Fund balances are near goals and debt levels are reasonable despite significant 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 Council's fund balance policy.

These 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 pursuing these goals and improving the City.



FY 2019 BUDGET PROFILE OF CENTER, TEXAS

Although the FY 2019 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, veteran Confederate 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.

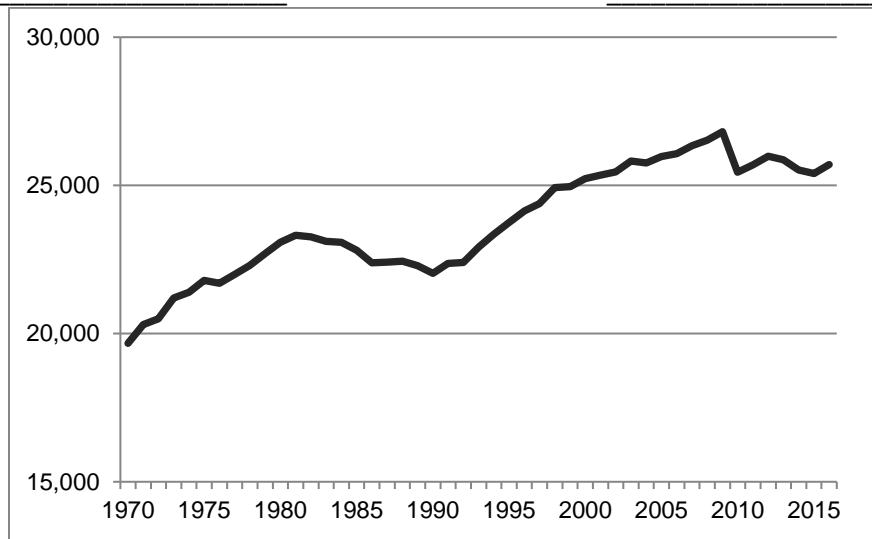
The economy of Center has evolved through four distinct stages. The first stage was cotton; Center boasted a number of cotton gins. Cotton production eventually was superseded by timber production; there were two pulpwood mills located in the city. In the 1950's the poultry industry was introduced in 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.

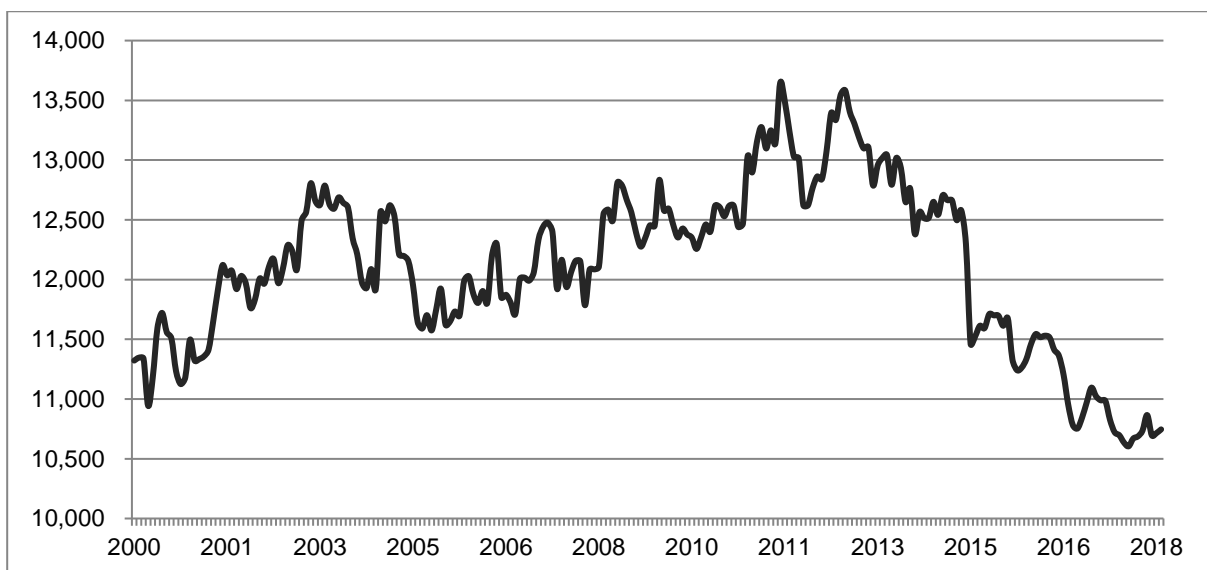
The first peak in population in the late 1970's and early 1980's represents a relative prosperous time in the State of Texas prior to the oil bust. The population of the county continued to decline through the late 1980's until making a correction in the early 1990's. The trend of population growth has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



Graph 1 – Population trends in Shelby County 1970-2016
Source: Texas Workforce Commission

Labor Force

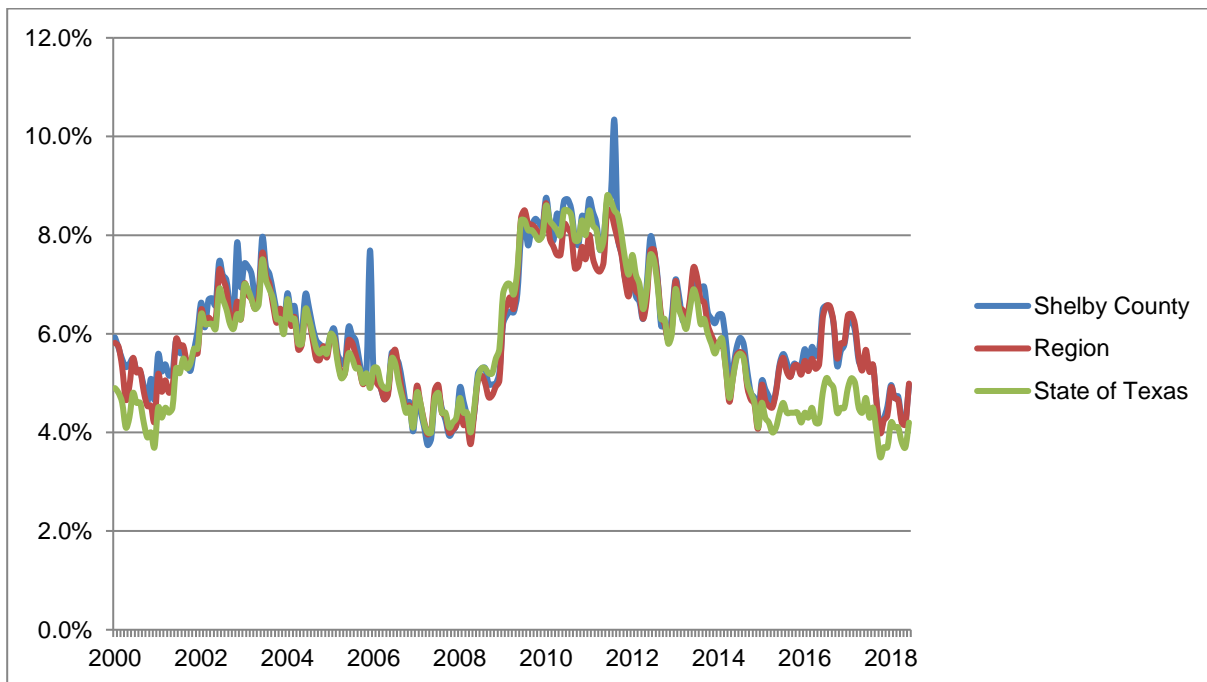
The size of the labor force in a given area can indicate the relative health of the local economy. As graph 2 indicates, the size of the Shelby County labor force has declined from record levels and appears to have bottomed out at 10,600. The months where the number is above 12,500 would indicate the 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 June 2018
Source: Texas Workforce Commission

Unemployment

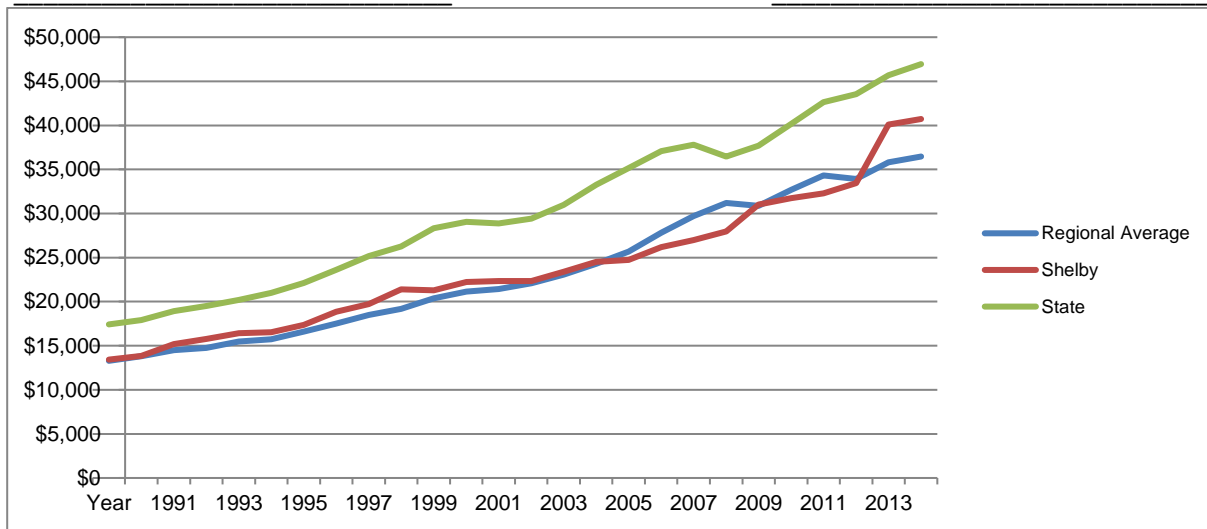
The unemployment rate in Shelby County remained stubbornly high following the 2009 recession. Along with the nationwide economic downturn, Shelby County has also felt its share of hard times. Following a brief plateau period through 2010, the unemployment rate slowly began its descent. After flirting 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 June 2018
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 and 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 are that local industries have become more productive which results in higher wages. There also have been new business developments 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 (\$1,000)
Agribusiness, Forestry, Fishing & Hunting	31	331	9,149
Mining, Gas Extraction	15	238	13,843
Construction	35	204	10,490
Manufacturing	17	2,123	74,863
Retail Trade	83	994	25,263
Finance and Information	51	588	22,811
Health Care	37	475	14,757
Total – All Sectors	484	6,244	209,431

Table 1 – Shelby County Industrial Clusters – 2016
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	1,700
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	2017	2016	2015	2014
Financial Activities	0.97	0.90	0.85	0.72
Manufacturing	3.07	2.91	2.85	2.67
Trade, Transportation & Utilities	0.91	0.94	0.96	0.94
Natural Resources & Mining	6.35	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	2017 Manufacturing Location Quotient
Morris	4.50
Titus	4.14
Calhoun	3.33
Shelby	3.07
Harrison	2.82

Table 4 – Top 5 Texas Counties – Manufacturing Location Quotients – December 2017
Source: Bureau of Labor Statistics

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

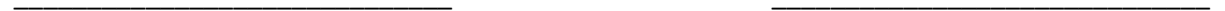
Building Permits as an Indicator

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 the INNOVA 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 to become 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. Grow the physical boundaries of the City

1. Review 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 annexations with utility system expansions
3. Identify areas that are candidates for annexation and pre-emptively secure development agreements
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. Encourage 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. Partner with organizations to create new events which will serve as draws to the community
2. Target civic center marketing efforts on events which will bring out-of-area visitors
3. Engage with the school other entities to attract more regional activities to Center
4. Grow the Recreation Program to expand and create ventures in athletic tournaments and events
5. Develop the presence of art in the community

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 Ballard Street Soccer Complex and planned Perry Sampson Park projects

Objective 4. Enhance the area's health care system

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. Explore long term water needs
 4. Identify those areas of the City that are in need of enhanced pressure or looping
 5. Identify those areas where utility lines need to be replaced or enlarged
 6. Continue negotiations with other water supply corporations for the City to provide water or acquire systems.

Objective 2. Enhance drainage systems to protect property

1. Identify drainage projects for maintenance or enlargement
2. Review FEMA floodplain maps
3. 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 2019 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 projects that are specifically identified and funded and those areas that the City will provide attention to which will take time but not necessarily dedicated resources.

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 2019 FUNDED PROJECTS/ACTIVITIES

Goal A			
Objective 1.1	Business Survey – software and postage	4A EDC	\$500
Objective 1.3	Quarterly industrial breakfasts	4A EDC	\$1,000
Objective 1.4	Data acquisition – Retail, housing and labor market data	4A EDC	\$2,000
Objective 2.1	Develop relationships with strategic partners	4A EDC	\$2,000
Objective 2.2	Marketing contract with consultant – focusing on food, wood and metal industries	4A EDC	\$10,000
Objective 2.2	Attend selected trade shows and related events	4A EDC	\$2,000
Objective 2.5	Increase portfolio of documented sites	4A EDC	\$75,000
Objective 2.5	Identify and evaluate options for business park	4A EDC/City	\$0
Objective 3.3	Opportunities for regional-level cooperative marketing	4A EDC	\$3,000
Objective 4.1	Conduct a skills gap analysis and develop strategies to address needs	4A EDC	\$0
Objective 4.3	Explore options for additional higher ed facilities in Center	4A EDC	\$0
Objective 5.1	Evaluate the feasibility of a Public Improvement District	4A EDC	\$0
Objective 5.1	Explore funding options for Downtown Streetscape plan	4B EDC/City	\$0
Objective 5.5	Downtown façade improvements	4A EDC	\$40,000
Objective 6.2	Acquire underutilized sites for retail development	4A EDC	TBD
Objective 6.2	Work with property owners to market tracts	4A EDC	\$0
Goal B			
Objective 1.2	Water utility expansion	Water Distribution	\$120,000



	Objective 2.1	Evaluate and amend the housing development assistance policy	City Hall	\$0
	Objective 2.1	Identify additional developers /builders	City Hall/4A EDC	\$0
	Objective 2.3	Evaluate the feasibility of a housing maintenance and landscaping code	City Hall	\$0
	Objective 2.4	Create a local government corp. to sell acquired residential lots/reinvest for continued development	City Hall	\$0
Goal C				
	Objective 1.1	Develop Roughrider Drive corridor plan	TIF	\$0
	Objective 1.1	Develop Hurst Street corridor plan	City Hall	\$0
	Objective 1.3	Install additional entry way signs	City Hall	\$20,000/ea
	Objective 3.1	Advance development of Ballard Street soccer complex	Parks	\$250,000
	Objective 3.1	Parks Master Plan update	Parks	\$12,500
Goal D.				
	Objective 1	Update websites, develop marketing campaign	City Hall, 4A EDC	TBD
Goal E				
	Objective 1.1	Perform annual water tank maintenance	Water Production	\$90,000
	Objective 1.1	Perform annual water lagoon maintenance	Water Production	\$70,000
	Objective 3	Rehab the airport runway and reconstruct Taxiway D	Airport	\$85,000
	Objective 4	Conduct the ISO analysis	Fire	\$15,000
	Objective 5.1	Annual street maintenance program	4B EDC	\$600,000

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 2019 – FY 2023

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 addressed in this financial forecast and throughout the budget are:

- Fund Balance. Insuring the City's fund balance and cash reserve position so that it complies with the Fund Balance policy (Appendix B). 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 avian 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. The growers rely on these payments to meet their needs and repay their loans with local banks. Loan defaults under this scenario could lead to a localized financial crisis. Second, the supply of birds to the Tyson plant would be severely reduced, resulting in less need for water (bought from the City) and reduced production shifts.

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.

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 over 25% of the City's Utility Fund revenue. If Tyson payroll dollars are not circulating in the local economy, the City is not receiving sales tax revenue. Further, local grower losses and payroll declines would place local banks under stress and they would seize up lending. This would, in turn, prevent local businesses from receiving financing and deter consumers from 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 2019 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2020 through 2023 are calculated at 2% annual increase. This is supported by tax abatement expiration, annexations, limited new construction offset by historic 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 in 2011 and 2012.

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 fee collecting mobile communication and satellite services.

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 by 2021.

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.

Sales Tax Revenue

For a time, the City became over-reliant on sales tax revenue to fund operations – sales tax receipts would be greater than or equal to 50% of total general fund revenues. As evidenced from FY 2010 to 2014, sales tax revenue can be very elastic and, at times, volatile. Over reliance on this revenue stream is contrary to the Council's stated policy goal of financial stability. In FY 2018, the City began to experience a resurgence in energy



industry activity which resulted in a modest sales tax revenue increase (4%). To be conservative, the FY 2019 Budget anticipates a 0.6% increase over the estimate and the forecast expects 1.5% annual increases.

Year	Total	Percent Change	City	Prop Tax Relief	Total City Sales Tax	4B EDC	4A EDC
FY 2019	3,204,400	0.6%	1,602,200	400,600	2,002,800	801,100	400,550
FY 2020	3,252,500	1.5%	1,626,250	406,563	2,032,800	813,125	406,563
FY 2021	3,301,300	1.5%	1,650,650	412,663	2,063,300	825,325	412,663
FY 2022	3,350,800	1.5%	1,675,400	418,850	2,094,300	837,700	418,850
FY 2023	3,401,100	1.5%	1,700,550	425,138	2,125,700	850,275	425,138

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 \$0.575 to \$0.60 and maintaining that rate. 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 %
2019	282,534,449	0.343303	0.256697	0.600	57.2%	42.8%
2020	288,185,138	0.346810	0.253190	0.600	57.8%	42.2%
2021	293,948,841	0.369747	0.230253	0.600	61.6%	38.4%
2022	299,827,818	0.374323	0.225677	0.600	62.4%	37.6%
2023	305,824,374	0.403301	0.196699	0.600	67.2%	32.8%

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	0
Supplies	1,250	150
Contractual	54,990	8,350
Utilities	7,000	0
Sundry	15,200	2,900
Capital	500	0
<u>City Hall</u>		
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 2017 Actual	FY 2018 Budget	FY 2019 Proposed	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Internal Admin Fees							
Utility Admin Fee	475,000	412,000	415,000	415,000	415,000	420,000	420,000
Solid Waste Admin Fee	220,000	146,400	200,000	202,000	204,020	206,060	208,121
EDC Street Admin	25,000	25,000	25,000	30,000	30,000	30,000	32,000
4A EDC Admin	53,600	55,000	55,000	60,000	60,000	62,000	65,000
Subtotal	773,600	638,400	695,000	707,000	709,020	718,060	725,121
Internal Franchise Fees							
Utility Franchise Fee	0	86,300	110,600	112,812	115,068	117,370	119,717
Solid Waste Franchise Fee	109,197	122,300	125,500	126,755	128,023	129,303	130,596
Subtotal	109,197	208,600	236,100	239,567	243,091	246,672	250,313
Internal General Operating Transfers							
H/M Community House	5,000	5,000	5,000	5,000	5,000	5,000	5,000
H/M Civic Center	70,000	53,000	80,000	75,000	75,000	75,000	100,000
Building Security	0	2,500	0	0	0	0	0
Subtotal	75,000	60,500	85,000	80,000	80,000	80,000	105,000
Total	957,797	907,500	1,016,100	1,026,567	1,032,111	1,044,733	1,080,434

General Fund Revenue Summary

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	Proposed FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Property Taxes	969,844	940,976	922,500	921,100	990,00	959,500	1,043,400	1,077,400	1,184,100
Sales Taxes	1,927,417	1,914,108	1,954,000	1,943,600	2,005,700	2,032,800	2,063,300	2,094,300	2,125,700
Law Enforcement	213,340	226,098	223,100	176,600	199,600	205,000	210,000	215,000	220,000
Franchise Fees	438,512	559,629	646,800	689,500	669,800	671,167	671,591	679,172	682,513
Airport	91,158	71,575	69,000	94,100	83,000	105,000	110,000	112,000	115,000
Permits	100,158	19,952	14,000	13,200	15,000	15,000	15,000	15,000	15,000
Usage Fees	80,382	67,597	75,900	62,400	77,800	75,000	75,000	80,000	80,000
Solid Waste	38,775	33	0	0	0	0	0	0	0
Miscellaneous	59,392	21,248	4,100	12,250	4,200	5,000	5,000	5,000	5,000
Transfers	464,785	848,600	698,900	696,400	780,000	787,000	789,000	798,100	830,100
Interest	7,176	10,643	2,500	20,000	24,000	23,100	22,400	21,000	20,200
Grants	12,922	1,620	4,000	28,600	3,600	4,000	4,000	4,000	4,000
TOTAL	4,403,862	4,682,078	4,614,800	4,657,350	4,852,700	4,882,567	5,008,691	5,100,972	5,281,613

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 4% each year mostly due to rate adjustments and growth in the number of accounts until sewer revenues sustain sewer operations.

Utility Fund Revenue Summary

	Actual FY 2016	Actual FY 2017	FY 2018 Adopted Budget	Estimate FY 2018	Proposed FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Water	2,743,645	2,853,626	2,877,000	2,870,500	2,865,000	2,904,600	2,945,800	2,987,700	3,030,100
Sewer	828,484	936,724	970,000	903,300	930,000	974,800	1,003,500	1,033,000	1,063,300
Miscellaneous	11,527	97,633	2,800	7,450	4,200	2,900	2,900	2,900	2,900
Interest Tap Fees & Charges	5,726	12,024	2,000	20,000	11,500	2,000	2,000	2,000	2,000
Total	3,676,920	3,979,515	3,923,000	3,881,450	3,888,400	3,957,100	4,026,500	4,098,400	4,171,100

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% and 0.5% each year; Supplies, Utilities, and Maintenance Costs will increase at 3% each year; and, Capital will remain constant.

General Fund Summary

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	Budgeted FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
TOTAL REVENUE	4,403,862	4,682,078	4,614,800	4,657,350	4,852,700	4,882,567	5,008,691	5,100,972	5,281,613
Personnel	3,065,993	3,139,727	3,196,700	3,086,700	3,286,450	3,302,000	3,409,000	3,520,000	3,634,900
Supplies	106,178	111,081	109,650	110,100	107,700	105,560	108,726	111,988	115,348
Contractual	466,506	471,289	589,250	672,650	662,950	599,054	605,044	611,095	617,206
Utilities	235,979	200,400	214,600	223,600	219,300	227,563	234,390	241,422	248,664
Sundry	197,510	154,289	183,900	178,200	183,000	173,320	174,187	175,058	175,933
Maintenance	270,818	273,760	284,200	308,300	301,400	300,023	309,023	318,294	327,843
Capital	241,032	67,576	36,500	219,450	22,000	70,000	70,000	70,000	70,000
Transfers	200,000	46,434	0	0	70,000	0	0	0	0
TOTAL	4,784,016	4,464,555	4,614,800	4,799,000	4,852,700	4,777,519	4,910,371	5,047,856	5,189,894
Revenues Over/(Under)									
Expenditures	(380,154)	217,523	0	(141,650)	0	105,048	98,320	53,116	91,719

Utility Fund Summary

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	Budgeted FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Total Revenue	3,676,920	3,979,515	3,923,000	3,881,450	3,888,400	3,957,100	4,026,500	4,098,400	4,171,100
Personnel	1,131,920	1,231,807	1,284,800	1,252,100	1,290,200	1,308,555	1,341,528	1,375,566	1,409,987
Supplies	326,733	282,914	372,500	363,500	373,650	377,577	383,241	388,990	394,825
Contractual	517,743	200,239	305,550	351,600	317,200	344,372	351,260	358,285	365,451
Utilities	356,416	308,539	364,500	354,900	347,500	381,075	392,508	404,283	416,411
Sundry	46,745	47,672	58,450	54,800	63,700	55,391	55,945	56,505	57,070
Maintenance	320,100	283,920	415,050	440,200	449,400	452,049	465,611	479,579	493,967
Capital	160,038	174,625	177,850	158,800	131,150	200,000	200,000	200,000	200,000
Transfers	797,105	966,250	944,300	970,000	915,600	867,812	860,068	867,370	869,717
TOTAL	3,656,800	3,495,967	3,923,000	3,945,900	3,888,400	3,986,833	4,050,161	4,130,577	4,207,427

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.



For the forecast period, it appears there are sufficient resources to allow the City to meet its goal of financial stability plus dedicate some excess resources to one-time expenses or additional debt payments.

	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	Proposed FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
TOTAL GENERAL FUND REVENUE	4,403,862	4,682,078	4,657,350	4,852,700	4,882,567	5,008,691	5,100,972	5,281,613
TOTAL GENERAL FUND EXPENDITURES	4,784,016	4,464,555	4,799,000	4,852,700	4,777,519	4,910,371	5,047,856	5,189,894
Beginning Fund Balance	1,282,056	1,286,531	1,504,054	1,362,404	1,362,404	1,467,452	1,565,772	1,618,888
Revenues Over/(Under) Expenditures	(382,461)	217,523	(141,650)	0	105,048	98,320	53,116	91,719
Ending Fund Balance	899,595	1,504,054	1,362,404	1,362,404	1,467,452	1,565,772	1,618,888	1,710,607
Fund Balance Analysis								
Target - 20%			959,800	970,540	955,504	982,074	1,009,571	1,037,979
Target - 25%			1,199,750	1,213,175	1,194,380	1,227,593	1,261,964	1,297,473
Percent Compliance								
Target - 20%			142%	143%	154%	159%	160%	165%
Target - 25%			114%	112%	123%	128%	128%	132%
Actual Percent of Expenditures			28%	28%	30%	32%	32%	33%

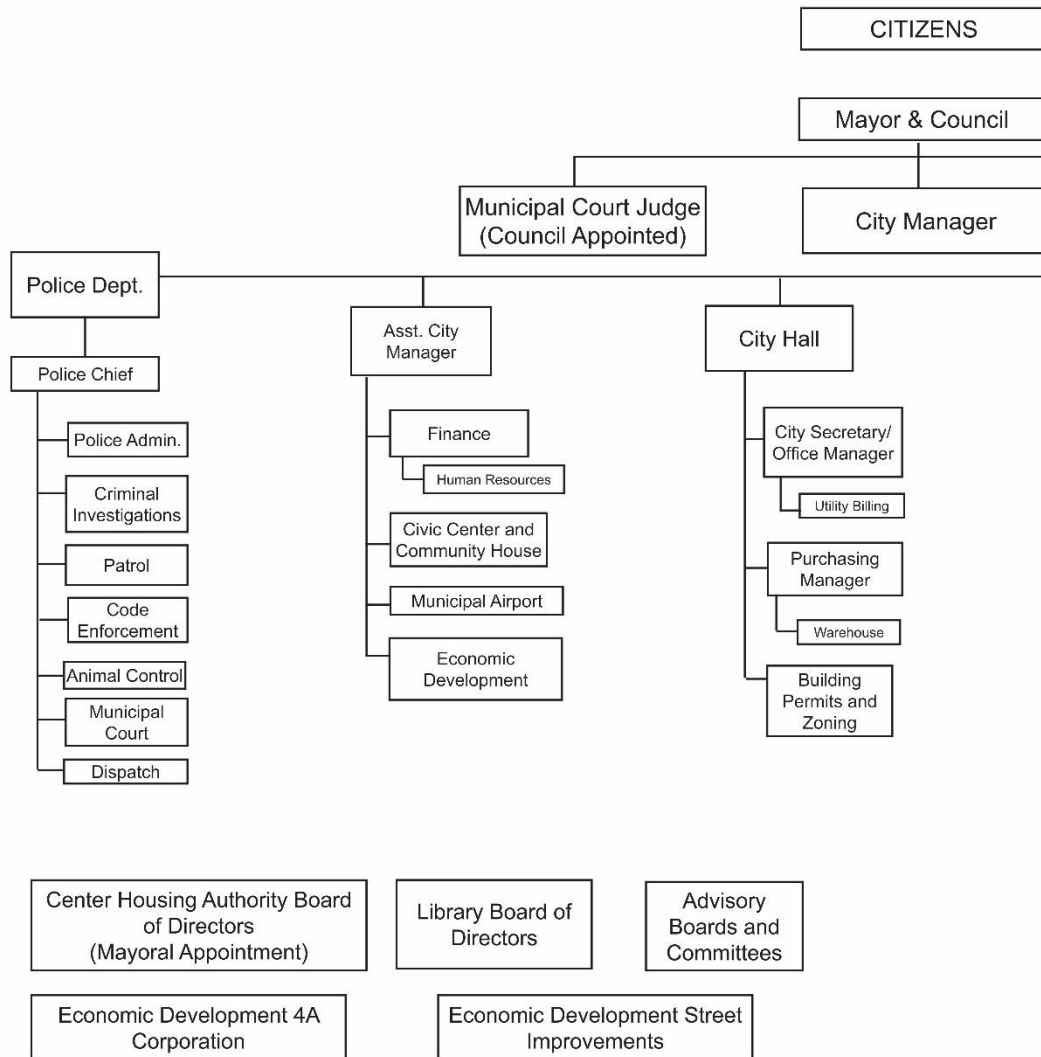
DEBT SERVICE

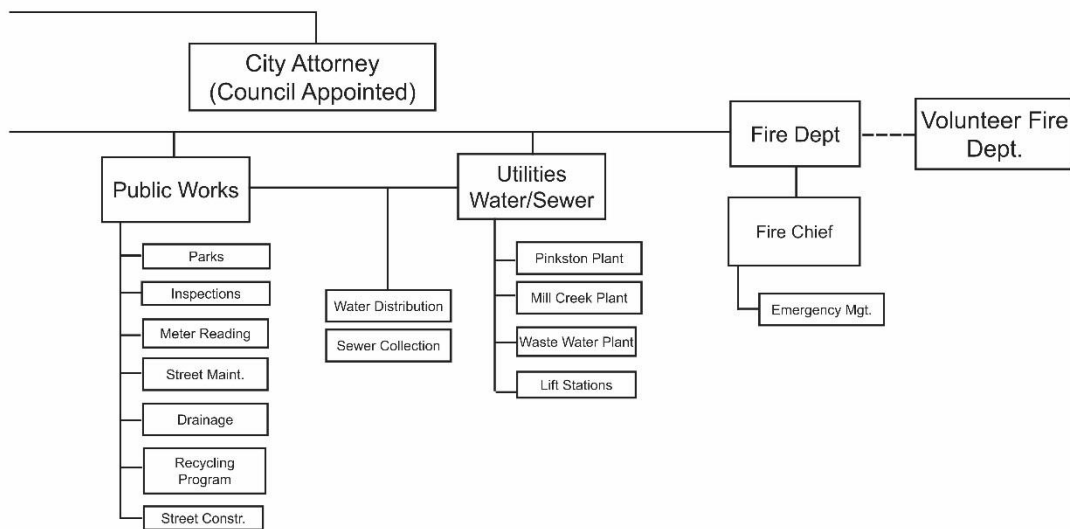
The City has six debt instruments serviced through the property tax supported debt service fund. The ad valorem debt structure is such that there is a debt bubble in 2019 and 2020, due mostly to the final payments of the 2014 Tax Notes. In the short term, other debt instruments will be fully retired which allows the City to consider ways to redirect these resources. This debt bubble is also the primary driver behind raising the tax rate to \$0.60. The forecast period's total debt schedule is shown below with totals to be paid with partial contributions from other sources, e.g. Park Fund, CJD Grant, etc.

	Hotel/ Motel	Ad Valorem							Utility Fund			Total Debt Payments
	2007 CO's	2011 Refunding	2011 CO's	2012 Refunding	2014 Tax Notes	2016 CO's	PD Technology	Ad Valorem Total	2016 CO's	2012 TWDB Bonds	Utility Total	
FY 2019	138,200	192,850	126,000	203,325	176,012	65,441	77,200	840,828	196,322	129,875	326,197	1,305,225
FY 2020	138,300	0	242,500	234,725	193,173	64,616	77,200	812,214	193,847	129,043	322,890	1,273,404
FY 2021	138,200	0	241,100	230,425	0	66,291	77,200	615,016	198,872	127,963	326,835	1,080,051
FY 2022	142,800	0	235,800	231,125	0	65,416	77,200	609,541	196,247	126,658	322,905	1,075,246
FY 2023	0	0	231,000	230,625	0	65,791	0	527,416	197,372	130,129	327,501	854,917



**FY 2019 BUDGET
ORGANIZATIONAL CHART**







**FY 2019 BUDGET
STAFFING CHART**

Department	Job Title	FY 2016 Amended Budget	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Proposed Budget
City Hall (Includes annex and warehouse)	City Manager	1	1	1	1
	Asst. City Manager	1	1	1	1
	City Secretary	1	1	1	1
	Asst. City Secretary	0	1	0	0
	Purchasing Agent	1	1	1	1
	HR Administrator	1	1	1	0.5
	Accounting Administrator	0	0	1	0.5
	Clerks	4	3	3	4.5
	IT Consultant	0.5	0	0	0
	IT	0	1	1	1
Subtotal - City Hall		9.5	10	10	10.5
Police Department	Police Chief	1	1	1	1
	Lieutenant	1	1	1	1
	Detective (1 Sgt)	3	3	4	4
	Patrol Sergeant	3	3	3	3
	Patrol Officer	8	7	7	8
	Warrant Officer/Bailiff	1	1	0	0
	Dispatchers	5	6	6.5	6
	Admin. Assistant	1	1	1	1
	Janitor	1	1	1	1
Subtotal - Police Department		24.0	24	24.5	25
Fire Department	Fire Chief	1	1	1	1
	Fire Fighter	5	5	5	5
	Subtotal - Fire Department	6	6	6	6
Street Department	Foreman	0	0	0	1
	Street Maintenance	3	3	4	2
	Subtotal - Street Department	3	3	4	3
Municipal Airport	Airport Manager	1	0.5	0.5	0.5
	Subtotal - Airport	1	0.5	0.5	0.5
Parks Department	Parks Maintenance	1.5	2	1.5	1.5
	Parks Supervisor	0	0	0	.5
	Subtotal - Parks	1.5	2	1.5	2
Inspection Services	Asst. PW Superintendent	0	1	0	0
	Building Official	1	0	0.5	0.25
	Code Compliance Officer	1	0	0	0.25
	Subtotal - Inspection Services	2	1	0.5	0.5



Municipal Court	Court Clerk	1	1	1	1
	Subtotal – Municipal Court	1	1	1	1
Civic Center	Civic Center Director	1	1	1	1
	Assistant Director	0	1	1	1
	Maintenance PT	1.25	0.5	.5	.5
	Subtotal - Civic Center	2.25	2.5	2.5	2.5
TOTAL GENERAL FUND		49.25	49.0	50.5	51
RECREATION FUND					
	Recreation Program Director	.75	1	1	1
TOTAL RECREATION FUND		.75	1	1	1
UTILITY FUND					
Water Production	Chief Operator	1	1	1	1
	Lead Operator	2	2	2	2
	Plant Operator	5	4	4	5
	Monitoring Technician	1	1	2	0
	Subtotal - Water Production	8	8	9	8
Water Distribution	Equipment Operator	0	0	0	0
	Maintenance	3	4	4	3
	Meter Reader/Maintenance	0	1	0	0
	Subtotal - Water Distribution	3	4	4	3
Sewer Collection	Equipment Operator	1	1	1	1
	Maintenance	2	2	2	3
	Subtotal - Sewer Collection	3	3	3	4
Sewer Treatment	Chief Operator	1	1	1	1
	Plant Operator	2	2	2	2
	Electrician/Plant Operator	1	1	1	1
	Subtotal - Sewer Treatment	4	4	4	4
Public Works	Public Works Director	1	1	1	1
	Public Works Superintendent	1	1	0.5	0
	Public Works Foreman	0	1	2	1
	Warehouse Clerk	0.5	0	0	0
	Monitoring Technicians	0	0	0	2
	Subtotal - Public Works	2.5	4	3.5	4
TOTAL UTILITY FUND		20.5	23	23.5	23
TOTAL CITY EMPLOYEES		70.5	73.0	75	75



BUDGET FORMAT

The budget format for the FY 2019 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 2016 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2016.

FY 2017 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2017.

FY 2018 Amended Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2018, including revenues, expenditures, and fund balances.

FY 2018 Estimate – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2018.

FY 2019 Proposed– Budgeted amounts for each category for the fiscal year ending September 30, 2019.

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 April 15, 2018 – Staff begins development of mid-year estimates

Week of April 25, 2018 – Provide budget material to Department Heads

Week of May 21, 2018 – Department Heads return completed work budgets to the finance department

June 15 through July 23, 2018 – City Manager reviews budget data with Council, Department Heads, and Staff. Begin development of budget book.

August 13, 2018 – 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 13, 2018 – Proposed budget filed with the City Secretary; proposed budget is available for public review.

August 17, 2018 – Notice of Public Hearings are published in the Light & Champion.

August 27, 2018 - Council holds first public hearing for proposed property tax increase

September 10, 2018 – City Council holds second public hearing for proposed property tax increase and public hearing for FY 2019 Proposed Budget

September 24, 2018 – Council adopts tax levy and proposed budget

October 1, 2018 – 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 2019 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 long term financial stability of the organization
3. The alignment of organizational priorities to focus 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)
4. Ensuring a competitive city workforce by maintaining a competitive pay and benefits schedule.
5. 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.
6. Sustaining current levels of service that our citizens have come to expect of the City.
7. 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.
8. 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. A separate Utility Capital Improvement Fund is used specifically for those utility-related projects so that the assets can be properly accounted for.

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:

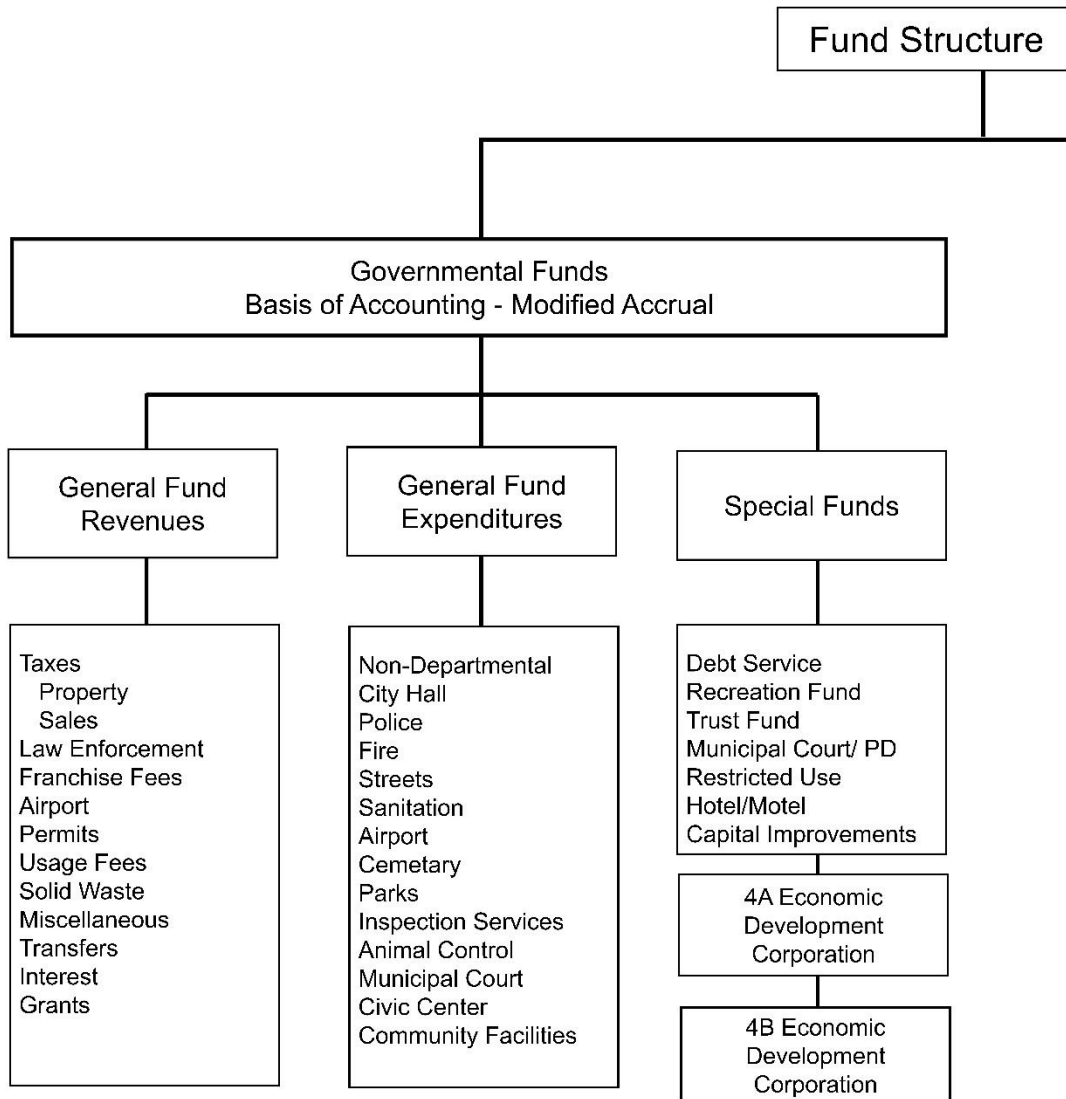
- Enterprise Funds – The Utility and Solid Waste Funds are budgeted to account for those City operations that mirror a private business, where the intent is to provide a good or service to customers which are financed through user charges. This budget is presented as a modified accrual basis to enhance 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.

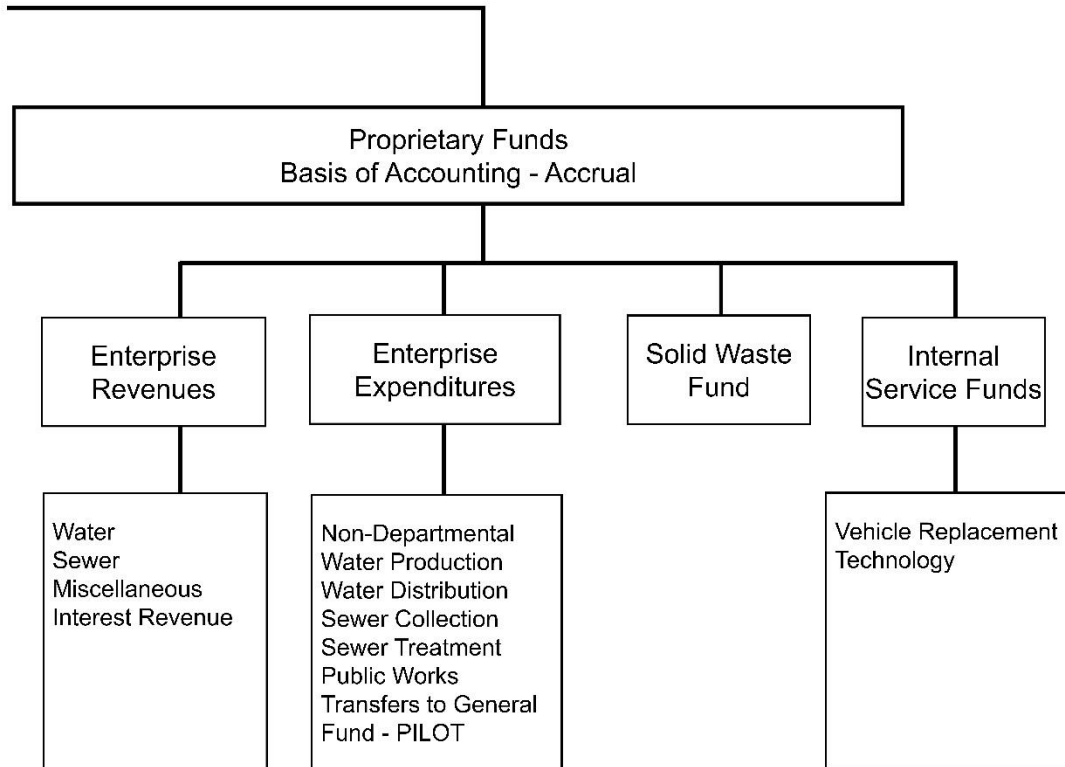
The accrual basis of accounting recognizes events regardless of when the transaction occurs. The concept is to match incoming revenues to outgoing expenses when a transaction occurs rather than when cash is exchanged. The benefit of this approach is to provide a longer-term view of the City's financial 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 2019 BUDGET
CONSOLIDATED FUND PRESENTATION**

	Governmental Funds							
	General Fund	Debt Service	Court Technology	Building Security	Seizure Fund	Park Fund	Recreation Fund	TIF Fund
ESTIMATED BEGINNING FUND BALANCE	1,504,054	110,000	9,322	8,006	46,891	369,530	0	30,038
REVENUES								
Taxes	3,665,500	695,500	0	0	0	0	0	0
Permits and Licenses	15,000	0	0	0	0	0	0	0
Charges for Service	160,800	0	0	0	0	0	170,300	0
Fines and Penalties	199,600	0	5,000	4,000	5,000	0	0	0
Interest	24,000	2,500	100	100	400	3,500	0	500
Miscellaneous Receipts	7,800	0	0	0	0	55,250	0	0
Transfers	780,000	610,900	0	0	0	0	0	44,500
Total Revenues	4,852,700	1,308,900	5,100	4,100	5,400	58,750	170,300	45,000
TOTAL RESOURCES	6,288,354	1,418,900	14,422	12,106	52,291	428,280	170,300	75,038
EXPENDITURES								
Personnel	3,286,450	0	0	0	1,500	0	78,100	0
Supplies	107,700	0	0	0	0	0	64,000	0
Contractual	662,950	0	0	0	0	0	19,700	0
Utilities	219,300	0	0	0	700	0	500	0
Sundry	183,000	0	1,000	1,000	2,000	0	5,500	0
Maintenance	301,400	0	0	0	0	0	2,500	0
Capital	22,000	0	2,000	1,000	0	250,000	0	0
Fund Transfers	70,000	0	0	0	0	45,000	0	0
Debt Service	0	1,308,900	0	0	0	0	0	28,300
Total Expenditures	4,852,700	1,308,900	3,000	2,000	4,200	295,000	170,300	28,300
REVENUE OVER/ (UNDER) EXPENDITURES	0	0	1,900	2,100	1,200	(236,250)	0	16,700
ENDING BALANCE	1,504,054	110,000	16,322	14,206	53,491	158,280	0	46,738



	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	
239,089	141,494	70,782	1,096,450	100,000	1,764,500	883,262	6,373,418
257,200	0	0	0	0	400,500	801,000	5,819,700
0	0	0	0	0	0	0	15,000
0	87,400	173,150	3,872,700	1,606,000	0	0	6,085,350
0	0	0	0	0	0	0	213,600
2,500	2,000	500	11,500	1,500	15,000	6,000	70,100
0	0	0	4,200	400	48,250	0	120,900
0	40,000	0	0	0	0	0	1,475,400
259,700	129,400	173,650	3,888,400	1,607,900	463,750	807,000	13,731,650
498,789	270,894	244,432	4,984,850	1,707,900	2,228,250	1,690,262	20,173,468
0	0	71,800	1,290,200	0	0	0	4,728,350
5,000	0	5,000	373,650	0	0	0	555,350
28,000	0	51,200	317,200	1,394,900	4,050	43,900	2,521,900
3,000	0	0	347,500	0	0	0	571,000
0	0	0	63,700	5,000	222,000	1,000	484,200
0	0	0	449,400	8,000	0	0	761,300
0	124,000	40,000	131,150	0	0	600,000	1,170,150
223,700	0	0	915,600	200,000	55,000	25,000	1,534,300
0	0	0	0	0	0	0	1,337,200
259,700	124,000	168,000	3,888,400	1,607,900	281,050	669,900	13,638,900
0	5,400	5,650	0	0	182,700	137,100	161,150
239,089	146,894	76,432	1,096,450	100,000	1,947,200	1,020,362	6,534,568





FY 2019 BUDGET GENERAL FUND REVENUE OVERVIEW

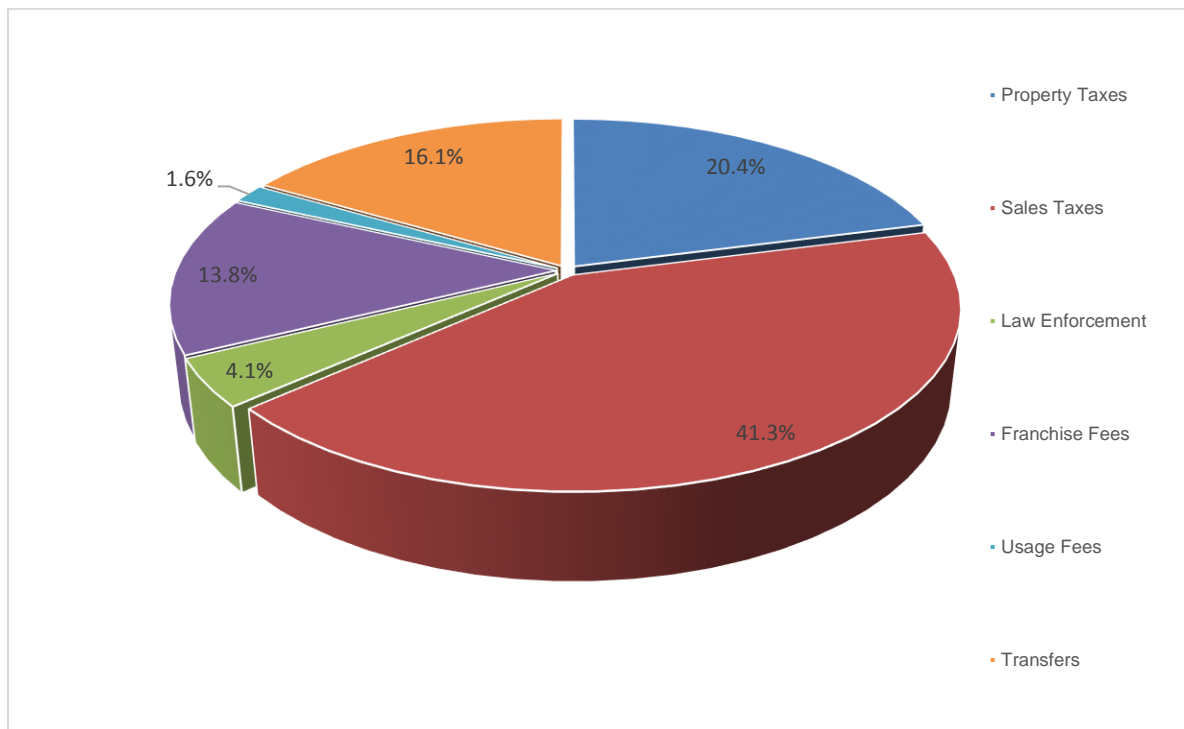
The General Fund provides financing for the City's governmental services, which excludes water and wastewater utility, solid waste, and recreation program operations. General Fund services consist of all public safety functions, including police, animal control, and fire services; community services, 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 2019 Proposed Budget – Revenue Sources



Top Revenue Sources

Sales Taxes	2,005,700	41.3%
Property Tax	990,000	20.4%
Transfers	780,000	16.1%
Franchise Fees	669,800	13.8%
Total	4,445,500	91.6%

Total Revenue 4,852,700

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 2019 sales tax revenues are budgeted at \$2,002,700, which is a 0.6% increase from the FY 2018 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 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 Actual	3,055,709
FY 2018 Estimate	3,185,000
FY 2019 Proposed	3,204,400

Table 2 – Total City sales tax receipts

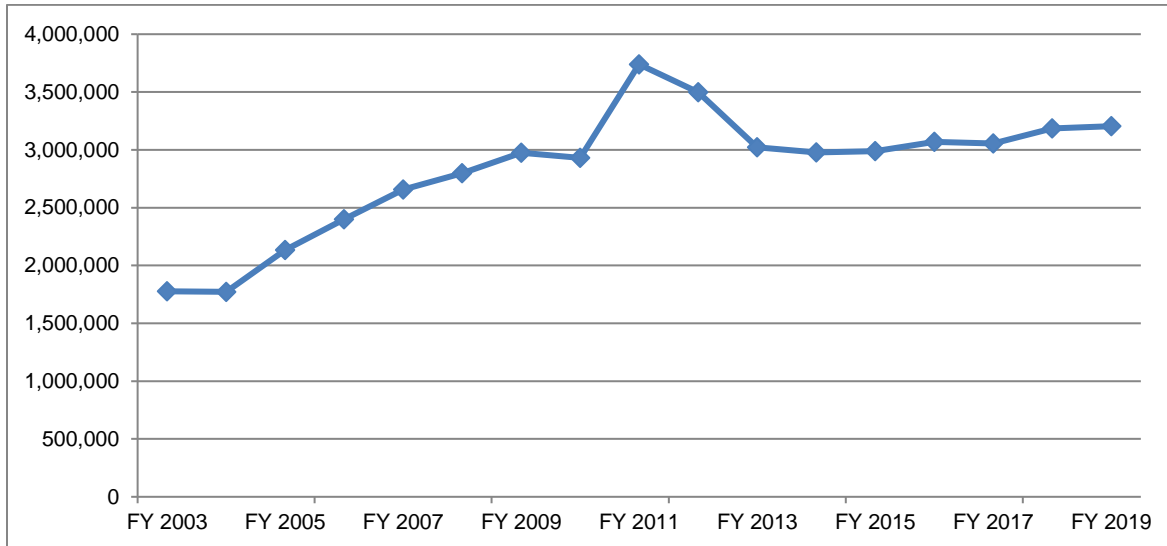
Total City sales tax receipts are split four ways to fund different activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements. 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 \$0.1375 from the City's property tax rate.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate	FY 2019 Proposed
City Sales Tax – 1 cent	1,490,037	1,534,663	1,527,855	1,592,500	1,602,200
Sales Tax for Property Tax Relief – ¼ cent	372,509	383,666	381,964	398,125	400,500
Total Sales Tax to General Fund	1,862,546	1,918,329	1,909,819	1,940,600	2,002,700
4A EDC – ¼ cent	372,509	383,666	381,964	398,125	400,500
4B Street EDC – ½ cent	745,018	767,331	763,928	796,250	801,000
TOTAL CITY SALES TAX COLLECTIONS	2,980,073	3,069,326	3,055,711	3,185,000	3,204,400



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. The City should experience a slight uptick in sales tax revenue resulting from a return of energy industry activity in the area. 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 2019

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 – more than the modest activity level seen in 2018. 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, June 2018, 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 2014	FY 2015	FY 2016	FY 2017	FY 2018
Agriculture, Forestry & Fishing	0.1%	0.1%	0.1%	0.0%	0.2%
Mining, Utilities & Construction	6.6%	5.7%	5.6%	6.0%	5.6%
Manufacturing	8.0%	8.3%	8.8%	8.4%	7.5%
Wholesale and Retail	61.6%	61.0%	60.6%	60.1%	59.9%
Information, Financial and Professional Services	10.7%	10.8%	11.4%	11.6%	12.3%
Education and Health Care	0.0%	0.2%	0.3%	0.3%	0.2%
Accommodations and Food	10.5%	11.3%	10.6%	10.5%	10.8%
Other	1.9%	2.0%	2.1%	2.5%	2.8%
Public Administration	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



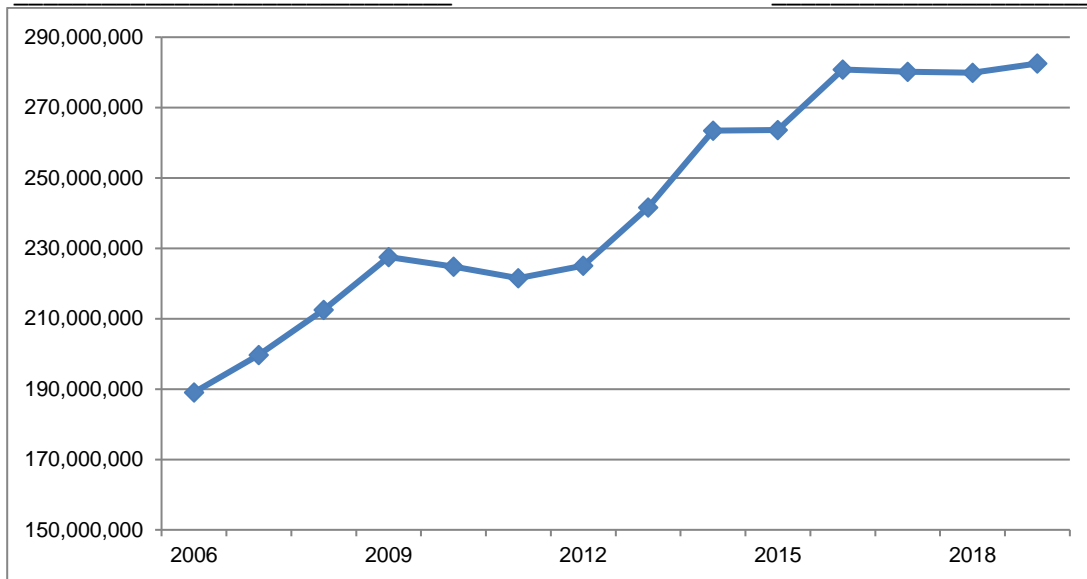
Property Taxes

Table 4 exhibits the increases in appraised value from the 2001 tax year, and how the appraised taxable value has doubled since 2002. As mentioned in the Financial Forecast and the Budget Philosophy, the City Council has expressed its desire for financial stability. Following the sales tax correction in FY 2013-2014, the Council took the position to not rely on sales tax revenue as much. Over the last 10 years, the City has also taken on additional debt for capital improvements. Both of these factors, when coupled with the relatively flat taxable values, results in the trend of rate increases. Moving forward debt instruments will continue to retire and the taxable value should increase, however, the City looks to employ a greater share of property tax revenue to fund the City's maintenance and operations (M&O) and use excess sales tax revenues to fund one time capital or special projects.

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	0.575000	279,923,149
2019 Proposed	0.600000	282,534,449

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 49% over the past 12 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); 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 ad valorem 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 I&S rate is historically higher than usual 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	0.333514	0.241486	0.575000
2019 Proposed	0.343068	0.256932	0.600000

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. Additional detail is provided in Table 7.

	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

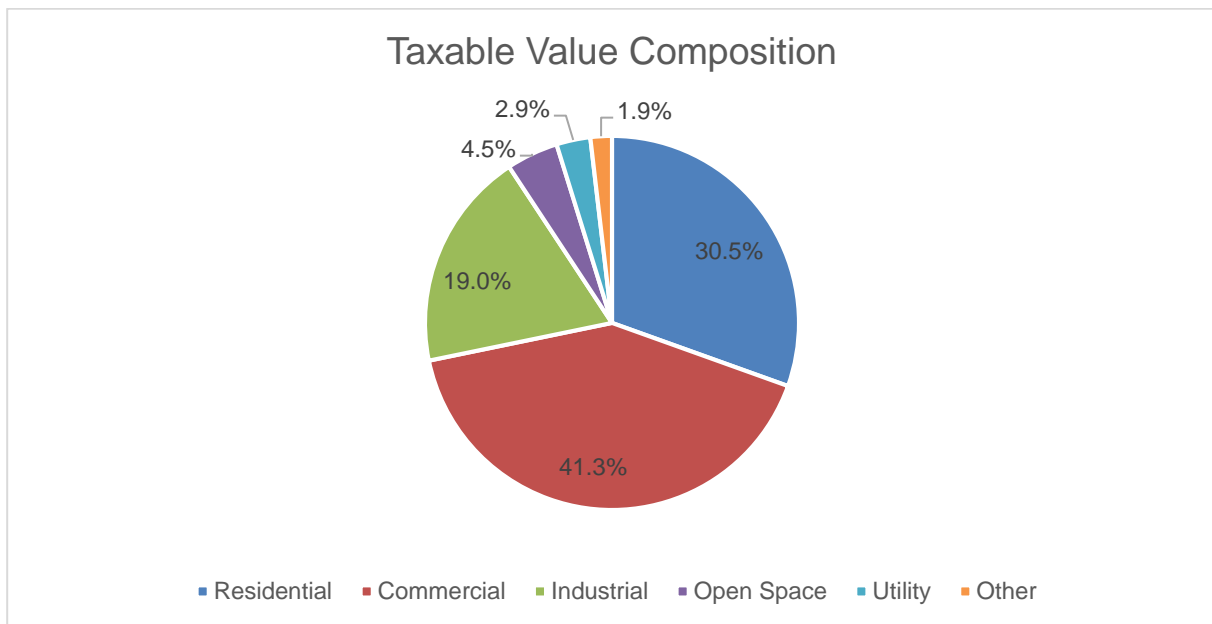
Property Description	2016	2017	2018	Diff	Percent Change
Single Family	93,392,941	93,813,962	94,880,451	1,066,489	1.1%
Multi Family	1,557,730	1,717,800	1,700,020	(17,780)	-1.0%
Residential	94,950,671	95,531,762	96,580,471	1,048,709	
Vacant Lots and Land	1,987,271	1,918,321	2,024,937	106,616	5.6%
Qualified Open Space	7,494,349	7,828,439	7,952,669	124,230	1.6%
Open Space Improvements	131,940	128,620	126,690	(1,930)	-1.5%
Rural Land	4,038,080	4,107,380	4,111,680	4,300	0.1%
Open Space	13,651,640	13,982,760	14,215,976	233,216	
Commercial Real Property	93,490,860	93,240,818	97,561,930	4,321,112	4.6%
Commercial Personal Property	35,737,395	33,644,950	33,244,790	(400,160)	-1.2%
Commercial	129,228,255	126,885,768	130,806,720	3,920,952	
Industrial Real Property	14,611,590	10,402,450	12,615,350	2,212,900	21.3%
Industrial Personal Property	43,667,190	35,423,940	47,456,340	12,032,400	34.0%
Industrial	58,278,780	45,826,390	60,071,690	14,245,300	
Gas Distribution	456,810	472,980	478,070	5,090	1.1%
Electric Company	4,404,160	4,397,720	4,728,230	330,510	7.5%
Telephone Company	1,147,410	1,179,810	1,100,450	(79,360)	-6.7%
Railroad	2,164,810	2,275,730	2,520,140	244,410	10.7%
Cable	508,380	482,110	462,600	(19,510)	-4.0%
Utility	8,681,570	8,808,350	9,289,490	481,140	



Other Tangible Property	1,593,090	1,553,870	1,539,700	(14,170)	-0.9%
Residential Inventory	30,410	30,410	30,410	0	0.0%
Special Inventory	3,807,870	3,405,790	4,313,950	908,160	26.7%
Other	5,431,370	4,990,070	5,884,060	893,990	

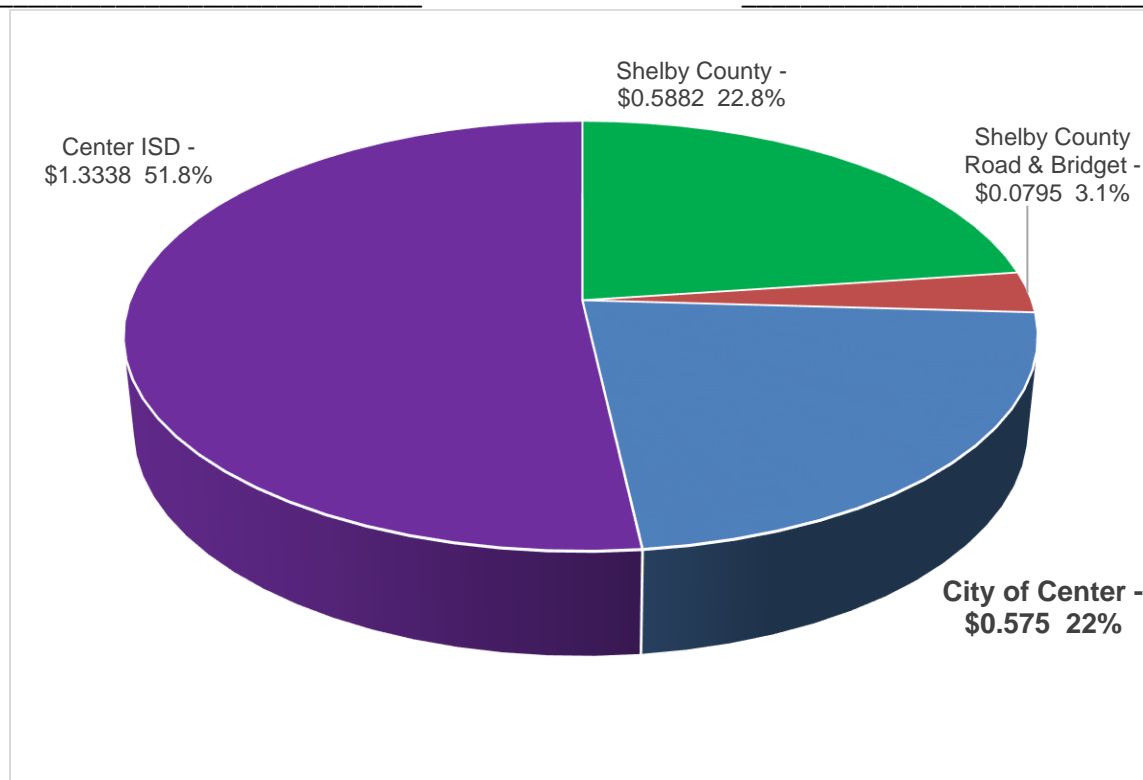
Table 7 – Property Valuation Analysis

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



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 2018 tax rates and how the City's rate stands in comparison.



Graph 5 – City of Center taxing entities tax rate comparison - 2018

The City of Center portion of a property owner's total tax bill is approximately 22% without adjusting for exemptions.

In 2018, the City engaged in a detailed analysis of comparison cities, specifically identifying those cities with a similar residential/non-residential tax base mix. Previous budgets selected comparison cities based on similar population or geography. The comparison cities criteria were expanded to include other factors like median household income, median home value, median age, educational attainment and ISO rating. The conversations generated following the Council's review were productive from a tax policy standpoint (e.g. determining the ideal tax base mix) but also that the City needs to engage in more activities to improve local demographics and quality of life. The list of comparison cities shows that Center has a competitive tax rate.



City	Population	Taxable	Taxable Per Capita	% Non-Res	Total Tax Rate	Median HH Income	Median Home Value	Median Age	Percent w Bach. Degree	ISO Rating
Alvarado	4,289	304,790,618	71,063	56.8%	0.73300	46,441	92,200	34.7	10.5%	3
Carthage	6,581	460,811,176	70,021	56.3%	0.57440	50,518	105,200	36.5	16.3%	2
Cotulla	4,178	163,380,220	39,105	61.4%	0.71840	34,567	62,500	32.0	19.0%	5
Dayton	7,969	658,146,231	82,588	54.2%	0.68000	54,048	118,800	33.1	11.2%	6
Decatur	6,648	611,641,189	92,004	53.9%	0.70300	43,155	123,600	31.1	19.2%	3
Dilley	4,358	165,722,920	38,027	71.2%	0.80230	31,518	45,000	26.3	3.1%	5
Ennis	18,513	1,554,960,425	83,993	65.3%	0.69900	43,774	101,100	31.8	14.6%	2
Galena Park	11,178	534,504,052	47,818	65.7%	1.03750	44,467	67,400	29.8	5.1%	5
Hearne	4,523	202,066,941	44,675	63.4%	0.71040	43,786	71,500	33.1	9.0%	6
Hillsboro	8,525	452,956,614	53,133	57.5%	0.80640	34,475	72,200	31.7	14.5%	3
Hutchins	5,727	489,852,045	85,534	81.7%	0.68250	36,845	72,900	32.7	7.0%	4
Kilgore	14,782	1,245,111,613	84,232	68.0%	0.50570	56,870	102,300	33.3	19.0%	2
Liberty	9,175	588,007,567	64,088	50.9%	0.61000	51,399	102,700	36.7	17.4%	5
Madisonville	4,637	208,070,130	44,872	54.0%	0.55890	38,065	90,100	43.8	15.1%	7
Nash	3,413	240,855,017	70,570	54.5%	0.56120	40,085	106,600	32.1	13.2%	2
Paris	26,539	1,627,397,467	61,321	70.6%	0.50200	32,755	74,200	39.0	14.2%	3
Quinlan	1,535	88,840,670	57,877	60.3%	0.57000	35,385	68,300	41.1	7.8%	5
Sealy	6,490	648,668,845	99,949	57.0%	0.43740	45,411	141,500	31.0	16.5%	4
Texas City	48,558	4,789,768,064	98,640	70.9%	0.49720	41,952	98,000	36.8	12.3%	4
Waller	3,359	271,150,927	80,724	67.7%	0.52110	34,734	104,300	34.9	13.9%	5
Wilmer	4,136	398,280,751	96,296	76.7%	0.50300	37,546	55,300	32.0	6.9%	6
Average	9,767	747,856,356	69,835	62.7%	0.638733	41,800	89,319	34.0	12.7%	4.14
Center	5,401	282,325,438	52,273	63.4%	0.56	22,680	77,900	33.9	18.9%	3

Table 8 – Property tax rate by comparison cities. Tax rates - 2016

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 \$480 in annual City property taxes, or \$40 per month, at the proposed \$0.60 tax rate.

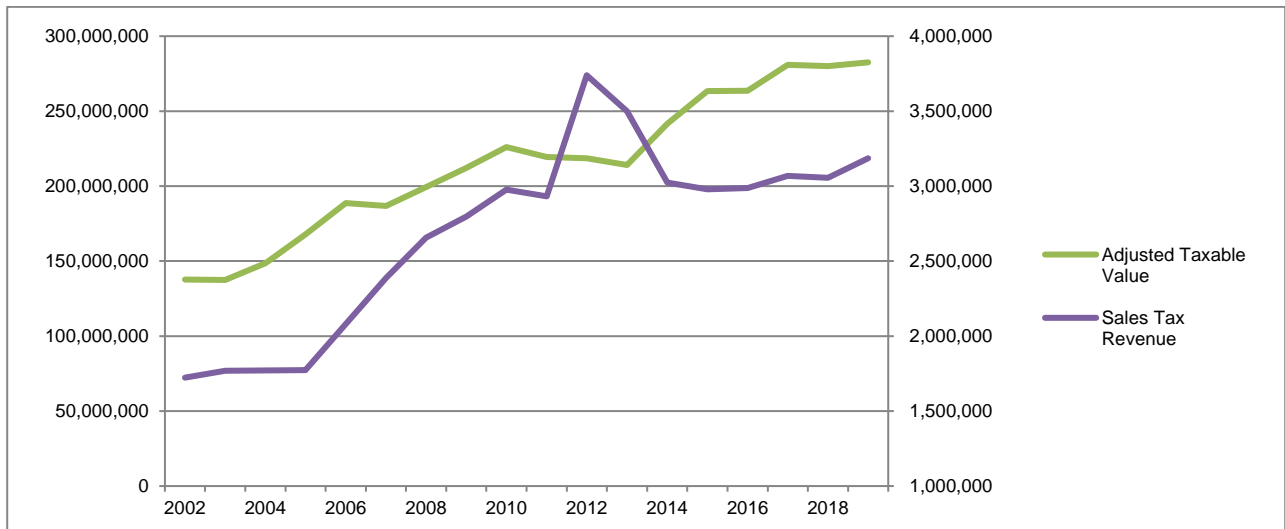
Of that monthly amount, they will pay:

- \$9.82 for 24/7 police protection;
- \$2.38 for fire protection services;
- \$1.69 for street maintenance;
- \$0.73 for maintenance and operation of City park facilities;
- \$0.07 for building inspection;
- \$0.41 for the maintenance and operation of the Library, Community House and Senior Center,
- and;
- \$3.94 for the general administration of the City.



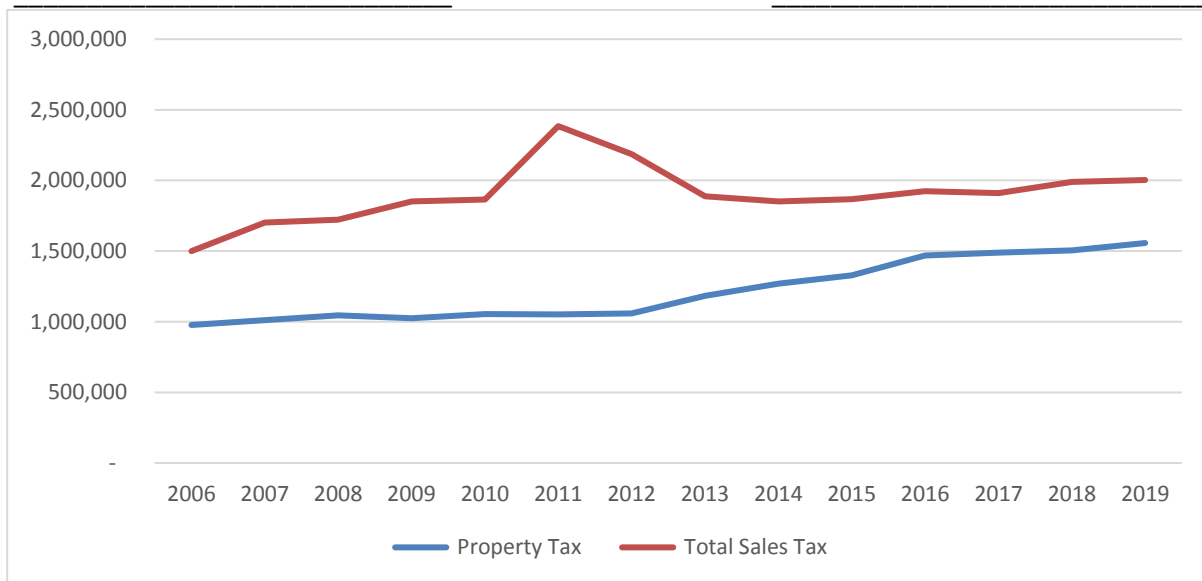
Sales Tax and Property Tax Revenue Relationship

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 2019 Budget looks to raise property tax rates slightly to compensate and provide additional resources for debt payments.



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 \$1.33 million. This gap has shrunk 67%, 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 rights-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.

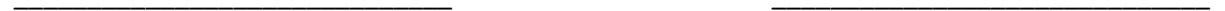
Starting with the FY 2018 Budget, the City will begin assessing a franchise fee to the Solid Waste and Utility Funds.

Solid Waste Collection Fees

The current solid waste contract with Allied Waste was renewed in 2014 and remains in effect through June 2020. Allied Waste proposed a 4.1% rate adjustment based on CPI, which the Council approved in July 2018. Minor rate changes are anticipated in FY 2019.

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.

Please reference the Solid Waste Fund for more information about the Fund.





FY 2019 BUDGET REVENUE SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Property Taxes	969,844	940,976	922,500	921,100	990,000
Sales Taxes	1,927,417	1,914,108	1,954,000	1,943,600	2,005,700
Law Enforcement	213,340	226,099	223,100	176,600	199,600
Franchise Fee	438,512	559,630	646,800	689,500	669,800
Airport	91,158	71,575	69,000	94,100	83,000
Permits	21,558	19,952	14,000	13,200	15,000
Usage Fees	80,382	67,597	75,900	62,000	77,800
Solid Waste	38,775	33	0	0	0
Miscellaneous	59,392	21,248	4,100	12,250	4,200
Transfers	543,385	848,600	698,900	696,400	780,000
Interest	7,176	10,643	2,500	20,000	24,000
Grants	12,922	1,620	4,000	28,600	3,600
TOTAL	4,403,863	4,682,080	4,614,800	4,657,350	4,852,700

FY 2019 BUDGET REVENUE DETAIL

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Taxes - Current Ad Valorem	894,810	874,462	870,500	903,300	930,000
Taxes - Delinquent	43,137	35,094	27,000	27,000	30,000
Taxes - Penalty	31,898	31,419	25,000	(9,200)	30,000
Property Taxes	969,844	940,976	922,500	921,100	990,000
Taxes - Sales Tax	1,539,316	1,527,855	1,560,000	1,552,500	1,602,200
Taxes - Sales M&O	383,666	381,964	390,000	388,100	400,500
Taxes - Mixed Beverage	4,404	4,289	4,000	3,000	3,000
Taxes - Discount/Sales	32	0	0	0	0
Sales Taxes	1,927,417	1,914,108	1,954,000	1,943,600	2,005,700
Court Fines	161,351	173,121	185,000	138,800	160,000
Warrant Fees	20,798	17,381	15,000	14,500	15,000
Court Service Fee Discounts	15,395	16,135	10,000	12,500	12,000
Court Administrative Fee	2,762	3,505	2,500	1,400	2,500
Collection Agency Rec	0	(71)	0	0	0
Judicial Support Fee	946	786	1,000	500	1,000
Arrest Fees	6,429	6,726	6,000	6,200	6,000
Court Cost Fees	(227)	(227)	0	0	0
Time Payment Fees	2,066	2,561	2,500	2,000	2,000
Police Department Copies	1,214	1,013	1,000	700	1,000
Misc. Restitution	0	1	0	0	0
Prisoner Phone Commission	47	41	100	0	100
Child Safety Program	2,557	5,128	0	0	0
Law Enforcement	213,340	226,099	223,100	176,600	199,600



AEP SWEPCO Franchise	256,189	264,418	260,000	268,100	260,000
DETEC Franchise	23,325	26,126	25,000	25,800	26,000
Centerpoint Franchise	45,082	45,548	50,000	54,800	45,000
AT&T Franchise	79,024	76,825	70,000	77,300	75,000
Telecommunication Fees	9,345	13,034	9,200	11,600	7,700
Suddenlink Franchise	25,548	24,481	24,000	19,900	20,000
PEG Fee	0	0	0	0	0
Solid Waste Franchise	0	109,197	86,300	120,000	125,000
Utility Fund Franchise	0	0	122,300	112,000	110,600
Franchise Fee	438,512	559,630	646,800	689,500	669,800
Airport Fuel	58,638	44,080	40,000	60,000	50,000
Fuel Flow Fee	7,334	5,223	5,000	5,000	5,000
Airport Hangar Lease	24,547	22,272	24,000	29,100	28,000
Donations Airport	0	0	0	0	0
Airport - Msc. Fees	619	0	0	0	0
Airport Gate Entry	20	0	0	0	0
Airport	91,158	71,575	69,000	94,100	83,000
Misc. Garage Sale Permit	272	264	200	200	200
Zoning Variance Permit	150	0	500	100	200
Demolition Permits	70	60	100	100	100
Construction Permit	15,641	14,613	10,000	6,400	10,000
Electrical Permits	2,415	2,590	2,200	1,800	2,000
Beer/Wine/Liquor License	2,535	1,720	500	3,900	2,000
Move Structure Permits	100	300	100	200	100
Misc. Permits	0	0	0	100	100
Carnival/Event Permit	225	200	200	200	200
Vendor Permit	150	205	100	200	100
Permits	21,558	19,952	14,000	13,200	15,000
Suddenlink Lease Riggs St	1,800	3,300	3,600	3,600	3,600
Rental Senior Center	500	100	0	0	0
Rental Community House	13,660	12,315	12,000	11,700	12,000
Community House Sec Officer Fee	75	1,075	100	0	0
Rental Civic Center	49,860	40,189	50,000	35,000	50,000
Rental Civic Center Caterer Fee	5,370	4,113	5,000	4,000	5,000
Civic Center Security	4,505	3,000	3,000	3,200	3,000
Alcohol Rental Fee	0	0	0	0	0
Civic Center OT Fee	587	75	200	1,000	200
Equipment Rental	4,025	3,430	2,000	3,000	3,000
Civic Center Addtl Cost	0	0	0	500	1,000
Usage Fees	80,382	67,597	75,900	62,000	77,800
SW Collections 5% Admin. Fee	27,633	0	0	0	0
SW Collections 5% Franchise Fee	11,053	0	0	0	0
SW Collection Residential	0	0	0	0	0
SW Collection Commercial	0	0	0	0	0
Garbage Bags Taxable Sales	0	(50)	0	0	0
Garbage Bags Tax Exempt Sales	0	83	0	0	0
Penalty 10% Misc AR	89	0	0	0	0
Recycling Receivable	0	0	0	0	0
Recycling Contributions	0	0	0	0	0
Solid Waste	38,775	33	0	0	0



Reimb. Fire Dept Calls	1,450	726	0	0	0
Building Demo/Clean Up	0	0	0	0	0
RR Park Donation	0	0	0	0	0
Returned Check Fee	25	0	0	0	0
Insurance Claims	7,805	4,859	0	2,150	0
Royalties Mineral Rts		0	0	0	0
Refunds Return - TML IRP		0	0	0	0
Downtown Elect Access	100	200	100	0	200
Workers Comp Discount	6,591	7,993	2,000	0	0
Others	2,710	827	1,000	200	2,000
Copies	43	13	0	0	1,000
Vending Machine Income	0	0	0	0	0
Prior Budget Year	0	0	0	0	0
Surplus Equipment/Land	37,544	4,074	1,000	7,300	1,000
SWEPCO Refunds	0	0	0	0	0
DETEC Capital Refund	600	23	0	600	0
Donations Police Dept	0	283	0	0	0
Donations Fire Dept	2,525	2,250	0	2,000	0
Miscellaneous	59,392	21,248	4,100	12,250	4,200
Transfers Interfund Water	400,000	475,000	412,000	412,000	415,000
Transfers Interfund Solid Waste	4,785	220,000	146,400	146,400	200,000
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	70,000	53,000	53,000	80,000
Transfer Interfund Court Tech	0	0	0	0	0
Transfer Interfund Bldg Security	5,000	0	2,500	0	0
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	0	0	0	0	0
Transfer Interfund Civic Center	0	0	0	0	0
Economic Development Adm Fee	53,600	53,600	55,000	55,000	55,000
Transfers	543,385	848,600	698,900	696,400	780,000
Interest General Fund	7,176	10,643	2,500	20,000	24,000
Interest	7,176	10,643	2,500	20,000	24,000
Police Training Grant	1,974	1,620	1,500	1,600	1,600
Police BVP Grant	0	0	0	0	0
Police JAG Grant	0	0	0	25,000	0
Arson Investigator Grant	972	0	500	0	0
Airport TXDOT Ramp Grant	9,976	0	2,000	2,000	2,000
Solid Waste Grant	0	0	0	0	0
Grants	12,922	1,620	4,000	28,600	3,600
TOTAL	4,403,863	4,682,080	4,614,800	4,657,350	4,852,700





FY 2019 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.

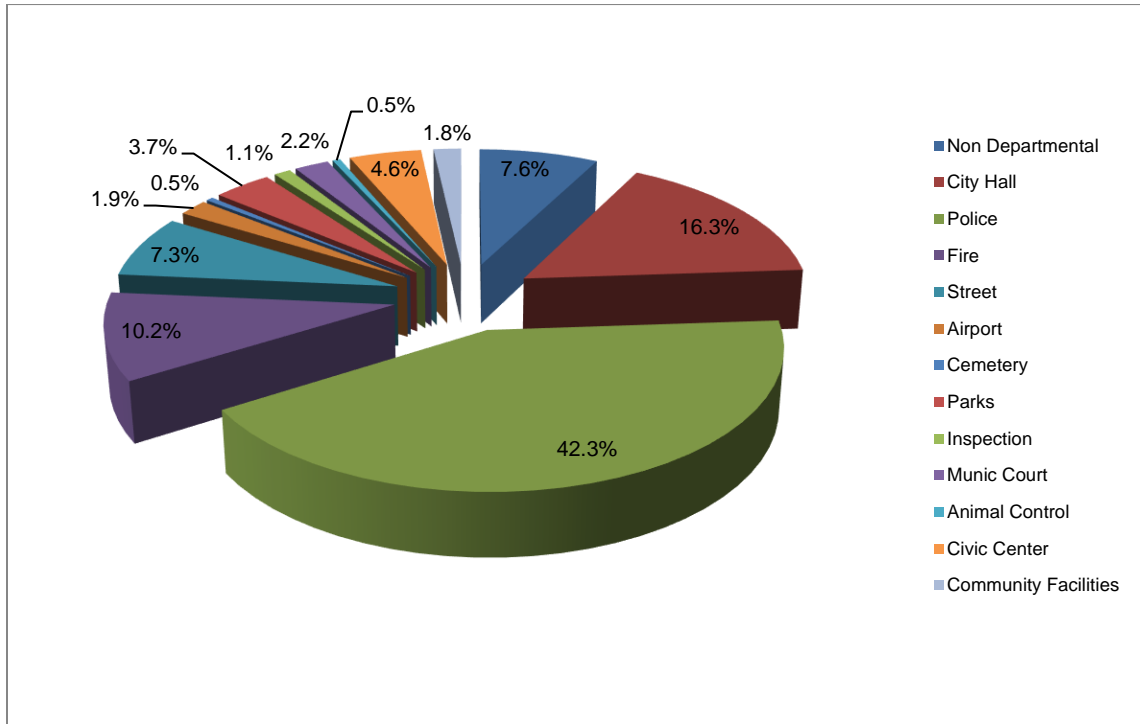
This budget includes increases in operational department budgets primarily in utilities and maintenance but also relating to personnel services, including retirement pension funding, health insurance with a 3.0% COLA. All other notable items are specifically listed on each department's page.

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 the FY 2018 Estimate and the FY 2019 Proposed Budget.

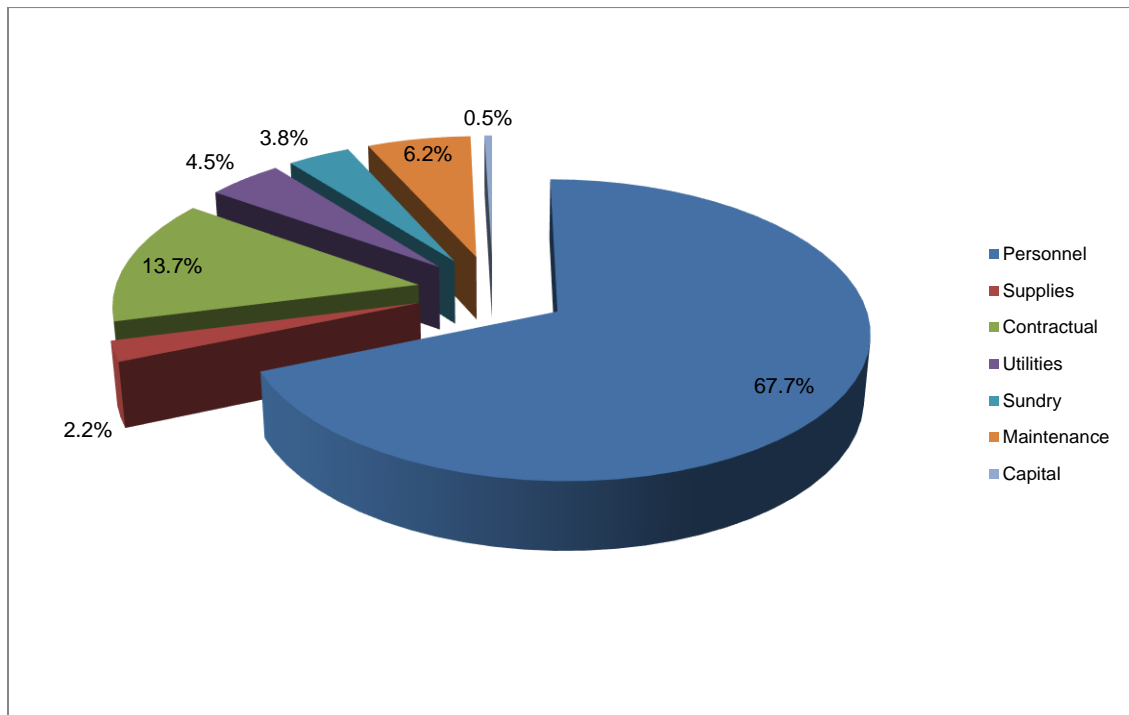
	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
BY DEPARTMENT					
Non Departmental	516,305	306,583	278,400	457,100	370,650
City Hall	741,882	783,115	762,300	756,600	790,550
Police Department	1,782,288	1,877,258	1,924,900	1,951,000	2,051,500
Fire Department	446,990	447,084	506,500	491,100	496,400
Street Department	417,400	365,949	382,350	318,950	353,050
Airport	226,137	81,837	88,700	160,550	92,100
Cemetery	20,641	20,710	22,500	23,900	22,500
Parks	140,514	124,189	156,000	186,800	181,500
Inspection Services	104,103	67,524	41,800	41,100	52,450
Animal Control	26,070	24,023	27,700	22,300	24,200
Municipal Court	96,582	112,555	114,800	104,700	107,400
Civic Center	182,512	170,048	222,650	201,000	224,700
Community Facilities	82,418	83,680	86,200	83,100	85,700
TOTAL	4,783,842	4,464,555	4,614,800	4,799,000	4,852,700
BY ACCOUNT CATEGORY					
Personnel Services	3,065,993	3,139,727	3,196,700	3,086,700	3,286,450
Supplies	106,177	111,081	109,750	110,100	107,700
Contractual	466,507	471,289	589,250	672,650	662,950
Utilities	235,979	200,400	214,600	223,600	219,300
Sundry	197,510	154,289	183,900	178,200	183,000
Maintenance	270,818	273,760	284,200	308,300	301,400
Capital Items	241,032	67,576	36,500	219,450	22,000
Fund Transfers	200,000	46,434	0	0	70,000
TOTAL	4,784,015	4,464,555	4,614,800	4,799,000	4,852,700



FY 2019 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



FY 2019 GENERAL FUND BUDGET – BY PRIME ACCOUNT





FY 2019 BUDGET
REVENUES OVER/(UNDER) EXPENDITURES

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Property Taxes	969,844	940,976	922,500	921,100	990,000
Sales Taxes	1,927,417	1,914,108	1,954,000	1,943,600	2,005,700
Law Enforcement	213,340	226,099	223,100	176,600	199,600
Franchise Fee	438,512	559,630	646,800	689,500	669,800
Airport	91,158	71,575	69,000	94,100	83,000
Permits	100,158	19,952	14,000	13,200	15,000
Usage Fees	80,382	67,597	75,900	62,000	77,800
Solid Waste	38,775	33	0	0	0
Miscellaneous	59,392	21,248	4,100	12,250	4,200
Transfers	464,785	848,600	698,900	696,400	780,000
Interest	7,176	10,643	2,500	20,000	24,000
Grants	12,922	1,620	4,000	28,600	3,600
TOTAL	4,409,863	4,682,080	4,614,800	4,657,350	4,852,700

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
BY DEPARTMENT					
Non Departmental	516,305	306,583	278,400	457,100	370,650
City Hall	741,882	783,115	762,300	756,600	790,550
Police Department	1,782,288	1,877,258	1,924,900	1,951,000	2,051,500
Fire Department	446,990	447,084	506,500	491,100	496,400
Street Department	417,400	365,949	382,350	318,950	353,050
Airport	226,137	81,837	88,700	160,550	92,100
Cemetery	20,641	20,710	22,500	23,900	22,500
Parks	140,514	124,189	156,000	186,800	181,500
Inspection Services	104,103	67,524	41,800	41,100	52,450
Animal Control	26,070	24,023	27,700	22,300	24,200
Municipal Court	96,582	112,555	114,800	104,700	107,400
Civic Center	182,512	170,048	222,650	201,800	224,700
Community Facilities	82,418	83,680	86,200	83,100	85,700
TOTAL	4,784,015	4,464,555	4,614,800	4,799,000	4,852,700
Revenues Over/(Under) Expenditures	(374,152)	217,524	0	(141,650)	0



**FY 2019 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 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Continued to operate with fund balance above minimum goal	Budget Philosophy #2
Update of long range financial forecast	
Issuance of clean and unqualified audit	
FY 2019 GOALS	
Continue implementation of Long Range Annexation Plan	Goal B. Objective 1
General community beautification programs and projects	Goal C. Objective 1
Utility expansion planning and project implementation	Goal B. Objective 1.2
Plan, design and construct directional and entryway signage around the City	Goal C. Objective 1.3



**FY 2019 BUDGET
NON DEPARTMENTAL**

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	(6,537)	1,600	2,700	9,000	2,700
Supplies	1,662	6,804	2,400	2,100	2,800
Contractual	161,055	170,057	184,200	259,600	202,250
Utilities	12,625	0	0	0	0
Sundry	109,450	81,688	89,100	98,000	92,900
Maintenance	0	0	0	0	0
Capital Items	38,050	0	0	88,400	0
Fund Transfers	200,000	46,434	0	0	70,000
Total	516,305	306,583	278,400	457,100	370,650

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
City Council Meetings	20	20	21	21	19	19
Council Workshops/Special Meetings	10	9	5	8	5	6
Ordinances Passed	18	15	16	11	11	10
Resolutions Passed	33	32	40	32	24	14
Fund Balance as % of Expenses	n/a	n/a	n/a	n/a	n/a	28%
Area Annexed	n/a	n/a	n/a	0	0	0

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Reduction in Workers Comp (\$6,300)
- Increase in Legal (\$2,000) and Council Special Projects (\$48,400) with offsetting decreases in Contractual Other (\$14,800) and elimination of one time expenses in Land Acquisitions (\$87,700), Tax Repayments (\$14,800) and improvements to new municipal building (\$60,000)
- Creation of Transfer for Capital Projects (\$70,000) to fund selected capital improvement projects. These additional funds are dedicated from this year's tax rate increase



FY 2019 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 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Entered into water supply agreement with water supply corporation	Goal E. Objective 1.6
Received the GFOA Distinguished Budget Award	Goal D. Objective 1.4
Completed Capital Improvements Program projects <ul style="list-style-type: none">• WWTP rehabilitation• Southside Sewer project	
Closed out Parker Place Repayment Agreement	
FY 2019 GOALS	
Apply for TML Excellence Award	Goal D. Objective 1.4
Receive the Comptroller's Transparency Award	Goal D. Objective 1.4
Increase housing units in Parker Place subdivision	Goal B. Objective 2
Manage Capital Improvements Program projects Airport CIP	Goal E. Objective 3
Develop CIP document	
Create robust performance measurement program	
Perform a city-wide salary survey and create job classifications	



**FY 2019 BUDGET
CITY HALL****DEPARTMENT SUMMARY**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	654,874	686,315	656,100	652,900	689,600
Supplies	19,285	18,168	19,100	16,700	16,600
Contractual	29,990	31,001	46,100	45,700	47,050
Utilities	14,297	14,411	15,200	18,500	15,000
Sundry	15,739	18,615	17,500	15,200	17,500
Maintenance	3,768	7,823	4,800	4,600	4,800
Capital Items	3,930	6,782	3,500	3,000	0
Total	741,882	783,115	762,300	756,600	790,550

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Open Records Requests	4	7	5	4	6	4
Average Number of Utility Accounts	2,477	2,464	2,470	2,461	2,430	2,415
Average Work Order Completions	1 Day	1 Day	1 Day	1 Day	1 Day	1 Day
Houses Built in City-Sold Lots	n/a	n/a	n/a	n/a	n/a	n/a
GFOA Budget Award Received	n/a	n/a	Yes	Yes	Yes	Yes
Transparency Award Level	n/a	n/a	Platinum	n/a	n/a	n/a

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Most departmental increase result from 3% COLA and 5% health insurance rate increase.
- All other accounts are at FY 2018 funding levels.



FY 2019 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 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
UCR Part I crimes reduced 20%	Goal E. Objective 4
Conducted several "Threat Assessments" at local churches	
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 2019 GOALS	
Conduct 2 Warrant Roundups	Goal E. Objective 4
Perform maintenance on Police Station	
Host Child Safety Seat distribution and education program with the Center Fire Department	
Update fleet and equipment by purchasing two patrol units	
Expand code enforcement activities	



**FY 2019 BUDGET
POLICE DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	1,488,845	1,578,058	1,641,800	1,617,300	1,696,200
Supplies	45,241	50,837	42,300	41,900	42,800
Contractual	28,738	30,407	81,000	83,300	131,600
Utilities	44,641	37,206	40,800	42,700	42,700
Sundry	14,683	12,161	16,800	15,700	16,600
Maintenance	86,167	109,528	102,200	123,700	121,600
Capital Items	73,972	59,061	0	27,400	0
Total	1,782,288	1,877,258	1,924,900	1,951,000	2,051,500

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 - YTD
Citations Issued	3,148	3,530	2,594	2,076	2,304	1,645
Average Warrants Outstanding	1,838	1,936	1,506	1,464	1,691	1,683
Average Value of Outstanding Warrants	485,900	482,840	376,428	404,410	525,747	531,304
Average Response Time (Minutes)	3.3	4.49	4.03	3.46	2.41	2.85
Calls for Service	6,130	5,199	5,337	6,075	6,414	6,565
Felony Arrests	129	149	128	129	243	n/a
UCR Part 1 Crimes per 1,000 population	67.8	69.8	65.2	58	57.1	45.7

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Most departmental increase result from 3% COLA and 5% health insurance rate increase.
- Increases in Contractual Vehicle Lease (\$21,800) due to fleet additions to internal Vehicle Replacement Fund and in Transfer to Technology Fund (\$27,300)
- Elimination of Capital (\$27,400)



FY 2019 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 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Reduced the number of fire calls by increasing fire prevention programs	Goal E. Objective 4
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	
FY 2019 GOALS	
Create and implement replacement plans for PPE (bunker gear), station furnishing and apparatus	Goal E. Objective 4
Utilize equipment funding through outside sources (e.g. Texas Forest Service, Homeland Security, FEMA)	
Implement a smoke detector drive	
Improve the fire hydrant maintenance program	
Research, plan and implement extensive firefighter training through an outside instructor	
Work closely with City departments to improve the ISO rating	



**FY 2019 BUDGET
FIRE DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	383,504	394,739	401,100	402,300	407,100
Supplies	9,776	5,768	10,700	10,300	10,400
Contractual	6,359	6,130	17,300	17,100	19,000
Utilities	18,153	7,584	9,000	9,000	9,500
Sundry	4,462	3,290	8,400	6,000	8,400
Maintenance	22,308	29,574	36,000	30,600	36,000
Capital Items	2,428	0	24,000	16,000	6,000
Total	446,990	447,084	506,500	491,100	496,400

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Number of Calls	315	323	268	217	156	211
Fires and Explosions	165	185	135	107	75	117
Fire Fighter Accidents	0	0	0	0	0	0
Percent Response under 5 Minutes	52.5	52	51.5	52	52.5	52%
False Alarm Calls/Rate	N/A	N/A	37/14%	26/12%	12/8%	18/8%

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Most departmental increase result from 3% COLA and 5% health insurance rate increase.
- Increases in Vehicle Maintenance (\$1,300), Equipment Maintenance (\$1,000) and Building Maintenance (\$2,000)



FY 2019 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 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Managed the annual street reconstruction program, a 4B EDC funded program	
Continued the community banner decoration and Downtown building lights programs	
Assisted the Utility Departments with major water and wastewater leaks	
FY 2019 GOALS	
Maintain pedestrian right of ways	
Roadway tree trimming	
Manage annual street reconstruction program	
Update and replace traffic signage	



**FY 2019 BUDGET
STREET DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budge	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	182,534	181,958	189,200	128,000	158,100
Supplies	9,472	8,676	11,100	13,700	11,700
Contractual	14,613	19,086	21,250	20,250	18,850
Utilities	83,646	72,637	83,500	83,500	83,700
Sundry	658	2,733	2,700	2,000	1,500
Maintenance	90,987	79,859	73,600	70,500	74,200
Capital Items	35,489	1,000	1,000	1,000	5,000
Total	417,400	365,949	382,350	318,950	353,050

PERFORMANCE MEASURES

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
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	9.08	9.08	9.08	9.08

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Increase in Personnel mostly attributed to staffing adjustment – one employee transferred to Street Department
- Elimination of Capital Equipment (\$1,000) offset by addition of Capital Street Drainage (\$5,000)
- Reduction in Vector Control Chemicals (\$2,000) and elimination of Contractual Other (\$1,000) and Uniforms (\$1,500)
- Increase in Patching Materials (\$1,000), Maintenance Equipment (\$1,000) and Fuel (\$2,000)



FY 2019 BUDGET
CENTER MUNICIPAL AIRPORT - #607

The mission of the Center Municipal Airport is to provide sufficient air service facilities to aid in economic development, business operations, 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 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Listed hangars available for rent on internet sites	
50% City owned T-Hangar occupancy	
Worked with TxDOT to secure additional CIP funding for airport improvements	Goal E. Objective 3
FY 2019 GOALS	
Implementation of the FY 2018 TxDOT Airport CIP Project – Taxiway D reconstruction and Runway rehabilitation	Goal E. Objective 3
Increase fuel sales	
Identify obstructions to be removed in order to get a certified WAAS LPV landing approach	
Provide great customer service to visitors and fuel customers	



**FY 2019 BUDGET
CENTER MUNICIPAL AIRPORT**

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	47,836	28,945	22,900	23,500	23,500
Supplies	1,545	432	1,700	1,600	1,600
Contractual	30,746	10,815	4,700	10,600	8,700
Utilities	12,503	12,605	14,400	14,100	13,500
Sundry	38,053	24,759	31,500	31,900	31,800
Maintenance	11,660	4,280	8,500	6,500	8,000
Capital Items	83,796	0	5,000	72,350	5,000
Total	226,137	81,837	88,700	160,550	92,100

PERFORMANCE MEASURES

Fuel Sold	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Fuel Transactions	1,116	916	764	384	377	379
100 LL (gallons)	18,885.6	20,351.0	16,292.2	9,171	7,756.9	8,199
Jet A (gallons)	36,423.7	15,820.1	21,042.0	6,6392	5,755	4,254

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- One time expense of TxDOT Aviation Airport CIP project local contribution in FY 2018 (\$66,850).
- Other accounts are at FY 2018 funding levels.



FY 2019 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 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Began development of Ballard St. Soccer Complex	Goal C. Objective 3
Prepared facilities for 2018 Regional Dixie World Series	Goal C. Objective 2
Provided assistance for State baseball tournament and youth athletic leagues	
Continued enhanced park facility maintenance	
FY 2019 GOALS	
Complete conversion of Community Park into Soccer Complex	Goal C. Objective 3
Continue to host athletic tournaments	Goal C. Objective 2



**FY 2019 BUDGET
PARKS DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	73,132	54,536	71,200	75,500	100,500
Supplies	4,845	5,241	6,300	10,500	6,300
Contractual	25,399	31,080	42,800	44,400	40,600
Utilities	11,157	9,783	10,600	12,300	10,700
Sundry	875	675	1,000	1,000	1,000
Maintenance	25,105	22,142	24,100	37,800	22,400
Capital Items	0	732	0	5,300	0
Total	140,514	124,189	156,000	186,800	181,500

PERFORMANCE MEASUREMENTS

Number of Amenities	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Baseball fields	9	9	9	9	9	9	9
Softball fields	3	3	3	3	3	3	3
Playgrounds	4	4	4	4	4	4	4
Pavilions	4	4	4	4	4	5	5
Basketball Courts	1	1	1	1	1	3	3
Sprayground	1	1	1	1	1	1	1
Trails (Linear Miles)	0.5	0.7	3.8	3.8	3.8	4.3	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 2019 Proposed Budget Change From FY 2018 Estimate

- Most FY 2019 reductions are achieved through one time maintenance and capital expenses necessitated by the City's hosting of the 2018 Dixie Invitational World Series.
- Reductions in Supplies Materials (\$3,300), Contractual Engineering (\$3,500), Building Maintenance (\$13,000) and Capital Building Maintenance (\$5,300)



FY 2019 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 2018 ACCOMPLISHMENTS		Council Direction/Strategic Plan
Certified personnel – Certified Code Compliance		
Certified personnel – International Electrical Code License		
FY 2019 GOALS		
Staff to obtain required certifications to become a licensed building official		



**FY 2019 BUDGET
INSPECTION SERVICES****DEPARTMENT SUMMARY**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	90,353	56,457	27,600	20,100	30,250
Supplies	993	924	1,300	200	500
Contractual	2,661	3,543	7,000	14,600	15,600
Utilities	3,340	3,572	1,000	2,300	1,800
Sundry	1,542	1,723	2,700	1,300	2,300
Maintenance	5,275	1,305	2,200	2,600	2,000
Capital Items	0	0	0	0	0
Total	104,103	67,524	41,800	41,100	52,450

PERFORMANCE MEASUREMENTS

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
New Construction Permits Issued	11	11	16	22	29	16
Demolition Permits Issued	6	0	6	3	1	7
Rezone Cases Considered	0	3	0	0	0	0

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Reallocation of staffing to Utility Public Works
- Other accounts funded at FY 2018 levels



FY 2019 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 Community House.

FY 2018 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Filled marketing position	
Began systematic replacement of furniture at the Civic Center to rotate used furniture to the Community House	
FY 2019 GOALS	
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 2019 BUDGET
CIVIC CENTER**

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	106,466	105,623	129,600	112,600	130,600
Supplies	7,505	7,333	6,650	6,500	7,800
Contractual	21,928	14,678	27,200	21,700	23,100
Utilities	22,194	25,892	24,600	25,300	26,300
Sundry	5,634	4,147	7,700	6,200	7,400
Maintenance	15,418	12,375	23,900	23,500	23,500
Capital Items	3,367	0	3,000	6,000	6,000
Total	182,512	170,048	222,650	201,800	224,700

PERFORMANCE MEASURES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Event Days Used	237	240	240	240	240	224
Utilization Rate	65%	66%	65%	66%	66%	61%
Approximate Attendance	13,500	15,000	17,825	17,628	15,754	15,304
Cancellations	2	3	0	0	0	1
Total Rental Revenue	\$54,565	\$38,504	\$55,812	\$64,347	\$50,807	\$48,383
Avg. Rental Revenue per Use	\$520	\$332	\$332	\$368	\$301	\$286

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Increases in Personnel attributed to full year of new position, COLA increases and 5% health insurance rate increase.
- Increase in Supplies Materials (\$1,000) and Promotional Events (\$1,500)



FY 2019 BUDGET
CEMETERY DEPARTMENT - #608

The Cemetery Department of the City of Center is responsible for the minor maintenance and mowing contract of Fairview, Westview, and Mull Cemeteries.

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	19,677	20,710	22,000	22,000	22,000
Utilities	0	0	0	0	0
Sundry	0	0	0	0	0
Maintenance	960	0	500	1,900	500
Capital Items	0	0	0	0	0
Total	20,641	20,710	22,500	23,900	22,500

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

FY 2019 funding is at FY 2018 levels



FY 2019 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 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	3,726	5,578	5,000	4,500	5,000
Contractual	15,685	15,283	16,000	16,000	16,000
Utilities	573	695	700	700	700
Sundry	4,924	1,780	4,500	100	1,000
Maintenance	1,162	687	1,500	1,000	1,500
Capital Items	0	0	0	0	0
Total	26,070	24,023	27,700	22,300	24,200

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	FY 2018
Animal Calls	252	234	195	204	149

HIGHLIGHTS – FY 2018 Proposed Budget Change From FY 2017 Estimate

Increases in Sundry Vet (\$900), Building Maintenance (\$500) and Supplies Equipment (\$500)



FY 2019 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 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	44,831	51,497	54,500	45,700	47,900
Supplies	2,185	1,312	2,200	1,500	1,500
Contractual	48,075	56,300	55,800	55,500	55,300
Utilities	0	728	1,000	1,000	1,000
Sundry	1,491	2,718	1,000	800	1,400
Maintenance	0	0	300	200	300
Capital Items	0	0	0	0	0
Total	96,582	112,555	114,800	104,700	107,400

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 2019 Proposed Budget Change From FY 2018 Estimate

- Most departmental increase result from 3% COLA and 5% health insurance rate increase.
- Other accounts funded at FY 2018 levels



FY 2019 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 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	0	8	900	600	600
Contractual	61,560	62,198	63,900	62,900	62,900
Utilities	12,850	15,286	13,800	14,200	14,400
Sundry	0	0	1,000	0	1,200
Maintenance	8,008	6,187	6,600	5,400	6,600
Capital Items	0	0	0	0	0
Total	82,418	83,680	86,200	83,100	85,700

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Increases in Library Building Maintenance (\$1,000) and Sundry (\$1,200).
- All other accounts funded at FY 2018 levels.





**FY 2019 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 six lift stations throughout the City. The City received funding from the Texas Water Development Board and in 2018 completed construction of a large lift station at one of the lowest points in the area; this allowed for the removal of five 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 5% 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

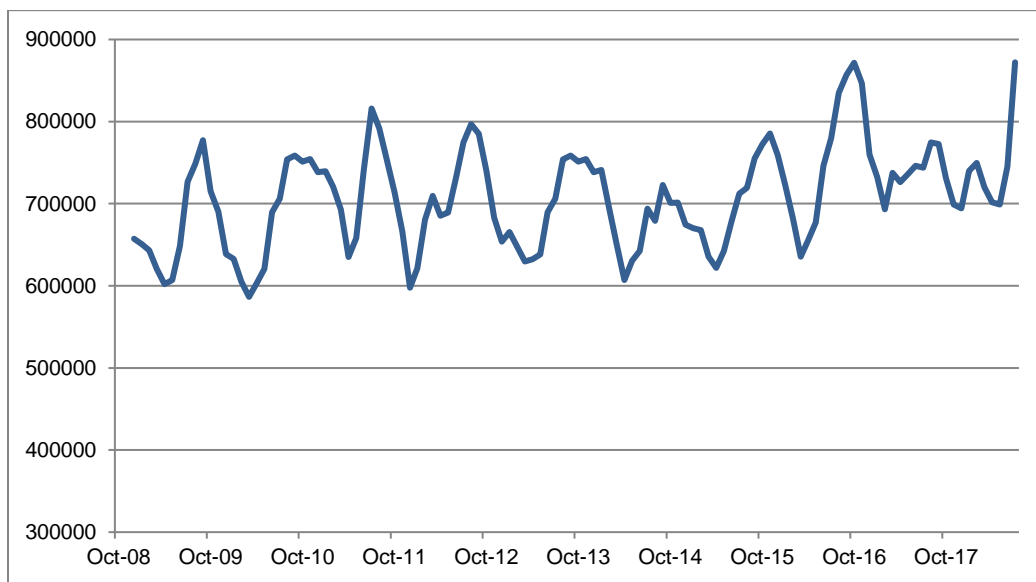
Utility revenue is collected by the City as a result of water sales to customers and fees for wastewater (sewer) collection and treatment. Approximately 98% of total revenues into this fund originate from water sales and wastewater fees of which water sales alone account for 74%.

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 July 2018

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 comparison cities. The data also indicate that Center's residential utility rates are well below the state average for similar-sized cities particularly in light of the fact that most systems have some groundwater production which is significantly less expensive to treat.



5000 Gallons Residential

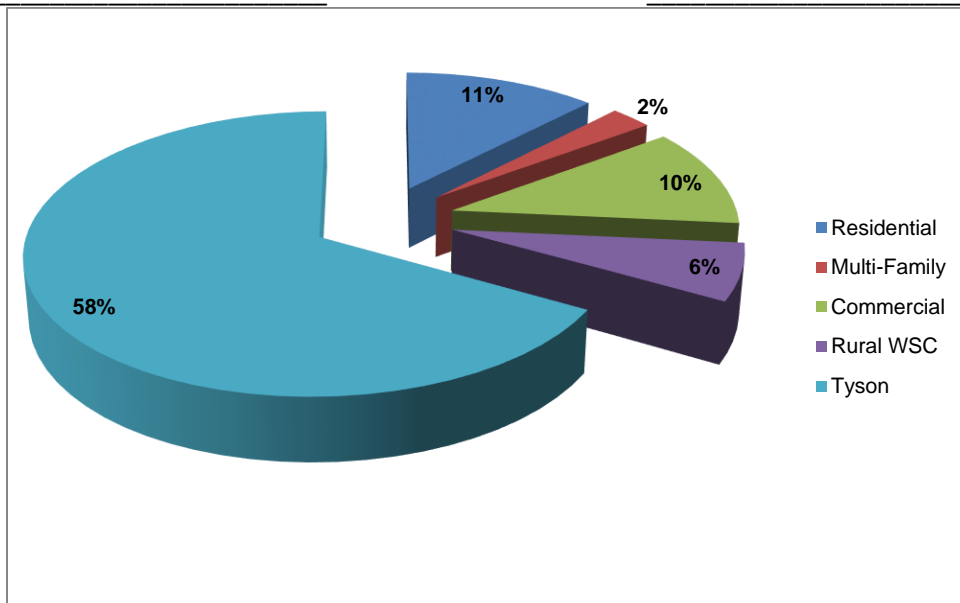
City	Population	Water	Wastewater	Total
Alvarado	4,289	51.25	39.50	90.75
Carthage	6,851	26.25	31.55	57.80
Decatur	6,648	39.82	42.32	82.14
Ennis	19,795	38.00	36.89	74.89
Hillsboro	8,525	50.95	25.40	76.35
Hutchins	5,727	29.91	27.07	56.98
Liberty	9,175	34.25	32.85	67.10
Madisonville	4,637	23.70	20.75	44.45
Paris	26,539	27.86	35.60	63.46
Sealy	6,490	22.08	20.63	42.71
Whitehouse	8,269	50.57	23.52	74.09
Bowie	5,218	42.33	27.65	69.98
Gilmer	5,216	29.61	24.21	53.82
Mexia	7,539	65.00	52.15	117.15
Average	8,923	37.97	31.44	69.41
State Average		35.82	30.14	65.96
Center	5,401	30.70	28.85	59.55

Table 1 – 2017 Utility rate comparison
Source: Texas Municipal League 2018 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 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Residential	15%	15%	14%	12%	11%	11%
Multi-Family	3%	19%	3%	2%	3%	2%
Commercial	11%	9%	9%	9%	9%	10%
Rural Water Supply	5%	5%	5%	5%	5%	6%
Tyson	64%	67%	69%	64%	61%	58%

Table 2 – Percentage by customer class to total water consumption



FY 2018 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 2018 - Est	2,850,000
FY 2017	2,859,710
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 2019 BUDGET
UTILITY FUND SUMMARY**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Revenues					
Water	2,743,645	2,859,710	2,877,000	2,870,500	2,865,000
Sewer	828,484	936,724	970,000	903,300	930,000
Miscellaneous	11,427	109,934	2,800	7,450	4,200
Interest	5,727	12,024	2,000	20,000	11,500
Fees	88,938	79,508	71,200	80,200	77,700
Transfers	0	0	0	0	0
TOTAL	3,678,221	3,997,898	3,923,000	3,881,450	3,888,400

Expenditures

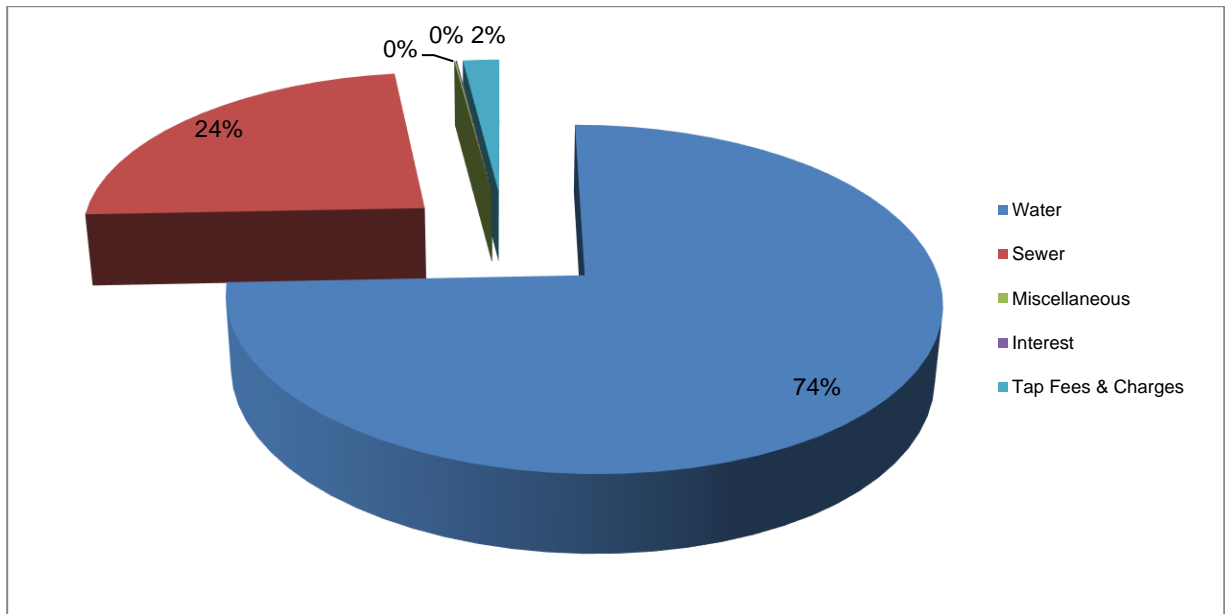
	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
BY DEPARTMENT					
Non-Departmental	1,557,698	1,004,476	995,500	1,020,600	966,300
Water Production	1,284,391	1,169,013	1,444,400	1,439,900	1,369,750
Water Distribution	413,902	329,678	449,700	397,400	420,150
Sewer Collection	229,248	223,367	277,800	272,100	316,200
Sewer Treatment	727,384	524,637	511,150	571,400	521,000
Public Works	158,917	244,798	244,450	244,500	295,000
TOTAL	4,371,540	3,495,967	3,923,000	3,945,900	3,888,400

BY ACCOUNT CATEGORY

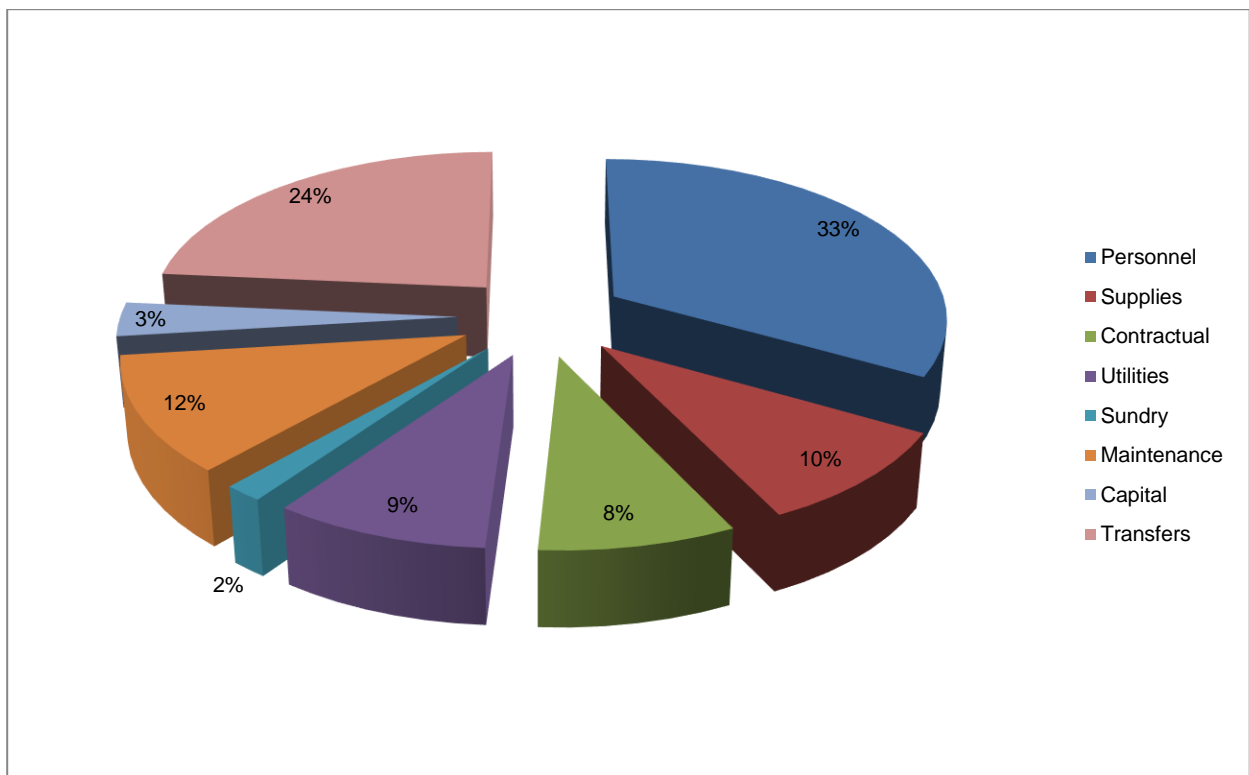
Personnel Services	1,131,920	1,231,807	1,284,800	1,252,100	1,290,200
Supplies	326,735	282,914	372,500	363,500	373,650
Contractual	517,743	200,239	305,550	351,600	317,200
Utilities	356,416	308,539	364,500	354,900	347,500
Sundry	46,745	47,672	58,450	54,800	63,700
Maintenance	320,100	283,920	435,400	440,200	449,400
Capital Items	160,038	174,625	157,500	158,800	131,150
Fund Transfers	797,105	966,250	944,300	970,000	915,600
Total	4,371,540	3,495,967	3,923,000	3,945,900	3,888,400



FY 2019 Budget – Utility Revenues



FY 2019 Budget – Utility Expenditures by Prime Account





FY 2019 BUDGET REVENUE DETAIL

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Water					
Residential Water	595,477	742,211	690,000	680,000	707,000
Bulk Water Sales	8,884	1,838	2,000	2,000	3,000
Commercial Sales	380,042	346,193	425,000	348,000	355,000
Poultry Processing	1,456,154	1,468,813	1,450,000	1,500,000	1,485,000
Rural Water Systems	147,334	136,014	150,000	180,000	160,000
Industrial	0	6,083	0	0	0
Outside City Limits	155,754	158,558	160,000	160,000	155,000
Total Water	2,743,645	2,859,710	2,877,000	2,870,000	2,856,000
Sewer					
Billed Sewer	821,088	930,809	965,000	900,000	927,000
Contractual Disposal	7,396	5,915	5,000	3,300	3,000
Total Sewer	828,484	936,724	970,000	903,300	930,000
Miscellaneous					
Returned Check Fee	775	724	800	1,500	1,200
Insurance Claims	0	0	0	0	0
Worker's Comp Discount	3,044	3,882	0	0	0
Other	(50)	84,420	0	1,450	0
DETEC Capital	1,490	2,140	0	1,500	0
Contractor Damages	0	0	0	0	0
Surplus Equipment	3,950	3,320	0	0	0
Special Project Revenue	0	12,300	0	0	0
Lease Mineral Rights	2,218	3,149	2,000	3,000	3,000
Sale of Equipment/Land	0	0	0	0	0
Total Miscellaneous	11,427	109,934	2,800	7,450	4,200
Interest					
Interest Water Fund	4,994	11,144	1,000	18,000	10,000
Interest Water Refund	733	880	1,000	2,000	1,500
Total Interest	5,727	12,024	2,000	20,000	11,500
Fees Taps & Charges					
Administrative Fees	5,625	5,565	5,000	6,500	5,500
10% Charges	45,973	45,867	42,000	47,000	42,000
10% A/R	(1,751)	11	0	0	0
Reconnect Fees	25,225	20,625	15,000	20,000	20,000
After Hours Fee	50	0	100	0	100
Water Taps	9,736	3,250	6,000	2,100	6,000
Plumbing Insp. Permit	615	3,790	200	2,100	2,100
Sewer Taps	1,050	400	1,000	1,200	2,000
Total Fees	88,938	79,508	71,200	80,200	77,700
TOTAL REVENUE	3,678,221	3,997,898	3,923,000	3,881,450	3,888,400



FY 2019 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 2018 ACCOMPLISHMENTS

- Refurbished McSwain Hill water tank
- Zero water treatment violations
- Variable Frequency Drive for High Service Pump #3 replaced
- Rebuilt all actuators in Mill Creek pipe gallery
- Effluent, drain and backwash valves & actuators replaced at Pinkston Old Train
- Continued sludge lagoon cleaning program
- Updated EPA's Risk Management Program to be in compliance

FY 2019 GOALS

- Install new lagoon at Pinkston plant
- Begin program to refurbish elevated and ground storage water tanks
- Replace filter media at Pinkston Old Train and refurbish media at Pinkston New Train
- Upgrade raw and treated flow meters at Pinkston Plant
- Upgrade lab equipment at Mill Creek Plant to current technology



**FY 2019 BUDGET
WATER PRODUCTION**

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	443,285	467,810	498,700	500,200	449,900
Supplies	251,685	238,565	294,950	274,000	294,450
Contractual	161,035	51,727	134,100	175,400	146,300
Utilities	249,647	215,387	270,000	248,200	251,000
Sundry	15,440	19,181	16,650	16,300	21,600
Maintenance	108,025	97,418	210,500	207,200	206,500
Capital Items	55,275	78,924	19,500	18,600	0
Total	1,284,391	1,169,013	1,444,400	1,439,900	1,369,750

PERFORMANCE MEASURES

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 - YTD
Total Gallons of Treated Water Produced – billion gallons	1.034	1.123	1.143	1.09	.987
TCEQ Violations	1	1	1	2	0
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	\$0.78	\$0.66	\$0.69	\$0.71

HIGHLIGHTS – FY 2019 Amended Budget Change From FY 2018 Estimate

- Personnel costs are reduced due to staff reallocation to Public Works
- Increased cost in Chemicals (\$14,650), Electricity (\$5,000) and Governmental Fees (\$5,000)
- Reduction in Alternative Disposal (\$15,200) and Engineering (\$12,500) with corresponding elimination of Capital (\$18,600)



FY 2019 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 and system leaks/major line breaks.

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 2018 ACCOMPLISHMENTS

- Continued electronic meter replacement program – less than 100 analog meters remain
- Performed numerous water leak repairs, including six to the 18" water line
- Enhanced system testing and monitoring, including installing automatic flushing assemblies
- Zero water distribution violations

FY 2019 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
- Extend new water main from Loop 500 to Tyson to support increasing demands
- Install 18" valves to isolate smaller sections of the primary transmission line to reduce repair times



**FY 2019 BUDGET
WATER DISTRIBUTION****DEPARTMENT SUMMARY**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	211,064	173,032	195,500	157,500	152,800
Supplies	5,071	5,190	6,900	8,800	8,000
Contractual	21,887	5,794	23,700	19,600	18,500
Utilities	1,930	2,668	4,300	4,300	4,600
Sundry	1,159	378	2,600	2,300	2,400
Maintenance	92,863	76,799	86,700	99,900	110,700
Capital Items	79,928	65,815	130,000	105,000	123,150
Total	413,902	329,678	449,700	397,400	420,150

PERFORMANCE MEASURES

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Miles of water lines maintained	90	93	94	96	96
Number of fire hydrants	291	294	294	296	296

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Shift of funds from Capital Water Meters (\$10,000) to increase in Water Meter Maintenance (\$18,000).
- Reduction in Water Line Maintenance (\$5,000), Capital Water Lines (\$10,000) and Fuel (\$2,000)
- One time expense of land acquisition (\$26,500) and elimination of Capital Tools (\$8,500)



FY 2019 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, service lines, and manholes.
- Available 24 x 7 for customer service calls

FY 2018 ACCOMPLISHMENTS

- Continued manhole maintenance and rehabilitation program
- Refurbished vital mechanical parts of the vac-truck
- Conducted preventative maintenance on the backhoe
- Southside sewer lift station and collector lines became operational; five lift stations removed

FY 2019 GOALS

- Implement a comprehensive smoke testing program to identify areas of major Infiltration & Inflow
- Staff training and development to increase the number of certified personnel
- Identify and replace brick manholes



**FY 2019 BUDGET
SEWER COLLECTION**

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	111,929	143,086	149,900	152,800	201,100
Supplies	9,719	4,729	4,300	3,800	5,300
Contractual	7,355	8,257	19,000	12,500	15,700
Utilities	25,377	20,077	22,900	32,900	22,900
Sundry	421	332	1,500	800	1,500
Maintenance	64,110	44,224	80,200	69,300	69,700
Capital Items	10,337	2,662	0	0	0
Total	229,248	223,367	277,800	272,100	316,200

PERFORMANCE MEASURES

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Miles of sewer line maintained	75	75	75	75	75
Number of lift stations	14	14	14	14	8

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

Staffing reassigned into department plus COLA and health insurance rate increase explain personnel cost increase.

Other accounts are funded at FY 2018 levels.



FY 2019 BUDGET
SEWER TREATMENT - #639

To process the wastewater generated by the City of Center residents and businesses, in compliance with 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 9 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 2018 ACCOMPLISHMENTS

- Completed construction of new lift station on Loop 500, which reduces the total number of lift stations
- 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
- Installed new bar screen cleaner, electrical modifications, and grant-funded solar power system

FY 2019 GOALS

- Work to consistently meet all discharge permit limitations, especially metals
- Continue industrial pretreatment monitoring
- Expand SCADA monitoring for treatment enhancement and efficiency
- Ensure electrical cost reductions and performance enhancement from the 2018 rehab project



**FY 2019 BUDGET
SEWER TREATMENT**

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	234,882	226,509	232,100	239,500	238,700
Supplies	41,789	13,546	48,250	59,600	49,500
Contractual	306,556	113,637	94,500	105,200	90,800
Utilities	65,794	59,143	53,000	55,500	55,000
Sundry	17,844	20,290	20,000	18,400	21,000
Maintenance	54,535	64,288	55,300	58,000	58,000
Capital Items	5,985	27,224	8,000	35,200	8,000
Total	727,384	524,637	511,150	571,400	521,000

PERFORMANCE MEASURES

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Wastewater Treated – million gallons	415	470	411	420	400
Sludge Disposed – cubic yards	850	1,000	1,040	1,040	1,175
Permitted Plant Capacity	1.7 mgd	1.7 mgd	1.7 mgd	1.7 mgd	1.7 mgd
Average Plant Discharge	1.1 mgd	1.2 mgd	1.13 mgd	1.20 mgd	1.1 mgd

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Decrease in Chemicals (\$8,000)
- Increase in Lab Tests (\$7,000) with offsetting decrease in Alternative Disposal (\$5,000) and Vehicle Lease (\$2,000)
- Elimination of Engineering (\$3,000), Rental (\$12,000) and Capital Equipment (\$35,200)



FY 2019 BUDGET
PUBLIC WORKS ADMINISTRATION - #641

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

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	134,931	221,370	207,600	198,500	247,700
Supplies	2,768	2,950	3,600	4,000	4,400
Contractual	2,855	7,477	14,050	20,200	21,900
Utilities	7,184	11,264	14,300	14,000	14,000
Sundry	2,100	546	2,200	2,000	2,500
Maintenance	567	1,190	2,700	5,800	4,500
Capital Items	8,513	0	0	0	0
Total	158,917	244,798	244,450	244,500	295,000

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
- Developed an industrial pre-treatment, cross-connection and customer service inspection programs

HIGHLIGHTS – FY 2019 Proposed Budget Change From FY 2018 Estimate

- Personnel increases due to staff assignments into department and with COLA and health insurance rate increase.
- All other accounts funded at FY 2018 levels.



**FY 2019 BUDGET
NON-DEPARTMENTAL - #634**

The Non-Departmental function of the City of Center Utility Fund accounts for those areas that are general to the entire utility operation.

DEPARTMENT SUMMARY

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Personnel Services	(4,171)	0	1,000	3,600	0
Supplies	15,704	17,934	14,500	13,300	12,000
Contractual	18,055	13,347	20,200	18,700	24,000
Utilities	6,484	0	0	0	0
Sundry	9,782	6,944	15,500	15,000	14,700
Maintenance	0	0	0	0	0
Capital Items	0	0	0	0	0
Fund Transfers	797,105	966,250	944,300	970,000	915,600
Total	842,960	1,004,476	995,500	1,020,600	966,300

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 2019 Proposed Budget Change From FY 2018 Estimate

Elimination of Workers Comp (\$3,600)

Increase in Legal (\$2,000) and Transfer to Technology Fund (\$3,000)

Decrease in Transfer to Debt (\$16,000) for final payment of 2014 Tax Notes, and Transfer to Vehicle Replacement (\$40,000)





**CITY OF CENTER
FY 2019 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 recycling program and the blight removal program.

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Revenues					
Solid Waste Discount Sales	358	(20)	500	0	200
SW Collection – Residential	413,129	491,642	394,000	410,350	424,200
SW Collection – Commercial	992,001	1,160,718	1,016,100	1,079,300	1,180,100
Garbage Bag Sales – Taxable	1,741	1,527	0	1,400	1,500
Misc. Recycling Receivable	828	880	0	800	400
Recycling Contributions	54	0	0	0	0
Interest	0	0	0	0	1,500
Total Revenue	1,408,263	1,654,743	1,410,600	1,491,850	1,607,900
Expenditures					
Personnel	0	0	0	0	0
Supplies	0	3,161	0	3,200	0
Contractual	1,142,081	1,352,635	1,210,000	1,333,250	1,394,900
Utilities	0	0	0	0	0
Sundry	927	487	1,200	1,000	5,000
Maintenance	2,991	3,193	3,000	3,000	8,000
Capital	0	1,167	0	1,200	0
Fund Transfers	(13,675)	220,000	196,400	190,000	200,000
Total Expenditures	1,132,324	1,580,642	1,410,600	1,531,950	1,607,900

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 Public Works Department.





**CITY OF CENTER
FY 2019 BUDGET
RECREATION FUND**

In FY 2016, the City Council authorized the creation of a Recreation Department to provide assistance to operations of the various youth and adult athletic organizations in the City. The City hired a full-time Recreation Director to oversee the program and started with youth basketball, baseball, softball, and football. The program established a soccer league in 2017. The program is also seeking to create other recreation opportunities for Center residents.

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
REVENUE					
Registration	69,510	84,695	78,000	77,050	84,300
Event Proceeds	52,690	65,617	72,400	75,200	67,500
Advertising	14,250	17,562	17,000	14,400	16,000
Merchandise	7,149	2,572	2,000	1,250	1,500
Donations	1,000	650	0	1,650	1,000
Transfers	0	0	0	0	0
TOTAL	144,599	171,099	170,000	169,550	170,300
EXPENDITURES					
Personnel	67,799	71,035	76,800	74,150	78,100
Supplies	58,207	69,069	69,600	61,900	64,000
Contractual	19,671	22,404	18,100	20,650	19,700
Utilities	0	491	500	500	500
Sundry	4,428	6,936	4,000	7,900	5,500
Maintenance	0	1,185	1,000	900	2,500
Capital	725	0	0	0	0
TOTAL	150,830	171,120	170,000	166,000	170,300

PERFORMANCE MEASUREMENTS

Number of Participants	FY 2016	FY 2017	FY 2018 - YTD
Baseball	288	245	251
Soccer (Fall & Spring)	164	300	421
Football	118	110	112
Basketball	166	197	204
Softball	171	162	174





**CITY OF CENTER
FY 2019 BUDGET
PARK FUND**

In 2014, the City Council established 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 2019 and 2020, the budget proposes using a small portion to make payments on a debt instrument used for the Softball Complex construction. The Fund also has a dedicated portion for the completion of the Perry Sampson Park renovation project and renovation of Community Park into the new Ballard Street Soccer Complex.

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Revenues					
Donations/Pledges	47,750	0	69,500	50,000	55,250
TPWD Grant	0	0	200,000	293,779	0
Interest	825	1,615	500	6,200	3,500
Total Revenue	48,575	1,615	270,000	349,979	58,750
Expenditures					
Project Engineering	0	0	0	0	0
Transfer to Debt Service	20,000	50,000	70,000	70,000	45,000
Ballard Street Park Soccer Complex	0	0	0	20,000	250,000
Total Expenditures	20,000	50,000	70,000	101,900	295,000
Beginning Fund Balance	141,261	169,836	215,586	121,451	369,530
Revenues Over/(Under) Expenditures	28,575	(48,385)	200,000	248,079	(236,250)
Ending Fund Balance	169,836	121,451	415,586	369,530	133,280

Projected Use of Funds

	FY 2020
Transfer to Debt for Softball Complex	\$30,000 - Final
Perry Sampson Park	\$75,000
Transfer to Debt for Portacool Park	TBD





**FY 2019 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 pay for enhancements to 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 is awarded from the court certain assets, such as vehicles and cash, the assets and/or proceeds from the sale of 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 fully retired the note 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 created the position of warrant/court security officer, partially funded by the Fund.

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 2019 and budget seeks to apply a portion of these funds to assist in purchasing radar equipment for police vehicles and officer body cameras.

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Court Technology					
Court Tech Fee	5,253	4,985	6,200	5,200	5,000
Interest	40	41	0	50	100
Court Tech Total	5,293	5,026	6,200	5,250	5,100
Expenses					
Supplies	0	0	0	0	0
Contractual	8,231	6,000	5,000	2,300	
Sundry	1,566	324	500	500	1,000
Capital	0	0	0	0	2,000
Total	9,797	6,324	5,500	2,800	3,000
Beginning Fund Balance	12,674	8,170	6,920	6,872	9,322
Revenues Over/(Under) Expenses	(4,504)	(1,298)	700	2,450	1,900
Ending Fund Balance	8,170	6,872	7,620	9,322	11,222



	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Court Building Security					
Building Security Fee	3,940	4,117	4,400	4,200	4,000
Interest	25	46	0	50	100
Building Security Total	3,965	4,163	4,400	4,250	4,100
Expenses					
Sundry	1,457	0	0	1,000	1,000
Capital	1,065	274	1,000	0	1,000
Transfer to General Fund	5,000	0	0	0	0
Total	7,522	274	1,000	1,000	2,000
Beginning Fund Balance	4,424	867	4,817	4,756	8,006
Revenues Over/(Under) Expenses	(3,557)	3,889	3,400	3,250	2,100
Ending Fund Balance	867	4,756	8,217	8,006	10,106
	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Law Enforcement Seizure Fund					
Judgment Forfeiture	0	20,352	5,000	20,350	5,000
Judgment Forfeiture – DOJ	0	1,461	0	2,400	0
Surplus Equipment	0	2,405	0	0	0
Interest	49	202	0	150	400
Seizure Fund Total	49	24,420	5,000	22,900	5,400
Expenses					
Supplies Equipment	0	1,728	2,000	2,000	1,500
Cell Phone	657	810	600	700	700
Investigation Expense	4,300	2,000	5,200	4,000	2,000
Vehicle Maintenance	0	0	0	0	0
Software Maintenance	0	0	0	0	0
Capital Equipment	0	1,868	10,000	0	0
Total	4,957	6,406	17,800	6,700	4,200
Beginning Fund Balance	17,585	12,677	27,927	30,691	46,891
Revenues Over/(Under) Expenses	(4,908)	18,014	(12,800)	16,200	1,200
Ending Fund Balance	12,677	30,691	15,127	46,891	48,091



FY 2019 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.

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 Shelby County 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.

CEMETERY FUND

The Cemetery Trust Fund does not have any operational expenditures, 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. The only allowable uses of these funds is for improvements at Fairview Cemetery

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:

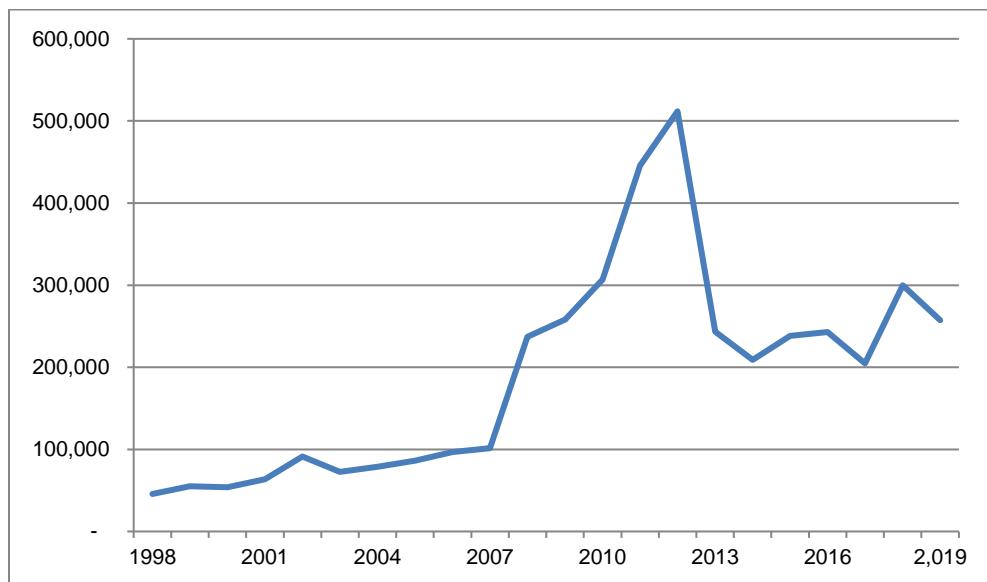
1. The acquisition of sites and the construction and maintenance of convention center facilities and visitor information centers;
2. Expenses associated with the registration of convention delegates;
3. Advertising, solicitations, and promotions that attract tourists and convention delegates to the City;
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. FY 2018, saw the trend reverse with a return of local energy industry activity.



Graph 1 – Hotel Occupancy Tax Revenues
FY 1998 – FY 2019

**FY 2019
ANIMAL WELFARE FUND**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Revenues					
Donation Animal Welfare	0	0	0	0	0
Interest Animal Welfare	189	193	500	600	700
Total	189	193	500	600	700
 Ending Balance	 40,832	 41,025	 41,832	 41,625	 42,325



**FY 2019 BUDGET
FAIRVIEW CEMETERY FUND**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Revenues					
Interest Cemetery	1,549	849	500	1,750	1,000
Total	1,549	849	500	1,750	1,000
Expenditures					
Capital	0	0	0	0	0
Ending Balance	140,191	141,040	141,341	142,790	143,790

HOTEL OCCUPANCY FUND

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Revenues					
Hotel/Motel Taxes	242,823	204,704	220,000	320,000	257,200
Interest Hotel/Motel	1,055	1,767	1,300	2,800	2,500
Total	243,878	206,471	221,300	322,800	259,700
Expenditures					
Memberships	546	700	500	700	1,000
Downtown Banners	0	0	1,000	8,000	5,000
Athletic Facilities	0	0	0	0	
Baseball Tournaments	20,000	22,000	20,000	20,000	20,000
Community Events	5,550	5,350	6,000	5,500	6,000
Chamber of Commerce	500	500	700	500	1,000
Downtown Streetscape	0	0	0	0	
Downtown Lights	6,607	547	3,000	3,500	3,000
Civic Center Ops	50,000	70,000	53,000	53,000	80,000
Community House Ops	5,000	5,000	5,000	5,000	5,000
Transfer - Civic Center Debt	134,100	133,600	138,400	138,400	138,700
TOTAL - Hotel Motel	222,304	237,697	227,600	234,600	259,700
Beginning Fund Balance	181,741	203,315	154,065	172,089	239,089
Revenue Over/(Under) Expenditures	21,574	(31,226)	(6,300)	67,000	0
Ending Fund Balance	203,315	172,089	147,765	239,089	239,089





FY 2019 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 Outstanding Debt	Outstanding Per Capita Debt	Outstanding Debt per Taxable Value
Alvarado	4,289	295,868,855	0.7330000	12,375,295	2,885	4.2%
Balcones Heights	3,286	275,055,360	0.5830000	150,012	46	0.1%
Decatur	6,648	644,701,301	0.7030000	7,638,550	1,149	1.2%
Ennis	19,795	1,554,814,709	0.6990000	65,047,883	3,286	4.2%
Galena Park	11,178	562,512,411	1.0374500	5,735,000	513	1.0%
Hillsboro	8,525	431,516,079	0.8064000	9,555,000	1,121	2.2%
Hutchins	5,727	548,343,604	0.6824390	11,960,000	2,088	2.2%
Liberty	9,175	621,544,721	0.6100000	21,155,000	2,306	3.4%
Madisonville	4,637	207,285,216	0.5789000	3,135,000	676	1.5%
Paris	26,539	1,681,747,299	0.5519500	59,889,703	2,257	3.6%
Quinlan	1,535	90,576,932	0.5700000	17,321,997	11,285	19.1%
Sealy	6,490	690,966,650	0.4229700	20,885,000	3,218	3.0%
Kaufman	7,181	335,717,210	0.8893686	27,365,000	3,811	8.2%
Whitehouse	8,269	361,017,051	0.6752070	29,620,000	3,582	8.2%
Winnsboro	3,442	158,373,954	0.5640000	8,610,000	2,501	5.4%
Bowie	5,218	284,135,164	0.5300000	8,647,396	1,657	3.0%
Gilmer	5,216	306,426,633	0.6295230	10,435,000	2,001	3.4%
Mexia	7,539	265,628,988	0.8132000	750,000	99	0.3%
Average	8,038	517,568,452	0.671078	17,793,102	2,471	4.1%
Center	5,401	279,923,149	0.5750000	12,200,000	2,259	4.4%

Table 1 – Peer City Comparison Source: 2018 Texas Municipal League Annual Tax and Debt Survey



In the Property Tax section of the General Fund budget, there was a discussion on how Center's comparison cities were tabulated. The highlighted cities are from the original list with a few others included. Table 1 of this section provides the comparison cities' data as it relates to their debt levels. The total outstanding debt is a calculation of any General Obligation (GO) debt, Certificates of Obligation (CO) debt, Utility supported debt, and Tax Notes. 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 – both in terms of the proposed tax rate of \$0.60 and the 2018 rate of \$0.575 - and a reasonable debt per capita ratio.

DEBT LIMITS

The City of Center's Debt Policy (Appendix A on Page 141) 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 \$282,534,449, the City's maximum debt service principal to carry would be \$11,301,400. At the end of FY 2019, the City's outstanding ad valorem principal debt balance will be \$5,535,150 or 2.0% of net taxable value, well below self-imposed debt limits.

DEBT SERVICE FUND HIGHLIGHTS

Revenue

The proposed FY 2019 City tax rate is \$0.60 per \$100 of taxable value. The interest and sinking rate is projected to increase to \$0.256697. The projected amount to be raised from ad valorem taxes for debt payments is \$695,500.

The inter-fund transfer from the water utility fund is projected to slightly decrease by \$16,000 to \$350,000.

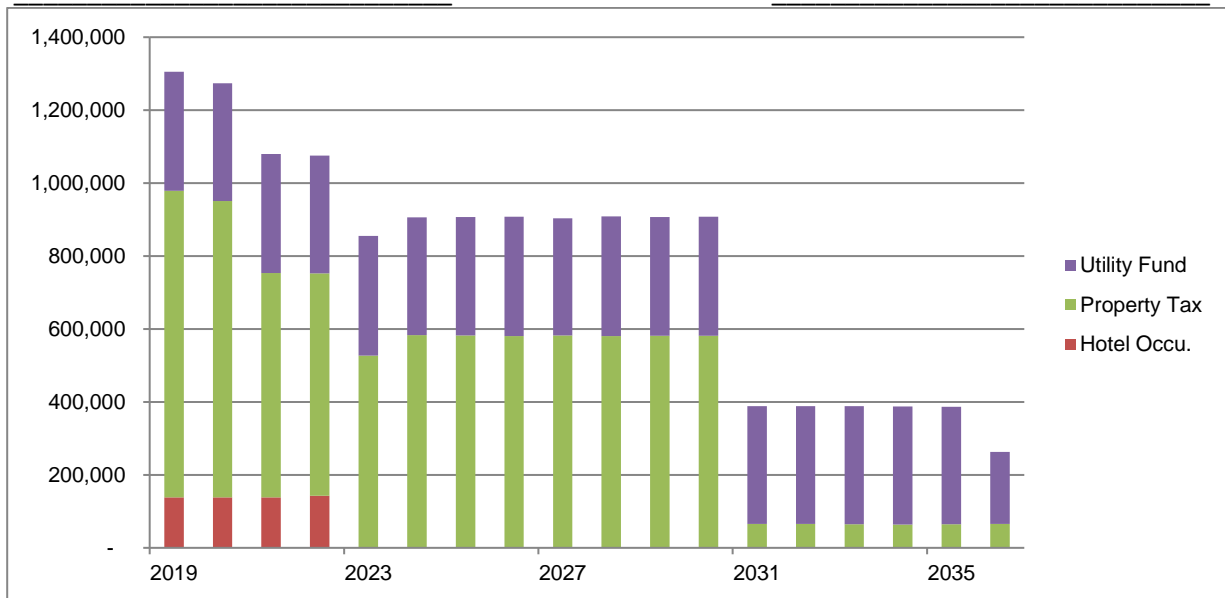
Finally, the inter-fund transfer from hotel occupancy tax receipts, which are to retire the debt from the construction of the Windham Civic Center, are projected to slightly increase by \$300 to \$138,700.

In FY 2014, the City received some pledged future donations for the Softball Complex, which the 2014 tax notes were secured to complete. The City was also awarded a Texas Parks and Wildlife grant to assist with this project's funding. The FY 2019 Proposed Budget allocates some of those funds (\$45,000) to make a portion of that debt instrument's payment.

Lastly, the City was awarded a grant from the Office of the Governor's Criminal Justice Division to help pay for the Police Technology Enhancement project. These funds will be deposited into the debt fund and used to pay on the debt issued to fund the project.

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

The 'debt bubble' is clearly visible as FY 2019 and 2020 total debt payments are substantially higher than required payments in 2021 and 2022. This was first identified when the first Financial Forecast was presented to the City Council. Table 2 below shows the total payment schedule for all ad valorem supported debt.

	2011 Refunding Bonds	2011 CO's	2012 Refunding	2014 Tax Notes	2016 CO's	PD Technology	Ad Valorem Total
FY 2019	192,850	126,000	203,325	176,012	65,441	77,200	840,828
FY 2020	0	242,500	234,725	193,173	64,616	77,200	812,214
FY 2021	0	241,100	230,425	0	66,291	77,200	615,016
FY 2022	0	235,800	231,125	0	65,416	77,200	609,541
FY 2023	0	231,000	230,625	0	65,791		527,416
FY 2024	0	518,000	0	0	64,891		582,891
FY 2025	0	516,700	0	0	66,041		582,741
FY 2026	0	514,800	0	0	65,866		580,666
FY 2027	0	517,200	0	0	64,891		582,091
FY 2028	0	513,900	0	0	66,294		580,194
FY 2029	0	514,900	0	0	66,263		581,163
FY 2030	0	515,100	0	0	65,938		581,038
FY 2031	0	0	0	0	65,575		65,575
FY 2032	0	0	0	0	65,175		65,175
FY 2033	0	0	0	0	64,738		64,738
FY 2034	0	0	0	0	64,263		64,263
FY 2035	0	0	0	0	65,000		65,000
FY 2036	0	0	0	0	65,663		65,663



**FY 2019 BUDGET
DEBT SERVICE FUND**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Revenue					
Taxes - Current Year	574,379	613,996	640,400	652,000	695,500
Interest - Debt Service	2,015	3,157	2,350	6,200	2,500
Transfer - Fund Balance	0	0	20,000	0	0
Interfund Transfers - Water	231,250	390,000	366,000	366,000	350,000
Interfund Transfers - Hotel/Motel	134,100	133,600	138,400	138,400	138,700
Interfund Transfers – Park Fund	20,000	50,000	70,000	70,000	45,000
CJD Grant	0	0	0	0	77,200
Total - Revenue	969,451	1,190,753	1,237,150	1,232,600	1,308,900
Expenditures					
Principal 2007 CO's	100,000	105,000	115,000	115,000	120,000
Principal 2011 Refunding	180,000	180,000	190,000	190,000	190,000
Principal 2011 CO's	0	0	0	0	0
Principal 2012 CO's - TWDB	90,000	90,000	90,000	90,000	90,000
Principal 2012 GO Refunding	165,000	170,000	170,000	170,000	180,000
Principal 2014 Tax Notes	170,000	175,000	170,000	170,000	170,000
Principal 2016 CO's	0	140,000	160,000	160,000	165,000
Police Technology Note	0	0	0	0	77,200
Subtotal Principal	705,000	860,000	895,000	895,000	992,200
Interest 2007 CO's	33,594	28,022	22,900	22,900	18,200
Interest 2011 Refunding	16,800	13,200	8,600	8,600	2,900
Interest 2011 CO's	126,000	126,000	126,000	126,000	126,000
Interest 2012 CO's - TWDB	40,730	40,685	45,450	45,450	39,900
Interest 2012 GO Refunding	33,425	30,125	26,800	26,800	23,400
Interest 2014 Tax Notes	14,613	11,774	8,900	8,900	6,000
Interest 2016 CO's	0	119,890	100,000	100,000	96,800
Subtotal Interest	265,162	369,695	338,650	338,650	313,200
Debt Issuance Costs					
Annual Bank Agent Fees	2,500	2,750	3,500	3,500	3,500
Total - Expenditures	972,662	1,232,445	1,237,150	1,237,150	1,308,900



**CITY OF CENTER
FY 2019 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 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget	FY 2020 Projected	FY 2021 Projected
Transfer							
General Fund	200,000	16,000	0	0	0	0	0
Utility Fund	105,000	53,000	80,000	80,000	40,000	0	0
Total	305,000	69,000	80,000	80,000	40,000	0	0
Revenue							
Lease Payments							
General Fund	0	9,406	34,650	28,600	52,550	56,250	64,750
Utility Fund	0	15,183	17,400	27,250	34,850	43,950	43,950
Interest	46	2,428	1,500	2,000	2,000	1,500	1,500
TOTAL REVENUE	305,046	96,017	133,550	137,850	129,400	101,700	114,700
Vehicle Purchases							
Police	0	32,880	84,000	69,400	84,000	60,000	30,000
Fire	0	0	25,000	31,400	0	0	0
Street	0	0	0	0	0	0	0
Parks	0	9,122	25,000	9,150	0	0	0
Airport	0	0	0	0	0	0	10,000
Inspections	0	0	25,000	21,700	0	0	0
Subtotal - General Fund	0	42,002	159,000	131,650	84,000	60,000	40,000
Water Production	0	23,182	25,000	27,000	20,000	0	20,000
Water Distribution	0	24,344	37,000	23,000	0	0	25,000
Sewer Collection	0	37,250	0	0	0	0	0
Sewer Treatment	0	0	37,000	30,300	0	0	0
Public Works	0	58,690	0	0	20,000	0	0
Subtotal - Utility Fund	0	143,466	99,000	80,300	40,000	0	45,000
TOTAL PURCHASES	0	185,468	258,000	211,950	124,000	60,000	85,000
Beginning Fund Balance	0	305,046	224,196	215,594	141,494	146,894	188,594
Revenues Over/(Under)							
Expenditures	0	(89,452)	(124,450)	(74,100)	5,400	41,700	29,700
Ending Fund Balance	305,046	215,594	99,746	141,494	146,894	188,594	218,294



Vehicles Purchased through Fund

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	Kawasaki Mule	Parks
2018 Ford F150	Fire	2018 Ford F150	Inspections
2018 Tahoe	Police	2018 Tahoe	Police
2018 Chevy Silverado	Water Production	2018 Chevy Silverado	Sewer Treatment
2018 Chevy Silverado	Public Works		

Future Planned Purchases – FY 2019 through FY 2021

Vehicle	Department	Vehicle	Department
2019 Tahoe	Police	2019 Tahoe	Police
2019 Chevy Truck	Water Production	2019 Chevy Truck	Public Works
2020 Car – TBD	Police	2020 Car – TBD	Police
2021 Truck – TBD	Water Distribution	2021 Car – TBD	Police
Airport Utility – TBD	Airport	2021 Truck – TBD	Water Production



**CITY OF CENTER
FY 2019 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 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Capital Contribution	0	52,000	0	0	0
Annual Lease	0	0	11,500	0	0
Dept. Allocation	0	0	140,200	145,000	173,150
Interest	0	4	500	800	500
TOTAL REVENUE	0	52,004	152,200	145,800	110,550
Expenditures					
Personnel	0	0	70,900	65,000	71,800
Supplies	0	0	0	4,000	5,000
Contractual	0	3,822	51,200	51,200	51,200
Sundry	0	0	0	0	0
Maintenance	0	0	0	0	
Capital	0	0	36,000	3,000	40,000
Total	0	3,822	158,100	123,200	168,000
Beginning Fund Balance	0	0	52,000	48,182	70,782
Difference	0	48,182	(5,900)	22,600	5,650
Ending Fund Balance	0	48,182	46,100	70,782	76,432

The Fund is accumulating resources to pay for the replacement of certain capital equipment (e.g. servers [est. \$20,000 each]), phone systems [est. \$25,000]) and software (e.g. E-Force [est. \$150,000]) and office computer replacements.

The Fund also is the cost center for software maintenance.





**CITY OF CENTER
FY 2019 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 initiation of a formalized 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.

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 & Utility Fund match
WWTP Rehab Project	2018	2016 CO's
Southside Sewer System	2018	2012 CO's & 2016 CO's
Police Technology Enhancement	2018	CJD Grant & 2017 debt issue

FY 2019 Revenue Notes

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.

2014 Tax Notes – The City needed to issue additional debt to fund project's originally funded from the FY 2012-2014 CIP.

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.

Police Technology Enhancement Note – To fund the Police Technology Enhancement Program, the City financed the purchase with a 4 year debt instrument. The Center Police Department was



successful in receiving a grant award from the State of Texas which will fund the first 2 years payments of this note.

Texas Parks and Wildlife Department (TPWD) Grant – The City successfully applied for a park grant to assist in the construction of the Softball Complex and received a second grant award for the expansion of Portacool Park

Donations – Portacool, LLC., has generously pledged annual donations which the City has leveraged against a TPWD grant to complete the expansion of Portacool Park. And, a local foundation also donated \$15,000 for the installation of the City's first entryway sign.

Texas Water Development Board Bond Proceeds – In FY 2011, the City was approved the issuance of a \$2.28 million TWDB bond 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 some Downtown sidewalk improvements.

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

Airport CIP

The Texas Department of Transportation identified the reconstruction of Taxiway D and runway rehab in their multi-year CIP. The City Council voted to make the local project contribution of \$66,850 for both projects. TxDOT is going to attempt to include the runway rehab as part of a larger federal spending package request.

Council Goal E. Objective 3

Annual Street Maintenance

Each year the 4B EDC approves a list of streets that will be reconstructed or resurfaced as part of a comprehensive street maintenance program.

Council Goal E. Objective 5.1

Ballard Street Soccer Complex

The City intends to use Park Fund resources to pay for the renovation of Ballard Street Park into the Soccer Complex

City staff will use FY 2019 to manage ongoing projects and begin to develop future improvements.

POTENTIAL NEW PROJECTS

Staff prepared a list of potential projects for Council consideration as part of the Budget process. These are projects that have been either previously discussed by Council or identified in a prior plan (e.g. Comprehensive Plan Update) and the Council has expressed an interest in further developing the project concept. These projects do not have funding identified for implementation.

By identifying potential projects, the Council can make a project priority determination. Staff is then able to model funding mechanisms, such as debt issuances, in accordance with the financial forecast. And, the Council can evaluate what fiscal steps may be necessary to fund projects (annexations, tax or utility rate adjustments, other funding sources, etc.) Lastly, staff can be searching for potential exterior funding sources such as grants or contributions from other entities.



DEPT.	PROJECT	DESCRIPTION	PROJECTED COST	COUNCIL STRATEGIC PLAN
Economic Development	Downtown Streetscape	Implementation of 2012 Downtown Streetscape	3,600,000	Goal A. Objective 5 - Economic Development Goal C. Objective 1 - Aesthetic Improvements
Parks	Baseball and Softball Complex Improvements	Install turf at the existing seven fields and make assorted facility improvements	2,500,000	Goal C. Objective 2 - Tourism Goal C. Objective 3 - Park Development
		Additional miscellaneous improvements & equipment	500,000	
Parks	Perry Sampson Park	Renovation of park with new bathroom facilities and new playground equipment	350,000 \$75,000 is dedicated in Park Fund	Goal C. Objective 3 - Park Development
Parks	Center trail improvements	Miscellaneous enhancements to Center trail system, including expanded nature trail, widened trail, lighting installation	300,000	Goal C. Objective 3 - Park Development
Police	Police Department remodel	Remodel of Center Police Station - painting, flooring, etc.	100,000	
Civic Center	Civic Center remodel	Remodel of Windham Civic Center - painting, flooring, new floor treatment for Foster Hall	300,000	
Fire	Pumper Replacement	Purchase of new pumper truck to replace 1985 E-One pumper	300,000	Goal E. Objective 4 - Public Safety
	Entryway Signs	Installation of 5 entryway signs	150,000	Goal C. Objective 1.3 - Quality of Life
Public Works	Westside Sewer Project	To install new waste water collection lines to serve the west side of the city	2,000,000	Goal B. Objective 1.2
Public Works	Northside Sewer Project	To install new waste water collection lines to serve the new Loop extension area	3,000,000	



	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Fund 42 Governmental Projects					
Revenues					
Bond Proceeds	1,000,000	0	0	0	0
Interest	8,181	19,689	5,000	4,000	500
Transfer from Airport Fund	0	10,670	0	0	0
4B EDC Contributions	32,779	24,814	0	0	0
Donations	0	50,000	0	15,000	0
Grant	174,969	27,281	200,000	0	0
Total	1,215,929	132,454	205,000	19,000	500
Projects					
Downtown Streetscape Design	17,705	4,925	4,000	19,000	6,000
TDA Downtown Sidewalk	195,832	(18,392)	0	4,500	0
Airport CIP Match	110,670	(2,815)	69,000	0	0
Perry Sampson Park	0	8,250	0	0	0
Ballard Street Park	0	0	0	0	0
Portacool Park	75,873	914,195	0	0	0
Entryway Sign	0	0	0	22,500	0
Total	400,080	906,163	73,000	23,500	6,000
Beginning Fund Balance	0	815,849	100,824	42,140	15,140
Revenues Over/(Under) Expenses	815,849	(773,709)	132,000	(27,000)	(5,500)
Ending Fund Balance	815,849	42,140	232,824	15,140	9,640



	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Fund 44 Utility Projects					
Revenues					
Bond Proceeds	3,000,000	0	0	0	0
Interest	2,831	18,666	0	16,000	10,000
Transfers	175,320	23,000	0	126,228	0
Grant	155,123	86,271	264,500	170,429	0
Total	3,333,274	127,937	264,500	312,657	10,000
Projects					
Southside Sewer Project	26,733	1,876,268	225,400	710,766	0
Water Tank	0	0	0	3,600	0
Lagoon Improvement	0	1,580	0	0	0
WWTP Rehab	161,820	701,208	1,608,700	1,260,643	0
WWTP Solar Project	0	227,144	300,000	170,400	0
Disaster Recovery	0	6,050	0	0	0
Total	188,553	2,812,250	2,134,100	2,145,409	0
Beginning Fund Balance	1,860,383	5,005,104	2,714,164	2,320,791	488,039
Revenues Over/(Under) Expenses	3,144,721	(2,684,313)	(1,869,600)	(1,832,752)	10,000
Ending Fund Balance	5,005,104	2,320,791	844,564	488,039	498,039





**FY 2019 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 2019 BUDGET
TAX INCREMENT FINANCING ZONE #1

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Total Increment Amount	2,464,471	3,297,971	3,131,611	3,131,611	3,655,371
TIF Revenue					
City of Center	11,592	16,906	16,450	16,400	20,100
Shelby County	13,020	17,423	16,500	20,900	24,400
Road & Bridge	1,959	2,622	2,500	-	-
Interest Earnings	0	100	0	400	500
TOTAL	26,571	37,050	35,450	37,700	45,000
Debt Payments	28,223	28,223	28,270	28,200	28,300
Expenditures Over/(Under)	(1,652)	8,828	7,110	9,500	16,700
Revenues					
Reserve Amount	11,710	20,538	28,848	30,038	46,738
Loan Balance	300,152	280,934	261,139	261,139	240,750

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 2019 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 4A 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 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 2019 BUDGET
4A ECONOMIC DEVELOPMENT CORPORATION

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
REVENUE					
Sales Tax	384,597	381,963	390,000	398,125	400,500
Interest	4,308	7,186	4,000	15,000	15,000
Sale of Land	0	0	26,000	25,650	0
Viatracs Payment	0	10,000	15,000	15,000	20,000
TIF Note Payments - Principal	18,659	19,218	19,800	19,800	20,400
TIF Note Payments - Interest	8,104	9,005	8,400	8,425	7,850
Other	1,600	353	0	0	0
Total Revenue	417,268	427,724	463,200	482,000	463,750
EXPENDITURES					
Administration	53,600	53,600	55,000	55,000	55,000
Supplies	127	0	0	0	0
Contractual	21,713	1,800	4,850	5,900	4,050
Sundry	17,669	15,042	22,500	17,450	29,000
Projects & Commitments					
Project Assistance	286,354	25,000	228,100	0	75,000
Project Engineering	0	0	10,000	0	0
INNOVA Program	0	16,242	40,000	27,250	40,000
EMERGE Program	0	0	0	0	0
Documented Sites Program	46,075	2,425	50,000	14,900	75,000
Workforce Development Programs	0	0	15,000	0	0
Project Maintenance	2,500	2,983	3,000	3,000	3,000
Land Acquisition	0	315,500	0	0	0
Subtotal	334,929	362,150	346,100	45,150	193,000
Total Expenditures	428,038	432,592	428,450	123,500	281,050
Beginning Fund Balance	1,421,638	1,410,868	1,413,848	1,406,000	1,764,500
Revenues Over/(Under) Expenditures	(10,770)	(4,868)	34,750	358,500	182,700
Ending Fund Balance	1,410,868	1,406,000	1,448,598	1,764,500	1,947,200
Due from City - TIF Balance	300,152	280,934	261,139	241,344	220,944
Due from Viatracs - Industrial Loan	200,000	190,000	175,000	175,000	155,000
Net Fund Balance	910,716	935,066	1,012,459	1,348,156	1,571,256

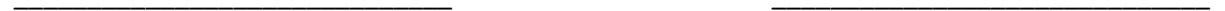
GOALS

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



**FY 2019 BUDGET
4B ECONOMIC DEVELOPMENT CORPORATION**

	FY 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
REVENUE					
Sales Tax	769,194	763,927	780,000	796,250	801,000
Other	0	0	0	0	0
Interest	3,809	7,293	2,500	12,000	6,000
TOTAL REVENUE	773,003	771,220	782,500	808,250	807,000
EXPENDITURES					
Administration	25,000	25,000	25,000	25,000	25,000
Supplies	0	376	0	0	0
Contractual	3,850	1,050	3,850	3,900	3,900
Sundry	9,489	274	1,000	100	1,000
<u>Projects & Commitments</u>					
Annual Street Program	827,422	852,300	600,000	548,000	600,000
Downtown Program	0	0	0	4,500	0
Grant Match Sidewalk Construction	0	0	0	0	0
New Sidewalk Development	0	85,226	0	0	0
New Street Construction	0	0	0	0	0
Center Motors Match	0	0	0	0	0
Engineering	0	25,423	30,000	35,000	40,000
TOTAL EXPENDITURES	865,761	989,649	659,850	616,500	669,900
BEGINNING FUND BALANCE	1,002,699	909,941	717,441	691,512	883,262
REVENUES OVER/(UNDER) EXPENDITURES	(92,758)	(218,429)	122,650	191,750	137,100
ENDING FUND BALANCE	909,941	691,512	840,091	883,262	1,020,362





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.



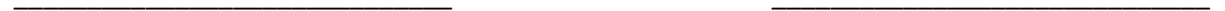
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4. The refinance will not extend the life of the debt.

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.

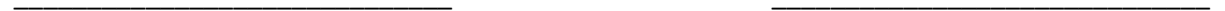
The goal for this policy is that the City would retain in reserves a minimum of 20% and 25% optimally without any other funds. This equates to 72 to 90 days of operating reserves which would allow the City to continue providing services without receiving additional funding.

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 2016 Actual	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Estimate	FY 2019 Proposed Budget
Fund Balance as of October 1 (includes receivables)	1,666,685	1,286,531	1,087,223	1,504,054	1,362,404
Revenues	4,403,862	4,682,078	4,614,800	4,657,350	4,784,300
Expenditures	(4,784,016)	(4,464,555)	(4,614,800)	(4,799,000)	(4,784,300)
Fund Balance as of September 30	1,286,531	1,504,054	1,087,223	1,362,404	1,362,404
Fund Balance Goal					
Minimum (20%)	918,465	892,911	922,960	959,800	956,860
Optimal (25%)	1,148,081	1,116,138	1,153,700	1,199,750	1,196,075
Goal Attainment					
Minimum (20%)	118%	168%	118%	142%	142%
Optimal (25%)	94%	134%	94%	114%	114%
Percent Liquid Fund Balance at Year End	97%	97%	96%	90%	90%





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.



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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.



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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.