

FY 2026 BUDGET



Approved:
September 8, 2025



City of Center

Fiscal Year 2025-2026

Budget Cover Page

This budget will raise more revenue from property taxes than last year's budget by an amount of \$70,898, which is a 3.19 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 \$18,007.

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

FOR:

David Chadwick, Mayor
Leigh Porterfield, Mayor Pro Tem
Randy Collard, Dist. 4

Joyce Johnson, Dist. 1
Tracy Bolton, Dist. 2
Howell Howard, Dist. 3

AGAINST:

PRESENT and not voting:

ABSENT: Terry Scull, At Large

Property Tax Rate Comparison

	2025-2026	2024-2025
Property Tax Rate:	\$0.590885	\$0.607620
No New Revenue Tax Rate:	\$0.575584	\$0.580183
No New Revenue M&O Tax Rate	\$0.369066	\$0.367402
Voter Approval Rate:	\$0.590885	\$0.606447
Voter Approval Rate w/unused increment:	\$0.590885	\$0.607622
Debt Rate:	\$0.202595	\$0.216010

Total debt obligation for City of Center secured by property taxes:

Total Outstanding Principal: \$6,407,500 FY 2026 (P&I): \$769,400

To comply with Section 140.0045 of the Texas Local Government Code expense line items for mandatory publications/notices and lobbying expenses are provided below:

Description	Adopted FY 2025	Proposed FY 2026
Public Notices required by law	\$4,750	\$4,500
Lobbying Services	\$0	\$0



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Center
Texas**

For the Fiscal Year Beginning

October 01, 2024

Christopher P. Morill

Executive Director



**FY 2026 BUDGET
CITY OF CENTER, TEXAS
PRINCIPAL OFFICIALS**

MAYOR

David Chadwick

CITY COUNCIL

Leigh Porterfield – Mayor Pro-Tem

Terry Scull – At Large

Joyce Johnson – District 1

Tracy Bolton – District 2

Howell Howard – District 3

Dr. Randy Collard – District 4

CITY MANAGER

Chad D. Nehring

CITY SECRETARY

Esther Elizondo

CITY ATTORNEY

Seth Elmore



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

FINANCE ADMINISTRATOR

Amanda Willey

POLICE CHIEF

Ricky King

FIRE CHIEF

Keith Byndom

PUBLIC WORKS DIRECTOR

Marcus Cameron

PARKS & RECREATION DIRECTOR

Jason Mitchell

JOHN D. WINDHAM CIVIC CENTER DIRECTOR

Paola Hernandez

PURCHASING MANAGER

Michael Boyd

BUILDING OFFICIAL/CODE OFFICER

Joseph Mitchell

WATER TREATMENT PLANT SUPERINTENDENT

Cody Baugh

WASTEWATER PLANT SUPERINTENDENT

John Holt

HUMAN RESOURCES MANAGER

Anaicia Zamora



FY 2026 BUDGET
TABLE OF CONTENTS

Cover Page – required by State law	1
GFOA Distinguished Budget Award	2
Principal Officials	3
Acknowledgements	4
Letter from the Mayor	9
City Manager Transmittal	11
<i>A summary of services, priorities, and economic circumstances influencing the development of the current Budget and discussion of the City's financial strategies and goals.</i>	
Budget Overview & Executive Summary	15
<i>An overview of items specific to this year's Budget including short-term factors that influence budget development, strategic goals implementation and summary of Proposed Budget.</i>	

Budget User Guide

Basis of Budgeting/Accounting	21
<i>Description of the City's different funds and basis of accounting.</i>	
Fund Structure/Functional Use Diagram	23
<i>Depiction of City's fund types and functional use within the organization.</i>	
Budget Format	24
<i>General layout of the budget book, information included, and presentation for the reader.</i>	
Budget Formulation and Development Process	25
<i>The process utilized to create the current FY Budget</i>	
Budget Calendar	26
<i>The milestones achieved for budget development, review and consideration. And for budget approval, tax rate adoption and determination of rates and fees.</i>	
Budget Management	27
<i>Methods the City uses to manage the budget after City Council adoption.</i>	
Balanced Budget	27
<i>The City Charter's definition of a balanced budget.</i>	
Policy Compliance and Verification	28
<i>Examines the financial and management policies and key performance indicators to analyze policy compliance status.</i>	

Strategic Budget Considerations

Strategic Plan	31
<i>Annually reviewed strategic plan document that provides overall direction for the City and its' operations.</i>	
Long Range Financial Forecast	37
<i>Analyzes the City's current revenue streams and expenditures to project trends and identify any potential issues.</i>	



Budget Philosophy	44
<i>Guiding principles used to make decisions throughout the budget development process.</i>	
Fiscal Health Analysis	45
<i>Analysis of certain key performance indicators that reflect the City's financial health.</i>	

Organization and Community Information

Profile of Center, Texas	48
<i>History of Center and economic characteristics that influence the budget.</i>	
Organizational Chart	53
<i>Relationships between the Citizens of Center, the City Council, and City departmental structure.</i>	
Staffing Chart	54
<i>Information showing the number of authorized positions in each department by job title.</i>	
Comprehensive Funds Report	56
<i>Estimated reserves, projected revenues and budgeted expenditures with ending projected reserve fund balances including dedicated operational reserves.</i>	
Consolidated Fund Overview	58
<i>All funds combined annually to provide total reserves, anticipated revenues and budgeted expenditures with ending projected reserves.</i>	

GOVERNMENTAL FUNDS

General Fund (Major Fund)

Revenue Overview	61
<i>An analysis and detailed description of the City's General Fund revenue sources.</i>	
Expenditure Overview	75
<u>General Government</u>	
Non-Departmental	78
City Hall	80
Municipal Court	82
<u>Public Safety</u>	
Police Department	84
Fire Department	86
Animal Control	88
<u>Public Works</u>	
Street Department	90
Parks	92
Inspection Services	94
Cemetery	96
<u>Community Facilities</u>	
Center Municipal Airport	98
John D. Windham Civic Center	100
Community Facilities	102
Structurally Balanced Budget	103
<i>Explanation of structurally balanced budget using recurring and non-recurring revenues and expenditures. Plus a presentation of the General Fund's structural balance.</i>	



<u>Debt Service Fund (Non-major Fund)</u>	<u>105</u>
<i>The City's debt structure and debt levels, comparative debt levels, revenue estimates, current and projected debt payments.</i>	

ENTERPRISE FUNDS

<u>Water/Sewer Utility Fund (Major Fund)</u>	
Fund Narrative	<u>109</u>
<i>The City's water/sewer enterprise fund detail including utility system operational information.</i>	
Revenue Detail	<u>116</u>
<i>Utility fund revenue including water consumption, comparative utility rates, and historic revenue totals.</i>	
Expenditure Detail	
<i>Utility fund expenditures by function and department</i>	
Water Production	<u>117</u>
Water Distribution	<u>119</u>
Sewer Collection	<u>121</u>
Sewer Treatment	<u>123</u>
Public Works Administration	<u>125</u>
Non-Departmental	<u>126</u>

<u>Solid Waste Fund (Major Fund)</u>	<u>127</u>
<i>Budget, Forecast and Operational information plus Revenue and Expenditure detail.</i>	

Internal Service Funds (Non-major Funds)

Vehicle Replacement Fund	<u>128</u>
<i>The City's vehicle replacement fund, the sources and uses of these funds, and a projection of how many vehicles the City will acquire through this fund.</i>	
Technology Fund	<u>130</u>
<i>An internal service fund for technology-related items and a dedicated staff position to meet the City's technology needs.</i>	

SPECIAL GOVERNMENTAL FUNDS (Nonmajor Funds)

<u>Hotel/Motel Fund</u>	<u>131</u>
<i>Information on the City's Hotel Occupancy Tax including collection history and current revenues and expenditures.</i>	
<u>Tax Increment Re-Investment District #1</u>	<u>133</u>
<i>The operational background of TIRZ#1, the financing plan and how it is going to meet its' current obligations and presentation of the District's financial position.</i>	
<u>Recreation Fund</u>	<u>136</u>
<i>Operational information plus revenue and expenditure detail on the City's recreation program.</i>	
<u>Law Enforcement Special Funds</u>	<u>137</u>
<i>The revenues and expenditures of the City's four special fees collected by the Municipal Court exclusive to law enforcement use and dedicated funds: Seizure Fund and Opioid Fund.</i>	
<u>Permanent Fund</u>	
Animal Welfare Fund	<u>140</u>
<i>Trust account of Donation for use related to certain Animal Shelter facilities and programs.</i>	
Fairview Cemetery Endowment Fund	<u>141</u>
<i>Trust account of Donations and maintenance fees for use only at Fairview Cemetery.</i>	



CAPITAL IMPROVEMENTS AND COMPONENT UNITS

Capital Improvements Program (CIP)	142
<i>Current, future and historical capital improvement projects, funding methods, planning of project expenditures and a description of future projects.</i>	
Park Fund	147
<i>Information including revenue and expenditure detailing park projects and use of resources for past, current and future projects.</i>	
Civic Center Fund	148
<i>Operational information plus revenue and expenditure detailed in the City's Park Fund, including current and future project details</i>	
Airport Construction Fund	148
<i>Operational information plus revenue and expenditure detailed in the City's Park Fund, including current and future project details</i>	
Economic Development Corporations	
History and Indorcution.	149
Center 4A Economic Development Corporation	150
<i>The CEDC's current economic development plan, operational information and how it is going to work with stakeholders to implement its plan. A presentation of current revenues, expenditures, and financial position.</i>	
Center 4B Street Improvement	151
<i>Center's 4B EDC for Street Improvement is a dedicated funding source for street infrastructure improvements. This section describes the current sales tax revenue stream, investment levels, and a projection of future street improvements.</i>	
Center Local Government Corporation	152
<i>The mission of the Local Government Corporation is to sell lots for new home construction and manage the Parker Place subdivision.</i>	
Tax Rate Calculation Worksheet	153
Appendixes - City Policies	
Debt Management Policy – Appendix A	163
City Fund Balance Policy – Appendix B	165
City Investment Policy – Appendix C	167
City Purchasing Policy – Appendix D	174
City Financial Policies – Appendix E	179
City Economic Development Policy – Appendix F	181
City Economic Correction Policy – Appendix G	185
City Transfer Policy – Appendix H	187
Glossary and Acronyms	188



September 8, 2025

The following is the City of Center financial plan and budget for Fiscal Year 2026. We expect this document will provide significant information in an understandable format that is easy to read. City staff, corporation officers, and advisory board volunteers have worked hard to generate this presentation of our budget. The Council and I express our gratitude to those that have participated in this process.

A budget serves many purposes. It is a statement of priorities; each year the Council weighs different needs and requests from our community. This budget expresses services the people of Center can expect to receive through the effective use of their tax dollars. The budget is a strategic planning tool, offering a roadmap for achieving our goals and prioritizing the use of our limited resources. The budget is a control tool, providing legal authority for our staff to ensure continuity of operations. Finally, the budget is a management tool, demonstrating the methods of service delivery and monitoring value and efficiency of those services.

Center is a Home Rule city that provides a full range of municipal services to its citizens. As such, Center is very active in using tax-payer funds to make long term investments to the community in areas such as public safety, parks, community facilities, and critical infrastructure. We place high value in providing quality facilities and amenities for our citizens, businesses, industry and visitors.

Planning the future of our City is not a spectator sport. I encourage everyone to attend a City Council meeting, consider volunteering for service on a board or committee or seek out ways to participate in making our community better for everyone.

I do hope that you enjoy the budget format and information provided. If you have any questions, you may contact the City Manager, Chad Nehring, at (936) 598-2941.

Sincerely,

David Chadwick
Mayor, City of Center



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Date: September 1, 2025

To: Mayor, City Council Members and Residents of Center

From: Chad D. Nehring, City Manager

Subject: FY 2026 Budget Transmittal

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2025-2026 Budget. This budget book is intended to provide a significant level of detail of the City's financial plan in a transparent manner and accomplish the four recognized purposes of a budget.

- Financial Document – providing thorough financial information about the composition, historic performance and current expectations for revenues and expenditures to clearly demonstrate the actions as fiscal stewards of entrusted resources.
- Planning Document - describe the methods in which the City will achieve its goals through ongoing operational service, special programs and capital projects.
- Policy Document - define guidance to the management of the City whether explicit directives - Purchasing, Investment, Debt and Fund Balance Policies, or a description of options that guide activities through financial control.
- Communication Tool - summarize information in an understandable format for public consumption and explanation of choices and alternatives made by the City.

Highlights - Economy, Inflation & Budgetary Changes

The local economic trends are reflective of national trends over the last several years and continue to affect budget development. This results in multiple alterations to operations over the past three years. Changes to local employment, workforce issues, materials availability and cost of equipment experienced dynamics that were addressed in the budgetary process but appear this year have begun stabilizing.

- **Property tax rate** is decreasing by 2.75% (-1.7¢) because of increased total taxable values and utilizing the Voter Approval Rate to generate the levy needed for this year's budget.
- **Sales tax revenue** is projected to remain flat with no anticipated growth in FY26, as it has for the last three years, primarily related to inflationary price increases and decreased overall purchasing power lowering the percentage of household income spent on taxable goods.
- **Utility/Garbage rates and fees** are projected to remain **unchanged** this year.
- Continued increases in employee health benefit premiums caused plan changes in recent years but this budget resulted in only a 4% renewal increase.
- Workforce increases in transitioning employment and wage demands for quality employees have driven budget increases for several years. Overall, increases in costs have been noted with training due to turnover/vacancies, creation of hiring/retention programs, and competitive wages to moderate inflationary impacts including 1% COLAs to maintain quality workforce.
- Capitalize on potential state/federal grant fund availability. Specifically, US-Economic Development Administration funding options for water plant reconstruction, TP&W grant award and secondary funding application for park enhancements, SECO (HUD) grant funding for lighting upgrades at the Windham Civic Center, Tx Dept of Ag Resilient Communities Program for Planning/Floodplain study and federal grants (IJA/BIL) dedicated to Airport improvements.
- The EDC budget includes approved incentive package for redevelopment of Portacool facilities.



Property Tax

The existing tax base contracted in FY21 when economic conditions warranted property reappraisals. Market sales combined with the State Comptrollers' local Property Value Study (PVS) deficiency have generated significant growth in residential appraisals since. While that impacts the tax rate calculations for this budget, new construction value (\$3,047,426) on current tax roll provides increased revenue beyond the voter-approval rate.

The City is required to calculate the No-New-Revenue tax rate and the Voter Approval Rate. These formulas are designed to generate a tax levy 3.5% greater than that of the No-New-Revenue rate, while adjusting for changes in debt, sales taxes and other factors. An election is mandated if the City Council adopts a rate greater than the Voter Approval Rate. However, SB 2 created an alternative De Minimis Rate, which allows the City to levy up to an additional \$500,000 without triggering an election. The City is eligible to use the De Minimis Rate because Center's population is under 30,000. Additionally, Center can apply the cumulative loss of revenue over the prior three years, the accrued increment, to the rate.

No New Revenue (NNR) tax rate	\$0.575584
Voter approval (VAR) tax rate	\$0.590885
Voter approval tax rate w/increments	\$0.590885
De minimis rate	\$0.700434

Because of the overall economic environment, a rate of \$0.590885, which is the eligible voter-approval rate, is used this year. This rate is 2.75% (-1.7¢) lower than the current tax rate but will generate an estimated \$70,898 of additional tax revenue for general fund operations and retirement of eligible long-term debt obligations.

Utility Rates

The Council approved increases to Utility rate structure, including adjustments to all customer classes, last year to provide additional revenue sufficient for payment on new debt for capital improvements to the water system. This year's budget was developed with no anticipated rate adjustments required.

Garbage contract rates were presented to increase monthly service charges by CPI-Dallas area - All Items - (0.4%). There will be no rate changes necessary for either residential or commercial accounts to accommodate this CPI-guaranteed increase for the commercial waste hauler contract this year.

Strategic Development and Service Enhancement

There are a few initiatives the City is planning for FY26, while completing the capital projects underway from the 2024 bond issue and projects receiving several grant awards.

Capital Project Completion

FY25 saw completion of several planned capital projects. Many were likely unnoticed by the general public except for the 2024 Street Renovation project, which included concreting the downtown block Austin St. (twice). Other completed projects included lighting retrofit at the Senior Center and upgrades at various parks, particularly related to facilities hosting Summer ball tournaments. Notable major maintenance at the Windham Civic Center will also be completed by the end of FY25 including reflooring of the Foster Hall, significant painting, addition of tables/chairs, and the replacement of most of the technology and sound equipment.



Quality of Life Projects

FY25 saw a major emphasis on completion of the broadband access installation through the public-private partnership agreement between the Center EDC, City and ETEX ensuring installation of fiber high speed broadband to all industrial/commercial areas with the additional benefit of being available through many residential areas. The phase I installation was completed with ETEX already becoming the premiere broadband service in the community. The airport also completed its 25-year Airport Layout Plan and initiated a contract for the replacement of the Automated Weather Observation System (AWOS). Most notable for this year's budget, is the construction of Phase I of American Legion Park Renovation in the CIP - Park Fund with a \$500,000 budget, half of which is a Texas Parks & Wildlife (TP&W) grant award.

Community Beautification/Service Enhancement

The Council has expressed a desire to continue expansion of beautification programs/projects. Some initial steps were initiated in FY25 including wayfinding signage. Planned spending is included for highway entryways, downtown enhancement/maintenance, and general cleanliness. This year's budget includes funds for undesignated Council priority projects in the amount of \$54,500 and the CIP prioritizes initiated yet incomplete projects: redesign of library and city hall roofs; Airport AWOS system replacement and Windham Civic Center lighting retrofit.

Comprehensive Employee Benefit Assessment

Priorities include resources toward attracting and retaining quality, competent employees. This year's budget addresses that goal through continuation of the evaluation-based merit pay adjustments, inclusion of a 1% COLA, increases to departmental training budgets and continued funding of the Police & Fire Cadet Hiring Programs. Over the last few years, turnover has been higher than historical norms, and maintaining training, experienced supervisory oversight and skill competency has become a more significant operational focus to ensure desired level of services.

Economic Development

The Center Economic Development Corporation continues to be aggressive in assisting all aspects to enhance the City's ability to attract outside investment and incentivize business entrepreneurship. The INNOVA grant program continues to be marketed to small businesses and the broadband initiative will be monitored through completion of the agreement period for future expansion needs and opportunities. The incentive agreement with Portacool for reconstruction of manufacturing facilities, new equipment and increased employment will also be monitored, while recruitment of additional industry continues.

Internal Service Funds – Planning and Allocation of Expenses

This budget continues funding fleet replacement through the Vehicle/Equipment Replacement Fund. This year the VeRF includes all vehicles and mobile equipment except major fire apparatus. The VeRF has been refined to include annual lease and insurance costs for every unit allocated to each department. With dramatic increases in costs of vehicles over the last two years, staff have modified the schedule and estimates for future replacements to minimize immediate operational allocations while maintaining sufficient balance for acquisitions over the six-year planning period. The Technology Fund this year has been similarly expanded to include all technology equipment and software replacements.



Utility Projects

This budget includes significant funding toward the Capital Improvement Plan for construction of the Aiken water plant renovation to ensure treatment capacity and continues the planning/permitting phase for the Water Reuse Project that will increase daily production capacity. Both remain under approved engineering contracts for creation of design/construction documents and development of permitting review. Currently, we are awaiting a determination on an application pending with US-EDA to initiate construction solicitation for the Aiken Water Plant rehabilitation project.

Public Safety

This budget includes the continuation of the Police and Fire Department cadet training program that has been effective in decreasing vacancy rates for both departments. This budget also includes expanded equipment replacement including radios, purchases of bodycams and vehicle cameras, and annual Fire department bunker gear and emergency equipment replacements.

Long Range Financial Perspective

The City begins the FY26 Budget in a healthy financial position. Revenues are projected to increase slightly allowing targeted expenditure growth necessary to maintain service levels, sustain facilities and dedicate resources for Council priorities. City staff will remain vigilant in monitoring sales tax data due to its' potential volatility and the City's heavy reliance on this revenue stream. The City's fund balance remains at a level to provide security through emergency situations, insulates the tax rate volatility from major economic situations, and serves as the primary metric to maintain the City's recently upgraded A1 bond rating. This provides additional reliability of financial projections for operations and anticipated resources for necessary capital reinvestments as capital projects require bond capacity.

Summary

Development of the FY26 Budget presented a number of challenges. This year was more complex due to the continued stagnation of revenue over the last several years. Continuing impacts from inflation, stabilizing workforce, federal policy changes, state legislative mandates and other external stimuli inject an undesirable degree of variability into financial forecasts. New laws, particularly valuation caps and economic fluctuation will consistently place pressure on the City's ability to generate funds for service enhancements and capital projects.

Positive momentum continues with the completion of capital projects by the City and Center ISD. As Portacool begins reconstruction along with Hallmark and Tyson having solid years of aggressive production, the employment and industrial sector has resolidified. Enthusiasm from the rejuvenated downtown streetscape, new housing starts, growth of commercial investment, and business expansions, portend an overall trend of continued sustainable growth.

This Budget exemplifies a City dedicated to enhancing its physical infrastructure, providing quality services and striving for improved quality of place with expectation of attracting additional investment and improving the entire community. Center is a great place to live, work, visit, and conduct business because of the cooperative spirit that builds for the future while providing affordable community services. Center is fortunate to have community leaders, volunteers, and employees dedicated to programs, events, and activities to obtain progress in the pursuit of this vision.



FY 2026 BUDGET OVERVIEW & EXECUTIVE SUMMARY

This section provides a general overview and summary of the City of Center's budget. It will show how the City is addressing the City Council's goals and objectives, the general budget issues, as well as providing a summary of the City's annual funding plan for operations and special projects.

The Council's goals for the FY 2026 Budget are:

- Stabilization of property tax rate and corresponding revenue relative to sales tax income.
- Capitalize on recent community enhancement projects and plan for future needs.
- Maintain personnel pay and benefits to attract and retain qualified, quality employees.
- Thoroughly analyze City operations and seek ways to continue improvement.
- Prioritize operational attention to provide exceptional maintenance of community assets.
- Optimization and planning of utility system future demand and production capacity.

More information on the City's Strategic Plan can be found on [Pg. 31](#).

There are a number of functional areas that require some explanation to understand how progress will be made toward these goals.

Sales Tax

Understanding the City's sales tax revenue stream is the starting point for comprehending the overall budget. Sales taxes represent approximately 42% of the City's general fund revenue – One cent, or 50% of the total two cent local option, goes directly to the City for maintenance and operations. Another ¼ cent, or 12.5% of the total, reverts to the City for Property Tax Relief. The other ¼ cent funds the Type A Center Economic Development Corporation, and the remaining ½ cent is available to the Type B Center Street Improvements for Economic Development Corporation.

Sales taxes for FY26 are projected to remain comparable to last year's receipts, which have been unusually stable for three years. Linked strongly to the inflation impacting consumption of taxable commodities, the City's sales tax receipts have not increased for the last three fiscal years. Current year increases are estimated at 3.0%, indicating personal spending priorities may have begun to change. In FY26, the City is anticipating sales taxes to increase slightly, finally exceeding FY23 levels. For more detailed information on Sales Taxes, visit [Pg. 62](#).

Relationship between Sales Taxes and Property Taxes

The City Council acknowledged the precarious fiscal condition created on prior occasions that sales tax revenue behaved erratically. Rapid growth from mid-2010 through mid-2012 followed by dramatic reductions in sales tax revenue from mid-2012 until late 2014. During that period, the budget relied on sales tax growth for operations effectively utilizing it to reduce demand for revenue from property taxes. Subsequently, the Council made the resulting policy decision to transition operational reliance to more conservative ratios.

While sales tax revenue is high and growing, there is less pressure to consider increasing property tax revenues. The historical patterns indicate the City has routinely prioritized sales tax revenue growth toward reductions in the property tax rate. When sales tax declines, the City must look for other ways to overcome revenue gaps placing pressure on increasing the property tax rate or eliminating costs and related services.



The City must include the Sales Tax for Property Tax Relief when calculating the No-New-Revenue tax rate. If total property values decrease and provide less relief, then the No-New-Revenue rate must increase to generate the same amount of revenue from the levy of taxes as occurred during this budget cycle. For more information on the relationship between Sales and Property Tax, see [Pg 69](#).

Property Tax

Slightly under 25% of the City's General Fund comes from property tax levy. There are numerous factors considered when developing the property tax budget. Property tax is critical for operations where other revenue sources are not operationally generated or appropriate. For information on allocation of property tax revenue to specific operations and services visit [Pg 68](#).

Tax Base

The City's property tax base was projected to grow by 3% each year in the City's financial forecast. For the third year, this budget year presents a larger contrast between current and new value than projected. The adjusted taxable value for 2025 experienced an increase of 7.7%, over current supplemental 2024 tax rolls, which calculates a significantly lower tax rate to generate the same amount of revenue from the levy. Most of the value increase can be explained in market sales and pressure from State on the school district PVS. New construction added \$3,047,426 of value to the rolls. For information on the Property Tax base, visit [Pg. 64](#).

Component Portions of Tax Rate

The Maintenance and Operation (M&O) rate was able to increase with a reduction in debt needs and reduced dependance on other funding sources for principal and interest payments. This reduction in the Interest & Sinking (I&S) rate along with savings from debt refinancing in 2021, was used toward the M&O rate to reduce the necessity of raising the total tax rate.

Overall Growth

The City's FY 2026 revenues project increase of 3.7% compared to the FY 2025 estimate. The City's budget has increased over the long term as service costs rise, and programs are expanded. One of the issues identified in the City's financial forecast is that expenses typically increase at a faster rate than revenues. Explanations for this include personnel costs, direct correlation to payroll taxes and pension contributions; health insurance costs 10% average annual increase; enhanced service levels and programs to meet expectations; and the creation of internal service funds to plan for replacement equipment, technology enhancements and maintain service standards.

The Council has made decisions to enhance service levels and asset maintenance, specifically in Parks, Recreation and Police. Since 2013, three positions have been reinstated in Police with a fourth position added in this budget and additional positions have been funded in Parks and Recreation department as well as Facilities Maintenance. The City has also added new park facilities and downtown enhancements, budgeted for asset maintenance at significantly higher standards and increased departmental expenses for vehicle/equipment replacement and technology through the internal service funds.



Internal Service Funds

The Council has consistently stated the primary goal of financial sustainability of quality facilities and services. These activity funds allow the City to self-finance capital purchases through dedicated annual appropriations. This allows the City to make more consistent payments thus regulating budget volatility compared to experiencing unique purchases on a variable basis that can substantially impact a department's expenses during a single year. Properly managing and adequately funding the city's two internal service funds results in slightly larger operational budgets but reduce fluctuations and department budget volatility by effectively using these internal service funds to stabilize annual contributions from departmental operations while accumulating resources for intermittent asset acquisition/replacement. Further details on each fund are located on [Pgs 128-130](#).

Council Priorities

Lastly, the Council has made investments in projects to enhance the local quality of place (physical enhancements) requiring capital financed over time through the use of a debt instrument. The result is well over three quarters of the I&S rate can be attributed to these enhancement projects. The remaining portion is attributable to fire department apparatus, major maintenance toward reinvestment on depreciated assets and bond issuance costs. For more detail in the City's Debt Fund section, on [Pg. 105](#).

The overall conclusion is that City Council decisions for infrastructure construction and enhancement have a direct fiscal impact that relies on annual property tax revenue for maintenance of those improvements and provision of services.

Personnel

Employees represent the City budget's largest cost category. It has been significantly impacted by recent national economic trends and policies. The economic challenges created by inflationary costs, reduced workforce participation and low unemployment created a scenario of unprecedented competition for employees. Fortunately, many of these factors appear to be correcting to historical norms over the last year. The FY 2026 Budget contains several actions to ensure competitive wages to retain experienced employees and compete for workforce talent in the market including:

- 1) Cost of living adjustment (COLA) of 1% for the entire wage scale - June CPI of 2.7%; and,
- 2) Resources are programmed to maintain the evaluation and merit pay system instituted in FY22.

Finally, staff changes recommended to respond to increased activities include the upgrade of one (1) in Parks from part-time to a full-time position. To accommodate seasonal workforce needs, two full-time positions have been reduced to part-time, one each in Street Dept. and Police-Dispatch. Also, within the Utility Fund, anticipated operation of water system has reinstated one (1) full-time maintenance position. Total employee census is relatively unchanged at 84 Full Time Equivalent funded positions from last year's 83.75 FTE.

Structural Balance

An analysis of the General Fund's structural balance began FY 2021. This is an exercise of separating recurring and non-recurring revenues and expenditures to identify how these coincide. The goal is to sufficiently accommodate recurring expenses with annually expected revenue sources. The City's fiscal



state remains structurally balanced, further ensuring financial sustainability. For more information visit [Pg. 103](#).

Fiscal Health

The City's audit presents different data points – however, these are rarely directly integrated in the context of budget and financial planning. These include the City's net position, total assets, cash to current liabilities, fund balance and debt levels. A brief discussion follows that describes trends and recommendations for future decisions. See Fiscal Health Section on [Pg. 45](#).

Capital

- Construction of American Legion Park – Phase I will begin and is budgeted within the Parks CIP.
- Currently evaluating additional funding options, through HOT Funds and Tx Parks & Wildlife Grant programs to continue addressing items in the 2025 Parks Master Plan Update.
- Funding is already appropriated within the CIP for City facility/public area roof replacement studies for City Hall and Library.
- Planning for Hotel/Tourism activities and expenditure is anticipated during this fiscal year.
- All initial phases of Downtown Revitalization have been completed but discussion of additional minor enhancements and planning for phased geographic extensions.
- Utility capital funds are appropriated for engineering design and construction for the Aiken Water Treatment Plant renovation and engineering/permitting for the Water Reuse Project for expanded production capacity.

The City's goal for FY 2026 is to accomplish construction of the American Legion Park-Phase I project, obtain federal funding commitment toward the Aiken Water Treatment plant, and developing plans and priorities of potential major projects, specifically those activities eligible for use of Hotel/Motel or TIRZ funding. The Capital Improvements Program (CIP) section is on [Pg. 142](#).

Hotel Occupancy Taxes

The City collects a 7% Hotel Occupancy Tax (HOT) on each hotel night stay in Center. These funds have dedicated special uses as dictated by State Law. With the COVID pandemic and decreased regional energy industry activity, HOT revenue was expected to decline in FY 2021 and FY 2022. Fortunately, with annual baseball tournaments and modest energy sector activity, revenues outperformed budget expectations, which are projected to stabilize and remain relatively consistent for FY 2026.

The City historically utilizes most of these funds in three ways: debt service payments for the Windham Civic Center, Civic Center/Community House operations and tourism enhancements. A portion of funds is annually geared toward activities to bolster the local tourism industry; the City sponsors annual summer state baseball/softball tournaments. It is anticipated that regular travel will continue to escalate. Chamber event sponsorships and downtown amenities are also budgeted annually. With all related debt paid off in FY 2022, this fund has enhanced revenue for new and expanded projects, activities, and events. In FY 2025, Council appropriated amounts for repairs and maintenance to the Windham Civic Center. This year's budget includes upgrades at the Community House in the amount of \$250,000 which also serves as the local matching funds toward the TP&W grant to enhance American Legion Park. For more information on HOT please visit [Pg. 131](#).



Economic Development, TIRZ & Local Government Corporation

Center collects a dedicated portion of sales tax revenue for its' two economic development corporations: The type A, Center Economic Development Corporation and the type B, Center Street Improvements for Economic Development Corporation.

The type A, EDC is planning to intensify the City's economic development program and establish several initiatives that seek to supplement the Council's goals of improving the local quality of life and place. These include expansion of construction defined by the broadband business development agreement with ETEX and monitoring the comprehensive assistance program with Portacool for the reconstruction and reemployment at its manufacturing facility. Summary and budget are on [pg. 150](#).

The Type B EDC will again engage in an annual street renovation program which makes significant contributions to the City's transportation infrastructure. This year greater focus may include protection of roadway facilities from deteriorated drainage structures. Street EDC summary and budget information are located on [pg. 151](#).

The Center Tax Increment and Reinvestment Zone (TIRZ #1) was created by the City and Shelby County in 2012 to finance the public infrastructure to support the expansion of tourism, hospitality and retail businesses within the designated geographic boundaries surrounding the Windham Civic Center. During this budget year the Board governing this fund will explore additional infrastructure projects to expand development potential of this area. TIRZ history, TIF Fund summary begin at [pg. 133](#).

The Center Local Government Corporation (LGC) is governed by the City Council but was created in 2020 to facilitate housing development and the non-governmental ownership of land assets to fulfill that mission. Corporation information is on [pg. 152](#).



Budget Summary

The table below provides the total budgets for each of the City's funds and a complete picture of how much is required to operate the City exclusive of capital projects.

Fund	Revenues	Expenditures
General	\$ 6,689,250	\$ 6,689,250
Debt - I&S Fund	\$ 1,679,000	\$ 1,674,000
Utility Fund	\$ 5,257,755	\$ 5,257,755
Solid Waste Fund	\$ 2,310,800	\$ 2,303,820
Vehicle Replacement Fund	\$ 545,570	\$ 436,831
Technology Fund	\$ 327,039	\$ 321,870
OPERATIONAL TOTALS	\$ 16,809,414	\$ 16,683,526
Special Revenue Funds		
Hotel Motel Fund	\$ 422,600	\$ 465,000
Recreation Fund	\$ 102,250	\$ 102,470
TIF Fund	\$ 72,290	\$ 28,225
Court Security/Tech Fund	\$ 12,000	\$ 11,410
Seizure Fund	\$ 2,200	\$ 5,000
Jury Fund	\$ 100	\$ -
Truancy	\$ 6,400	\$ -
Opioid Fund	\$ 700	\$ -
Cemetery Trust	\$ 3,960	\$ -
Total w/Special Revenue	\$ 17,431,914	\$ 17,295,631
Capital Improvement Project Funds		
Capital Improvement - Gov't	\$ 1,760	\$ 46,625
Airport Const - CIP	\$ 250	\$ -
Park Fund - CIP	\$ 558,250	\$ 500,000
Civic Center CIP Fund	\$ 91,765	\$ 90,000
Capital Improvement - Utility	\$ 181,190	\$ 325,000
TOTAL ALL CITY FUNDS	\$ 18,265,129	\$ 18,257,256

Looking Forward

FY 2026 will be a year of planning, redevelopment, and initiation of major activities. The City will monitor local spending trends, particularly as they impact sales tax revenue and focus on major grant funding opportunities. FY 2026 will require focus of attention on the redevelopment of the economic development operational programs and planning the next phases of community enhancement. There are many reasons to remain optimistic about this period as we embrace what has been accomplished, develop organizational structure for future operations, allocate reasonable resources for prioritized improvements, and generate the vision for the continued progress of the City of Center.



FY 2026 BUDGET BUDGET USER GUIDE

The Budget User Guide provides foundational knowledge for the reader to gain a deeper understanding of the City of Center's budget. This section is organized under the following topics:

Fund Structure and Basis of Budgeting. The City of Center operates multiple funds that perform dedicated functions and use varied methods of accounting. This section defines the different funds, their functions, and method of accounting. This information is also presented graphically.

Budget Format. Description of the City's budgetary information presentation.

Budget Formulation and Development Process. Creating the City's annual budget is a long process that involves many components. This section provides an overview of the process by which the budget is created and a calendar of the key budgetary milestones.

Budget Management. Upon budget adoption, the process must ensure the City stays within its' budget. This section describes operational detail on how the City manages its' finances.

Policy Compliance. The City Council has established parameters to ensure quality stewardship of the City's finances. This section provides a summary of compliance with these goals.

FUND STRUCTURE AND BASIS OF BUDGETING

Basis of Budgeting/Accounting

The City of Center annual budget is prepared consistent with Generally Accepted Accounting Principles (GAAP). Portions of the City's budget utilize different basis of accounting methods. A basis of accounting refers to the point in time when 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 financial position. The Proprietary Funds use this basis of accounting.

Some exceptions to the above basis are as follows:

- Capital outlay and expenditures are capitalized and recorded as assets on a GAAP basis (if the threshold is met) but expensed annually on a budgetary basis. The budgetary method provides a more accurate description of the actual capital outlays made and planned during the year.
- Any depreciation expense is not shown in the budget as any applicable capital outlays are expressed as expenses in the budget.
- The budgetary basis does not show the value of employee leave balances that are recorded as a liability on the City's Balance Sheet in the audit report.
- The budget includes debt principal payments as budgetary expenditures. However, in the City's audit report, debt principal payments are treated as a reduction from the associated liability.



Fund Structure

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. Most City departments receive their funding from these Governmental funds. The City's Governmental Funds are comprised of:

- 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 designated use of resources from other funds.
- Debt Fund – The Debt Service Fund is budgeted to ensure the repayment of principal and interest expenses relating to the City's various debt instruments.
- Special Revenue Funds – These funds, also referred to as minor funds, are budgeted to account for revenue and expenses from dedicated funding sources. The City operates the Hotel Occupancy Tax, Permanent (Cemetery Trust) Fund, Recreation Fund, Tax Increment Reinvestment Zone (TIF) Fund, and multiple Law Enforcement/Court Special Funds.
- Capital Improvement Fund – The City is prohibited from comingling certain grant funds and operates separate funds for these purposes to ensure dedicated accounting for project activities. This includes specialized sub-funds for Parks, Airport and Civic Center. A separate Utility Capital Improvement Fund specifically accounts for utility-related projects, so water and wastewater system assets are properly assigned.

Proprietary Fund types use the accrual basis of accounting. 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 for those City operations that mirror a private business 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 to ensure technology improvements were fiscally planned and funded.

Major/Nonmajor Funds

Funds are also categorized based upon the magnitude of annual expenses as percentage or overall fiscal expenditures, as either Major Funds or Nonmajor Funds. The Major Funds of the City include:

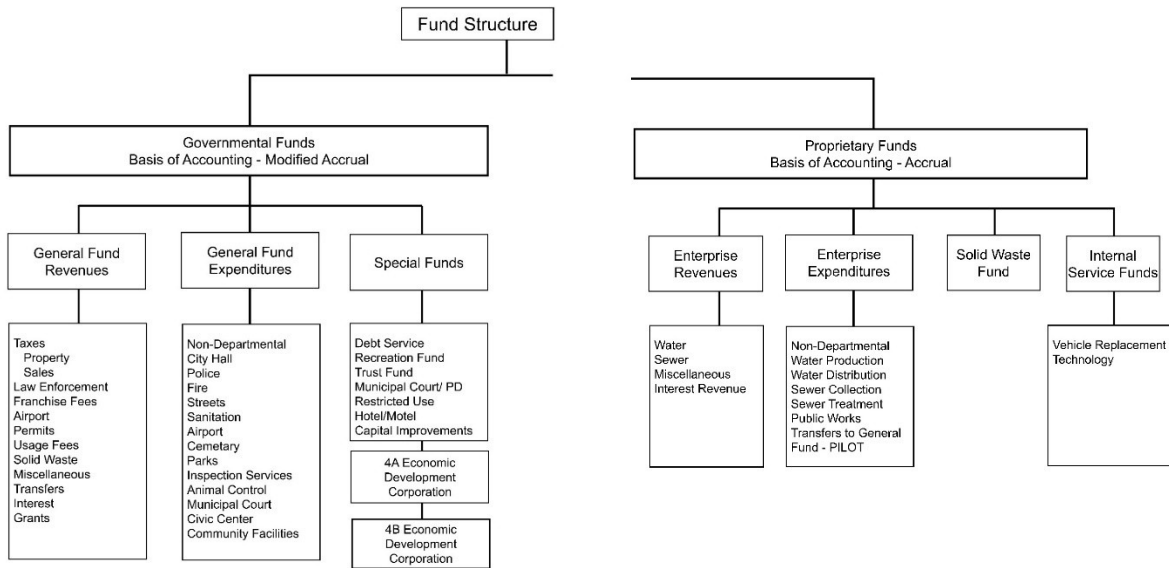
- General Fund
- Utility Fund
- Solid Waste Fund

Periodically, the Governmental Capital Improvement Fund will be temporarily listed as a Major Fund during years when this fund exhibits significant expenditures.

All other funds of the City are classified as Nonmajor due to their minimal operational or total annual expenditures.



CITY OF CENTER FUND STRUCTURE



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.



BUDGET FORMAT

The budget format for the FY 2026 Budget is enhanced to present more information than prior budgets.

Financial Format

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 2023 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2023.

FY 2024 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2024.

FY 2025 Adopted Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2025, including revenues, expenditures, and fund balances.

FY 2025 Estimate – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2025. The estimate is calculated as of August 1, 2025.

FY 2026 Proposed– Budgeted amounts for each category for the fiscal year ending September 30, 2026.

Prime Accounts

A prime account 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 FORMULATION AND DEVELOPMENT PROCESS

Each year, the City Charter requires the City of Center to adopt a balanced budget, with revenues greater than or equal to planned expenditures. The City's budget serves as instruction for providing City services to the public. The budget contains general information regarding the City's Strategic Plan, financial projections, City functions, department, objectives, and major accomplishments.

Budget Pre-Planning

The City's fiscal year is a period from October 1 through September 30. At the end of March, City staff begin developing a mid-year budget review and estimate. This estimate is the foundation of the annual Financial Forecast, a five-year projection that evaluates the interconnectivity between growth in the property tax base, debt payment obligations, sales tax revenue growth, staffing needs, other expenditure estimates, and fund balance projections.

In mid-Spring of each year, the Council reviews the Comprehensive and Strategic Plans, accomplishments, aspects of the plans that need review or alteration, and desires for new initiatives. Feedback from the City Council is transmitted to Department Heads responsible for developing their operational budgets. City staff begin work creating the annual revenue budgets in mid-April after the Shelby County Appraisal District presents the preliminary tax roll information.

Other fixed budgetary inputs are also pre-determined at this time such as the internal service funds (Vehicle Replacement and Technology Funds), debt service funds, and the tax increment reinvestment zone fund. These cost center interactions place budgetary constraints and limitations on other funds.

Budget Development

Budgetary requests are received from the Department Heads and analyzed in comparison with the prior year. The City Manager and Finance Officer meet with the Department Heads to refine operational projections and review requests.

The City Council is provided with a copy of the budget draft for review and comment. Advisory boards that review specific budgets, i.e. Center Economic Development Corporations, Hotel/Motel Advisory Board, etc., provide input and recommendations to the City Council. The City Council will also hold several workshops to review budget development and goals. Once budgetary figures are finalized, they are entered into the budget book for adoption.

Budget Adoption

Per the City Charter, the Proposed Budget must be filed with the City Secretary 45 days prior to the start of the fiscal year – this must be done on or before August 15 of each year. Per State Law, the City must post the adopted budget on the City website, and the City will make the proposed budget available at public facilities. The City must hold one public hearing on the Proposed Budget prior to Council adoption.

State law requires that the budget be adopted prior to the adoption of the tax rate ordinance. The new budget goes into effect October 1.

Property Tax Rate Adoption

By the end of July, the Shelby Central Appraisal District releases the Certified Tax Rolls and staff can begin calculating the No-New-Revenue and Voter Approval tax rates. The Voter Approval tax rate is calculated with a growth of 3.5% over prior year revenues from the tax levy. The Council is allowed to adopt the No-New-Revenue rate up to a de minimis rate that raises no more than \$500,000 in additional revenue each year. If the Council chooses to adopt a rate greater than the Voter Approval Rate, they must do so under an accelerated schedule that provides sufficient time for an election. Notice must be published in the



newspaper of record announcing the proposed rate and the times for a public hearing. The Council must then hold a public hearing prior to adopting the tax rate.

Utility Rate and User Fee Adoption

Throughout the budget development phase, the City's utility rates and user fees are evaluated to determine if adjustments are necessary to meet the Proposed Budget. The City adopts an annual ordinance which is inclusive of all rates and fees the City charges. If there are adjustments, they are presented to the Council prior to approval.

BUDGET CALENDAR

Budget Pre-Planning

Week of March 31, 2025 – Staff begins development of mid-year estimates and financial forecast.

Week of May 15, 2025 –Budget development requests provided from Department Heads.

Week of June 6, 2025 – Department Heads budgets integrated into preliminary draft by finance department.

June 12, 2025 – City Council reviews Department requests, response to strategic plan goals, capital requests, and initial budget draft.

June 26, 2025 – City Council receives FY 2025 Estimates and FY 2026 Financial Forecast.

Budget Development

June 1 through August 1, 2025 – Begin development of budget book.

July 25, 2025 – Deadline for the Shelby County Appraisal District to submit certified tax rolls.

August 11, 2025 – Council adopts resolution setting maximum tax rate for FY 2026 Proposed Budget.

Budget, Tax Rate, and Utility Rates and Fees Adoption

June/July, 2025 - 4A EDC & 4B EDC Boards recommend approval of their budget to the City Council.

August 4, 2025 – Council is presented the Filed version of the FY 2026 Budget as required by City Charter .and tax rate calculations.

August 11, 2025 – Council approves proposed tax rate.

August 14, 2025 – Notice of Proposed Budget Public Hearing is published.

August 25, 2025 – Public Hearing on the FY 2026 Budget (Regular Council meeting).

September 4, 2025 – Notice of Hearing on Tax Rate is published.

September 8, 2025 – Public Hearing on Tax Rate for FY 2026 (Regular Council meeting).

September 8, 2025 – Council adopts FY 2026 Budget, tax rate and annual utility rate/fee ordinance.

October 1, 2025 – New budget is implemented, new rate schedules become effective.



BUDGET MANAGEMENT

Department Heads receive monthly expense reports which include prior years' spending, current budget, expenditure amounts during the month, amount allocated for the year, and amount remaining in the budget. Department Heads are responsible for managing their operation within the appropriation levels established by the approved Budget.

The City's purchase order system assists Department Heads with oversight of their budget. Please refer to the City's Purchasing Policy in Appendix D for more detail on the process. For non-emergency or non-maintenance items over \$1,500, Department Heads are required to secure a purchase order prior to acquisition to ensure budget availability or request adjustments, as necessary.

Budget Transfers

The Budget Adoption Ordinance provides significant responsibility to the City Manager. As the fiscal year progresses, unanticipated situations may arise that could affect the budget. Items that require a simple transfer from one account to another within the same Department or Fund that would not affect the total budget can be made upon the City Manager's approval. Items that would result in an increased budget or cause it to be out of balance are required to be approved by the City Council.

Budgetary Reporting

Each month, the Finance Department provides the City Council with a Financial Dashboard detailing current month spending in relation to prior years to monitor current expenditures versus historic patterns. Also, summary budget information is presented detailing the total budget, spending for the month and year. The amount of revenue is also presented to the Council to indicate if the City is spending more than received.

Each quarter, the Finance Department prepares the required Cash and Investment Report which provides details on the City's cash position. This report includes the City's position at the beginning of the fiscal year, the current quarter, and the end of the quarter. The report also details the City's investment instruments and interest income.

Audit

At the close of each fiscal year, the City engages in an independent audit by a qualified CPA firm licensed by the State of Texas. While the audit process examines the City's books, it also evaluates the City's financial processes, internal controls, and policy compliance.

BALANCED BUDGET

According to the Charter of the City of Center, it shall be the duty of the City Manager to submit a balanced annual budget to the Council. A balanced budget is defined as one where revenues are greater than or equal to expenditures.

FOR MORE INFORMATION

The budget document summarizes and condenses a substantial amount of information. However, more detailed information may be needed or further explanation required. In these instances, citizens and users may contact City Hall at 936/598-2941 with questions. 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.



POLICY COMPLIANCE AND VERIFICATION

The City of Center maintains a number of different policies which can be found as Appendixes at the end of the budget document. This brief section summarizes each section and whether the City is in a compliance status with each policy.

Debt Management Policy – Appendix A. Policy imposing limitations on the amount of debt that the City can issue, measuring as a percentage of outstanding principle to the tax base, maintaining a tax rate less than or equal to comparison cities, ensuring that the tax rate will be in relative balance, and debt instruments not exceeding a maximum term.

Policy Metric	Verification			Status
Outstanding principle not to exceed 4% of total tax base	FY 2026 outstanding principle - \$6,407,500			In Compliance
	FY 2026 tax base - \$393,463,612			
	Percentage – 1.63%			
Competitive tax rate with peer communities	FY 2025 property tax rate - \$0.607620			In Compliance
	Peer community average - \$0.650498			
Tax rate ratio balance	FY 2026 M&O Rate - \$0.388290 66%			In Compliance
	FY 2026 I&S Rate - \$0.202595 34%			
	Total - \$0.590885			
Debt instruments not to exceed 20 years	Issue	Maturity date	Time Remaining	In Compliance
	2011 CO's	2030	5	
	2012 CO's	2035	10	
	2016 CO's	2036	11	
	2019 CO's	2039	14	
	2021 Ref	2030	5	

Fund Balance Policy – Appendix B. Policy establishing the City's minimum and optimum amount to retain as fund balance for emergencies. Fund balance is measured as a percentage of annual expenditures

Policy Metric	Verification	Status
A minimum fund balance of 25% of annual expenditures and optimum fund balance of 30% of expenditures	FY 2024 audited expenditures - \$6,335,942	In Compliance
	FY 2024 audited end fund bal - \$3,019,653	
	Percent fund balance/expenditures – 47.7%	

Investment Policy – Appendix C. Per State Law, the City maintains an investment policy establishing parameters on allowable investments.

Policy Metric	Verification	Status
Submit quarterly reports and annual report to the City Council	Three quarterly Cash & Investment Reports	In Compliance
	One annual Cash & Investment Report	
Bank collateral. Goal is 102% collateralization per Section 9	Collateralization at 103%	In Compliance
	100% of investments are in Local Government	
Investments are to be compliant with Section 11.B of the Investment Policy.	Pools, allowed under Section 11.B.1.F	In Compliance



Balanced Budget Policy – City of Center Charter Requirement. The City Council is required to adopt a budget where expenditure does not exceed revenues plus reserves. Operationally, the City has developed a budget that does not employ reserves to meet operational needs and revenues are greater than or equal to current expenditures, excluding Capital Improvement Fund activities.

Policy Metric	Verification	Status
Budget where revenues are greater than or equal to expenditures	FY 2025 Budget Revenues \$17,051,952	In Compliance
	FY 2025 Budget Expenditures \$16,829,857	
	FY 2026 Budget Revenues \$ 17,431,914	
	FY 2026 Budget Expenditures \$ 17,295,631	

Purchasing Policy – Appendix D. The City’s purchasing policy provides guidance and structure to the procurement process for goods, supplies, and services.

Policy Metric	Verification	Status
Purchase orders issued	90 PO’s issued – FY 2024	In Compliance
	77 PO’s issued YTD(July) – FY 2025	

Financial Policies – Appendix E. The City’s financial policies cover several topics such as internal controls, expenditures, financial reporting, accounts payable, and accounts receivable. It is meant to provide guidance to Council and reassurance to the public that the City seeks to manage public resources in a responsible manner.

Policy Metric	Verification	Status
Audit report from independent auditors	Clean, Unqualified Opinion - FY 2023 audit	In Compliance

Economic Correction Policy – Appendix F. The City has an economic correction policy to provide management guidance in the event of an economic downturn that would affect operational revenues. No fiscal compliance is necessary.

Transfer Policy – Appendix H. The City established a policy to limit the values of transfers between funds based on a percentage of total revenues in the most recent audit.

Policy Metric	Verification	Status
Utility Fund transfer to General Fund – FY 2024. Not exceed 20%	Utility Fund Revenue - \$4,918,184	In Compliance
	General Fund Trans - \$375,000	
	Franchise Fee to Gen Fund - \$136,168	
	Total - \$511,168 – 10.4%	
	Utility Fund Revenue - \$4,918,184	
Utility Fund transfer to Debt Fund – FY 2024. Not to exceed 20%	Debt Fund Trans - \$469,100 – 9.5%	In Compliance
	Solid Waste Revenue - \$2,280,023	
	Solid Waste Franchise - \$156,930	
Solid Waste transfer to General Fund – FY 2024. Not exceed 25%	Solid Waste Transfer - \$200,000	In Compliance
	Total - \$356,931 – 15.7%	
	4A EDC Revenue - \$618,085	
4A EDC admin fee to General Fund – FY 2024. Not exceed 20%	General Fund Trans - \$30,000 – 4.9%	In Compliance
4B EDC admin fee to General Fund – FY 2024. Not exceed 5%	4B EDC Revenue - \$1,157,465	In Compliance
	General Fund Trans - \$30,000 – 2.6%	
Hotel Occupancy Tax transfer to Debt – FY 2024. Not exceed 50%	HOT Revenue - \$388,953	In Compliance
	Debt Fund Trans - \$0 – 0%	
	General Fund Trans - \$110,000 – 28.3%	
Hotel Occupancy Tax transfer to General Fund – FY 2024. Not to exceed 35%		In Compliance



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**CITY OF CENTER
STRATEGIC PLAN**

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 Council annually is surveyed to assist staff in crafting budget priorities, which also serves to justify the continuation of strategic plan goals and objectives. The Council's top five general areas of focus during annual budget development for the last several years have consistently included:

Financial Stability and Sustainability
Economic Development
Quality Utility Operations
Growth Planning
Public Safety

The Center City Council adopted an updated Comprehensive Plan in 2014 that identifies issues that warrant attention. The list can be condensed into four primary categories: Economic Development, Quality of Life, Growth and Physical Development of Infrastructure; 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.

Strengths

Financially sound City
Active economy and civic groups
Functional council and staff
Infrastructure (Water, Civic Center, airport, downtown)
Industrial base

Opportunities

Marketing
Improved relationships with County and ISD
Return of oil/gas activity
Sports tourism
Water availability

Weaknesses

General cleanliness
Lack of: Housing, medical facilities, food and dining options, land for industrial development
Branding/image
Private property improvement/Pride

Threats

Loss of industry/employers
Continuing 'run down' appearance



The following sections will explain in greater detail the strategic approaches defined to achieve continued activity and progress. Budgeted items are identified under the appropriate category along with the responsible department or entity.

Goals/Core Values

All objectives and work plans should exhibit one or more of these core principles for the governance and operations of the City of Center.

1. Effective Stewardship and Vigilance of Financial and Physical Assets
2. Sustainable Growth and Development
3. Exceptional Quality of Life
4. Responsive and Transparent to Community, Partners, and Customers

OBJECTIVE A. MAINTAIN AND ENHANCE CORE PUBLIC SERVICE DELIVERY

ACTION TARGETS- Public Safety, Utility Systems, Finance/Administration & Public Facilities

Public Safety

1. Provide law enforcement staffing and equipment to effectively respond to emergency or disaster needs of citizens, visitors, and businesses.
2. Sustain fire service needs for staffing, equipment, and apparatuses to effectively respond to emergencies or disaster needs of citizens, visitors, and businesses.
3. Cooperation with Center Volunteer Fire Department for emergency responses
4. Expand Animal Control policies, procedures, & strategies
5. Operate Emergency Management and Planning Activities
6. Expect law enforcement and fire protection public safety programs and outreach.
 - a. Encourage Police and Fire station visits and interaction with school children.
 - b. Promote community awareness of programs to recruit and retain quality, well-trained fire, and police officers.

Utility Service Systems

1. Develop plant improvement programs for water production and sewer treatment.
2. Implement the water master plan to address future availability of raw water supply.
3. Monitor wastewater discharge permit regulations and contributed industrial waste.
4. Identify water/sewer lines for replacement to improve pressure or service reliability.
5. Identify areas where water lines need to be replaced or enlarged for fire protection.
6. Negotiate with water supply corporations to expand customer base by providing service or acquiring systems.
7. Continue evaluating system needs for service and process improvements.

Aiken Plant Rehab	\$250,000	Planning/design for treatment plant rehab	Utility CIP
Water Capacity-Reuse	\$75,000	Permitting/PILOT Study for Reuse Project	Utility CIP

Finance/Administration

1. Employ quality accounting and auditing practices and standards.
2. Ensure sound and secure investment of public funds.
3. Create, review, and adhere to a sound fiscal plan and annual budget.
4. Maintain fiscal records for ease of presentation, review, and audit.

Public Facilities - Streets

1. Review and document conditions of roadways and surface maintenance needs
2. Plan improvements to the City's vehicle/pedestrian transportation system.
3. Develop collector street system for planned infrastructure expansion (Comp Plan #7)
4. Coordinate with TxDOT for traffic control and safety improvements.



5. Develop enhanced strategy for pedestrian walkability & safety (Comp Plan #22)
6. Coordinate with TXDoT and county for intersecting/overlapping jurisdiction.
7. Identify special projects for expansion or enlargement of transportation systems.

Street program	\$1,680,000	Street renovation/maintenance program; concrete enhancements for drainage	4B EDC
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Public Facilities - Drainage

1. Enhance drainage systems to protect property.
2. Identify drainage projects and funding for maintenance or enlargement.
3. Review FEMA floodplain maps and regulations.
4. Insure funding access to FEMA Mitigation Programs
5. Enforce storm water prevention standards on business development.

Resilient Communities Program	\$0	Drainage Assessment/Comp Plan Update	General Fund/CIP
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Public Facilities - Civic Center

1. Continue to maintain high standards for facility stewardship.
2. Identify areas of appropriate areas of customer base expansion to bolster facility self-sustainment.
3. Evaluate opportunities for facility improvements in technology & other customer amenities.

SECO Grant – Lighting Retrofit	\$0	Complete retrofit of all light fixtures	CIP-Civic Center
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OBJECTIVE B. METHODICALLY GROW THE CITY LIMITS AND POPULATION WITH EFFECTIVE UTILITY EXTENSIONS, LAND USE, AND PLANNING

ACTION TARGETS- Expansion, Population Growth, & Housing

Expansion

1. Review land use maps and revise city's zoning map to reflect future land uses.
2. Identify utility extension projects which allow system growth.
3. Ensure utilities are extended outside city limits in an equitable manner through required development agreement or annexation petition.
4. Coordinate utility system expansions to encourage voluntary annexations.
5. Identify areas as candidates for annexation and pre-emptively secure development agreements.

Population Growth

1. Coordination with Center ISD regarding population growth rates (Comp Plan #3)
2. Enhance development standards and control in ETJ – coordinate with county.
3. Create a vibrant housing market with a mix of options (Comp Plan #23)

Housing

1. Develop strategies to encourage the construction of single and multi-family developments (e.g., TIRZ, utility and street construction, fee 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 enforcement program (Comp Plan #26)
4. Encourage volunteer teams to repair blighted housing units/develop new homes.



5. Sponsor HOME grant applications and other governmental assistance programs.
6. Expand Local Government Corporation activities.
 - a. Parker Place lot sales/development
 - b. Vacant/delinquent lots for reuse or redevelopment

Parker Place Subdivision	\$5,600	Maintenance of lots available for sale	Center Local Govt Corp
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OBJECTIVE C. ECONOMIC DEVELOPMENT: THE CITY OF CENTER WILL BE A PLACE WITH A VIBRANT BUSINESS ENVIRONMENT WITH A DIVERSIFIED ECONOMIC BASE.

ACTION TARGETS-Connectivity, Expansion, Cooperation, Education, Revitalization, & Commerce

Commerce

1. Develop Center as a retail hub.
2. Resume retail recruitment efforts.
3. Encourage/incentivize retail-ready development projects.
4. Develop Center as a tourism and event destination.
5. Partner with organizations to create and expand events which serve as community draws.
6. Target civic center marketing efforts on events which will bring out-of-area visitors.
7. Engage with the school and other entities to attract more regional activities to Center.
8. Grow the Recreation Program to create ventures in athletic tournaments and events.
9. Connect with local communities regarding capabilities of facilities and their advantages.

State and regional tournaments	\$40,000	Sponsorship amounts for tournament attraction	HOT Fund
Event sponsorship	\$7,500	Community event sponsorship Chamber	HOT Fund

Connectivity

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)
2. Conduct a periodic business survey.
3. Conduct annual site visits to local industries.
4. Resume quarterly industrial breakfasts.

Expansion

1. Expand and diversify the local industrial base.
2. Expand relationships with business consultants (Comp Plan #11)
3. Focus on spin-off/companion companies and opportunities (Comp Plan #9)
4. Pursue program incentives or funding for new businesses (Comp Plan #15)
5. Ensure no restrictive zoning regulations to accommodate target industry (Comp Plan #14)
6. Increase site options in the city for development (i.e., industrial, retail, & commercial)
7. Identify, foster, and develop small businesses through entrepreneur programs.
8. Market to identify companies within targeted industries and respond to prospect leads.

Cooperation

1. Continue and encourage coordination, cooperation, and building regional relationships with economic development allies. (Comp Plan #12)
2. Partner with Center ISD to enhance the school's reputation as being a quality district.
3. Foster relationships with regional utility providers
4. Continue engagement with regional economic development agencies.

Education

1. Develop the local workforce and human capital capabilities.
2. Work with Center ISD and Panola College to develop workforce skills programs.
3. Seek out additional educational alternative opportunities.



Revitalization

1. Continue to support the development of the Historical Downtown Square as an economically vigorous area.
2. Continue to expand the footprint of the streetscape enhancement project (Comp Plan #4)
3. Develop a model of the ideal mix of businesses for the area.
4. Ensure that area regulations are compatible with the vision and plans.
5. Update codes to encourage the reuse of existing structures (Comp Plan #17)
6. Market the INNOVA façade improvement grant program to incentivize the redevelopment of existing structures.
7. Encourage mixed use projects (Comp Plan #5)
8. Become one of the most dynamic downtowns in East Texas

Downtown - Maintenance	\$37,500	Maintenance of Landscape/Hardscape	General Fund
Downtown Banner Program	\$15,000	Purchase and install supplemental banners	HOT Fund
Downtown Building Lights	\$10,000	Maintenance of downtown building lights	HOT Fund

OBJECTIVE D. PROACTIVELY ENGAGE IN ACTIONS THAT WILL ENHANCE CENTER'S QUALITY OF LIFE

ACTION TARGETS-Beautification, Parks Improvement, Public Health, & Transportation

Beautification

1. Engage in creative efforts to aesthetically enhance Center's physical appearance.
2. Promote the creation of a Keep Center Beautiful program.
3. Enhance targeted areas (e.g., school access, commercial corridors, community facilities)
4. Identify locations for use of public art (e.g., murals, sculptures, display art)
5. Install entryway and directional signage (Comp Plan #21)
6. Adopt signage, landscaping, and property maintenance codes (Comp Plan #19, 20)
7. Continue demolition of blighted structures

Blight removal	\$15,000	House demolition and blight removal American Legion Park Phase 1 construction/Phase 2	Solid Waste Fund
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Parks Improvement

1. Continue implementation of the Parks Master Plan
2. Initiate walking trail project development plan
3. Continue to improve playground accessibility for all citizens.
4. Develop strategies to expand capacity for highly popular and trafficked areas of use.

American Legion Park	\$500,000	Construction of Phase I - TP&W Grant funding	CIP-Park
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Public Health

1. Support the enhancement of the area's health care system.
2. Ensure access to opportunities for physical activity via Parks & Recreation Departments & other supported programs.
3. Encourage community participation in health education and wellness monitoring opportunities.
4. Promote collaborative partnerships between organizations sharing the goal of public health.
5. Maintain proper emergency preparedness to minimize impact on public health standards.
6. Educate Health Professionals regarding expanded digital health capabilities provided by quality broadband access.

Transportation

1. Implement/update the Center Municipal Airport Capital Improvements Plan
2. Coordinate the needs and desires of facility users and visitors.
3. Establish funding mechanisms for local project contributions.



OBJECTIVE E. ENGAGE THE COMMUNITY IMPROVING UNDERSTANDING AND COMMUNICATION

ACTION TARGETS- Marketing, Transparency, & Communication

Marketing

1. Enlarge the City's marketing and external recognition efforts.
2. Develop a branding strategy to promote consistent and cohesive identity (Comp Plan #16)
3. Develop a media strategy.

Transparency

1. Resume and/or expand community outreach programs.
2. Seek external awards to earn recognition for efforts.
3. Implement strategies to boost financial transparency.

Communication

1. Develop a community engagement strategy & define communication activities.
2. Implement multiple communication methods to improve service messaging with citizens.
3. Prioritize effective communication as an overall pillar of a successful service delivery plan.



CITY OF CENTER LONG RANGE FINANCIAL FORECAST FY 2026 – FY 2031

In FY 2015, the City of Center began formally instituting a five-year financial forecast in the budget development process. The Financial Forecast's purpose is designed to anticipate problems and assess opportunities as a proactive planning tool. This exercise allows the City Council to establish goals with more forethought. Some issues addressed in this financial forecast and budget are:

- **Fund Balance.** Ensuring the City's fund balance and cash reserve position to maintain sufficient resources for emergencies in compliance with the Fund Balance policy.
- **Revenue and Expense Policy.** Consistent review of tax and utility rates, comparison with other communities and allowing for expenditure concerns that may be managed over time.
- **Debt capacity and payment requirements.**

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

1. Orchestrating policy decisions and corresponding long-term financial implications.
2. Anticipating future fiscal conditions, implementing strategies and actions to correct, minimizing or counteract potential difficulties.
3. Assist the City Manager and departments in operational planning.
4. Provide more accurate estimates of revenue and expenditure during the budget process.
5. Indicate to bond rating agencies and other interested parties the systematic financial planning process utilized.
6. Enhance the general public's understanding of long-term costs and associated implications of current and proposed City decisions.

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 that is the forecast's true benefit.

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

Forecasting Methodology

The City of Center uses three basic techniques to forecast revenue and expenditure: 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 City staff's expertise 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.

Expenditures and revenues are also forecast employing an incremental and deterministic model unless specifically denoted. This assumes a consistent level of services, unless otherwise noted, that accounts for inflation yet generally minimizes service enhancement or improvement cost escalation. Personnel expenditure reflects cost of living adjustments and increases to volatile benefit costs yet does not generally indicate staffing increases. The forecast separates expenditures by prime accounts and provides for an annual inflation factor.



Potential Economic and Environmental Conditions and Risk Assessment

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

Energy Industry Activity

The United States became a world leader in energy commodity exports for a short period. The recent national pause in production growth could result in a resurgence in activity in the Haynesville Shale. An energy renaissance would cause an influx of temporary workers, boosting Hotel Occupancy Taxes, and increasing sales tax revenues, however, this activity would be volatile and temporary. Property tax could see an increase with few value producing wells inside the City; value increases would come from some property appreciation but mostly from business personal property and inventories.

Conversely, this extra activity would place strain on City services. Law enforcement would need to be enhanced to accommodate the larger in-town population. Requests for City building permits and inspections could necessitate evaluating staffing in the Inspection department.

2018 saw a pull-back of regional energy industry activity and Hotel taxes started to decline. However, sales tax receipts showed continued modest strength. 2021 experienced a contraction of the global energy industry with the impacts of COVID-19 and shifting federal policies. Recent market trends have stabilized energy operations within the area, but they remain unpredictable.

Scenarios of Energy Industry Changes – impacts to City		
	Positive changes	Negative changes
Hotel Occupancy Taxes	+100%	-10%
Sales Tax Receipts	+25%	-5%
TIF	+10%	-10%
Public Services	Need for additional personnel for traffic enforcement, criminal investigation, and development	No modification to current service levels

Poultry Industry

Center's reliance on the poultry industry places it in danger to at least three hazards. The first is a bird flu event that results in the culling of large numbers of birds, limiting production at the local plant. The second is the detection of a biohazard 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. In 2015, listeria was discovered at the Blue Bell ice cream plant in Brenham and the plant was closed for about nine months. An event like that would devastate the local economy. The impacts would be two-fold, the general economy and direct water sales. In either event, a production decline would create economic hardships for growers and employees with secondary impacts on retailers and would also reduce the purchase of water from the City utility.

With both scenarios, the City would receive significantly reduced payments from taxes and utilities. Tyson, as the largest property tax payor to the City, could request a reappraisal. Tyson Foods is the City's largest utility customer, providing over 55% 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 operational stress. This could, in turn, prevent local businesses from receiving financing and deter consumers from making large purchases.



Finally, there is an upside for expanded production in any major manufacturing facility and as experienced during 2022, the positive impacts of production at the Center facility. During this year, demand for product from this plant has expanded operations to regular 6-day workweeks and increased water sales by roughly 15% with added revenue increase from secondary treatment at the City's wastewater plant to accommodate Tyson plant flow exceedances.

Tyson Foods Projected Utility Bill Scenarios				
	Actual – January 2024 to December 2024	15% Increase	10% Decline	25% Decline
Water Use	\$1,825,556	\$273,833	(\$182,556)	(\$456,390)
Wastewater				

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

Health Insurance Rate Volatility

- The City's health insurance premium jumped 20% in FY 2017 due to a particularly bad loss ratio year and the implementation of Affordable Care Act mandates and regulations. FY 2025 was similar in that premiums increased 15%. Fortunately, for the FY 2026 Budget, premiums were only increased by 4%.
- The risk that the City will experience chronic large loss ratio years requires a long-term mitigation approach. Working with the insurance provider and HR Department, employees are encouraged to participate in the wellness program.
- Due to turnover and attrition, the City's average employee age is less than it was a few years ago.

The table below provides some analysis of how potential premium increases would be if the City were to experience another high-rate increase year.

	Current	6%	10%	15%
Current 80 FTE's - \$10,700 per year	\$845,500	\$896,250	\$930,050	\$972,325
Increase Amount	\$0	\$50,750	\$84,550	\$126,825

Regulatory

The Texas Legislature could pass potentially harmful legislation actions from recent sessions:

Revenue Caps – SB2, passed in 2019, exempted the City of Center from the 3.5% Voter Approval Rate election mandate, via the De Minimis Rate. However, this could be eliminated, limiting the City's ability to meet service demands via property tax revenue.

Eliminating the ROW Franchise Fee for telephone and cable payments would be detrimental to annual revenues beyond the customer losses, already reducing this revenue stream for use in maintaining the City's streets and rights of way.

This year, as in every legislative session, generated several mandated actions for cities specific to public safety payroll, health coverage, budgets and regulatory restrictions that increase potential costs of operations and reduce some revenue sources. The Special Sessions have also focused additional attention on tax and expenditure limitations.

Other Potential Events

- As recently experienced in 2023, damage from natural disasters or hazards, not only have short term revenue impacts but also create risk for long term reductions in property tax, sales taxes, and utility revenue from lack of redevelopment or relocation.
- New industry locating in town or existing industry expansion would increase monetary circulation, new job creation, and add value to the tax roll.
- Additional commercial or residential development would further add to population and potentially increase service demands.
- Severe weather events (drought, heavy rain, or disaster) could disrupt utility revenues or greatly increase operational expenses.



For the purposes of this forecast, none of these risk events are included for planning purposes other than incremental inclusion reflective of recent trends and the anticipated immediate impacts reflective of the Portacool operational changes.

General Fund Revenue Assumptions

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

- The net taxable values for FY 2026 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2026 through 2031 are calculated at 3% annual increases.
- The delinquency rate will remain at 2% throughout the forecast period.
- Sales tax revenues are projected to increase 2% each year through the forecast period.

Franchise revenues were examined at a detailed level. Historically, the electricity franchise has generated revenue in a tight range; this trend will continue with minor projected growth due to rate increases. The phone and cable franchise revenues, however, are projected to continue declining as wireless services expand market share. Recent fiber broadband has generated a new source for franchise fees as subscribers increase. Changes to legislative action could reverse this decline as the Texas Supreme Court ruled that multiple service providers must pay franchise for each service type.

Each year the Utility and Solid Waste Funds transfer to the General Fund to offset the costs of administration and functions as a franchise payment for use of City rights of way. A study is conducted regularly to determine the funding adequacy of this revenue stream and ensure the General Fund is not subsidizing Utility Fund operations. The refinement with Technology Fund allocations indicated that the transfer of \$375,000 in FY 2023 and 3% annual increases beginning FY 2026. A similar transfer/administration fee is assessed against the Solid Waste Fund. In FY2018, a 3% franchise fee was established assessed to the Utility Fund in addition to the 10% Solid Waste franchise fee. The two Economic Development Corporations also pay a service fee to the City for administrative services. These costs are projected to remain stable throughout the forecast period. Finally, the transfers from Hotel Occupancy Taxes are used to offset the costs of maintenance and operation of the Civic Center and Community House. The forecast predicts Hotel Occupancy Tax transfers to be stable after increases beginning FY 2025.

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 volatile. Overreliance 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. The COVID-19 pandemic effect on the City's sales tax receipts was positive but the following inflationary period from 2021-2024 caused sales tax receipts to decline and overall remain stagnant during this period. The FY26 budget projects increase by 2% from the current year's estimate.

Property Tax Rate

The Forecast anticipates that the property tax rate will remain stable over the forecast period. Revenue sources that are under the City's control, such as the property tax rate, need to be evaluated as the rising costs exceed the City's ability to generate revenue from sales taxes and new property valuations. The current year appraised values experienced a continued increase of 7.7% of taxable value, after last year's 2.2% increase. This forecast also anticipates the City moving towards 70%-30% target for the M&O/I&S rate ratio. It is possible that the City will need to raise the property tax rate should the Council desire debt-funded capital projects, expanded services or in the event tax valuations stagnate.



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 adjustments by 3% each year not inclusive of annually applied COLAs. Increases in salaries translate into proportionate increases in Social Security and Pension contributions. Health insurance premiums are projected to rise an additional 6% each year. Workers Comp and Unemployment Insurance are projected to remain flat throughout the forecast period. At this point no new personnel are projected to be included in the forecast indicating no additional demand for services or elected enhancements. Further, there are no vacancy rates projected in the budget.

Costs of Supplies, Contractual and Utilities are projected to grow at 3% each year; Maintenance Costs will increase at 3% each year; Sundry expenses will rise 3% each year; and Capital is estimated.

General Fund Summary

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
Property Taxes	1,471,728	1,503,736	1,572,000	1,514,850	1,653,650	1,711,500	1,771,400	1,833,400	1,897,600	1,964,000
Sales Taxes	2,713,322	2,672,887	2,798,600	2,746,800	2,801,500	2,857,500	2,914,700	2,973,000	3,032,500	3,093,200
Law Enforcement	176,580	250,156	232,550	242,100	247,750	251,500	255,300	259,100	263,000	266,900
Franchise Fees	758,045	709,910	811,100	753,975	769,600	781,100	792,800	804,700	816,800	829,100
Airport	220,209	168,188	193,000	173,250	170,500	173,100	175,700	178,300	181,000	183,700
Permits	40,979	84,773	40,100	37,225	38,000	38,600	39,200	39,800	40,400	41,000
Usage Fees	150,104	131,386	87,950	160,900	164,400	166,900	169,400	171,900	174,500	177,100
Miscellaneous	16,334	52,794	15,220	19,550	7,400	7,400	7,400	7,400	7,400	7,400
Transfers	775,292	838,336	720,000	682,000	712,500	729,500	747,500	765,500	784,500	804,500
Interest	146,113	133,133	112,100	110,000	97,800	97,800	96,800	93,800	88,600	80,900
Grants	54,322	107,777	34,000	28,600	26,150	50,000	50,000	50,000	50,000	50,000
TOTAL REVENUE	6,523,028	6,653,075	6,616,620	6,469,250	6,689,250	6,864,900	7,020,200	7,176,900	7,336,300	7,497,800
Personnel	3,912,297	4,197,508	4,639,145	4,227,755	4,546,925	4,697,300	4,853,800	5,016,200	5,184,600	5,359,300
Supplies	120,386	129,491	146,850	130,800	141,400	145,642	150,011	154,512	159,147	163,921
Contractual	785,261	877,144	959,325	954,375	1,095,575	1,128,442	1,162,296	1,197,164	1,233,079	1,270,072
Utilities	240,108	241,036	235,250	241,000	241,500	248,745	256,207	263,894	271,810	279,965
Sundry	278,850	239,115	264,450	267,175	278,600	286,958	295,567	304,434	313,567	322,974
Maintenance	272,110	405,338	317,600	314,390	329,750	339,643	349,832	360,327	371,137	382,271
Capital	1,308,606	88,973	54,000	92,800	55,500	50,000	50,000	50,000	50,000	50,000
Transfers	4,700	157,337	-	-	-	1,730	3,280	4,880	6,510	8,190
TOTAL EXPENDITURE	6,922,319	6,335,942	6,616,620	6,228,295	6,689,250	6,898,460	7,120,993	7,351,410	7,589,850	7,836,692
Revenues Over/(Under)	(399,291)	317,133	0	240,955	-	(33,560)	(100,793)	(174,510)	(253,550)	(338,892)
Expenditures										

The conclusion is that the General Fund is balanced in FY 2026 however, the forecast does expose the potential of deficits beyond FY 2027. While adequate resources exist within the current fund balance, this requires consistent monitoring to ensure that annual revenues keep pace with actual expenditures.



Utility Fund Revenue Assumptions

The financial position of the Utility Fund is quite different from the General Fund. The council acted in FY 2014 to eliminate the Utility Fund's subsidy from the General Fund, by slightly increasing water rates, a moderate increase to sewer rates, and increasing the administrative 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 within the Utility Fund as well as in allocations to Vehicle Replacement and Technology Funds.

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

- Water revenues will increase 2% each year primarily from growth in the number of accounts, consumption increase, and slight rate adjustments.
- Sewer revenues will increase 2% each year mostly due to rate adjustments and growth in the number of accounts until sewer revenues sustain sewer operations.
- All other accounts essentially remained constant throughout the forecast period.

Utility Fund Summary

	FY 2023	FY 2024	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Actual	Actual	Adopted	Estimate	Proposed	Projected	Projected	Projected	Projected	Projected
Water	3,196,511	3,417,750	3,505,500	3,559,200	3,630,055	3,739,000	3,851,200	3,966,700	4,085,700	4,208,300
Sewer	1,122,016	1,256,341	1,334,000	1,405,000	1,405,000	1,447,200	1,490,600	1,535,300	1,581,400	1,628,800
Miscellaneous	25,277	160,294	42,000	71,300	43,750	43,750	43,750	43,750	43,750	43,750
Interest	75,978	101,890	74,000	80,000	75,000	51,900	51,400	51,000	50,800	50,800
Tap Fees & Charges	98,320	119,013	109,450	103,650	103,950	106,000	108,100	110,300	112,500	114,800
Total Revenue	4,518,103	5,055,288	5,064,950	5,219,150	5,257,755	5,387,850	5,545,050	5,707,050	5,874,150	6,046,450
EXPENDITURES										
Personnel	1,371,085	1,371,622	1,617,450	1,438,650	1,699,400	1,764,500	1,832,300	1,902,900	1,976,300	2,052,800
Supplies	537,851	778,983	522,950	627,275	581,000	598,430	616,380	634,870	653,920	673,540
Contractual	512,097	541,007	571,900	585,575	631,205	643,830	656,710	669,840	683,240	696,900
Utilities	468,399	441,001	429,600	428,000	434,700	452,090	470,170	488,980	508,540	528,880
Sundry	72,007	95,090	67,700	80,900	80,700	81,510	82,330	83,150	83,980	84,820
Maintenance	410,405	258,254	397,950	345,450	401,650	417,720	434,430	451,810	469,880	488,680
Capital	28,698	3,765	-	-	-	-	-	-	-	-
Transfers	983,259	1,146,918	1,457,400	1,401,100	1,429,100	1,447,600	1,464,400	1,481,200	1,498,200	1,516,400
TOTAL	4,383,802	4,636,640	5,064,950	4,906,950	5,257,755	5,405,680	5,556,720	5,712,750	5,874,060	6,042,020
Revenues Over/ (Under)										
Expenditures	134,301	418,649	-	312,200	-	(17,830)	(11,670)	(5,700)	90	4,430

Projected cost escalations are slightly different for the Utility Fund. The personnel increases are projected to be the same as the General Fund. However, Maintenance and Utility costs are expected to rise 4% each year; Contractual expenses will increase 2% each year, Supplies will increase 3% annually and Sundry will rise 1% each year.

The result of this exercise shows that while there are potential issues with the Utility Fund requiring debt-funded capital asset improvements. This may be resolved through careful monitoring of expenses projected for constant growth; personnel compression – staffing levels and turnover could help to moderate the growth in personnel costs; capital in this model is assumed to be a constant and could be annually evaluated, and; revenue growth – actual revenues with the new proposed utility rate structure could be very different from the estimates projected.



FUND BALANCE

The City refined its Fund Balance Policy in FY 2019. The Policy directs fund balance be a minimum of 25% of annual expenditures; the policy establishes a goal of 30% or three months of expenditures. It is important to note that the fund balance position is not a true cash position. Included in the reported fund balance are various receivables and other non-cash assets. The council has worked diligently over the last decade to achieve sufficient Fund Balance to achieve this goal.

For the forecast period, sufficient resources are projected to allow the City to meet its goals in the Fund Balance Policy through FY 2031. The forecast indicates, given the assumptions, that the City should monitor staffing levels, revenue policy, and expenditure control measures as it progresses through the forecast period to ensure a compliant fund balance.

	FY 2023	FY 2024	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GENERAL FUND	Actual	Actual	Adopted	Estimate	Proposed	Projected	Projected	Projected	Projected	Projected
TOTAL REVENUE	6,523,028	6,653,075	6,616,620	6,469,250	6,689,250	6,864,900	7,020,200	7,176,900	7,336,300	7,497,800
TOTAL EXPENDITURE	6,922,319	6,335,942	6,616,620	6,228,295	6,689,250	6,898,460	7,120,993	7,351,410	7,589,850	7,836,692
Beginning Fund Balance	3,101,811	2,702,520	2,490,902	3,019,653	3,260,608	3,260,608	3,227,048	3,126,256	2,951,746	2,698,196
Revenues Over/(Under) Expenditures	(399,291)	317,133	0	240,955	0	(33,560)	(100,793)	(174,510)	(253,550)	(338,892)
Ending Fund Balance	2,702,520	3,019,653	2,490,902	3,260,608	3,260,608	3,227,048	3,126,256	2,951,746	2,698,196	2,359,304
Fund Balance Analysis										
Minimum Compliance - 25%	1,730,580	1,583,985	1,654,155	1,557,074	1,672,313	1,724,615	1,780,248	1,837,853	1,897,462	1,959,173
Target Goal - 30%	2,076,696	1,900,783	1,984,986	1,868,489	2,006,775	2,069,538	2,136,298	2,205,423	2,276,955	2,351,008
Compliance										
Actual % of Expenditures	39%	48%	38%	52%	49%	47%	44%	40%	36%	30%
Minimum 25%	156%	191%	151%	209%	195%	187%	176%	161%	142%	120%
Target 30%	130%	159%	125%	175%	162%	156%	146%	134%	119%	100%

DEBT SERVICE

The City has three debt instruments supported by property tax and four supported by the Utility Fund. The Forecast indicates the potential use of other funding sources to minimize fluctuation of the I&S portion of the tax rate and full coverage of all utility-related debt paid by the Utility Fund.

	FY 2023	FY 2024	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Actual	Actual	Adopted	Estimate	Proposed	Projected	Projected	Projected	Projected	Projected
REVENUE										
Taxes - Current Year	\$ 649,147	\$ 728,115	\$ 767,440	\$ 750,500	\$ 770,900	\$ 673,600	\$ 671,000	\$ 671,500	\$ 629,300	\$ 367,600
Interest & Other Income	\$ 20,310	\$ 13,012	\$ 5,400	\$ 31,358	\$ 5,100	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 6,000
Interfund - Utility Debt	\$ 472,700	\$ 469,100	\$ 962,200	\$ 902,200	\$ 903,000	\$ 899,700	\$ 902,800	\$ 900,700	\$ 902,000	\$ 903,700
Transfer - Other Funds	\$ 100,000	\$ -	\$ -	\$ 50,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 142,000	\$ 50,000
Total - Revenue	\$1,242,157	\$1,210,227	\$1,735,040	\$1,734,058	\$1,679,000	\$1,678,500	\$1,679,200	\$1,677,800	\$1,679,100	\$1,327,300
EXPENDITURES										
Total Principal	\$ 814,978	\$ 890,000	\$1,209,180	\$1,125,000	\$1,130,000	\$1,160,000	\$1,195,000	\$1,230,000	\$1,270,000	\$ 950,000
Total Interest	\$ 422,688	\$ 347,610	\$ 518,558	\$ 544,593	\$ 541,500	\$ 509,400	\$ 474,900	\$ 438,300	\$ 399,300	\$ 367,300
Total Fees	\$ 2,250	\$ 4,500	\$ 3,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Total - Expenditures	\$1,239,916	\$1,242,110	\$1,731,238	\$1,672,093	\$1,674,000	\$1,671,900	\$1,672,400	\$1,670,800	\$1,671,800	\$1,319,800
Beginning Fund Balance	\$ 136,267	\$ 138,508	\$ 170,540	\$ 106,625	\$ 168,590	\$ 173,590	\$ 180,190	\$ 186,990	\$ 193,990	\$ 201,290
Revenue Over/(Under) Expenditures	\$ 2,241	\$ (31,883)	\$ 160	\$ 61,965	\$ 5,000	\$ 6,600	\$ 6,800	\$ 7,000	\$ 7,300	\$ 7,500
Ending Fund Balance	\$ 138,508	\$ 106,625	\$ 170,700	\$ 168,590	\$ 173,590	\$ 180,190	\$ 186,990	\$ 193,990	\$ 201,290	\$ 208,790



FY 2026 BUDGET PHILOSOPHY

The City Council annually adopts a spending and revenue 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 merge comprehensive and strategic plan components to the annual operating budget.
2. Focus on the long-term financial stability of the organization while recognizing and addressing immediate and short-term challenges.
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 (utility enhancement, system upgrade, 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 tax burden on citizens and commercial property while seeking to minimize tax rate fluctuation.
6. Enhancing levels of service to meet citizen expectations.
7. The moderate growth of financial reserves to a targeted level to ensure that the city has sufficient cash to continue operations to provide uninterrupted services during times of disaster or short-term disruption of income.
8. Be good stewards of the taxpayer's money by maintaining a balanced budget and solid credit rating with full financial transparency.



FY 2026 BUDGET FISCAL HEALTH ANALYSIS

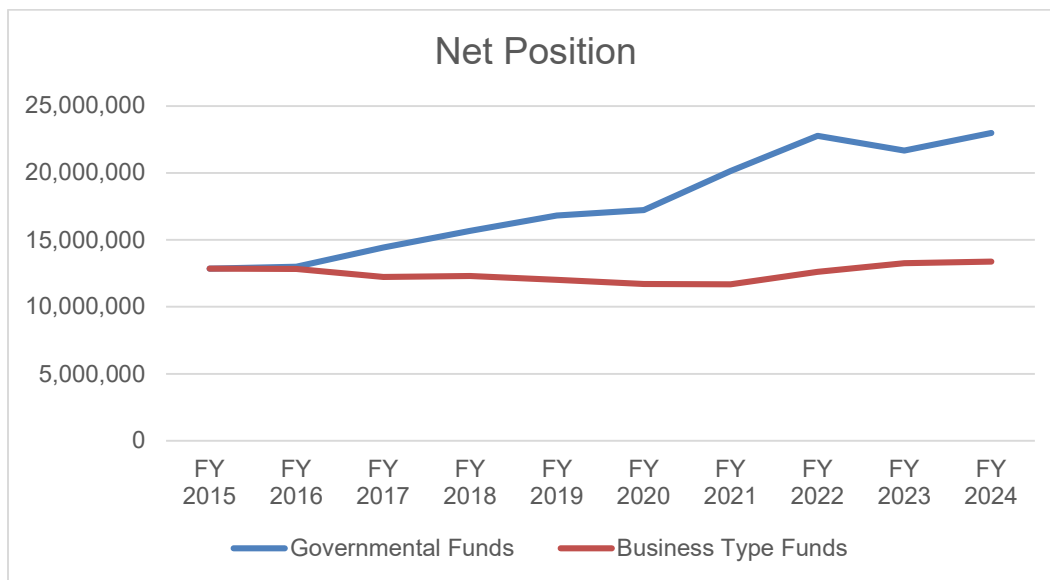
One of the functions of a budget document is to describe the City's financial plan – a component part of that is to conduct an analysis of the City's financial health. The purpose of this section is to provide a sampling of generally accepted metrics for fiscal conditions and then curate the City's audit reports and financial data to create measures of fiscal health.

Even though the Charter requires the City to adopt a balanced budget, the City should strive for both prudent management and fiscal health. This is further reinforced by the Council's continuing desire for financial sustainability. This section is broken down by the different metrics, a brief description of each, a presentation of the data, and an analysis of the trends.

Net Position

The City's net position reflects the City's equity (Assets minus Liabilities) on the balance sheet. This is the number that best describes how the City were performing were it a private enterprise. The trend for the Government Type activities is a substantial increase since 2016, while the Business Type activities are relatively stable and track with capital improvements versus depreciation.

City Net Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Governmental Funds	12,866,454	12,988,505	14,425,297	15,667,994	16,819,796	17,229,019	20,126,115	22,767,605	21,658,445	22,988,744
Business Type Funds	12,836,051	12,814,761	12,223,066	12,286,698	12,017,507	11,709,522	11,687,509	12,598,988	13,246,458	13,386,407



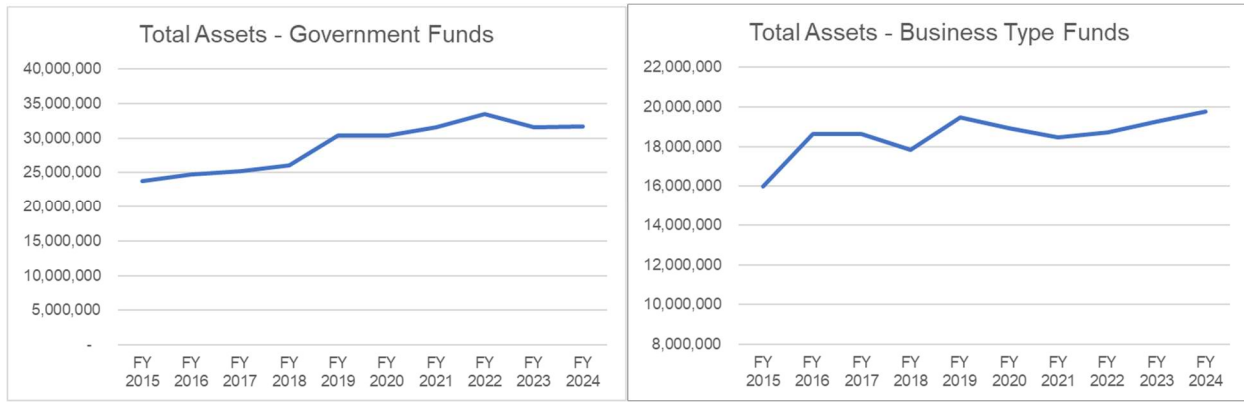
Total Assets

A component part of the City's net position is the amount of assets that the City possesses. These assets are not just cash and investments held by the City, but also include all infrastructure, facilities, plants, land, and buildings. As far as fiscal analysis is concerned, this is the primary indicator for growth. Governmental and Business Type activities show growth from FY 2015 to FY 2024.

Total Assets	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Governmental Funds	23,832,612	24,686,907	25,205,814	26,008,732	30,324,136	30,389,628	31,535,338	33,517,352	31,533,108	31,634,579
Business Type Funds	15,990,579	18,617,838	18,647,519	17,841,381	19,468,988	18,942,451	18,469,648	18,722,271	19,242,274	19,752,865



The total assets presented in the table above includes both liquid cash, investments, and capital assets. The visible increases in the charts below indicate inflow of liquid assets, most likely from the issuance of debt instruments and the subsequent activity that converts those funds into capital assets (parks, utility lines, water tanks, buildings, streets, etc.).



Cash to Current Liabilities

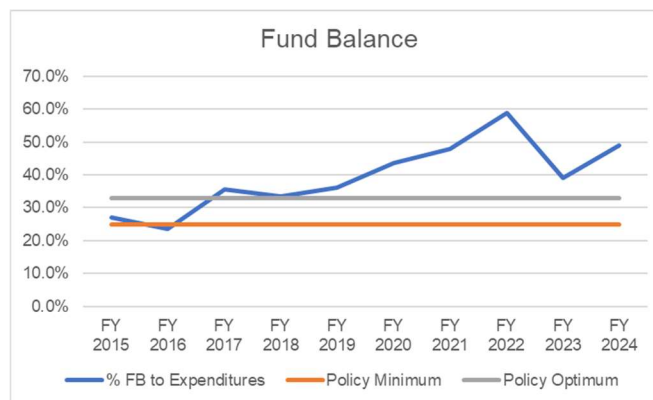
Comparing the amount of the City's liquidity to its Current Liabilities (Those liabilities that are payable within one year) represents a measure of the City's ability to pay its' immediate obligations. If this ratio is low, the City has a high amount of liquidity. If the ratio is higher particularly over 100%, the City is not maintaining sufficient cash to meet its short-term needs.

General Fund Liquidity	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General Fund Cash/Equivalents	1,348,000	1,054,372	1,370,282	1,448,670	1,795,418	1,991,507	2,626,990	2,854,030	2,264,519	2,586,685
General Fund Current Liabilities	337,040	201,106	258,208	235,964	356,809	212,440	448,564	265,983	166,495	246,511
Total Governmental Liabilities (pg	10,624,038	10,957,814	10,220,162	10,022,688	12,762,752	12,015,461	10,571,767	9,575,022	10,337,801	10,160,611
Current Liabilities a % of Cash	25%	19%	19%	16%	20%	11%	17%	9%	7%	10%

Utility Fund Liquidity	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Utility Fund Cash/Equivalents	442,696	500,446	1,202,611	1,062,156	967,854	1,067,397	1,303,693	1,495,072	1,493,182	1,511,125
Utility Fund Current Liabilities	554,133	469,271	1,039,885	526,418	624,086	934,587	941,651	820,347	794,659	837,669
Utility Fund Total Liabilities	3,258,519	6,094,041	6,350,330	5,224,625	7,283,078	7,027,218	6,653,444	6,278,577	6,161,711	5,705,101
Current Liabilities a % of Cash	125%	94%	86%	50%	64%	88%	72%	55%	53%	55%

General Fund Balance

One of the most easily identifiable financial metrics is the City's General Fund Balance. This is the amount of funds held in reserve by the City in case of an emergency or economic correction that would affect tax revenue. The City's Fund Balance Policy, Appendix C, requires money in reserve for operational needs and emergencies. Since FY 2016, the City has exceeded its fund balance goals.





Debt Levels

The City's General Fund and Utility Fund have two different methods to calculate the policy limitations on how much debt can be issued at any given time. The General Fund has policy limitations so that outstanding principal does not exceed 4% of the City's total taxable value. The Utility Fund shall not pay more than 20% of the total budget to debt payments. The General Fund approached the 4% limit in 2019 following the issuance of Certificates of Obligation (CO's) primarily to fund the Downtown Renewal project, whereas the Utility Fund is well below the 20% threshold.

General Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
City's Taxable Value (supplement	263,621,780	280,829,746	280,224,688	279,923,149	282,534,449	298,213,144	294,829,703	310,540,559	337,390,920	336,851,791
Increase from Prior Year		6.53%	-0.22%	-0.11%	0.93%	5.55%	-1.13%	5.33%	8.65%	-0.16%
Total Principal Outstanding	6,900,000	7,455,000	6,955,000	6,440,000	10,038,750	9,833,750	8,738,750	8,573,512	8,074,978	7,570,000
Debt Policy Limit - 4%	10,544,871	11,233,190	11,208,988	11,196,926	11,301,378	11,928,526	11,793,188	12,421,622	13,495,637	13,474,072
Principal Outstanding to Taxable	2.6%	2.7%	2.5%	2.3%	3.6%	3.3%	3.0%	2.8%	2.4%	2.2%

Utility Fund Debt Analysis - pg 2C	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Utility Fund Operating Revenues	3,689,121	3,670,280	3,681,385	3,821,141	3,621,018	3,768,299	3,773,361	4,517,688	4,442,124	4,953,398
Non Operating Revenue	(43,288)	(45,116)	119,766	229,752	328,641	(155,561)	(170,465)	455,791	116,595	204,618
Total Revenue	3,645,833	3,625,164	3,801,151	4,050,893	3,949,659	3,612,738	3,602,896	4,973,479	4,558,719	5,158,016
Contribution Limit 20%	729,167	725,033	760,230	810,179	789,932	722,548	720,579	994,696	911,744	1,031,603
Annual Fund Debt Transfers (Deb	490,500	231,250	390,000	366,000	350,000	471,500	475,000	473,000	472,700	469,100
Debt Transfer Percentage	13.5%	6.4%	10.3%	9.0%	8.9%	13.1%	13.2%	9.5%	10.4%	9.1%

The following table summarizes the different fiscal condition metrics – the general conclusion is that the City is in excellent financial condition and should be able to withstand most fiscal issues and be able to allow for expanded services in the near future.

Metric	Fund/Type	Condition	Trend
Net Position	Governmental Type	Good	Improving
	Business Type	Good	Stable
Total Assets	Governmental Type	Good	Stable
	Business Type	Good	Improving
Cash to Current Liabilities	General Fund	Exceeds	Improving
	Utility Fund	Good	Stable
Fund Balance	General Fund	Exceeds	Stable
Debt Limits	General Fund	Fair	Improving
	Utility Fund	Fair	Stable

Recommendations:

Increasing Business Type activities net position by improving the amount of cash and investments.

Minimize reduction caused by depreciation by increasing expenditures on fixed assets, primarily through reinvestment in or replacement of capital assets.

Monitor Governmental Debt levels to ensure continued reductions in ratio of outstanding principal to Taxable Value and minimize capital project funding by debt.

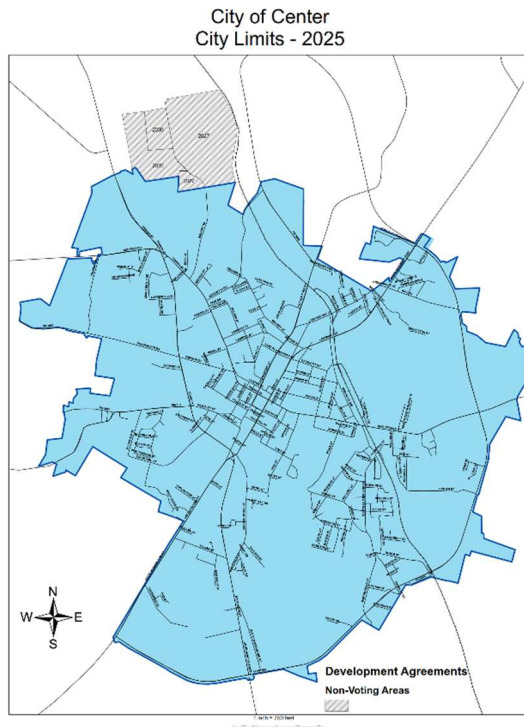
Maintain Fund Balance levels above minimum to ensure stable bond rating analysis.



FY 2026 BUDGET PROFILE OF CENTER, TEXAS



Although the FY 2026 budget is primarily a financial document, it is also an opportunity to acquaint the reader with some of the history, highlights, facilities, and economy of Center, which make it a great place to visit, live, work, and do business.

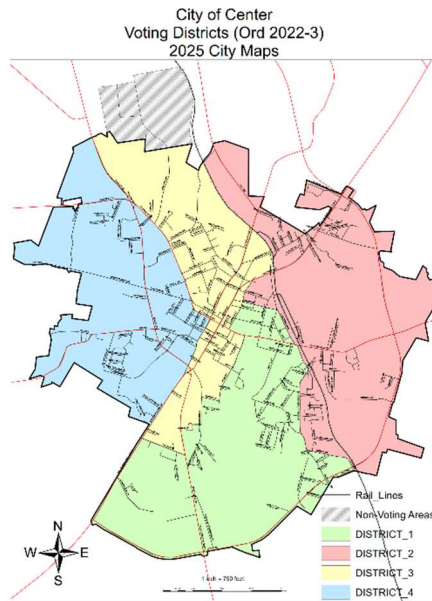


City Government

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 in the area was originally called White Cottage with a post office established on April 6, 1848, that was ultimately merged with the Center post office opened in October 1866.

Al Johnson, an East Texas state representative, introduced a bill to have all county seats be sited 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 the courthouse, confiscated all of the records, and relocated them to a log cabin near the White Cottage community. Shortly after the incident, the location became known as Center, primarily to reflect the requisite location of the county seat.

In 1869, 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.



1885 Shelby County Irish Castle Courthouse – Downtown Center

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 that became effective on April 7, 1984.

Economy of Center

This section provides 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 2020 Census population of Center was 5,221 and that of Shelby County was 24,002. Center has typically followed the same growth patterns as Shelby County over the last 40 years. The population of the county has grown 36% over this 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 relatively 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. The current trend is that Shelby County struggles with population growth, which is part of the larger trend of rapid urbanization in Texas and population moving from rural areas.



Tyson Foods is the largest employer in Center

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 team members on site. In addition, there is also a healthy mix of small and medium-sized businesses. List major employers in the Center area.

Employer	Product	Number of Employees
Tyson Foods	Poultry	1,500
Center Independent School District	Education	400
Wal-Mart Supercenter	Retail	281
Port-A-Cool LLC	Manufacturing	150
Shelby County	Government	130
Holiday Nursing	Health Care	96
General Shelters of Texas	Manufacturing	95
Pine Grove Nursing	Health Care	85
City of Center	Government	84
Green Acres Nursing	Health Care	72
Hallmark – Center Fixture Operations	Manufacturing	54
Spartan Structures	Manufacturing	50
Nacogdoches Medical – ER Department	Health Care	49

Source: Shelby County Chamber of Commerce

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



Portacool, LLC is the second largest manufacturer including its' World Headquarters in Center



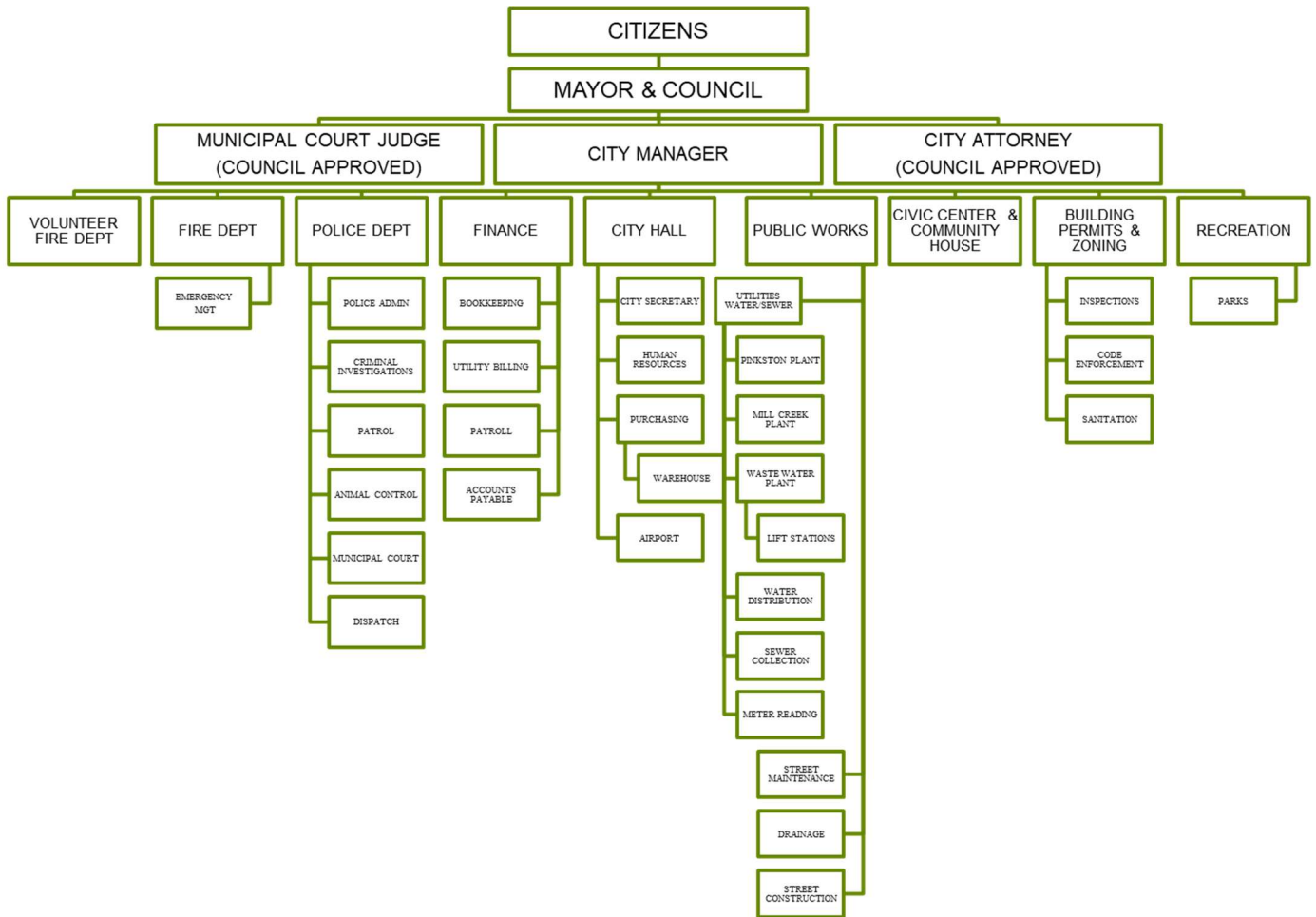
Building Permits as an Indicator

As a source of municipal revenue, building permit receipts are not a major contributor to City revenue. 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
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
2018	12	70,135	6	2,188,800	18	2,258,935
2019	16	421,779	33	9,397,905	49	9,819,684
2020	23	601,566	18	11,178,359	41	11,779,925
2021	16	893,520	33	6,698,479	49	7,591,999
2022	31	648,139	26	11,682,992	57	12,331,131
2023	18	399,100	10	14,768,989	28	15,168,089
2024	39	1,007,405	35	6,060,775	74	7,068,180

Table – Building permits issued
Source: City of Center

There was large increase in building permit activity in 2019 with some major industrial construction and several minor commercial construction activities. During 2020, the City experienced yet another round of increase in value with industrial site expansions while one major commercial project in 2021 helped maintain overall construction activity levels. 2022 and 2023 commercial values are predominately attributable to major Center ISD improvement projects with internal renovation of the Portacool manufacturing plant facility and some added retail/commercial construction.





**FY 2026 BUDGET
STAFFING CHART**

Department	Job Title	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2025 Adopted Budget	FY 2026 Proposed Budget
City Hall (Includes annex and warehouse)	City Manager	1	1	1	1
	Asst. City Manager	0	0	0	0
	City Secretary	1	1	1	1
	Finance/Budget Manager	1	1	1	1
	Purchasing Agent	1	1	1	1
	HR Administrator	1	1	1	1
	Accounting Administrator	1	1	1	1
	Clerks (including Part Time)	6	6.25	6.5	6.25
	Subtotal - City Hall	12	12.25	12.5	12.25
Police Department	Police Chief	1	1	1	1
	Asst. Chief	1	1	1	0
	Lieutenant	1	1	1	2
	Sergeant – Patrol	1	1	1	4
	Detective - Sergeants	3	3	3	1
	Corporal (Patrol/CID)	2	2	2	2
	Patrol Officer	10	10	10	9
	Dispatchers	5.5	5.5	6	5.5
	Admin. Assistant	1	2	2	2
	Janitor	1	1	1	1
	Subtotal - Police Department	26.5	27.5	28	27.5
Fire Department	Fire Chief	1	1	1	1
	Fire Fighter/Investigator	1	1	1	1
	Fire Fighter	4	4	4	4
	Subtotal - Fire Department	6	6	6	6
Street Department	Foreman/Superintendent	0.5	0.5	0	0
	Street Maintenance	4.5	4	5	4.5
	Facility Maintenance	0	0.5	0.5	0.5
	Subtotal - Street Department	5	5	5.5	5
Municipal Airport	Airport Manager	0.5	0.5	0.5	0.5
	Subtotal - Airport	0.5	0.5	0.5	0.5
Parks Department	Parks Maintenance	2.25	2.25	2.5	2.75
	Parks Supervisor	0.5	0.5	0.5	0.5
	Subtotal - Parks	2.75	2.75	3	3.25
Inspection Services	Building Official/ Code Officer	1	1	1	1
	Code Compliance Officer	0	0	0	0
	Subtotal - Inspection Services	1	1	1	1
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	0	0	0
	Maintenance PT	0.5	0.5	0.5	0.75
	Subtotal - Civic Center	1.5	1.5	1.5	1.75
TOTAL GENERAL FUND		56.25	58.5	59	58.25
RECREATION FUND					
	Recreation Program Director	0.5	0.5	0.5	0.5
	Recreation Program Coordinator	0.5	0.5	0.25	0.25
TOTAL RECREATION FUND		1	1	0.75	0.75
TECHNOLOGY FUND					
	Information Technology Specialist	1	1	1	1
TOTAL TECHNOLOGY FUND		1	1	1	1
UTILITY FUND					
Water Production	Chief Operator	1	1	1	1
	Lead Operator	1	1	0	0
	Plant Operator	7	8	8	8
	Subtotal - Water Production	9	10	9	9
Water Distribution	Equipment Operator/Crew Leader	1	1	1	1
	Maintenance	1	1	1	1
	Utility Asst Superintendent	0	0	0	1
	Meter Reader/Maintenance	1	1	1	1
	Monitoring Technician	1	1	1	1
	Subtotal - Water Distribution	4	4	4	5
Sewer Collection	Equipment Operator/Crew Leader	0	0	0	1
	Maintenance	2	3	3	2
	Subtotal - Sewer Collection	2	3	3	3
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
	Plumbing Inspector/Compliance	1	1	1	1
	Public Works Superintendent	0.5	0.5	1	1
	Subtotal - Public Works	2.5	2.5	3	3
TOTAL UTILITY FUND		21.5	23.5	23	24
TOTAL CITY EMPLOYEES (FTEs)		79.75	83.75	83.5	84



**FY 2026 BUDGET
ALL CITY FUNDS with FUND BALANCE ESTIMATES
REVENUE & EXPENDITURE BUDGET
AND OPERATING RESERVES**

Fiscal Year 2026 (October 1, 2025 - September 31, 2026)								
	Estimated Beginning Balances	Projected Revenues	Projected Expenditures	Estimated Ending Balances	Operating Reserves (120 days)	Transfers for Capital Projects	Balance over/(under) Reserves	
OPERATING AND INTERNAL SERVICE FUNDS								
General Fund	\$ 3,260,678	\$ 6,689,250	\$ 6,689,250	\$ 3,260,678	\$ (2,207,453)	\$ -	\$ 1,053,226	
Utility Fund	\$ 1,730,107	\$ 5,257,755	\$ 5,257,755	\$ 1,730,107	\$ (1,735,059)	\$ -	\$ (4,952)	
Solid Waste Fund	\$ 744,515	\$ 2,310,800	\$ 2,303,820	\$ 751,495	\$ (760,261)	\$ -	\$ (8,765)	
Vehicle/Equip Replacement	\$ 273,209	\$ 545,570	\$ 436,831	\$ 381,948	\$ (144,154)	\$ -	\$ 237,794	
Technology	\$ 294,136	\$ 327,039	\$ 321,870	\$ 299,305	\$ (106,217)	\$ -	\$ 193,088	
TOTAL Operating Funds	\$ 6,302,646	\$ 15,130,414	\$ 15,009,526	\$ 6,423,534	\$ (4,953,143)	\$ -	\$ 1,470,391	
NON-MAJOR SPECIAL REVENUE FUNDS								
Debt/I&S Fund	\$ 168,590	\$ 1,679,000	\$ 1,674,000	\$ 173,590	\$ -	\$ -	\$ 173,590	
Hotel Fund	\$ 1,192,370	\$ 422,600	\$ 465,000	\$ 1,149,970	\$ -	\$ (250,000)	\$ 1,149,970	
Recreation Fund	\$ (751)	\$ 102,250	\$ 102,470	\$ (971)	\$ -	\$ -	\$ (971)	
TIF Zone Fund	\$ 275,656	\$ 72,290	\$ 28,225	\$ 319,721	\$ -	\$ -	\$ 319,721	
Combined Law Enforcement	\$ 168,884	\$ 21,400	\$ 16,410	\$ 173,874	\$ -	\$ -	\$ 173,874	
Cemetery Trust	\$ 131,853	\$ 3,960	\$ -	\$ 135,813	\$ -	\$ -	\$ 135,813	
TOTAL Special Revenue	\$ 1,936,602	\$ 2,301,500	\$ 2,286,105	\$ 1,951,997	\$ -	\$ (250,000)	\$ 1,951,997	
CAPITAL IMPROVEMENT PROJECT FUNDS								
CIP-Governmental	\$ 58,715	\$ 1,760	\$ 46,625	\$ 13,850	\$ -	\$ -	\$ 13,850	
Airport CIP Fund	\$ 12,286	\$ 250	\$ -	\$ 12,536	\$ -	\$ -	\$ 12,536	
Park CIP Fund	\$ (812)	\$ 558,250	\$ 500,000	\$ 57,438	\$ -	\$ -	\$ 57,438	
Civic Center CIP Fund	\$ 3,248	\$ 91,765	\$ 90,000	\$ 5,013	\$ -	\$ -	\$ 5,013	
Utility Construction - CIP	\$ 6,039,833	\$ 181,190	\$ 325,000	\$ 5,896,023	\$ -	\$ -	\$ 5,896,023	
TOTAL Capital Projects	\$ 6,113,270	\$ 833,215	\$ 961,625	\$ 5,984,860	\$ -	\$ -	\$ 5,984,860	
TOTAL ALL FUNDS	\$ 14,352,518	\$ 18,265,129	\$ 18,257,256	\$ 14,360,392	\$ (4,953,143)	\$ (250,000)	\$ 9,407,248	

**FY 2026 BUDGET
COMPONENT UNITS**

COMPONENT UNITS								
Economic Development Corp	\$ 1,024,893	\$ 578,178	\$ 741,550	\$ 861,521	\$ -	\$ -	\$ 861,521	
Econ Dev Corp for Streets	\$ 2,749,157	\$ 1,196,100	\$ 1,716,050	\$ 2,229,207	\$ -	\$ -	\$ 2,229,207	
Local Gov't Corp	\$ 62,359	\$ 8,400	\$ 5,600	\$ 65,159	\$ -	\$ -	\$ 65,159	
TOTAL Component Units	\$ 3,836,410	\$ 1,782,678	\$ 2,463,200	\$ 3,155,888	\$ -	\$ -	\$ 3,155,888	



**FY 2026 BUDGET
CONSOLIDATED ALL FUNDS
(Includes Component Units)
HISTORICAL/FORECAST**

The figures in the chart below are the consolidation of all funds budgeted under authority of the City of Center, including component units, capital improvement funds and internal service funds. This provides an overall picture of the annual revenues and expenditures of all activities as well as total monetary amounts used by the City during indicated fiscal years. Audited amounts for FY 2023 and FY 2024, estimated year-end totals for FY 2025 and Proposed Budget for FY 2026 are included as well as projections for FY 2027 through FY 2031 derived from the Financial Forecast of each individual Fund.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Proposed	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
BEGINNING FUND BALANCE	11,243,110	11,443,646	10,239,198	18,159,358	17,373,810	12,810,993	11,435,061	11,550,379	11,773,263
REVENUES									
Taxes	6,970,202	6,869,817	7,058,390	7,316,705	7,357,049	7,517,979	7,686,354	7,780,592	7,694,683
Permits and Licenses	40,979	84,773	37,225	38,000	38,600	39,200	39,800	40,400	41,000
Charges for Service	8,155,937	8,739,989	9,217,647	9,453,364	9,790,390	10,056,310	10,342,790	10,645,900	10,910,900
Fines and Penalties	194,914	265,821	256,950	262,850	266,900	271,000	275,100	279,300	283,500
Interest	558,832	588,935	692,345	554,860	504,580	368,360	328,830	333,440	342,130
Miscellaneous Receipts	272,971	338,190	297,626	157,278	158,397	158,118	157,827	157,535	107,250
Grants	1,000,666	281,906	156,670	398,350	1,583,160	84,160	85,180	50,000	50,000
Total Revenues	17,194,501	17,169,432	17,716,853	18,181,407	19,699,075	18,495,126	18,915,881	19,287,167	19,429,463
TOTAL RESOURCES	28,437,610	28,613,077	27,956,050	36,340,765	37,072,885	31,306,119	30,350,942	30,837,546	31,202,726
EXPENDITURES									
Personnel	5,409,066	5,699,706	5,798,425	6,400,285	6,620,160	6,849,000	7,086,590	7,333,120	7,589,200
Supplies	711,186	942,015	784,375	749,650	773,142	796,301	820,162	844,737	870,051
Contractual	4,325,406	6,002,282	4,200,578	4,784,645	4,767,894	4,905,499	4,711,321	4,671,145	4,770,363
Utilities	735,203	716,579	696,500	703,700	729,135	755,477	782,874	811,250	840,645
Sundry	363,234	345,540	446,968	396,050	440,758	451,327	460,054	471,157	480,454
Maintenance	761,423	673,892	760,930	734,500	760,363	887,262	815,137	844,017	973,951
Capital	3,490,198	2,766,397	1,136,127	3,314,800	8,246,685	3,398,687	2,190,022	2,148,946	2,272,187
Debt Service	1,268,139	1,270,333	1,700,316	1,702,225	1,800,125	1,800,625	1,799,025	1,841,201	1,369,800
Total Expenditures	17,063,856	18,416,743	15,524,220	18,785,856	24,138,262	19,844,178	18,665,184	18,965,573	19,166,650
REVENUE OVER/ (UNDER)									
EXPENDITURES	130,644	(1,247,312)	2,192,633	(604,449)	(4,439,187)	(1,349,051)	250,697	321,594	262,813
Transfers (In)	1,397,850	1,687,119	7,732,200	1,865,500	1,729,200	1,850,300	1,766,200	1,828,500	1,758,200
Fund Transfers (Out)	1,327,959	1,644,255	2,004,672	2,046,600	1,852,830	1,877,180	1,901,580	1,927,210	1,954,090
Transfers (Net)	69,892	42,864	5,727,528	(181,100)	(123,630)	(26,880)	(135,380)	(98,710)	(195,890)
ENDING FUND BALANCE	11,443,646	10,239,198	18,159,358	17,373,810	12,810,993	11,435,061	11,550,379	11,773,263	11,840,186
Reserved for CIP	337,728	162,441	6,113,270	5,984,860	1,523,759	228,677	294,651	362,473	382,257



**FY 2026 BUDGET
CONSOLIDATED GOVERNMENTAL FUNDS**

This table illustrates the consolidation of all Governmental Activities budgeted by the City of Center for Fiscal Year 2026. The table also indicates which funds are designated as Major Fund and Minor Funds. The Court/PD Funds column is a summary that includes five special revenue funds which are all dedicated to Court and Law Enforcement uses and detailed beginning on page [137](#) and the CIP Funds are the consolidation of all four governmental Capital Improvement Funds with details beginning on page [142](#).

		Major Fund				Minor Funds			
	TOTAL	General Fund	Debt Service	HOT Fund	Rec Fund	TIF Fund	Permanent Funds	Court/PD Funds	CIP Funds
BEGINNING FUND BALANCE	5,270,718	3,260,608	168,590	1,192,370	(751)	275,656	131,854	168,884	73,437
REVENUES									
Taxes	5,646,305	4,455,150	770,900	386,800		31,790	-	-	1,665
Permits/Licenses	38,000	38,000					-	-	
Charges for Service	1,190,250	1,104,500			85,750	-	-	-	
Fines/Penalties	262,850	247,750					-	15,100	
Interest	158,370	97,800	5,100	35,800	-	8,300	3,960	5,300	2,110
Misc Receipts	115,350	7,400	-	-	16,500	32,200	-	1,000	58,250
Grants	366,150	26,150							340,000
Transfers	1,865,500	712,500	903,000	-	-	-	-	-	250,000
Total Revenues	9,642,775	6,689,250	1,679,000	422,600	102,250	72,290	3,960	21,400	652,025
TOTAL RESOURCES	14,913,493	9,949,928	1,847,590	1,614,970	101,499	347,946	135,814	190,284	725,462
EXPENDITURES									
Personnel	4,611,585	4,546,925			64,660		-	-	-
Supplies	183,650	141,400		15,000	27,250	-	-	-	-
Contractual	1,175,045	1,095,575		62,500	8,310	-	-	8,660	-
Utilities	241,500	241,500		-	-	-	-	-	-
Sundry	288,600	278,600		-	2,250	-	-	7,750	-
Maintenance	329,750	329,750		-	-	-	-	-	-
Capital	692,125	55,500		-	-	-	-	-	636,625
Fund Transfers	387,500	-	-	387,500		-	-	-	-
Debt Service	1,702,225	-	1,674,000	-		28,225	-	-	-
Total Expenditures	9,611,980	6,689,250	1,674,000	465,000	102,470	28,225	-	16,410	636,625
REVENUE OVER/ (UNDER) EXPENDITURES	30,795	-	5,000	(42,400)	(220)	44,065	3,960	4,990	15,400
PROJECTED FUND BALANCE	5,301,513	3,260,608	173,590	1,149,970	(971)	319,721	135,814	173,874	88,837



FY 2026 BUDGET
CONSOLIDATED BUSINESS TYPE; INTERNAL SERVICE FUNDS & COMPONENT UNITS

This table illustrates the consolidation of all Business Type Activities budgeted by the City of Center for Fiscal Year 2026. This includes the Utility and Solid Waste Operations, Internal Service Funds and the Component Business Units. The table also indicates which funds are designated as Major Fund and Minor Funds.

	Business Type Activities				Internal Service Funds			Component Units		
	TOTAL	Utility Fund (Major)	Utility CIP (Major)	Solid Waste Fund (Major)	TOTAL	VeRF Fund (Minor)	Tech Fund (Minor)	CEDC 4A	Street EDC	Local Gov't Corp
BEGINNING FUND BALANCE	8,514,456	1,730,107	6,039,833	744,515	567,345	273,209	294,136	995,393	2,749,157	62,359
REVENUES										
Taxes	-	-	-	-	-	-	-	556,800	1,113,600	-
Permits and Licenses	-	-	-	-	-	-	-	-	-	-
Charges for Service	7,427,505	5,139,005	-	2,288,500	835,609	517,370	318,239	-	-	-
Fines and Penalties	-	-	-	-	-	-	-	-	-	-
Interest	278,490	75,000	181,190	22,300	17,000	8,200	8,800	16,600	82,500	1,900
Miscellaneous Receipts	43,750	43,750	-	-	20,000	20,000	-	3,878	-	6,500
Grants	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Revenues	7,749,745	5,257,755	181,190	2,310,800	872,609	545,570	327,039	577,278	1,196,100	8,400
TOTAL RESOURCES	16,264,201	6,987,862	6,221,023	3,055,315	1,439,954	818,779	621,175	1,572,671	3,945,257	70,759
EXPENDITURES										
Personnel	1,699,400	1,699,400	-	-	89,300	-	89,300	-	-	-
Supplies	581,000	581,000	-	-	-	-	-	-	-	-
Contractual	2,720,025	631,205	-	2,088,820	135,525	88,981	46,545	98,950	4,500	5,600
Utilities	434,700	434,700	-	-	27,500	-	27,500	-	-	-
Sundry	95,700	80,700	-	15,000	700	-	700	9,500	1,550	-
Maintenance	401,650	401,650	-	-	-	-	-	3,100	-	-
Capital	325,000	-	325,000	-	505,675	347,850	157,825	600,000	1,680,000	-
Fund Transfers	1,629,100	1,429,100	-	200,000	-	-	-	30,000	30,000	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Total Expenditures	7,886,575	5,257,755	325,000	2,303,820	758,701	436,831	321,870	741,550	1,716,050	5,600
REVENUE OVER/ (UNDER) RESOURCES	(136,830)	-	(143,810)	6,980	113,909	108,739	5,169	(164,272)	(519,950)	2,800
PROJECTED FUND BALANCE	8,377,626	1,730,107	5,896,023	751,495	681,254	381,948	299,305	831,121	2,229,207	65,159



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FY 2026 BUDGET GENERAL FUND OVERVIEW

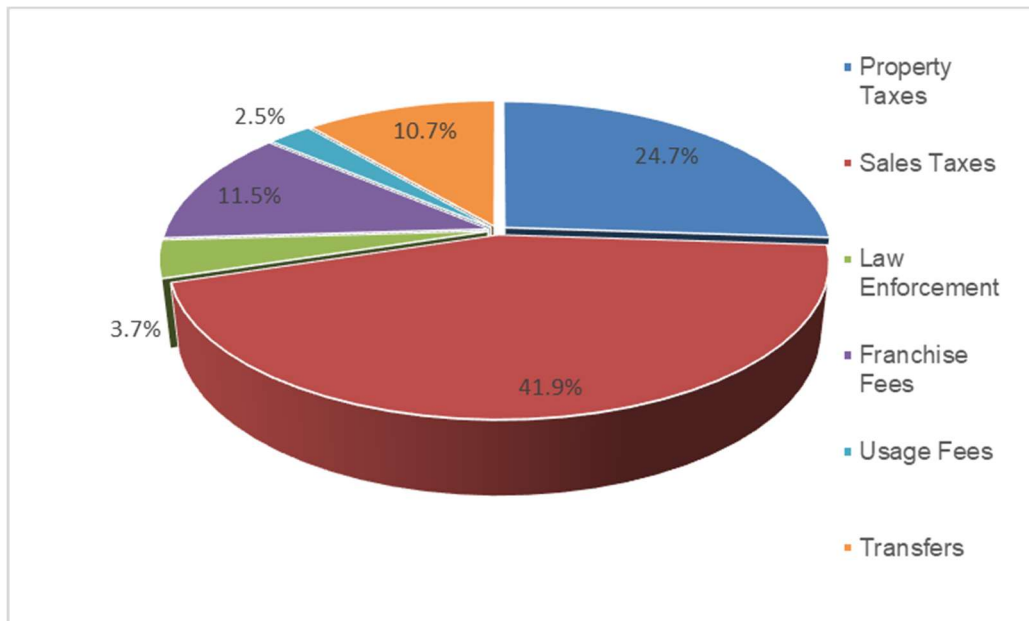
The General Fund provides financing for the City's governmental services, which consist of all public safety functions, including police, animal control, and fire services; community services, including streets, parks, inspections, planning, library, airport and code enforcement; and administrative functions, which include 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 services exclude water and wastewater utility, solid waste, and recreation program operations.

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 sources. 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, 89%, of general fund revenues are collected from four categories: sales tax receipts, property tax payments, fund transfers, and franchise fees.



Graph 1 - FY 2026 Proposed Budget – Major Revenue Sources



Largest Revenue Sources

Sales Taxes	2,801,500	41.9%
Property Tax	1,620,000	24.7%
Franchise Fees	752,500	11.5%
Transfers	712,500	10.7%
Court/Law Enforcement	247,750	3.7%
Usage Fees	164,400	2.5%
Total	5,937,250	95%

Total Revenue 6,689,250

Table – 1 - Top City Revenue Sources

Sales Taxes

The largest source of City revenue is from sales tax receipts, which are projected to account for 41.9% of the City's general fund revenue with FY 2026 budgeted at \$2,801,500, which is a 2% increase from the FY 2025 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 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 Actual	3,199,187
FY 2019 Actual	3,353,326
FY 2020 Actual	3,517,648
FY 2021 Actual	3,763,036
FY 2022 Actual	3,969,854
FY 2023 Actual	4,310,511
FY 2024 Actual	4,248,962
FY 2025 Estimate	4,378,844
FY 2026 Proposed	4,464,200

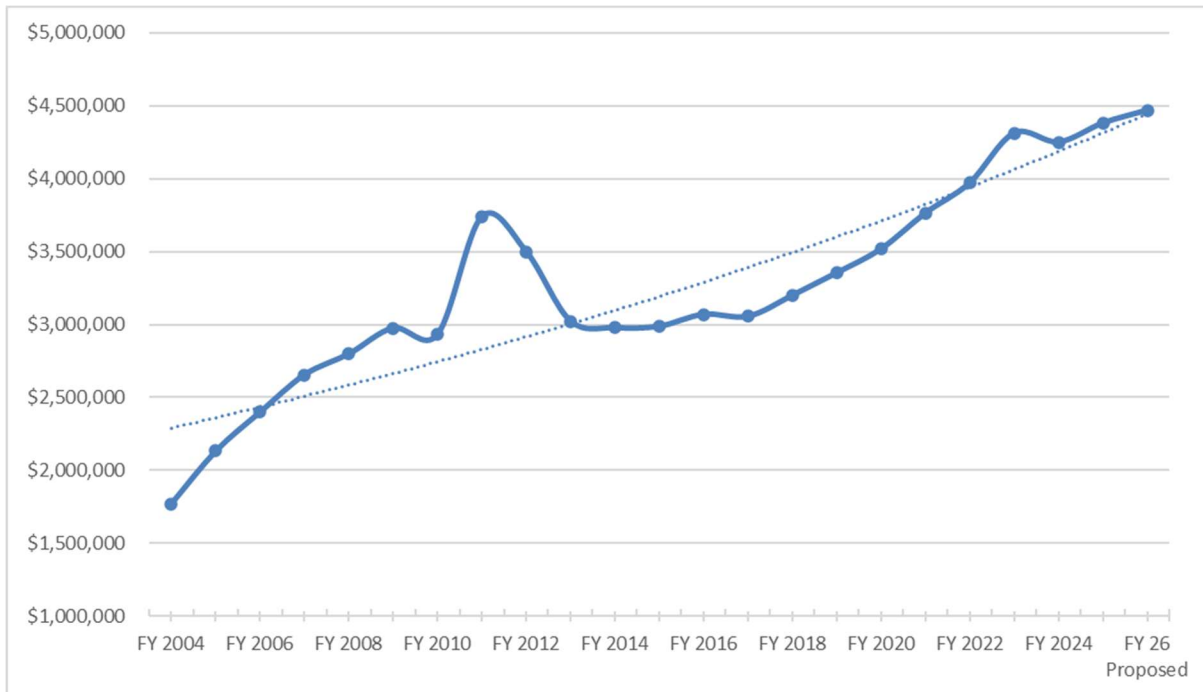
Table 2 – Total City sales tax receipts

Total City sales tax receipts are split into four distinct 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 funding the City's 4B Economic Development Corporation for Street Improvements. One quarter cent, or 12.5% of total revenues, is dedicated to funding the City's 4A Economic Development Corporation. Finally, the last quarter cent, or 12.5% of revenues, is dedicated to providing property tax relief for Center taxpayers and is included in the General Fund sales tax totals above. In fact, the sales tax dedicated to property tax relief reduces \$.136388 from the City's property tax rate.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Budget
City Sales Tax – 1 cent	2,155,256	2,124,481	2,189,422	2,233,210
Sales Tax for Property Tax Relief – ¼ cent	538,814	531,120	547,356	558,303
Total Sales Tax to General Fund	2,694,070	2,655,601	2,736,778	2,791,513
4A EDC – ¼ cent	538,814	531,120	547,356	558,303
4B Street EDC – ½ cent	1,077,628	1,062,240	1,094,711	1,116,605
TOTAL CITY SALES TAX COLLECTIONS	4,310,512	4,248,962	4,378,844	4,466,421



Total sales tax receipts were impacted immensely from a localized recession in FY 2013, experiencing a 19% slide from the FY 2011 peak. Sales tax collections in FY 2011 and 2012 represented a windfall increase in receipts. 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 was experiencing a modest rebound in sales tax revenue, starting in 2017, because of the return of some energy industry activity. Beginning in 2020, with the onset of COVID, projections were again to lose some of this revenue, but the market and spending habits reflected the opposite trend with marked growth annually.



Graph 2 – Total sales tax collection history. FY 2004 – FY 2026 Proposed

However, there are a number of mitigating factors that are supporting sales tax receipts. There were a number of large construction projects in Center in 2020-2021 and consumer spending patterns shifted towards more online sales – where the City receives the local sales tax share – this pattern is amplified with the federal government stimulus checks that were received in early Summer 2020 and repeated throughout 2021. Since 2022, national recession and sustained inflation created some changes in spending habits, only slight growth is projected to continue in the short-term future.

Property Taxes

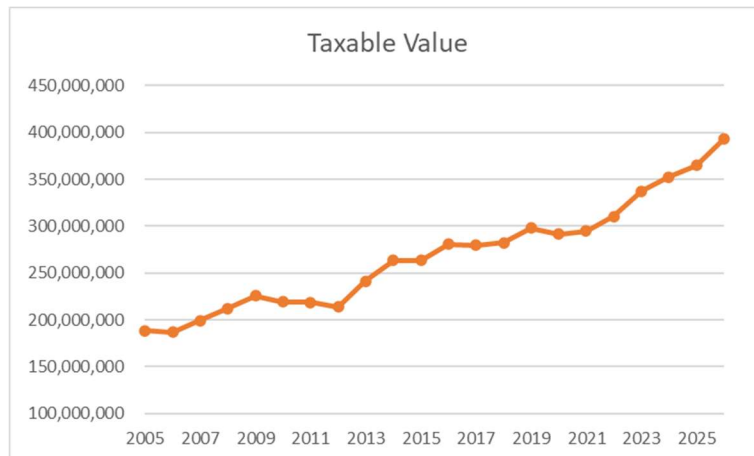
Table 3 exhibits the increases in appraised value from the 2003 tax year, and how the appraised taxable value has doubled since 2006. As mentioned in the Financial Forecast and Budget Philosophy, the City Council has expressed its desire for financial stability. Following the sales tax correction in FY 2012-2014, the Council took the position to not rely so heavily on sales tax revenue. Over the last 10 years, the City has also taken on additional debt for capital improvements. Both factors, when coupled with the relatively flat taxable values, result in the trend of rate fluctuation. 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.



Fiscal Year	Tax Rate	Appraised Taxable Value
2003	0.604100	148,489,667
2004	0.562100	167,738,527
2005	0.536750	188,650,972
2006	0.536000	186,838,082
2007	0.523300	199,429,040
2008	0.508780	212,253,207
2009	0.476000	225,944,348
2010	0.490250	219,376,798
2011	0.490250	218,547,452
2012	0.500000	214,032,398
2013	0.510000	241,653,359
2014	0.500000	263,443,994
2015	0.530000	263,621,780
2016	0.540000	280,829,746
2017	0.560000	279,923,149
2018	0.575000	282,534,449
2019	0.600000	298,213,144
2020	0.610000	291,329,967
2021	0.619233	294,829,703
2022	0.619233	310,540,559
2023	0.602640	337,390,909
2024	0.589100	352,511,866
2025	0.607620	365,097,187
Proposed 2026	0.590885	393,674,385

Table 3 – City tax rate history

Expanding upon the data from Table 3, Graph 3 visually depicts the rise in the City's taxable value from 2007 to 2022. Through such factors as annexation, development, and property appreciation, the taxable value has risen 66% over the past 15 years and has nearly doubled over the past twenty years.



Graph 3 – Certified Taxable Value History – 2005 - 2025



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 annual operation of the City. The second portion is the Interest and Sinking rate (I&S); proceeds from this portion of the levy are deposited into a separate fund and used to repay debt that has been secured with ad valorem tax revenues. Table 4 indicates the I&S and the M&O rates fluctuate from year to year with the goal of having 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, FY 2016 and FY 2019 as part of major emphasis on the Capital Improvement Program.

Tax Year	M & O Rate	I & S Rate	Total Tax Rate
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	0.343068	0.256932	0.600000
2020	0.353166	0.256834	0.610000
2021	0.384509	0.234724	0.619233
2022	0.408150	0.211083	0.619233
2023	0.400073	0.202567	0.602640
2024	0.375405	0.213695	0.589100
2025	0.391610	0.216010	0.607620
2026	0.388290	0.202595	0.590885

Table 4 – City M&O and I&S Rate History

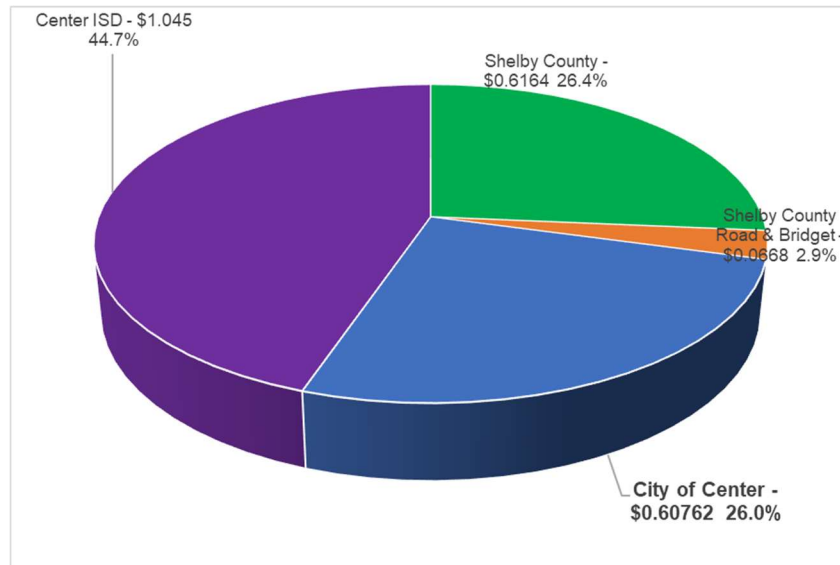
Table 5 below shows the composition of the Center tax base. Until the 2012 tax year, the highest single percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial real property. These values are taken from the Final, Amended Tax Rolls applicable for each tax year, except the current, which is the certified rolls used to generate the tax rate calculations.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single family residential	33.3%	34.7%	28%	27.7%	26.4%	27.5%	29.6%	32.1%	32.2%
Multi-family residential	0.6%	0.6%	0.6%	0.8%	0.8%	1.1%	1.0%	1.0%	0.9%
Vacant lots	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
Commercial – Real	33.4%	34.5%	33.8%	33%	32.4%	31.6%	32.6%	32.3%	32.5%
Industrial - Real	5.2%	3.9%	4.0%	4.0%	7%	3.4%	3.0%	5.3%	4.9%
Personal – Commercial	12.8%	12.5%	11.5%	11.8%	11.0%	13.1%	12.5%	10.4%	11.7%
Personal – Industrial	15.6%	13.1%	14.6%	14.6%	14.5%	14.7%	13.0%	10.6%	9.5%

Table 5 – Composition of Center tax base – Taxable Values



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 representation of the current tax rates and how the City's rate compares.



Graph 5 – City of Center overlapping tax rate comparison – Fiscal Year 2024-2025
Source: Shelby County Appraisal District - 2024 Tax Rates

The City of Center portion of a property owner's total tax bill is 26.0% exclusive of adjustments for exemptions. Current state law for school funding modifies these values dramatically with additional homestead exemptions.

Additional policy considerations entail comparison with other similarly situated jurisdictions. While no two cities have the same conditions nor provide identical services, general comparisons can be made relative to population, economic conditions, business activity, fiscal demographics, housing and management of resources, particularly the availability and use of property tax levies.

The City annually refines a detailed analysis of comparison cities, specifically identifying those cities with a similar residential/non-residential tax base mix and other economic factors. Previous budgets selected comparison cities based on similar population or geographic relation to Center. The comparison cities criteria were expanded to include other factors like median household income, median home value, median age, educational attainment and even ISO rating. The deliberations generated continue to be productive in formulating tax policy and determining that the City needs to continue strategic approaches for improvement of local demographics and quality of life.

The current list of comparison cities shows that Center has maintained a competitive tax rate but does maintain a higher property tax rate for Debt than the average while being significantly below the total taxable value.



City	Population	Per Capita Income	Median Household Income	Poverty Rate	# of Households	# of Housing Units	Med Value owner-occupied	Net Taxable Value	Gross Tax Rate	I&S Rate	Total Tax Levy
Carthage	6,544	\$ 34,611	\$ 44,738	12.0%	2,567	3,224	\$ 153,100	568,211,163	0.580001	0.1813	3,295,630
Henderson	13,243	\$ 27,552	\$ 54,179	14.2%	4,189	4,978	\$ 166,900	1,008,152,369	0.541799	0.106777	5,462,159
Nacogdoches	31,793	\$ 24,013	\$ 38,855	30.8%	12,386	14,074	\$ 173,200	2,531,910,816	0.52877	0.05723	13,387,984
Lufkin	34,285	\$ 27,793	\$ 56,722	19.2%	12,654	14,397	\$ 162,600	3,027,106,396	0.508215	0.035	15,384,208
Marshall	24,419	\$ 26,986	\$ 49,817	25.8%	8,272	9,754	\$ 133,000	1,439,407,073	0.579079	0.088588	8,335,304
Jacksonville	14,572	\$ 21,491	\$ 50,469	29.0%	4,727	5,340	\$ 120,800	1,103,422,919	0.63763	0.14829	7,035,755
Rusk	5,329	\$ 15,931	\$ 60,119	11.5%	974	1,153	\$ 153,500	245,541,263	0.458564	0.129942	1,125,963
Gilmer	5,179	\$ 24,763	\$ 41,279	22.9%	1,779	2,097	\$ 160,700	477,351,907	0.500044	0.119979	2,386,969
Palestine	19,770	\$ 26,983	\$ 46,228	17.5%	6,930	7,891	\$ 153,400	1,631,243,608	0.594285	0.025721	9,694,236
Chandler	3,685	\$ 30,211	\$ 48,002	10.4%	1,503	1,618	\$ 218,400	383,279,769	0.619155	0.185274	2,373,095
Bullard	4,005	\$ 42,044	\$ 108,304	7.5%	1,265	1,411	\$ 290,300	629,934,860	0.557822	0.607322	3,513,915
Whitehouse	9,683	\$ 34,736	\$ 72,500	8.1%	2,924	3,323	\$ 216,000	811,325,979	0.717855	0.289852	5,824,144
Kilgore	13,703	\$ 26,502	\$ 58,141	19.6%	4,462	5,190	\$ 154,600	1,515,684,332	0.616	0.08378	9,366,614
Gladewater	6,262	\$ 29,158	\$ 52,100	27.2%	2,401	2,704	\$ 162,400	493,235,108	0.602087	0.167	2,969,704
White Oak	6,277	\$ 30,238	\$ 95,193	9.3%	2,059	2,400	\$ 219,200	517,740,739	0.64204	0.127891	3,324,102
Pittsburg	4,471	\$ 23,150	\$ 48,081	26.4%	1,556	1,836	\$ 130,600	386,189,722	0.528488	0.108671	2,040,966
Canton	4,461	\$ 32,436	\$ 48,858	15.1%	1,935	2,132	\$ 189,200	492,176,208	0.64	0.21034	1,939,927
Van	2,727	\$ 27,834	\$ 68,267	12.8%	908	1,105	\$ 167,900	225,355,125	0.66	0.26	1,487,343
Will's Point	3,810	\$ 24,413	\$ 66,144	24.2%	1,409	1,511	\$ 120,100	298,332,856	0.939	0.234	2,801,345
Commerce	9,188	\$ 20,673	\$ 43,051	26.7%	3,046	3,536	\$ 124,800	632,500,611	0.798909	0.236085	5,053,104
Athens	13,555	\$ 30,394	\$ 70,601	12.6%	4,369	5,148	\$ 205,700	1,158,630,521	0.532751	0.081903	6,172,615
Teague	3,571	\$ 23,806	\$ 58,918	20.0%	1,084	1,454	\$ 123,300	194,414,911	0.533913	0	1,038,006
Mexia	6,880	\$ 19,640	\$ 36,589	34.6%	2,415	2,846	\$ 92,900	479,370,379	0.6037	0.0639	2,893,958
Marlin	5,462	\$ 19,447	\$ 38,000	18.2%	2,014	2,567	\$ 49,800	246,236,815	0.80798	0.15103	1,989,544
Crockett	6,308	\$ 28,203	\$ 41,528	22.9%	2,442	2,970	\$ 119,500	215,198,041	0.6362	0.1343	2,507,901
Madisonville	4,444	\$ 28,406	\$ 55,634	18.4%	1,708	1,980	\$ 109,500	337,379,023	0.6939	0.1014	2,341,073
Navasota	8,825	\$ 32,068	\$ 48,646	18.4%	2,925	3,242	\$ 167,100	789,021,575	0.5078	0.0958	4,006,651
Hempstead	6,246	\$ 22,213	\$ 58,288	14.1%	1,909	2,061	\$ 145,700	537,979,108	0.56397	0.05107	3,034,040
Prairie View	8,157	\$ 10,908	\$ 19,106	37.3%	1,280	1,542	\$ 171,900	403,887,769	0.73049	0.186329	2,950,359
Waller	3,325	\$ 25,785	\$ 37,163	24.0%	1,177	1,300	\$ 115,100	814,070,980	0.7328	0.191	2,982,756
Heame	4,609	\$ 20,073	\$ 30,938	35.1%	1,696	1,885	\$ 90,200	437,996,746	0.74937	0.54338	3,282,216
Caldwell	4,527	\$ 33,136	\$ 74,764	18.2%	1,694	1,951	\$ 191,900	436,002,965	0.37957	0.14131	1,654,936
Cameron	5,706	\$ 24,767	\$ 57,126	25.9%	1,756	1,942	\$ 112,800	380,825,747	0.659373	0.165394	2,511,062
Rockdale	5,289	\$ 38,800	\$ 47,550	16.8%	2,249	2,582	\$ 164,300	378,605,370	0.85	0.162232	3,218,145
Giddings	5,061	\$ 25,860	\$ 51,397	15.9%	1,881	2,079	\$ 192,800	528,807,863	0.6215	0.1505	3,286,504
Sealy	7,346	\$ 27,884	\$ 57,237	25.1%	2,892	3,209	\$ 222,200	1,306,257,820	0.31091	0.11398	4,061,286
Wharton	8,870	\$ 23,676	\$ 47,692	21.2%	3,336	3,861	\$ 149,300	738,401,049	0.43663	0.3414	3,224,081
Brazoria	2,931	\$ 28,674	\$ 51,354	15.1%	2,101	1,289	\$ 168,800	244,421,491	0.609682	0.135389	1,490,193
West Columbt	3,544	\$ 29,141	\$ 41,985	11.1%	1,427	1,470	\$ 138,200	342,964,288	0.617205	0.083336	2,116,792
Sweeny	3,521	\$ 43,961	\$ 64,557	7.2%	1,541	1,763	\$ 180,700	266,195,381	0.635481	0.077589	1,691,621
Hudson	5,190	\$ 28,776	\$ 51,733	8.5%	2,161	2,233	\$ 169,000	265,468,332	0.3066	0	813,926
Diboll	4,555	\$ 24,739	\$ 55,326	17.5%	1,516	1,637	\$ 82,400	274,773,896	0.583321	0.050345	1,602,814
Livingston	5,766	\$ 26,787	\$ 52,385	12.6%	2,335	2,833	\$ 158,100		0	0	-
Trinity	2,495	\$ 18,823	\$ 30,766	34.5%	947	1,104	\$ 65,600	137,126,324	0.6	0.2013	822,757
Willis	6,916	\$ 24,224	\$ 53,182	12.5%	2,788	2,793	\$ 113,900	713,107,374	0.5087	0.1	3,627,577
Cleveland	9,289	\$ 22,031	\$ 54,888	18.8%	2,510	2,838	\$ 153,200	885,430,774	0.77	0.344761	6,817,816
Jasper	7,471	\$ 23,536	\$ 42,407	28.7%	3,244	3,868	\$ 130,200	561,547,065	0.226	0	1,269,096
Liberty	8,399	\$ 31,219	\$ 52,341	21.9%	3,038	3,449	\$ 127,200	917,003,355	0.5917	0.2284	5,425,908
Dayton	9,476	\$ 31,307	\$ 61,307	18.8%	3,065	3,443	\$ 211,900	1,455,087,418	0.648586	0.30986	9,437,493
Silsbee	6,735	\$ 27,894	\$ 60,083	17.1%	2,705	3,290	\$ 160,600	503,247,429	0.449171	0	2,260,441
Bridge City	9,692	\$ 43,349	\$ 103,256	7.1%	3,340	3,864	\$ 195,600	668,964,541	0.46826	0.088839	3,132,493
West Orange	3,427	\$ 26,904	\$ 59,583	21.8%	1,367	1,593	\$ 110,700	226,593,424	0.756	0.378	1,713,046
Jacksboro	4,140	\$ 24,159	\$ 45,625	24.2%	1,264	1,524	\$ 141,900	244,765,668	0.695901	0.130655	1,703,326
Graham	8,777	\$ 34,421	\$ 58,525	18.4%	3,625	3,831	\$ 173,000	615,125,234	0.655	0	4,029,070
Breckenridge	5,045	\$ 26,343	\$ 46,989	18.4%	2,088	2,540	\$ 76,400	299,168,794	1.04471	0.28309	3,132,775
Average	7,981	\$ 27,325	\$ 53,973	19.3%	2,833	3,230	\$ 151,856	674,484,820	0.595762	0.154355	3,822,268
Center	5,297	\$ 29,104	\$ 50,731	32.4%	1,828	2,189	\$ 152,000	367,674,385	0.607620	0.21601	2,234,069

Table 5 – Property tax and demographic data by comparison cities; Tax rates are 2024

Sources: 2020 Census; Tx Comptroller Annual Tax Rate Report



Property Tax Allocation by Department/Cost of Services to City Property Taxpayers

A distribution study approximates allocation of revenues across city departments. Various departments generate specific revenues applied directly to departmental expenditures. All remaining expenditures are then allocated a portion of Sales Tax and Property Tax revenues to indicate general tax revenues being utilized to provide necessary funds for the operation of each department at budget levels.

	Non- Departmental	City Hall	Police	Fire	Streets	Airport	Cemetery	Parks	Inspection	Municipal Court	Animal Control	Civic Center	Community Facilities	Total
Property Taxes	61,900	139,200	897,800	244,700	10,300	9,900	11,100	91,800	3,400	23,300	10,100	-	26,000	1,529,500
PLoT - Industrial	5,050	11,300	72,900	19,900	800	800	900	7,400	300	1,900	800	-	2,100	124,150
Sales Taxes	113,500	254,900	1,644,500	448,200	18,900	18,100	20,300	168,100	6,200	42,700	18,500	-	47,600	2,801,500
Law Enforcement			173,450							74,300				247,750
Franchise Fees	38,420	153,920			423,300			115,470	38,490					769,600
Airport		34,100				136,400								170,500
Permits		7,600							30,400					38,000
Usage Fees	210	66,300										97,890	-	164,400
Miscellaneous	2,950	2,950		1,500					-					7,400
Transfers	86,250	313,750			145,000				30,000			125,000	12,500	712,500
Interest	9,780	88,020												97,800
Grants			4,150			22,000								26,150
Total	318,060	1,072,040	2,792,800	714,300	598,300	187,200	32,300	382,770	108,790	142,200	29,400	222,890	88,200	6,689,250

This is a useful analysis to calculate how much an average homeowner pays for City services but also for the Council in determining tax and service allocation policy. One penny of the tax rate equates to approximately \$38,051 of revenue. Dividing the department Property Tax allocation yields the approximate tax rate for each department. As reported by the Shelby County Appraisal District, the average homestead value is \$126,770, inclusive of authorized exemptions, the average taxable value is \$91,715.

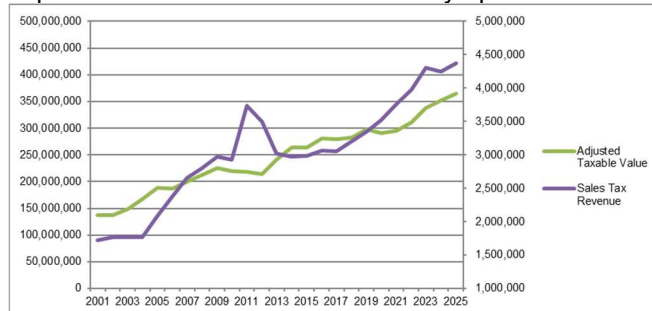
Average Homestead Property Tax Allocation:

	Prop Tax as % of Budget	Department Tax Rate	Tax Bill per Dept (M&O)
Non-Departmental	19%	\$0.015714	\$14.41
City Hall	13%	\$0.035338	\$32.41
Municipal Court	16%	\$0.005915	\$5.42
Administration Subtotal		\$0.056967	\$52.25
Police	32%	\$0.227922	\$209.04
Fire	34%	\$0.062121	\$56.97
Animal Control	34%	\$0.002564	\$2.35
Public Safety Subtotal		\$0.292607	\$268.36
Streets	2%	\$0.002615	\$2.40
Parks	24%	\$0.023305	\$21.37
Inspection	3%	\$0.000863	\$0.79
Public Works Subtotal		\$0.026783	\$24.56
Airport	5%	\$0.002514	\$2.31
Cemetery	34%	\$0.002818	\$2.58
Civic Center	0%	\$0.000000	\$0.00
Community Bldgs	30%	\$0.006601	\$6.05
Facilities Subtotal		\$0.011933	\$10.94
Debt (I&S)		0.202595	\$185.81
Total		\$0.590885	\$541.93



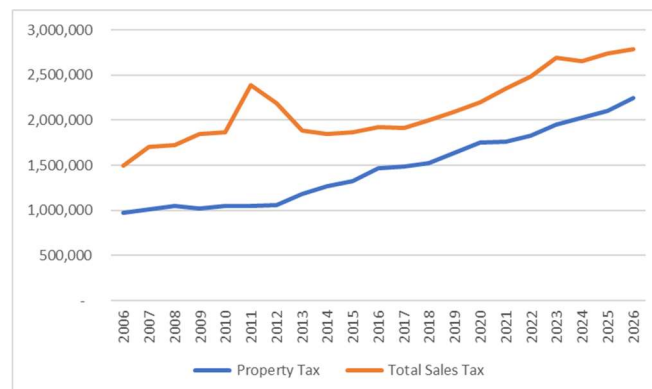
Sales Tax and Property Tax Revenue Relationship

The final area of analysis recognizes the correlation between sales and property tax revenues used for maintenance and operations. The City's tax structure is such that the City reduces its property tax rate (Reference Table 4) providing enhanced property tax reduction beyond that guaranteed by the ¼ cent of sales tax dedicated to property tax relief. Further, due to annexations, new development and general property appreciation, the adjusted taxable values also increased which places further downward pressure on tax rates. Beginning FY 2022 Payments in Lieu of Taxes (PILOT) from an Industrial development agreement appear as part of property tax revenue. There are years when excess sales tax revenues allow the City to lower property tax rates. The City must achieve a balance with property tax revenue to solidify overall funding and continuity of operations for services. The FY 2026 Budget increases property tax revenue from valuations to provide increased resources for city operations.



Graph 5 – Relationship between sales tax and property tax revenues

Graph 6 presents this information in a different context with actual revenue streams plotted. The top red line represents the City's general fund sales tax revenues and the bottom blue line is M&O property tax levy. At their height, the difference between them was over \$1.3 million. This gap has narrowed, indicating consistency among these tax revenue sources in the provision of governmental services. Fiscal policy attempts to maintain a balance between these two primary revenues.



Graph 6 – Relationship between sales tax and M&O property tax revenues

Internal Fund Transfers & Fees

The City of Center relies heavily upon distribution of costs among beneficiary funds for administrative services and operational expenses. The General Fund is the cost and accounting center for several activities which are proportionately paid by other funds. The transfers that come to the General Fund are from the Utility Fund, the Solid Waste Fund, and Hotel/Motel Occupancy Tax-Trust Fund. Fees for Administrative services in the form of usage fees are provided to the 4A and 4B Economic Development Corporations. Each year, the City updates an allocation study to determine the prorated costs. Included in the study are the Administrative Fees paid by the Utility and Solid Waste Funds as a Transfer into the General Fund, but not reflective of the Franchise Fees which are accessed for use of City rights-of-way.



Utility Fund Transfer

The transfer from the Utility Fund to the General Fund is meant to costs in Non-Departmental that relate to the costs of the City Council providing overall guidance to the City and a portion of costs for items such as annual audit, insurance, postage, and communications. City Hall Department includes management, billing, finance, customer service/collections, purchasing and warehouse functions. The Street Department provides utility repairs and traffic control.

	FY 2026 Budget	Allocated from Utility Fund
Total Non-Departmental	318,500	56,250
Total City Hall	1,075,500	206,250
Total Street Department	598,500	112,500
FY 2026 Budgeted Transfer		375,000

Solid Waste Transfer

Similar to the Utility Fund, the Solid Waste transfer is intended to cover the Non-Departmental, City Hall and Inspection costs associated with managing, billing, and executing the Solid Waste contract as well as demolition of unsafe structures and provision for a portion of the City's Street Maintenance Department, charged with maintaining all City streets and right-of-way.

	FY 2026 Budget	Allocated from Solid Waste Fund
Total Non-Departmental	318,500	30,000
Total City Hall	1,075,500	100,000
Total Street Department	598,500	60,000
Total Inspection Dept	109,000	10,000
FY 2026 Budgeted Transfer		200,000

Other InterFund Transfers

The City also receives transfers from the Hotel Occupancy Tax Fund to offset costs associated with operating the Windham Civic Center and the Community House. This funding is determined based on the performance of Hotel Occupancy Tax revenues and tourism operations. The City also receives administration fees from the 4A and the 4B Economic Development Corporations used to offset the personnel and overhead costs of administering the two entities.

Franchise Fees

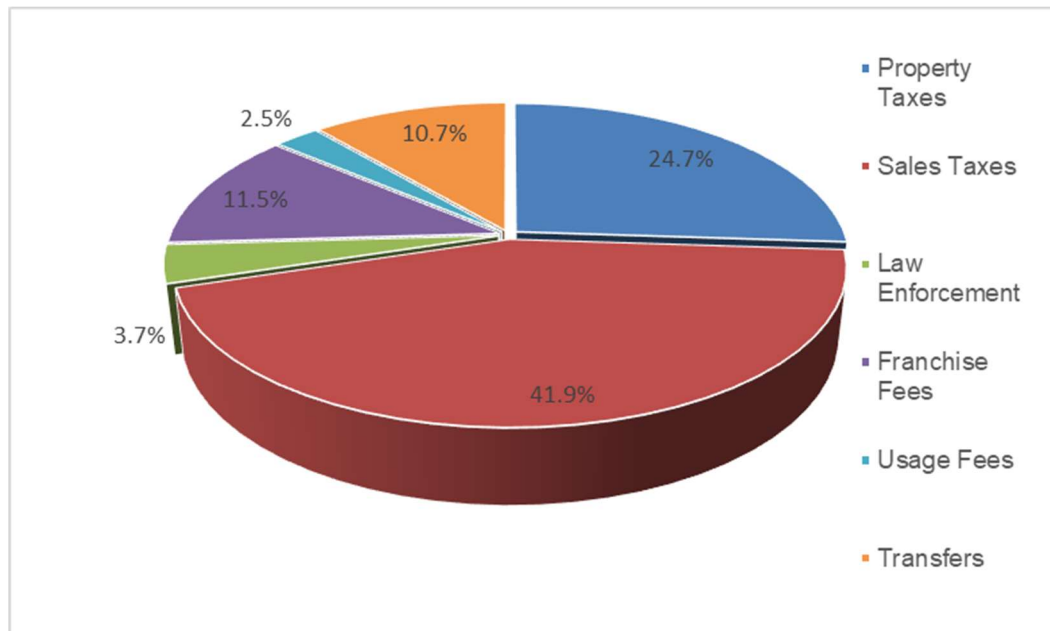
Franchise fees are essentially access rights or lease payments from utility companies for the use of City owned and maintained rights-of-way. Utility companies locate their service lines along City streets which basically allow them to use City property to provide their services. The franchise fee is 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 annual revenues.

Franchise Fee Payor	FY 2026 Proposed Budget
AEP SWEPCO Franchise	255,000
DETEC Franchise	30,000
Centerpoint Franchise	62,500
AT&T Franchise	52,500
Telecommunication Fees	7,500
Suddenlink Franchise	10,500
Broadband Franchise	12,500
Utility Fund Franchise Fee	188,000
Solid Waste Franchise Fee	151,100
Franchise Fee	769,600



FY 2026 BUDGET REVENUE SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Property Taxes	1,471,728	1,503,736	1,572,000	1,514,850	1,653,650
Sales Taxes	2,713,322	2,672,887	2,798,600	2,746,800	2,801,500
Law Enforcement	176,580	250,156	232,550	242,100	247,750
Franchise Fees	758,045	709,910	811,100	753,975	769,600
Airport	220,209	168,188	193,000	173,250	170,500
Permits	40,979	84,773	40,100	37,225	38,000
Usage Fees	150,104	131,386	87,950	160,900	164,400
Miscellaneous	16,334	52,794	15,220	19,550	7,400
Transfers	775,292	838,336	720,000	682,000	712,500
Interest	146,113	133,133	112,100	110,000	97,800
Grants	54,322	107,777	34,000	28,600	26,150
TOTAL	6,523,028	6,653,075	6,616,620	6,469,250	6,689,250





FY 2026 BUDGET REVENUE DETAIL

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Taxes - Current Ad Valorem	1,304,635	1,300,187	1,387,000	1,360,000	1,477,000
Taxes - Delinquent	32,520	36,669	27,500	-	27,500
Taxes - Penalty	27,758	36,615	27,500	27,500	25,000
Tyson - Industrial Dev. Agmt	106,815	130,265	130,000	127,350	124,150
Property Taxes	1,471,728	1,503,736	1,572,000	1,514,850	1,653,650
Taxes - Sales Tax	2,166,650	2,127,486	2,232,100	2,189,400	2,233,200
Taxes - Sales M&O	541,663	531,872	558,000	547,400	558,300
Taxes - Mixed Beverage	5,009	13,529	8,500	10,000	10,000
Taxes - Discount/Sales	-				
Sales Taxes	2,713,322	2,672,887	2,798,600	2,746,800	2,801,500
Court Fines	144,417	220,085	195,000	200,000	205,000
Warrant Fees	11,573	13,241	15,000	14,500	15,000
Court Service Fee Discounts	8,995	8,505	12,000	14,000	14,000
Court Administrative Fee	1,156	2,109	1,750	3,500	4,000
Collection Agency Rec		(2,781)			
Judicial Support Fee	14	13	50	-	-
Arrest Fees	4,148	5,647	5,250	5,750	6,000
Time Payment Fees	1,323	2,835	2,750	3,500	3,000
Police Department Copies	48			50	
Misc. Restitution	4,362				
Animal Control Fines	-	-	-	550	500
OMNI Retainage	544	503	750	250	250
Law Enforcement	176,580	250,156	232,550	242,100	247,750
AEP SWEPCO Franchise	270,177	249,963	275,000	246,375	255,000
DETEC Franchise	31,394	29,168	32,500	28,000	30,000
Centerpoint Franchise	75,123	54,048	65,000	62,500	62,500
AT&T Franchise	79,139	57,886	80,000	50,000	52,500
Telecommunication Fees	14,425	14,150	7,500	9,000	7,500
Suddenlink Franchise	(928)	11,596	17,500	11,000	10,500
PEG Fee					
Broadband Franchise	-		15,000	11,000	12,500
Solid Waste - Franchise Fee (10%)	156,931	156,931	173,400	187,200	188,000
Utility Fund Franchise Fee (3%)	131,784	136,168	145,200	148,900	151,100
Franchise Fee	758,045	709,910	811,100	753,975	769,600
Airport Fuel	184,150	120,539	150,000	125,000	125,000
Fuel Flow Fee	6,030	8,369	7,500	12,500	10,000
Airport Hangar Lease	29,029	39,280	35,500	35,750	35,500
Donations Airport	1,000				
Airport - Msc. Fees					
Airport Gate Entry					
Airport	220,209	168,188	193,000	173,250	170,500



Misc. Garage Sale Permit	183	397	300	350	350
Zoning Variance Permit	1,050	500	600	600	600
Demolition Permits	2,535	100	1,000	400	500
Construction Permit	29,304	68,776	25,000	27,500	27,500
Electrical Permits	4,305	2,535	2,500	2,500	2,500
Beer/Wine/Liquor License	235	7,005	6,000	3,500	4,000
Move Structure Permits	100	120	100	250	250
Misc. Permits	997	850	1,000	100	250
Parks/5K Run Permit	1,305	1,615	1,500	225	250
Carnival/Event Permit	400	1,300	600	800	800
Vendor Permit	565	1,575	1,500	1,000	1,000
Permits	40,979	84,773	40,100	37,225	38,000
City Park Ball Field	-	56	100		
Suddenlink Lease Riggs St	11,350	(242)	3,600	4,600	4,800
Anacoco Towers Riggs St				3,600	3,600
Rental Senior Center	-		-		
Rental Community House	18,025	12,290	17,500	18,500	18,500
Community House Sec Officer Fee	-		-		
Rental Civic Center	42,805	41,400	47,500	50,000	50,000
Rental Civic Center Caterer Fee	4,490	3,932	4,500	6,000	6,000
Civic Center Alcohol Fee	550	1,925	2,500	4,500	5,000
Civic Center Security	8,050	8,200	8,000	5,500	7,500
Civic Center OT Fee	450	1,025	1,000	1,200	1,000
Equipment Rental	4,410	2,825	3,250	6,500	7,500
Civic Center Add'l Cost	(26)	(25)		500	500
Admin Fee - EDC	30,000	30,000	30,000	30,000	30,000
Admin Fee - Street EDC	30,000	30,000	30,000	30,000	30,000
Usage Fees	150,104	131,386	87,950	160,900	164,400
Reimb. Fire Dept Calls	15,920	500	2,500	1,000	1,500
Building Demo/Clean Up		39,053	1,000	-	-
Insurance Claims	-	10,004	2,500	9,200	2,000
Royalties Mineral Rts					
Refunds Return - TML IRP		4,202	4,000	-	-
Downtown Elect Access	950	500	500	400	400
Licenses & Permit Fees	287	120	220	-	-
Workers Comp Discount	(2,370)		-	-	-
Child Support Admin	-	260		250	250
Other	295	1,324	1,500	4,550	1,500
Copies	808	1,021	1,000	400	500
Vending Machine Income	427	137	-	250	250
Prior Budget Year		(6,527)			
Surplus Equipment	-		-		
Sale of Land			-		
DETEC Capital Refund	17		-	-	-
Donations Recreation					
Donations Police Dept		200		1,000	-
Donations Fire Dept	-	2,000	2,000	2,500	1,000
Miscellaneous	16,334	52,794	15,220	19,550	7,400



Transfers Interfund Water	375,000	375,000	350,000	350,000	375,000
Transfers Intrafund	90,292	153,336			
Transfers HM Comm House	10,000	10,000	10,000	12,000	12,500
Transfer HM Civic Center Ops	100,000	100,000	100,000	120,000	125,000
Transfer Interfund Court Tech					
Transfer Interfund Bldg Security					
Transfer Interfund Child Safety					
Transfer Interfund 2011 CO's					
Transfer Interfund I&S					
EDC Street Admin Fees					
Economic Development Adm Fee					
Transfer - Civic Center Fund					
Transfers Interfund Solid Waste	200,000	200,000	200,000	200,000	200,000
Transfers	775,292	838,336	720,000	682,000	712,500
Interest General Fund	146,113	133,133	112,100	110,000	97,800
Interest	146,113	133,133	112,100	110,000	97,800
COPS Hiring Grant	46,917	76,889	-		
Police Training Grant	1,618	4,124	4,000	4,100	4,150
Police JAG Grant					
Arson Investigator Grant	1,300				
Grant Proceeds-Fire Department		2,500			
Homeland Security Grant	-		-		
Airport TXDOT Ramp Grant	4,487	24,264	30,000	24,500	22,000
TxDOT CARES Grant	-		-		
Airport - ACRGP					
SECO				-	
CRF - TDEM					
Grants	54,322	107,777	34,000	28,600	26,150
TOTAL	6,523,028	6,653,075	6,616,620	6,469,250	6,689,250



FY 2026 BUDGET EXPENDITURE OVERVIEW

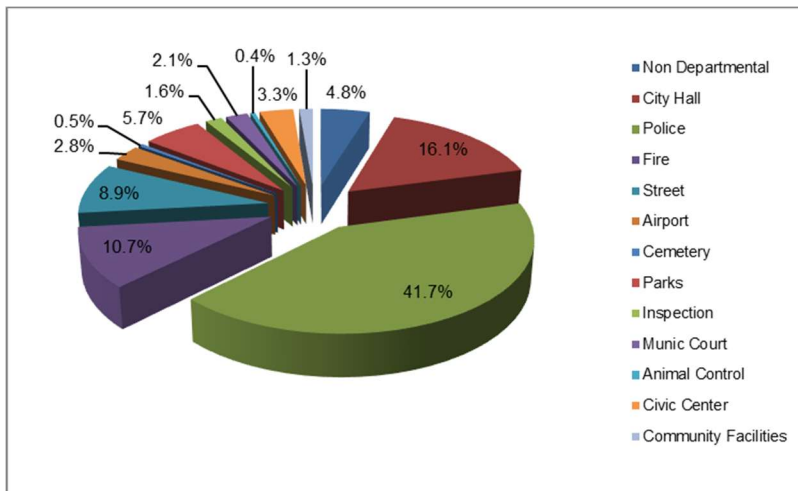
The General Fund of the City of Center is organized into thirteen distinct departments. Within this document each department has an independent section describing its mission, function within the organization, some achievements for the past fiscal year, and department goals and objectives for the upcoming fiscal year.

The Budget also groups departments into functional categories for an additional layer of detail to better understand how the City spends money and correlates to the audited annual financial report.

Each department's page provides financial data for each prime account. There is also a description of the capital purchases within each department and denotes differences between the FY 2025 Estimate and the FY 2026 Proposed Budget.

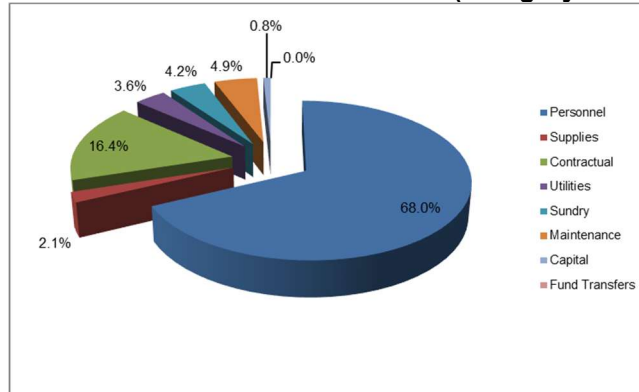
EXPENDITURES	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Non-Departmental	1,448,444	386,936	280,100	277,650	318,500
City Hall	1,014,709	1,047,397	1,103,940	992,390	1,075,500
Police	2,301,203	2,495,568	2,829,275	2,596,505	2,792,250
Fire	574,732	623,940	675,360	593,075	714,500
Street	542,165	649,337	598,760	622,260	598,500
Airport	204,461	197,731	183,770	188,710	187,000
Cemetery	21,890	26,515	35,500	35,500	32,500
Parks	312,212	331,542	338,970	350,660	382,500
Inspection	88,497	97,555	105,070	103,210	109,000
Municipal Court	99,825	115,672	124,580	110,950	142,000
Animal Control	24,555	30,135	30,100	51,750	29,500
Civic Center	183,011	217,974	222,300	212,125	219,500
Community Facilities	106,614	115,640	88,895	93,510	88,000
TOTAL	6,922,319	6,335,942	6,616,620	6,228,295	6,689,250

FY 2026 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



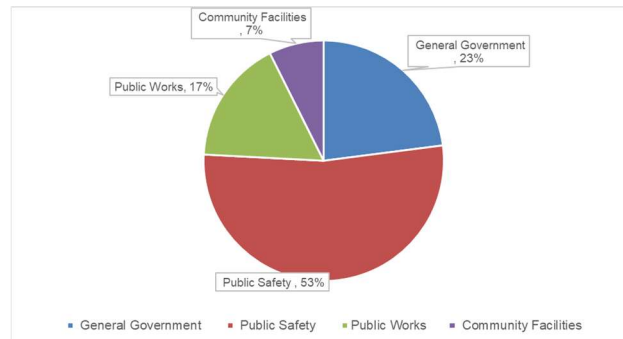


FY 2026 GENERAL FUND BUDGET – BY PRIME ACCOUNT (Category of Expenditure)



FY 2026 GENERAL FUND BUDGET EXPENDITURES – BY FUNCTION

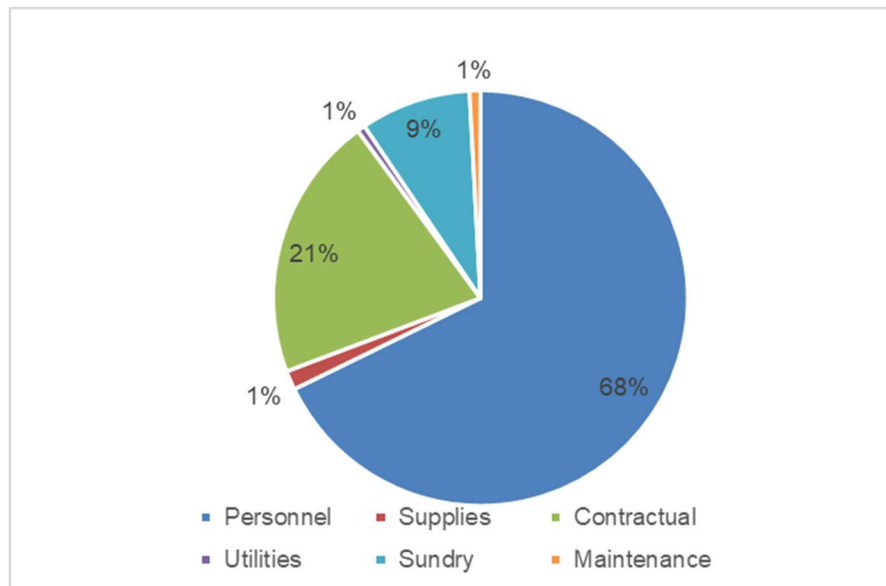
Totals	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
General Government					
Non-Departmental	1,448,444	386,936	280,100	277,650	318,500
City Hall	1,014,709	1,047,397	1,103,940	992,390	1,075,500
Municipal Court	99,825	115,672	124,580	110,950	142,000
Subtotal	2,562,978	1,550,005	1,508,620	1,380,990	1,536,000
Public Safety					
Police	2,301,203	2,495,568	2,829,275	2,596,505	2,792,250
Fire	574,732	623,940	675,360	593,075	714,500
Animal Control	24,555	30,135	30,100	51,750	29,500
Subtotal	2,900,490	3,149,643	3,534,735	3,241,330	3,536,250
Public Works					
Street	542,165	649,337	598,760	622,260	598,500
Parks	312,212	331,542	338,970	350,660	382,500
Inspection	88,497	97,555	105,070	103,210	109,000
Cemetery	21,890	26,515	35,500	35,500	32,500
Subtotal	964,764	1,104,949	1,078,300	1,111,630	1,122,500
Community Facilities					
Airport	204,461	197,731	183,770	188,710	187,000
Civic Center	183,011	217,974	222,300	212,125	219,500
Community Facilities	106,614	115,640	88,895	93,510	88,000
Subtotal	494,087	531,345	494,965	494,345	494,500
TOTAL	6,922,319	6,335,942	6,616,620	6,228,295	6,689,250





**FY 2026 BUDGET
EXPENDITURE SUMMARY
GENERAL GOVERNMENT**

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Totals					
General Government					
Non-Departmental	1,448,444	386,936	280,100	277,650	318,500
City Hall	1,014,709	1,047,397	1,103,940	992,390	1,075,500
Municipal Court	99,825	115,672	124,580	110,950	142,000
Subtotal	2,562,978	1,550,005	1,508,620	1,380,990	1,536,000
Personnel	910,480	958,541	1,066,000	959,750	1,040,900
Supplies	25,837	21,883	21,450	18,850	22,950
Contractual	254,705	284,159	281,820	266,440	317,300
Utilities	10,272	9,858	9,500	9,100	9,600
Sundry	103,473	98,219	121,850	125,600	132,250
Maintenance	11,864	18,218	8,000	1,250	13,000
Capital	1,241,648	1,790	-	-	-
Transfers	4,700	157,337	-	-	-
Total	2,562,978	1,550,005	1,508,620	1,380,990	1,536,000





FY 2026 BUDGET NON-DEPARTMENTAL - 601

The Non-Departmental function of the City of Center provides accounts for those areas that are general to the entire organization, such as the annual audit, some insurance premiums, elections, other legislative costs, and City Council designated special projects or activities.

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 2025 ACCOMPLISHMENTS

- Fund Balances above goal
- Upgraded Credit Rating to A1
- Issuance of unqualified audit
- Partnered with EDC for Portacool redevelopment project
- Initiated City Hall and Library roof replacement plans
- Develop potential directional/entryway signage program
- Completed Lighting Project – Childs St
- Progressed Utility Plan and Debt Issue for Water System Improvements - Aiken Plant & Reuse Projects

Council Direction/Strategic Plan

Budget Philosophy #2
Budget Philosophy #8
Objective C & Objective D
Objective A – Public Facilities
Objective D – Beautification
Objective A - Utility

FY 2026 GOALS

- Update Strategic Plan – Council Retreat
 - General community beautification programs and projects
 - Develop Capital Plan for Facility Improvements
 - Utility project initiation – production capacity – Aiken Plant
- Objective C – Revitalization
Objective A – Public Facilities
Objective A - Utility



**FY 2026 BUDGET
NON-DEPARTMENTAL**

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	15,328	1,680	1,700	1,700	1,700
Supplies	3,932	576	2,200	2,000	1,200
Contractual	140,157	146,543	172,450	165,450	203,300
Utilities	-	-	-	-	-
Sundry	76,763	79,009	103,750	108,500	112,300
Maintenance	-	-	-	-	-
Capital	1,207,565	1,790	-	-	-
Transfers	4,700	157,337	-	-	-
TOTAL	1,448,444	386,936	280,100	277,650	318,500

PERFORMANCE MEASURES

	FY 2019	FY2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
City Council Meetings	20	20	20	21	21	20	15
Council Workshops/Special Meetings	5	4	7	2	2	7	13
Ordinances Passed	16	16	15	12	15	16	9
Resolutions Passed	25	28	26	18	33	23	18
Fund Balance as % of Expenses	36%	41%	49%	49%	39%	48%	52%

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Contractual: Increase in Downtown Maintenance (\$1,500) and Special Projects – (\$13,000)
- Sundry: Increase in Employee Banquet & Recognition Programs (\$11,250) due to cancellation of this program for 2025



**FY 2026 BUDGET
CITY HALL - 602**

Providing 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 administer the affairs of the City consistent with the City Charter.
- Manage and direct activities of all departments and personnel.
- Prepare and maintain minutes, ordinances, resolutions, and proclamations.
- City elections are conducted by designated election officials.
- 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 2025 ACCOMPLISHMENTS

- Received the GFOA Distinguished Budget Award
- Completed in-house audit of Internal Service Funds
- Verified and updated Fixed Asset and Property Insurance Coverage
- Coordinated Updated Airport Layout Plan
- Facilitated Parks Master Plan Update
- Submitted Grant Applications:
- Economic Development Admin – Aiken Water Plant
- Tx Parks & Wildlife – American Legion Phase II

Council Direction/Strategic Plan

Objective E – Transparency
Objective E – Transparency
Budget Philosophy #8

Objective D – Tran 3
Objective D – Parks

Objective A – Utilities
Objective D – Parks

FY 2026 GOALS

- Apply for TML Excellence Award
- Initiate Funding plan development for Utility Capital Programs
- Increase housing units in Parker Place subdivision through the Local Government Corporation
- Expand Internal Financial Control/Monitoring Processes
- Prioritize Staff Development and Training

Objective E – Transparency
Objective A – Utilities
Objective B – Housing

Objective E – Transparency
Budget Philosophy #4



DEPARTMENT STAFFING

Title	Current Staffing
City Manager	1
Finance Manager	1
City Secretary	1
Purchasing Director	1
Accounting/Bookkeeper	1
HR Administrator/Asst City Secretary	1
Clerks (Utility, Finance, Inspection, Warehouse)	6.25

FY 2026 BUDGET CITY HALL

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	852,112	904,508	1,004,100	902,250	953,150
Supplies	20,107	19,119	17,250	15,300	19,250
Contractual	63,648	77,819	48,590	48,990	62,000
Utilities	10,272	9,858	9,500	9,100	9,600
Sundry	22,623	17,874	16,500	15,500	18,500
Maintenance	11,864	18,218	8,000	1,250	13,000
Capital	34,083	-	-	-	-
TOTAL	1,014,709	1,047,397	1,103,940	992,390	1,075,500

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Open Records Requests	30	7	25	27	52	66	47
Average Number of Utility Accounts	2,420	2,428	2,438	2,425	2,432	2,440	2,426
Average Work Order Completions	1 Day	1 Day	1 Day	1 Day	1 Day	1 Day	1 Day
Houses Built in City-Sold Lots	0	0	0	0	2	1	2
GFOA Budget Award Received	Yes	Yes	Yes	Yes	Yes	Yes	Yes

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Increases in Personnel primarily the result of reduced staffing levels during 2025, compensation adjustments and employee benefit cost increases
- Contractual: Increase in Technology Assessment (\$11,500) for System Upgrades
- Sundry: Training Increase (\$2,000) for new employees



**FY 2026 BUDGET
MUNICIPAL COURT - 613**

DEPARTMENT SUMMARY

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. Municipal Court Judge is presiding officer of the Court, appointed under contract for legal services by the City Council.

DESCRIPTION

- Review citations issued; develop arrest warrants; submit non-pay to collection service.
- Provide outstanding customer service by being polite and professional.
- Maintain education in latest changes in the law.
-

FY 2025 ACCOMPLISHMENTS

Council Direction/Strategic Plan

- Continuing Education for Judge & Administrator/Clerk
- Warrant Roundup
- Enhance reporting and update records

Obj A, Public Safety #1

- **FY 2026 GOALS**

- Court Clerk maintain State Municipal Court Administrator Certification
- Train/Hire Reserve Court Clerk and new Judge

Obj A, Public Safety #1

DEPARTMENT STAFFING

	Title		Current Staffing		
	Court Administrator/Clerk		1		
	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	43,040	52,352	60,200	55,800	86,050
Supplies	1,798	2,187	2,000	1,550	2,500
Contractual	50,900	59,798	60,780	52,000	52,000
Utilities	-	-	-	-	-
Sundry	4,087	1,335	1,600	1,600	1,450
Maintenance	-	-	-	-	-
Capital	-	-	-	-	-
TOTAL	99,825	115,672	124,580	110,950	142,000

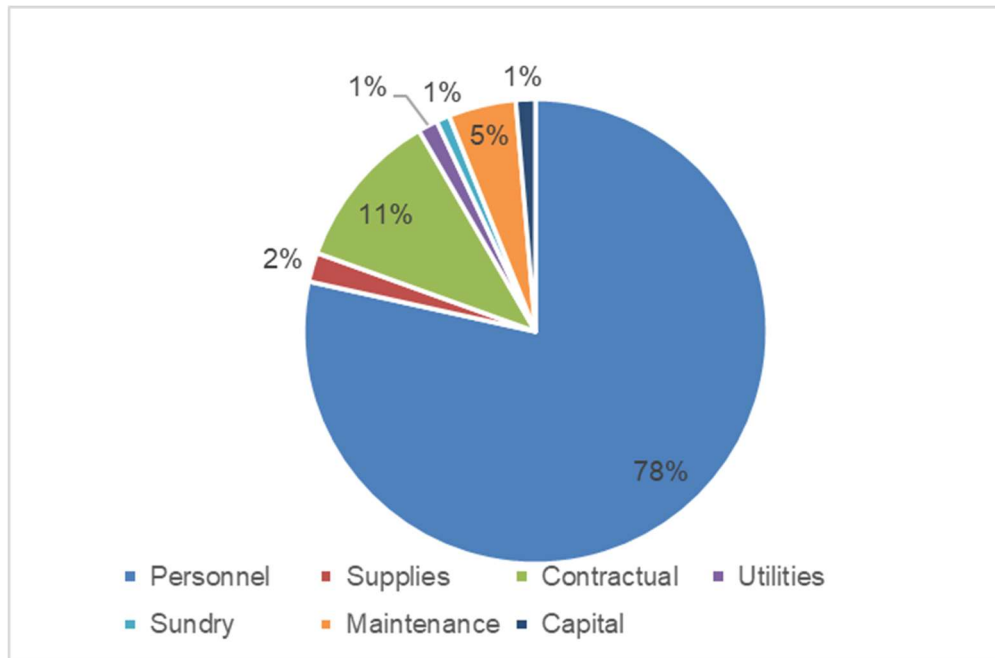
HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Increases in Personnel primarily the result of Upgraded position responsibilities, compensation adjustments and employee benefit cost increases.



**FY 2026 BUDGET
EXPENDITURE SUMMARY
PUBLIC SAFETY**

Totals	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Public Safety					
Police	2,301,203	2,495,568	2,829,275	2,596,505	2,792,250
Fire	574,732	623,940	675,360	593,075	714,500
Animal Control	24,555	30,135	30,100	51,750	29,500
Subtotal	2,900,490	3,149,643	3,534,735	3,241,330	3,536,250
Personnel	2,333,524	2,514,560	2,837,775	2,544,225	2,774,575
Supplies	54,751	69,507	78,800	67,900	71,850
Contractual	222,075	247,729	321,110	308,355	393,725
Utilities	51,608	48,497	53,750	46,950	48,750
Sundry	24,353	21,339	31,300	27,200	32,850
Maintenance	153,535	175,037	165,500	158,900	166,500
Capital	60,644	72,973	46,500	87,800	48,000
Total	2,900,490	3,149,643	3,534,735	3,241,330	3,536,250





FY 2026 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 and provide information for prosecution.
- 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 2025 ACCOMPLISHMENTS

**Council Direction/
Strategic Plan**
Objective A – Public Safety #1

- Supervisory/Leadership Transition
- Continued Cadet Sponsorship/Hiring Program (4 to date)
- Refined Recruitment Materials
- Officer Equipment – Weapons standardized
- RMS (Records Mgmt) Software System Upgrade
- Community outreach expanded
- Acquired 2nd K-9 unit & training
- Operation Blue Santa toy drive & Cocoa with Santa
- Certified 2 Animal Control Officers

Objective A – Public Safety #6

FY 2026 GOALS

- Continued efforts to ensure quality staffing and training levels
- Complete Animal Kennels
- Enhance officer worn, in-car camera equipment
- Community Outreach programs; K-9 and Blue Santa
- Increase relations with other agencies – Shelby SO, DETCOG, CAC, CISD and DA/CA offices
- Pursue Grant Funding for Equipment & Dept needs

Objective A – Public Safety #1

Objective A – Public Safety #6



**FY 2026 BUDGET
POLICE DEPARTMENT**

DEPARTMENT STAFFING

Title	Current Staffing
Police Chief	1
Lieutenant	2
Sergeants (Patrol/CID)	5
Detectives (Corporals)	2
Patrol Officers	9
Admin. Assistant (Exec. & CID)	2
Dispatchers	5.5
Janitor	1

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	1,849,642	2,011,601	2,306,625	2,076,425	2,241,325
Supplies	40,563	53,221	54,750	53,950	54,750
Contractual	181,423	191,019	262,200	258,680	314,525
Utilities	40,013	35,211	40,500	32,500	34,500
Sundry	16,998	16,089	21,200	17,950	22,150
Maintenance	113,139	133,775	118,000	118,000	113,000
Capital	59,425	54,652	26,000	39,000	12,000
TOTAL	2,301,203	2,495,568	2,829,275	2,596,505	2,792,250

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Citations Issued	2,513	2,683	4,347	2,125	3,892	5,008	5,044
Average Warrants Outstanding	1,671	1,649	1,540	1,561	1,622	1,731	1,996
Average Value of Outstanding Warrants	542,223	566,266	565,615	590,343	626,105	662,537	775,664
Average Response Time (Minutes)	1.48	1.77	1.89	1.21	1.77	0.61	0.99
Calls for Service	10,113	10,787	13,445	7,422	10,350	12,469	10,744
Traffic Accidents	299	273	258	133	238	264	201
UCR Part 1 Crimes	434	516	508	446	480	530	269

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Understaffed positions during FY25 combined with personnel compensation adjustments results in increases in Personnel (\$165,000)
- Contractual: Increase in Vehicle Lease-Vehicle Replacement Fund (\$20,000) and Technology Fund Assessment (\$33,000)
- Sundry: Increase in Cadet Training Program (\$2,000)



**FY 2026 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 includes 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 2025 ACCOMPLISHMENTS

**Council Direction/
Strategic Plan**

- Obtained Clean Inspection from State Fire Marshall's Office
 - Enhanced SOPs to comply with Tx Comm on Fire Protection
 - Expanded services for Inspection, Fire Code and Arson Investigation
 - Updated Emergency Management Plan and Annexes
 - Replaced PPE (bunker gear) for Personnel & Volunteers
- Objective A – Public Safety #2
- Objective A – Public Safety # 5
Objective A – Public Safety #3

FY 2026 GOALS

- Enhance communication with mutual aid partners
 - Continue to expand fire prevention programs and increasing communication with community
 - Continue replacement of equipment and apparatus
 - Expand emergency billing for funding from non-City calls
- Objective A – Public Safety #3
- Objective A – Public Safety #2
- Objective A – Public Safety #2

DEPARTMENT STAFFING

Title	Current Staffing
Fire Chief	1
Firefighter/Investigator	1
Firefighters	4



**FY 2026 BUDGET
FIRE DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	483,882	502,959	531,150	467,800	533,250
Supplies	6,704	8,566	14,450	12,450	11,100
Contractual	25,167	37,612	42,910	39,675	59,200
Utilities	11,065	12,703	11,850	13,950	13,750
Sundry	6,299	5,057	8,000	8,000	8,700
Maintenance	40,396	38,723	46,500	40,900	52,500
Capital	1,219	18,320	20,500	10,300	36,000
TOTAL	574,732	623,940	675,360	593,075	714,500

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2024
Number of Calls	202	190		265	299	135	117
Fire Fighter Accidents	0	0		0	0	0	0
Inspections					35		
False Alarm Calls	12	18				18	13
False Alarm Rate	7%	10%				13%	11%
Out of Town Runs		116		135		95	88
% Out of Town		61.1%		51%		70.3%	75.2%

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Understaffed during Transition(s); Compensation adjustments and employee benefit funding result in increases (\$65,500)
- Contractual: Increased Vehicle Lease – Vehicle Replacement Fund (\$14,350) and Technology Fund (\$3,500)
- Maintenance: Increase in Bldgs/Structure (\$4,000), Equipment (\$1,000), Preventive Maintenance (\$3,000) and Gas/Fuel (\$1,000)



FY 2026 BUDGET ANIMAL CONTROL - 612

To control and contain dangerous and nuisance animals within the City limits through enforcement of City ordinances and removal of injured, diseased and deceased animals under the supervision of the Police Department.

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	-	-	-	-	-
Supplies	7,484	7,720	9,600	1,500	6,000
Contractual	15,485	19,098	16,000	10,000	20,000
Utilities	530	583	1,400	500	500
Sundry	1,056	194	2,100	1,250	2,000
Maintenance	-	2,540	1,000	-	1,000
Capital	-	-	-	38,500	-
TOTAL	24,555	30,135	30,100	51,750	29,500

DESCRIPTION

- Provides disposal of dead animals within the City limits.
- Completes and maintains information for reporting to Police Department and Municipal Court.
- Component of Police Department in the investigation of animal issues and crimes related to animal bite reports and State quarantine laws.

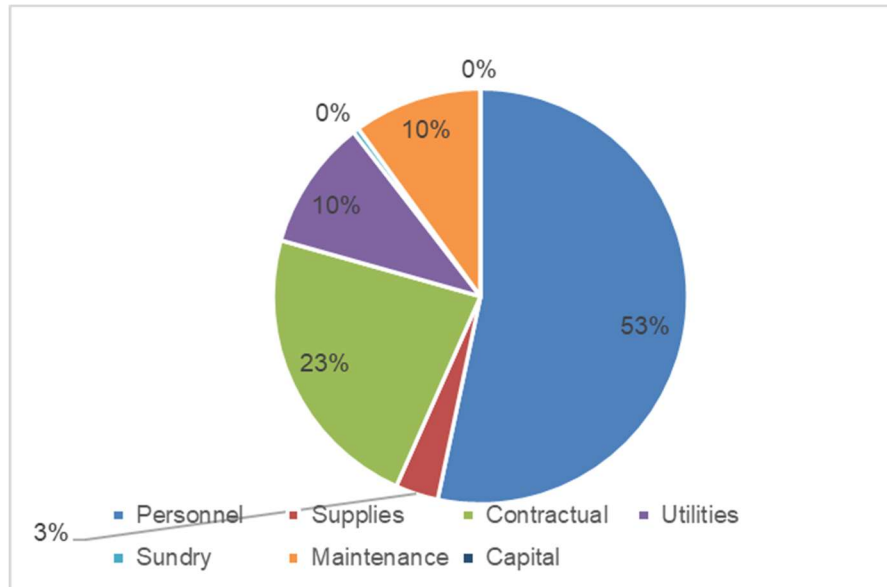
HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Reduction in Capital upon allocation of funds in FY25 for Quarantine Facility Construction
- Anticipated budget change during FY26 for substantial policy changes and adaptation of services



**FY 2026 BUDGET
EXPENDITURE SUMMARY
PUBLIC WORKS**

Totals	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Public Works					
Street	542,165	649,337	598,760	622,260	598,500
Parks	312,212	331,542	338,970	350,660	382,500
Inspection	88,497	97,555	105,070	103,210	109,000
Cemetery	21,890	26,515	35,500	35,500	32,500
Subtotal	964,764	1,104,949	1,078,300	1,111,630	1,122,500
Personnel	531,003	587,646	594,570	594,960	598,450
Supplies	32,138	30,179	37,000	35,550	37,450
Contractual	201,544	220,664	231,830	251,870	254,850
Utilities	111,120	116,238	105,700	115,250	114,000
Sundry	4,270	3,417	3,200	4,300	5,250
Maintenance	84,689	146,804	106,000	109,700	112,500
Capital	-	-	-	-	-
Total	964,764	1,104,949	1,078,300	1,111,630	1,122,500





**FY 2026 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 utility work and failure of road base/potholes.
- Coordinate the annual street maintenance and reconstruction program of the 4B EDC
- Herbicide and Pesticide Programs for Right of Way vegetation and Mosquito control
- Install and maintain traffic control signs, street signs and paving markers.
- Mow rights-of-way, easements and maintain street and alley shoulders and gutters.
- Maintain storm sewer system including drains, culverts and signage.
- Change decorative banners, maintain downtown building lights and install Christmas lights.

FY 2025 ACCOMPLISHMENTS

- Managed the annual street reconstruction program, including drainage enhancements
- Expanded herbicide & pesticide activity
- Repair/replace of multiple damages on downtown amenities
- Continued community banner program/expanded areas
- Elevated Street/gutter cleaning projects
- Expanded use of Mulcher to clear Dam at Mill Creek and overgrown areas at periphery of parks

**Council Direction/
Strategic Plan**

Objective A - Streets

Objective C -
Revitalization
Objective D

Objective D

FY 2026 GOALS

- Monitor downtown area contract and repairs
- Update, clean and replace traffic signage
- Expand gutter and sidewalk maintenance with sweeper and herbicide
- Install added Decorative poles/Stop signs - Downtown
- Manage annual street reconstruction program

Objective C -
Revitalization
Objective A - Streets

Objective C -
Revitalization
Objective A - Streets

DEPARTMENT STAFFING

Title	Current Staffing
Facilities Maintenance	0.5
Maintenance	4.5



**FY 2026 BUDGET
STREET DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	292,825	353,667	350,350	340,400	317,350
Supplies	15,896	14,895	17,850	18,350	19,600
Contractual	82,814	75,535	71,560	87,010	88,800
Utilities	93,179	99,009	89,250	97,750	96,500
Sundry	475	947	750	750	750
Maintenance	56,975	105,285	69,000	78,000	75,500
Capital	-	-	-	-	-
TOTAL	542,165	649,337	598,760	622,260	598,500

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Linear Miles							
Unpaved Streets	0	0	0	0	0	0	0
Asphalt Streets	34.55	34.55	34.55	34.55	34.55	34.55	34.55
Concrete Streets	9.08	9.08	9.08	9.08	9.08	9.08	9.08

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Reduction of personnel – one full-time to part-time position; Compensation adjustments and employee benefit funding result in net decrease (-\$15,400)
- Contractual: Equipment additions and existing fleet/mobile adjusted schedules Vehicle Lease increase (\$2,230)



**FY 2026 BUDGET
PARKS DEPARTMENT - 609**

To provide clean, safe, and well-maintained outdoor recreation space, park amenities and athletic facilities for daily and event uses of citizens and visitors.

DESCRIPTION

- Daily cleaning and upkeep of all park areas.
- Maintenance and repair of buildings, facilities and equipment.
- Maintain athletic fields for routine, league and tournament use.
- Manage mowing, landscape, irrigation, pesticide, and maintenance contracts.

FY 2025 ACCOMPLISHMENTS

- Completed Parks Master Plan Update
- Awarded TP&W Grant for American Legion Park Phase 1 Improvements
- Host facility for State baseball and softball tournaments
- Expanded Softball Tournament Hosting Activity
- Playground mulch upgrades at all locations
- Rehabilitation of Bridges, Pier, and Wood Structures

Council Direction/Strategic Plan

Objective D – Parks #3
Objective D – Parks #3
Objective C – Comm #4/#8

Objective C – Com #4/#8
Objective D – Parks #1
Objective D – Parks #1

FY 2026 GOALS

- Major rehab and cleaning of Center Park Pond
- Enhance Participation in Recreational Programs
- Upgrade baseball and softball complex amenities
- Training/Education for Facility Maintenance/Improvement
- Ensure operation and expansion of Splash Pad

Objective D – Parks #1
Objective E – Comm #1
Objective D & C
Objective D – Parks

Objective D – Parks #4

DEPARTMENT STAFFING

Title	Current Staffing
Parks & Rec Director	0.5
Maintenance	2
Maintenance – P/T	0.75

Park Classification	Total Developed Park Acres	Total Park Acres	Level of Service
Neighborhood Parks	3.6	3.6	0.68
Community Parks	72.9	94.1	13.8
Special Use Parks	13.7	23.6	2.6
Greenbelts / Trails	4.5	4.5	0.85
Natural Areas	2.0	9.7	0.38
Total Acres	96.7	135.5	18.6



**FY 2026 BUDGET
PARKS DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2023	FY 2024	FY 2025	FY 2025	FY 2026
	Actual	Actual	Adopted	Estimate	Proposed
Personnel	170,893	158,638	162,320	175,660	197,600
Supplies	12,762	12,379	16,100	13,150	14,100
Contractual	86,704	107,798	112,050	117,450	121,300
Utilities	17,674	16,771	16,000	17,000	17,000
Sundry	291	303	500	700	1,000
Maintenance	23,888	35,653	32,000	26,700	31,500
Capital	-	-	-	-	-
TOTAL	312,212	331,542	338,970	350,660	382,500

Benchmarks/Metrics:

Total Park Acreage: 135.5 / 96.7 Developed
 Total Parks: 8
 Trails/Sidewalk/Boardwalk 11.3 linear miles
 Playgrounds 6
 Splashpads/Spraygrounds 1
 Athletic Courts and Fields 17

Service Level:

18.1 acres per 1,000 residents
 1.5 per 1,000 residents
 3.2 per 1,000 residents

Sport	NRPA Standard / Population	Current Inventory	Recommended Fields 2025
Baseball Field	1 / 5,000	4	4
Baseball/ Softball Practice Backstop	1 / 4,000	1	2
Football	1 / 20,000	1	1
Soccer Field	1 / 4,000	4	4
Softball Field	1 - 5,000	3	4

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Adjustment of one position from part-time staff to full-time, compensation adjustments and employee benefits increased payroll (\$21,940)
- Supplies: Increases from Materials (\$500) and Chemicals (\$500)
- Contractual: Increases from Vehicle Lease (\$3,990) and Technology Assessment (\$2,300)



**FY 2026 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, 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 keep records and minutes for the Planning and Zoning Commission and the Zoning Board of Adjustments.
- Issues 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 2025 ACCOMPLISHMENTS

**Council Direction/
Strategic Plan**

- Certified personnel – Maintained Certified Code Compliance
- Certified personnel – International Code Structural License

FY 2026 GOALS

- Staff to obtain certifications as Licensed Building Official

DEPARTMENT STAFFING

Title	Current Staffing
Code Officer/Building Official	1



**FY 2026 BUDGET
INSPECTION SERVICES**

DEPARTMENT SUMMARY

	FY 2023	FY 2024	FY 2025	FY 2025	FY 2026
	Actual	Actual	Adopted	Estimate	Proposed
Personnel	67,285	75,342	81,900	78,900	83,500
Supplies	3,480	2,905	3,050	4,050	3,750
Contractual	10,136	10,817	12,720	11,910	12,250
Utilities	267	458	450	500	500
Sundry	3,503	2,167	1,950	2,850	3,500
Maintenance	3,826	5,866	5,000	5,000	5,500
Capital	-	-	-	-	-
TOTAL	88,497	97,555	105,070	103,210	109,000

PERFORMANCE MEASUREMENTS

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Construction Permits	49	41	49	57	50	74	47
Demolition Permits	6	9	14	54*	11	2	7
Rezone/SUP Cases	3	2	1	2	5	5	2

* Demolition permit increases due to multiple permits at a multi-family renovation project

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Personnel adjustment and benefits cumulative increase (\$4,600)



FY 2026 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 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual	21,890	26,515	35,500	35,500	32,500
Utilities	-	-	-	-	-
Sundry	-	-	-	-	-
Maintenance	-	-	-	-	-
Capital	-	-	-	-	-
TOTAL	21,890	26,515	35,500	35,500	32,500

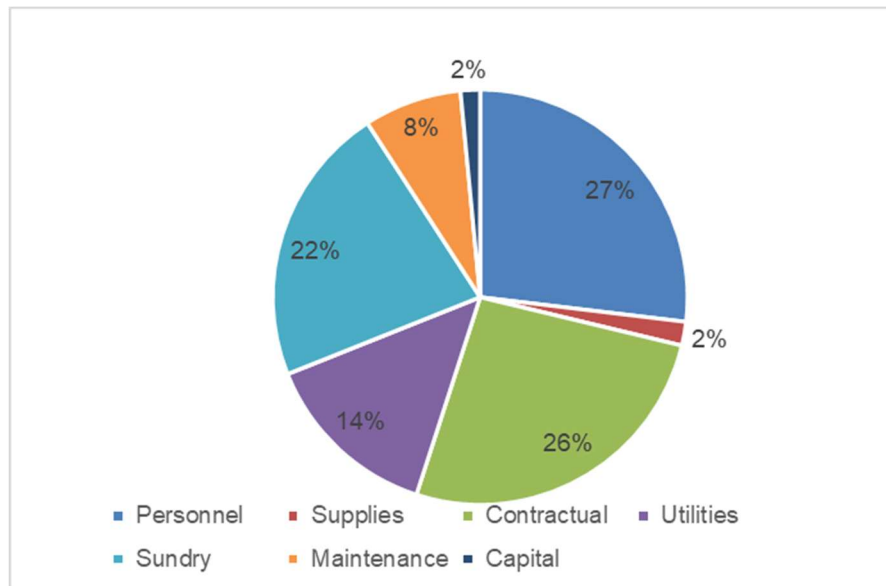
HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate



FY 2026 BUDGET EXPENDITURE SUMMARY

COMMUNITY FACILITIES

Totals	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Community Facilities					
Airport	204,461	197,731	183,770	188,710	187,000
Civic Center	183,011	217,974	222,300	212,125	219,500
Community Facilities	106,614	115,640	88,895	93,510	88,000
Subtotal	494,087	531,345	494,965	494,345	494,500
Personnel	137,290	136,761	140,800	128,820	133,000
Supplies	7,660	7,922	9,600	8,500	9,150
Contractual	106,938	124,591	124,565	127,710	129,700
Utilities	67,109	66,443	66,300	69,700	69,150
Sundry	146,755	116,140	108,100	110,075	108,250
Maintenance	22,022	65,278	38,100	44,540	37,750
Capital	6,314	14,210	7,500	5,000	7,500
Total	494,087	531,345	494,965	494,345	494,500





FY 2026 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 fuel 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 fueling stations for 100LL and Jet grade.

FY 2025 ACCOMPLISHMENTS

**Council Direction/
Strategic Plan**

- | | |
|---|----------------------|
| • Completed Airport Layout Plan (ALP) update | Objective D – Tran 2 |
| • Redeveloped hangar rental list & fees | |
| • City owned T-Hangar occupancy maximized | |
| • Completed Airport Advisory Board requested improvements for use and function of fuel service and lounge | Objective D – Tran 2 |
| • Secured reimbursement from TxDOT RAMP grant program | Objective D – Tran 3 |
| • Fuel system Enhancement – new hoses & auto reels | Objective D – Tran 2 |
|
 | |
| • FY 2026 GOALS | |
| • Continue to enhance Pilots' Lounge | Objective D – Tran 2 |
| • Provide great customer service to visitors and fuel customers | |
| • Increase in fuel sales | |
| • Complete AWOS Replacement Installation – TXDoT Grant | Objective D – Tran 3 |

DEPARTMENT STAFFING

Title	Current Staffing
Airport Facility Maintenance	0.5



**FY 2026 BUDGET
CENTER MUNICIPAL AIRPORT**

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	28,155	29,412	30,850	30,470	31,550
Supplies	716	1,325	1,950	1,250	2,000
Contractual	9,518	15,321	14,720	16,650	16,800
Utilities	16,942	17,120	17,150	17,950	17,900
Sundry	144,005	113,022	104,600	103,950	103,500
Maintenance	4,929	7,517	9,500	13,440	10,250
Capital	198	14,014	5,000	5,000	5,000
TOTAL	204,461	197,731	183,770	188,710	187,000

PERFORMANCE MEASURES

Fuel Sold	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Fuel Transactions	494	226	551	590	887	635	752
100 LL (gallons)	10,582	6,993	14,442	10,609	23,820	14,183.	18,938
Jet A (gallons)	4,724	6,208	3,459	20,607	14,570	14,061	8,625

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate



**FY 2026 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.

FY 2025 ACCOMPLISHMENTS

- Restaffed Manager Position and part-time attendants
- Facility Rehab – painting and flooring in Foster Hall
- Table/Chair replacements; Technology upgrades
- Increased Revenues - Increased total rentals

FY 2026 GOALS

- Complete Lighting Retrofit – SECO grant project
- Expand the marketing tools and efforts to increase rentals
- Redevelop website for exposure and customer interaction
- Maintenance and/or replacement programs for HVAC
- Create rental SOPs and train staff for event supervision

DEPARTMENT STAFFING

Title	Current Staffing
Civic Center Director	1
Facility Maintenance – PT Pool Position	.75



**FY 2026 BUDGET
CIVIC CENTER**

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	109,135	107,349	109,950	98,350	101,450
Supplies	6,941	6,597	7,300	7,250	7,150
Contractual	21,470	33,542	42,050	44,800	46,950
Utilities	28,089	26,798	35,150	36,750	37,250
Sundry	2,750	2,938	3,500	3,625	3,750
Maintenance	12,110	40,554	21,850	21,350	20,450
Capital	2,516	196	2,500	-	2,500
TOTAL	183,011	217,974	222,300	212,125	219,500

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
WCC Events	203	81	155	137	151	145	101
Utilization Rate	56%	22%	43%	38%	45%		
Appx Attendance	14,014	3,180	13,962	13,196	14,970	17,190	16,022
Cancellations	0	80	20	0	1	0	0
Room Rental Revenue	\$56,567	\$30,195	\$48,975	\$29,165	\$29,165	\$38,400	\$36,875
Avg. Revenue/Use	\$279	\$372	\$316	\$213	\$213	\$264	\$365
Comm House Events	53	47	62	106	76	63	60
Appx Attendance				6,635	4,725	3,906	3,720
Rental Revenue	\$12,345	\$11,469	\$13,085	\$14,945	\$16,615	\$12,290	\$14,195
Avg. Revenue/Use	\$233	\$244	\$211	\$141	\$210	\$195	\$195

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel: Increase of part-time facility assistance; payroll adjustments and employee benefits generate net increase of (\$3,100)
- Contractual: Increases to Liability Insurance (\$640) and Technology assessment (\$1,100)



FY 2026 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, Center Senior Nutrition Center, and 301 Nacogdoches.

FY 2025 ACCOMPLISHMENTS

Council Direction/Strategic Plan

- Completed Lighting Retrofit of Senior Center – SECO Grant
- Improved Storage at 301 Nacogdoches
- Repaired Doors/Areas and roof at Library

FY 2026 GOALS

- Complete Library roof design study budgeted in CIP
- Develop replacement programs for HVAC

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	-	-	-	-	-
Supplies	3	-	350	-	-
Contractual	75,950	75,728	67,795	66,260	65,950
Utilities	22,078	22,525	14,000	15,000	14,000
Sundry	-	180	-	2,500	1,000
Maintenance	4,983	17,207	6,750	9,750	7,050
Capital	3,600	-	-	-	-
TOTAL	106,614	115,640	88,895	93,510	88,000

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate



FY 2026 BUDGET ANALYSIS OF STRUCTURAL BALANCE

The City's policy, as expressed in the City Charter, is to adopt a balanced budget in which total revenues are greater than or equal to projected expenditures. A step toward improved governance and financial stewardship is the concept of having a structurally balanced budget. A structurally balanced budget would match stable, recurring revenues with annual expenditures, and one-time revenues with special expenditures.

According to the Government Finance Officers Association (GFOA), a recurring revenue is receipts that the City can reasonably expect to receive each year with a degree of certainty and predictability.

Property taxes are examples of recurring revenue as are Sales taxes, however, there is a degree of elasticity, and therefore a portion of this likely revenue stream is considered non-recurring. Examples of non-recurring revenues include building inspection fees, grants, interest earnings, airport fuel sales, etc.

Recurring expenditures are similar in that the costs of providing basic City services can be relatively stable. Examples include personnel costs, insurance, utilities, etc. Again, non-recurring expenditures can be large one-time purchases, such as land acquisition, capital or major maintenance items.

Ideally, a city's basic services would be fully funded by recurring revenues. That would then ensure non-recurring expenses would be less than or equal to irregular revenues. Recurring expenditures, therefore, need to be addressed to reduce any dependency on the non-recurring revenues which should be used exclusively to fund non-recurring expenses.

The table on the following page shows that the recurring revenues exceed recurring expenditures by \$177,650. Roughly 96% of the City's General Fund revenues are categorized as recurring with 94% of the General Fund expenditures categorized as recurring. The non-recurring expenses equate to 6% of the budget this year. This reflects a situation of where the City of Center has achieved a degree of structural balance.



REVENUES	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed	Recurring	Non- Recurring
Property Taxes	1,471,728	1,503,736	1,572,000	1,514,850	1,653,650	1,620,000	33,650
Sales Taxes	2,713,322	2,672,887	2,798,600	2,746,800	2,801,500	2,723,500	78,000
Law Enforcement	176,580	250,156	232,550	242,100	247,750	225,750	22,000
Franchise Fees	758,045	709,910	811,100	753,975	769,600	752,500	17,100
Airport	220,209	168,188	193,000	173,250	170,500	156,000	14,500
Permits	40,979	84,773	40,100	37,225	38,000	34,500	3,500
Usage Fees	150,104	131,386	87,950	160,900	164,400	151,900	12,500
Miscellaneous	16,334	52,794	15,220	19,550	7,400	3,900	3,500
Transfers	775,292	838,336	720,000	682,000	712,500	712,500	-
Interest	146,113	133,133	112,100	110,000	97,800	25,000	72,800
Grants	54,322	107,777	34,000	28,600	26,150	24,000	2,150
TOTAL	6,523,028	6,653,075	6,616,620	6,469,250	6,689,250	6,429,550	259,700

EXPENDITURES	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed	Recurring	Non- Recurring
Non Departmental	1,448,444	386,936	280,100	277,650	318,500	236,100	82,400
City Hall	1,014,709	1,047,397	1,103,940	992,390	1,075,500	1,013,000	62,500
Police	2,301,203	2,495,568	2,829,275	2,596,505	2,792,250	2,646,650	145,600
Fire	574,732	623,940	675,360	593,075	714,500	680,000	34,500
Street	542,165	649,337	598,760	622,260	598,500	561,000	37,500
Airport	204,461	197,731	183,770	188,710	187,000	180,500	6,500
Cemetery	21,890	26,515	35,500	35,500	32,500	30,000	2,500
Parks	312,212	331,542	338,970	350,660	382,500	356,000	26,500
Inspection	88,497	97,555	105,070	103,210	109,000	106,500	2,500
Municipal Court	99,825	115,672	124,580	110,950	142,000	138,750	3,250
Animal Control	24,555	30,135	30,100	51,750	29,500	28,000	1,500
Civic Center	183,011	217,974	222,300	212,125	219,500	192,000	27,500
Community Facilities	106,614	115,640	88,895	93,510	88,000	83,400	4,600
TOTAL	6,922,319	6,335,942	6,616,620	6,228,295	6,689,250	6,251,900	437,350



FY 2026 BUDGET DEBT SERVICE FUND

Cities will often incur various amounts of debt to fund major capital expenses. Capital expenses are typically classified because they are assets that have a very large purchase price and/or a long functional/operational duration. The City of Center has incurred debt to pay for projects in both 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 never recommended. Good fiscal stewardship, a value that the leadership of the City of Center subscribes, would not act to fund operations with debt. The responsible uses of debt to pay for long-term investments to improve the quality of life in the City or to contribute to further community development make debt a useful financial tool.

One justification for issuing debt to make capital purchases 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 responsible with the debt it has issued and intends to issue.

Measures of Capacity – Peer Comparisons

City	Population	Total Net Taxable	Gross Tax Rate	Total Ad Valorem Debt	Debt per Capita	Debt per Taxable Value	Taxable Valuable per Capita
Carthage	6,544	568,211,163	0.580001	9,470,000	1447	1.67%	86,829
Bridge City	9,692	668,964,541	0.46826	3,800,000	392	0.57%	69,022
Canton	4,461	492,176,208	0.64	9,114,881	2043	1.85%	110,329
Henderson	13,243	1,008,152,369	0.541799	13,490,000	1019	1.34%	76,127
Hempstead	6,246	537,979,108	0.56397	12,070,000	1932	2.24%	86,132
Marshall	24,419	1,439,407,073	0.579079	19,853,000	813	1.38%	58,946
Gilmer	5,179	477,351,907	0.500044	9,960,000	1923	2.09%	92,171
Kilgore	13,703	1,515,684,332	0.616	40,230,000	2936	2.65%	110,610
Palestine	19,770	1,631,243,608	0.594285	45,328,000	2293	2.78%	82,511
Whitehouse	9,683	811,325,979	0.717855	19,304,000	1994	2.38%	83,789
Crockett	6,308	394,200,133	0.6362	1,980,000	314	0.50%	62,492
Madisonville	4,444	337,379,023	0.6939	6,495,000	1462	1.93%	75,918
Liberty	8,399	917,003,355	0.5917	18,595,000	2214	2.03%	109,180
Gladewater	6,262	493,235,108	0.602087	14,417,000	2302	2.92%	78,766
Diboll	4,555	274,773,896	0.583321	6,870,000	1508	2.50%	60,324
Cleveland	9,289	85,430,774	0.77	13,290,000	1431	15.56%	9,197
Jacksonville	14,572	1,103,422,919	0.63763	24,224,000	1662	2.20%	75,722
Average	9,810	750,349,500	0.60683	15,793,581	1,629	2.74%	78,121
Center	5,401	362,529,454	0.60762	6,995,000	1,295	1.93%	67,123

Table 1 – Peer City Comparison *Source Texas Bond Review Board 2024-Governor Greg Abbott, Chair

Table 1 of this section provides the data as it relates to each cities' total debt. The outstanding principal is a calculation of any General Obligation (GO) debt, Certificates of Obligation (CO) debt, and Tax Notes that are supported by Ad Valorem taxes. The table indicates that Center has one of the lowest levels of



outstanding principal, a tax rate that is below the average of the comparison cities in terms of the proposed tax rate of \$0.590885 and a reasonable debt per capita ratio.

DEBT LIMITS

The City of Center's Debt Policy ([Appendix A](#)) states that the City shall not incur property tax supported debt in an amount exceeding 4% of the net taxable value. At the end of FY 2025, parameters will be well below self-imposed debt limits as indicated in the following table.

Net Taxable Assessed Value	\$393,463,612
Debt Limit - Four Percent (4%) of Taxable Assessed Value	\$15,738,544
Amount of Principal Applicable to Debt Limit - Ad Valorem Debt	\$6,407,500
Percent Principal to Debt Limit	40.7%
Percent Principal to Net Taxable Assessed Value	1.6%

DEBT SERVICE FUND HIGHLIGHTS

Revenue

The proposed FY 2026 interest and sinking rate is projected to decrease to \$0.202595. The projected amount to be raised from ad valorem taxes for debt payments is \$770,900.

The inter-fund transfer from the water utility fund is projected to decrease by \$60,000 to \$902,200. This is adjust required payments upon the issuance of the 2024 CO's for utility improvements.

In FY 2016, the City received a pledge from Portacool, LLC towards the construction of the expansion at Mini-Park. The City was also awarded a Texas Parks and Wildlife grant to assist with this project's funding. The FY 2026 Proposed Budget allocates none of these funds toward the 2016 CO debt instrument payment.

Lastly, the 4B EDC voted to make a 10-year commitment to assist with the funding of the 2019 CO's that were issued to pay for the Downtown Renewal project related to resurfacing of the roadways. The council elected to deuce the FY 2023 pledge and postpone pledge payments since FY 2024, as indicated below.

Year	Transfer from 4B EDC	
2020	(159,600)	
2021	(150,400)	
2022	(150,000)	
2023	(150,000)	Reduced to \$100,000
2024	(100,000)	Postponed to FY 2031
2025	(100,000)	Postponed to FY 2032
2026	(100,000)	Postponed to FY 2033
2027	(100,000)	
2028	(100,000)	
2029	(100,000)	
2030	(142,000)	



Expenditures

Graph 1 of this section illustrates the total projected debt service and supporting revenue source.



Graph 1 – Total existing debt service payments FY 2026 - 2040

City's debt position has improved with retirement of the 2014 Tax Notes and 2021 refunding of callable amounts of the 2011 CO's for annual savings. Remaining 2011 CO's and 2012 Refunding CO's were retired during FY 2023. Table 3 below shows the schedule for ad valorem and utility supported debt.

Name	Original Principal Amount	Outstanding Principal	Maturity Date
TWDB 2012 CO's	2,070,000	1,115,000	8/15/2036
Series 2016 CO's	3,960,000	607,500	8/15/2036
Series 2019 CO's	6,220,000	3,585,000	8/15/2039
Series 2021 GO Refunding	3,080,000	2,215,000	8/15/2031
Series 2024 CO's (prelim)	6,000,000	5,585,000	8/15/2044

Table 3 – Combined (Principal) debt schedule



**FY 2026 BUDGET
DEBT SERVICE FUND**

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
REVENUE					
Taxes - Current Year	649,147	728,115	767,440	750,500	770,900
Interest - Debt Service	20,310	13,012	5,400	16,500	5,100
Proceeds Debt Issuance				14,858	-
Transfer - Interfund Hotel/Motel	-	-	-		-
Transfer - Interfund Water Debt	472,700	469,100	962,200	902,200	903,000
Transfer - Interfund Park Fund		-	-	50,000	-
Transfer - 4B EDC	100,000	-	-	-	-
Total - Revenue	1,242,157	1,210,227	1,735,040	1,734,058	1,679,000
EXPENDITURES					
Principal					
2007 CO's		-	-	-	-
2011 CO's	104,978	-	-	-	-
2012 CO's - TWDB	95,000	95,000	95,000	95,000	100,000
2012 GO Refunding	225,000	-	-	-	-
2014 Tax Notes		-	-	-	-
2016 CO's	180,000	180,000	190,000	190,000	195,000
2019 CO's	195,000	200,000	210,000	210,000	220,000
2021 GO Refunding	15,000	415,000	420,000	420,000	425,000
2024 CO's - Utility			294,180	210,000	190,000
Total Principal	814,978	890,000	1,209,180	1,125,000	1,130,000
Interest					
2007 CO's	-	-	-	-	-
2011 CO's	50,022	-	-	-	-
2012 CO's - TWDB	35,129	33,350	31,400	31,400	29,300
2012 GO Refunding	5,625	-	-	-	-
2016 CO's	83,163	79,560	74,163	74,163	68,500
2019 CO's	190,775	181,025	171,025	171,025	160,500
2021 GO Refunding	57,975	53,675	45,850	45,850	39,000
2024 CO's - Utility			196,120	222,155	244,200
Total Interest	422,688	347,610	518,558	544,593	541,500
Fees					
Annual Bank Agent Fees	2,250	4,500	3,500	2,500	2,500
Total Fees	2,250	4,500	3,500	2,500	2,500
Total - Expenditures	1,239,916	1,242,110	1,731,238	1,672,093	1,674,000
Beginning Fund Balance	136,267	138,508	170,540	106,625	168,590
Revenue Over/(Under) Expenditures	2,241	(31,883)	160	61,965	5,000
Ending Fund Balance	138,508	106,625	170,700	168,590	173,590



FY 2026 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 Certificate of Convenience and Necessity (CCN) area to all visitors, businesses and approximately 6,000 residents, including some outside the City limits with approximately 2,500 accounts.

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 town just inside Loop 500. The wastewater collection system utilizes eight 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 service area allowing for the elimination of five lift stations.

This budget considers increases in operating costs of payroll and benefits, utilities and chemicals. After last year's rate adjustments to secure the added debt for capital improvements, no rate increases are projected for any customer classes this year.

UTILITY FUND REVENUE

Utility revenue is collected by the City because of water sales to customers and fees for wastewater (sewer) collection and treatment. Approximately 96% of total revenues into this fund originate from water sales and wastewater fees of which water sales alone account for 69%.

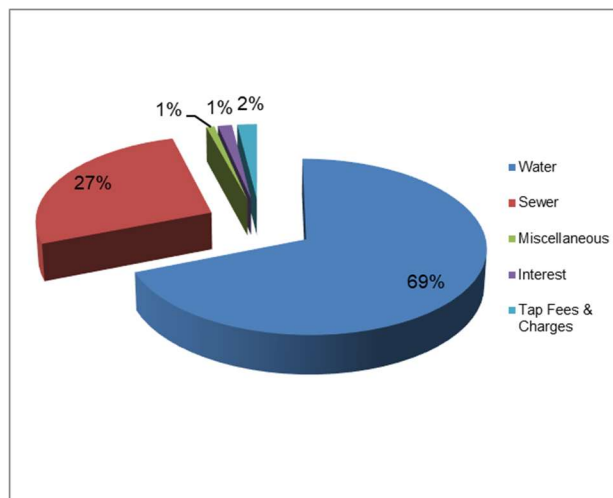
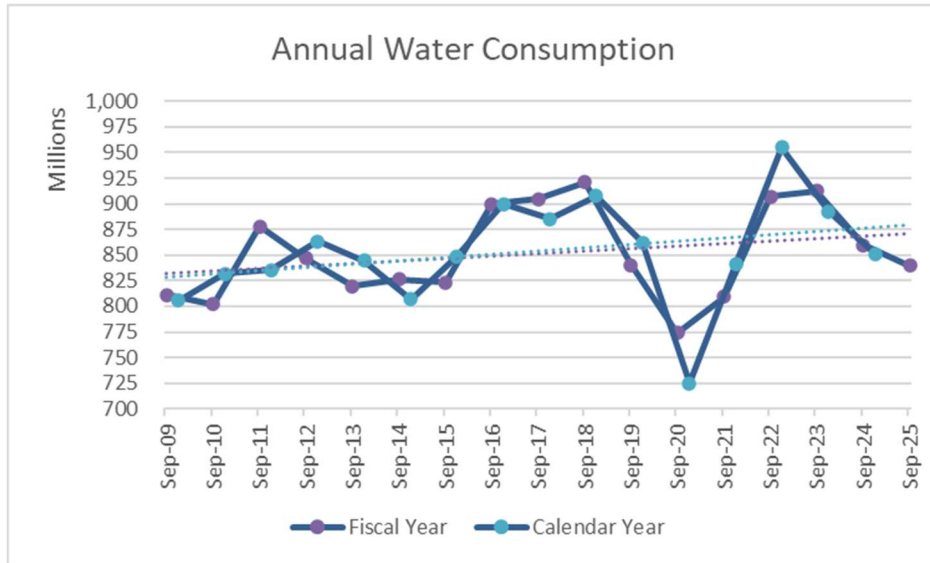


Chart 1 - Utility Fund Revenue

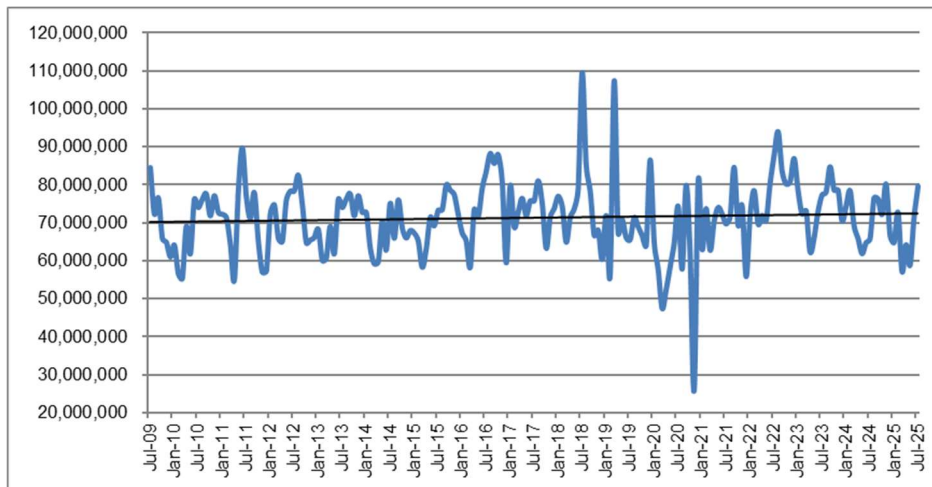


Water sales and wastewater fees are calculated based on metered water consumption. The City completed a transition to radio read water meters reducing costs and increasing reliability reading approximately 2,300 meters. Graph 1 in this section illustrates the amount of water consumed annually including trendline for projecting future needs for system capabilities to meet customer demand.



Graph 1 – Annual Water consumption. 2009 through 2025 (projected)

Monthly consumption peaks during the summer months and ebbs during winter evidenced in Graph 2. The primary factor affecting daily consumption is the Tyson Foods processing plant. Product line additions in Summer 2011 with further expansion completed in 2018, created additional daily demand. The temporary drops in water consumption in FY 2020 correlate to a very wet Spring, COVID work restrictions and Tyson closing production for capital maintenance in November 2020. The City also provides intermittent sales to rural Water Supply Corporations (WSC's) that fluctuate dramatically based on the WSC's well production.



Graph 2 – Monthly Water consumption. July 2009 through July 2025



Despite growth in Consumer Price Index (inflation) which this year stands at 2.3% and results in increased cost of personnel, materials, supplies and utilities, revenue is projected to derive from increased consumption rather than rate adjustments for this year.

It is also helpful to explore the City's utility rates compared to 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 below the state and regional average for similar-sized cities, particularly since most systems have some groundwater production which is significantly less expensive to treat.

City	Population	Residential/5,000 Gallons		
		Water	Wastewater	Total
Nacogdoches		\$ 24.56	\$ 42.67	\$ 67.23
Marshall	23,935	\$ 31.31	\$ 40.07	\$ 71.38
Jacksonville	14,923	\$ 27.38	\$ 36.27	\$ 63.65
Athens	13,121	\$ 31.45	\$ 45.88	\$ 77.33
Mount Pleasant	16,275	\$ 30.74	\$ 35.95	\$ 66.69
Kilgore	14,948	\$ 38.46	\$ 41.77	\$ 80.23
Henderson	13,812	\$ 34.50	\$ 32.50	\$ 67.00
Liberty	9,506	\$ 50.33	\$ 48.31	\$ 98.64
Whitehouse	9,461	\$ 51.73	\$ 24.52	\$ 76.25
Jasper	7,714	\$ 39.94	\$ 38.62	\$ 78.56
Crockett	6,950	\$ 52.12	\$ 36.77	\$ 88.89
Carthage	6,851	\$ 39.75	\$ 38.05	\$ 77.80
Livingston	5,829	\$ 40.00	\$ 27.50	\$ 67.50
Gilmer	5,216	\$ 18.04	\$ 21.43	\$ 39.47
Madisonville	4,565	\$ 73.96	\$ 73.96	\$ 147.92
Canton	4,561	\$ 46.75	\$ 41.45	\$ 88.20
Bullard	4,232	\$ 42.50	\$ 32.40	\$ 74.90
Chandler	3,476	\$ 39.45	\$ 29.15	\$ 68.60
Daingerfield	2,560	\$ 41.56	\$ 31.93	\$ 73.49
Jefferson	1,849	\$ 55.00	\$ 41.50	\$ 96.50
San Augustine	2,180	\$ 54.21	\$ 44.00	\$ 98.21
Alto	1,225	\$ 59.00	\$ 44.40	\$ 103.40
Tenaha	1,160	\$ 35.00	\$ 30.50	\$ 65.50
Timpson	1,116	\$ 26.06	\$ 27.86	\$ 53.92
Hemphill	1,029	\$ 46.45	\$ 42.00	\$ 88.45
AVERAGE	7,354	\$ 41.21	\$ 37.98	\$ 79.19
Center	5,421	\$ 41.90	\$ 36.95	\$ 78.85

Table 1 – 2024 Residential Utility Rate Comparison
Sources: Websites; TML 2024 Utility Rate Survey



It is also enlightening to examine water consumption by customer class. The City's single largest water customer class is Industrial - Poultry, which is chiefly consumption from Tyson Foods processing facility. The other customer classes, after significant reclassification of many customers in 2024, are detailed in Table 2 as a percentage of total water sales.

Customer Class	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 YTD
Residential	11%	11%	11%	15%	13%	10%	11%	6%	6%
Multi-Family	3%	2%	2%	3%	4%	3%	3%	17%	14%
Commercial	9%	9%	6%	6%	5%	7%	7%	16%	18%
Rural WSC	5%	6%	1%	0%	0%	1%	0%	0%	0%
Tyson	61%	59%	68%	63%	67%	68%	70%	60%	59%

Table 2 – Percentage by customer class to total water consumption

Residential and commercial water sales projections were developed for the FY 2025 Budget that analyzed the number of accounts by meter size and the amount of total consumption by customer class. This method allows the City to be more precise in estimating utility revenues. It should be noted that these revenue estimates are highly dependent upon customer demand, which are influenced by general economic conditions and the weather.

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

Gross Water Sales	
FY 2025 - projected	\$ 3,559,200
FY 2024	\$ 3,417,750
FY 2023	\$ 3,196,511
FY 2022	\$ 3,257,247
FY 2021	\$ 2,829,285
FY 2020	\$ 2,565,528
FY 2019	\$ 2,633,930
FY 2018	\$ 2,952,983
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 Water Sales

COST ALLOCATION

Each year the City updates the cost allocation study for the two main Utility Fund activity centers and how costs compare to the revenue derived from each identifiable function. The direction provided by Council



is that each operational activity should be as self-sufficient as possible. While the Utility Fund overall is in a healthy position, it is clear the water rate generates enough funding to subsidize overall sewer operations. This has occurred due to a few factors:

- Until this year much of the Utility Fund debt is related to sewer projects. When that is allocated to sewer operations, it inflates the sewer total.
- The Tyson plant has until recently not been an industrial sewer customer. Even now their water bill does not have the corresponding sewer fee. However, the profit margin from the bill subsidizes the remainder of the water system, reducing the cost burden on residential customers.

FY 2025 Estimates are used for this allocation model:

Prime Account	Non Departmental	Water Production	Water Distribution	Public Works	TOTAL
Personnel	825	519,500	235,100	149,541	904,966
Supplies	11,500	402,550	9,050	5,718	428,818
Contractual	34,840	145,560	66,965	40,216	287,581
Utilities	-	268,150	2,450	7,732	278,332
Sundry	22,225	12,350	1,225	1,654	37,454
Maintenance	-	80,800	89,200	11,868	181,868
Capital	-	-	-	-	-
Fund Transfers	1,007,800				1,007,800
TOTAL	1,077,190	1,428,910	403,990	216,730	3,126,820

FY 2025 Estimate Water Revenues	3,559,200
Other Revenue	183,383
Total Allocated Water Revenue	3,742,583
Revenues Over/(Under) Expenditures	615,764

Prime Account	Non Departmental	Sewer Collection	Sewer Treatment	Public Works	TOTAL
Personnel	825	222,550	251,950	58,359	533,684
Supplies	11,500	4,675	180,050	2,232	198,457
Contractual	34,840	41,240	206,220	15,694	297,994
Utilities	-	43,250	103,400	3,018	149,668
Sundry	22,225	1,000	19,575	646	43,446
Maintenance	-	44,000	114,950	4,632	163,582
Capital	-	-	-	-	-
Fund Transfers	393,300				393,300
TOTAL	462,690	356,715	876,145	84,580	1,780,130

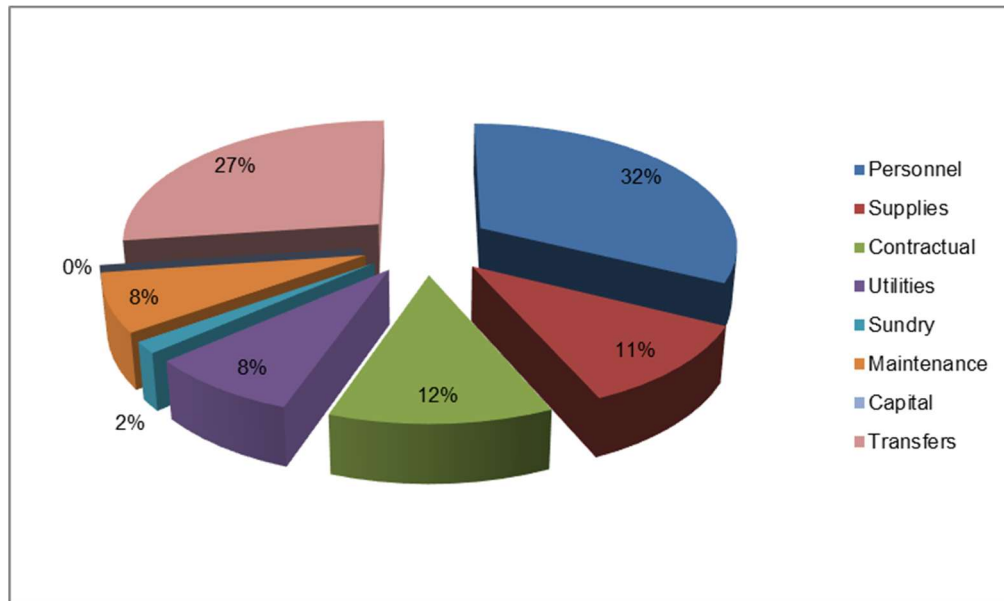
FY 2025 Estimate Sewer Revenues	1,405,000
Other Revenue	71,567
Total Allocated Sewer Revenue	1,476,567
Revenues Over/(Under) Expenditures	(303,564)

These estimates exemplify that operational expenses are segregated to ensure sewer is more self-sustaining. This also includes the debt associated with each utility activity allocated to the corresponding revenues. With the inclusion of the debt component the sewer income alone does not support all associated costs, and thus water revenues continue to partially subsidize the sewer system.

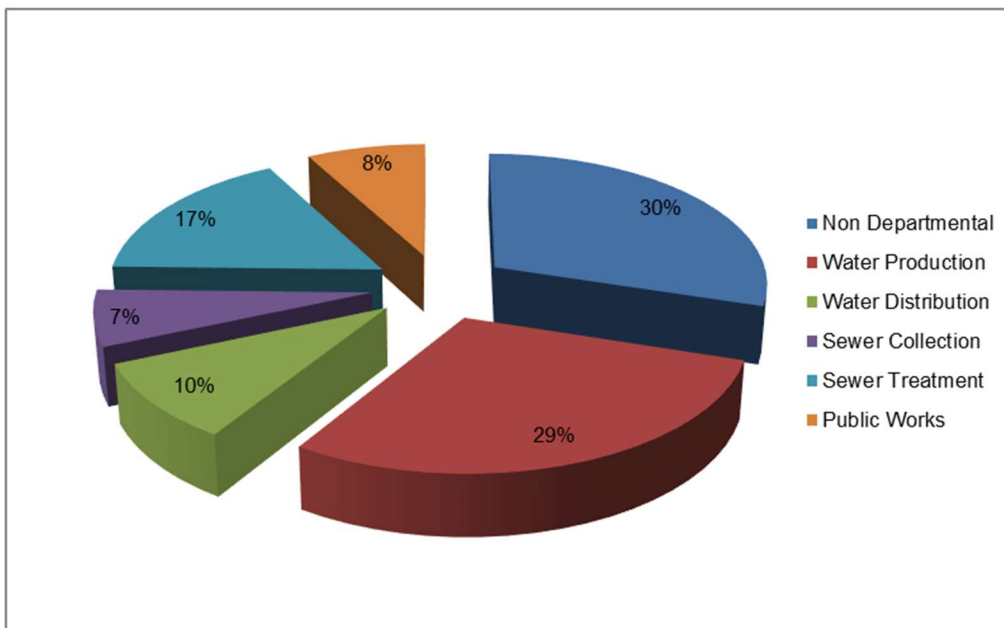
UTILITY FUND EXPENDITURES

This budget includes increases in operational department budgets relating to personnel services for enhanced compensation including a 1% COLA pay scale increase and funding for annual merit raise tied to annual evaluations. All other notable items are specifically listed on each department's page.

FY 2026 Budget – Utility Expenditures by Prime Account



FY 2026 Budget – Utility Expenditures by Department





**FY 2026 BUDGET
UTILITY FUND SUMMARY**

Revenues

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
REVENUES					
Water	3,196,511	3,417,750	3,505,500	3,559,200	3,630,055
Sewer	1,122,016	1,256,341	1,334,000	1,405,000	1,405,000
Miscellaneous	25,277	160,294	42,000	71,300	43,750
Interest	75,978	101,890	74,000	80,000	75,000
Tap Fees & Charges	98,320	119,013	109,450	103,650	103,950
Transfers					
TOTAL	4,518,103	5,055,288	5,064,950	5,219,150	5,257,755

Expenditures

Non Departmental	1,072,737	1,265,671	1,571,450	1,539,880	1,568,650
Water Production	1,509,089	1,599,869	1,501,150	1,428,910	1,533,880
Water Distribution	375,447	284,642	399,450	403,990	500,300
Sewer Collection	279,240	308,236	358,000	356,715	359,560
Sewer Treatment	834,385	828,079	833,400	876,145	877,670
Public Works	312,904	350,143	401,500	301,310	417,695
TOTAL	4,383,802	4,636,640	5,064,950	4,906,950	5,257,755
Personnel	1,371,085	1,371,622	1,617,450	1,438,650	1,699,400
Supplies	537,851	778,983	522,950	627,275	581,000
Contractual	512,097	541,007	571,900	585,575	631,205
Utilities	468,399	441,001	429,600	428,000	434,700
Sundry	72,007	95,090	67,700	80,900	80,700
Maintenance	410,405	258,254	397,950	345,450	401,650
Capital	28,698	3,765	-	-	-
Fund Transfer	983,259	1,146,918	1,457,400	1,401,100	1,429,100
TOTAL	4,383,802	4,636,640	5,064,950	4,906,950	5,257,755



**FY 2026 BUDGET
REVENUE DETAIL**

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Water - City Accounts	-12794	140,514			
Water Residential	717,039	713,940	781,000	825,000	842,000
Water Bulk	3,756	7,050	7,000	2,000	2,000
Water Misc. Commercial	478,460	501,614	524,000	514,500	525,000
Water Construction	1,447	195	500	-	-
Poultry Processing	1,825,556	1,874,117	2,000,000	2,000,000	2,039,000
Rural Water	9,594	12,885	13,000	10,200	10,355
Industrial Plants	12,320	13,727	13,000	35,000	35,700
Outside City Limits	161,134	153,709	167,000	172,500	176,000
Water	3,196,511	3,417,750	3,505,500	3,559,200	3,630,055
Sewer Billed Charges	1,036,802	1,041,265	1,084,000	1,130,000	1,130,000
Contractual Disposal	85,214	215,076	250,000	275,000	275,000
Sewer	1,122,016	1,256,341	1,334,000	1,405,000	1,405,000
Returned Check	690	1,545	1,000	750	1,000
Insurance Claims	13,255	7,039	5,000	2,500	2,500
Misc Disaster Recovery				28,000	-
Workers Comp Discount	(15)			-	-
Other	7,946	54			-
Vending Machine	1,066	1,255	500	2,000	1,500
Surplus Equipment/Land	-	97,800			
DETEC Capital Credit		11			
Special Project Revenue	-	20,000			
Utility Contractor Dmg	-		500		
Credit Card Fees	-	31,992	32,500	37,500	37,500
Mineral Rights	2,335	597	2,000	500	1,000
Lake Pinkston Leases	-		500	50	250
Miscellaneous	25,277	160,294	42,000	71,300	43,750
Interest Water Fund	66,333	90,253	65,000	70,000	65,000
Interest Water Refund	9,645	11,637	9,000	10,000	10,000
Interest	75,978	101,890	74,000	80,000	75,000
Administrative Fees	5,920	6,120	6,500	7,000	7,000
10% Penalty	52,079	60,558	55,500	55,000	55,000
10% Penalty A/R	26,826	27,168	25,000	25,000	25,000
Reconnection Fee	6,650	5,285	6,000	5,300	5,000
Plumbing Permits	105		100	100	100
Plumbing Inspection	50	(208)	100		100
After Hours Call Out	195	465	250	250	250
Meter Tampering	1,985	5,225	5,500	2,000	2,500
Water Taps	1,350	3,500	3,000	1,500	1,500
Sewer Taps	3,160	10,900	7,500	7,500	7,500
Meter Set Fee	98,320	119,013	109,450	103,650	103,950
Tap Fees & Charges	5,920	6,120	6,500	7,000	7,000
Interfund Transfer	0	-	0	0	0
Transfers	0	-	0	0	0
TOTAL	4,518,103	5,055,288	5,064,950	5,219,150	5,257,755



FY 2026 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 eight full time operators who staff and maintain the city's two surface water treatment plants, nine storage tanks, three raw water pump stations, three treated water pump stations, and both city owned lakes. All operators must be certified by the Texas Commission on Environmental Quality. The Aiken plant is staffed 24 hours a day, seven days a week and treats water from Lake Pinkston. Average daily production is 3.1 million gallons and peak production capacity is 3.5 million gallons. The Mill Creek plant is staffed five days a week, twenty-four hours daily and treats water from Lake Center (Old City Lake). Average daily production is 850,000 gallons a day with peak production capability of 1.4 million gallons a day.

FY 2025 ACCOMPLISHMENTS

- Zero water treatment violations
- Annual Inspection, Maintenance and repair of elevated and ground storage water tanks
- Refinement of chemical treatment processes at Aiken and Mill Creek plants
- Annual Lagoon maintenance and Sludge Removal Projects at both plants
- Major Capital Projects
 - Dam Clearing at Old City Lake to comply with TCEQ Inspection Report
 - Continued Monitoring Study for Reuse Project development

FY 2026 GOALS

- Coordinate Aiken Plant Reconstruction Project
- Complete Sabine River Authority Grant Project – Reconstruction of Shallow Boat Ramp
- Explore Manganese, Iron and Sludge reduction alternatives and options
- Continue lagoon sludge removal program
- Improve Operator training and certification levels

DEPARTMENT STAFFING

Title	Current Staffing
Chief Operator	1
Operator II	2
Operator I	4
Operator Trainee	3
Total	9



FY 2026 BUDGET WATER PRODUCTION

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	557,502	524,194	581,400	519,500	596,600
Supplies	373,814	555,787	378,100	402,550	377,100
Contractual	138,547	149,551	151,100	145,560	165,430
Utilities	309,262	267,782	275,000	268,150	275,000
Sundry	10,370	10,723	11,350	12,350	12,750
Maintenance	90,896	91,458	104,200	80,800	107,000
Capital	28,698	374	-	-	-
TOTAL	1,509,089	1,599,869	1,501,150	1,428,910	1,533,880

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Total Gallons of Treated Water Produced – billion gallons	1.076	1.199	1.298	1.107	1.221	1.209	0.816
TCEQ Violations	0	0	0	0	0	0	0
Treatment Plant Capacity							
Mill Creek	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd
Pinkston	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd
Storage Tank Capacity – million gallons	6.25	6.25	6.25	6.25	6.50	6.50	6.50
Average Cost to Treat 1,000 gallons	\$0.78	\$0.69	\$0.62	\$0.69	\$0.69	\$0.73	\$0.72

HIGHLIGHTS – FY 2026 Amended Budget Change from FY 2025 Estimate

- Personnel Services: Personnel increase from COLA & benefits (\$6,200)
- Supplies: Projected decrease in Treatment Chemicals (\$25,000)
- Contractual: Increase in Vehicle Lease – VRF (\$2,170) and Technology Fund (\$900)
- Maintenance: Increase of \$27,000; including Pump Equipment (\$10,500), Equipment (\$3,000), Bldg/Grounds (\$2,500) and Tank Inspections (\$5,000)



FY 2026 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 2025 ACCOMPLISHMENTS

- Zero water distribution violations
- Continued electronic meter replacement program and monitoring
- Performed numerous water leak repairs
- Expanded system testing and monitoring, with automatic flushing assemblies and test sites
- Refined work order process for accountability and improved response time

FY 2026 GOALS

- Improve repair/replace capabilities of non-operating fire hydrants
- Maintain current flushing maintenance and replacement of aging mains & service lines
- Increase staff development and training on equipment and tools
- Obtain leak detection sonar equipment and pneumatic pipe cutting tool

DEPARTMENT STAFFING

Title	Current Staffing
Monitoring Tech	1
Meter Reader	1
Equipment Operator/Maintenance	1
Maintenance	2
Total	5

FY 2026 BUDGET WATER DISTRIBUTION



DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	231,503	211,721	246,150	235,100	324,200
Supplies	8,008	9,190	8,600	9,050	8,100
Contractual	44,543	41,010	55,700	66,965	79,800
Utilities	1,724	2,018	2,100	2,450	2,450
Sundry	1,755	1,393	1,200	1,225	1,250
Maintenance	87,914	15,920	85,700	89,200	84,500
Capital	-	3,391	-	-	-
TOTAL	375,447	284,642	399,450	403,990	500,300

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Miles of water lines maintained	96	96	97	97	97	97	97
Number of fire hydrants	296	296	296	297	297	298	298

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Increase of \$89,100; Reallocation of Position from Streets (\$61,526) and Cola and benefits
- Contractual: Increase in Vehicle Replacement (\$19,990) for replacement units and dump truck



**FY 2026 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 emergency customer service calls

FY 2025 ACCOMPLISHMENTS

- Continued manhole maintenance and rehabilitation program
 - Sewer Main and Manholes at Wiseman/Riggs
- Monitored Manholes for SSOI program requirements
- Continued Installation program of service clean-outs for line maintenance
- Increased right of way maintenance and mowing allowing more routine inspection

FY 2026 GOALS

- Staff training and development to increase certified personnel and equipment proficiency
- Identify and replace aged and particularly brick manholes
- Expand system physical inspection program and documentation
- Continued easement clearing and inspection with mulcher unit

DEPARTMENT STAFFING

Title	Current Staffing
Sewer Maintenance	3
Total	3



**FY 2026 BUDGET
SEWER COLLECTION**

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	99,932	148,907	183,000	222,550	179,200
Supplies	4,265	5,188	4,850	4,675	5,300
Contractual	62,621	53,058	45,250	41,240	42,560
Utilities	39,392	40,621	35,500	43,250	44,250
Sundry	171	358	1,000	1,000	1,000
Maintenance	72,859	60,105	88,400	44,000	87,250
Capital	-	-	-	-	-
TOTAL	279,240	308,236	358,000	356,715	359,560

PERFORMANCE MEASURES

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Miles of sewer line maintained	75	75	75	81	81	81	81	81
Number of lift stations	8	8	8	8	8	8	8	8

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Maintenance: Increase in Manholes for brick manhole rehab (\$46,000)



FY 2026 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 four full-time operators to maintain the city's wastewater plant and nine associated pump stations. All operators must be certified by the Texas Commission on Environmental Quality. On average the wastewater plant processes over 1,000,000 gallons of wastewater per day, but during high flow periods flows can exceed 2,000,000 gallons per day. 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 are disposed of in a landfill.

FY 2025 ACCOMPLISHMENTS

- Restaffed Operation – replacement of Chief Operator
- Zero NPDES Permit Enforcement or Compliance Issues
- Significantly increased consistency and flowrate of Industrial Pre-treated discharges from Tyson
- Met discharge parameters and had no exceedances of specific permit limits
- Developed alternative blower system for aeration minimizing maintenance
- Continued aggressive oil, fats, & grease reduction with chemical oxidation and mechanical removal

FY 2026 GOALS

- Work to consistently meet all discharge permit limitations, especially metals
- Continuing industrial pretreatment monitoring and enforcement
- Expand abilities to maximize acceptance of industrial pre-treated discharges
- Operate withing permit parameters and avoid violations and enforcement

DEPARTMENT STAFFING

Title	Current Staffing
Chief Operator	1
Operator II	1
Plant Operator/Electrician	1
Plant Maintenance	1
Total	4



**FY 2026 BUDGET
SEWER TREATMENT**

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	259,300	250,804	292,850	251,950	278,700
Supplies	127,020	180,814	110,200	180,050	159,750
Contractual	178,410	195,110	200,150	206,220	210,970
Utilities	104,856	120,791	105,500	103,400	102,000
Sundry	19,763	18,814	20,500	19,575	19,600
Maintenance	145,036	61,745	104,200	114,950	106,650
Capital	-	-	-	-	-
TOTAL	834,385	828,079	833,400	876,145	877,670

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Wastewater Treated – million gallons	397	434	400	363	405	510	416
Sludge Disposed – cubic yards	1,040	1,020	1,000	1,200	1,200	860	700
Permitted Plant Capacity	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd
Average Plant Discharge	1.08 mgd	1.19 mgd	1.10 mgd	1.025 mgd	1.112 mgd	1.393 mgd	1.368 mgd

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Increase from transitioning personnel and COLA adjustments and benefits (\$26,750)
- Supplies: Decrease Chemical (\$20,500)
- Contractual: Increase in Sludge Disposal (\$5,000), and Vehicle Lease (\$1,690)
- Maintenance: Decreases in Lift Station/Pump Motors (\$12,000)



**FY 2026 BUDGET
PUBLIC WORKS ADMINISTRATION - #641**

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

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

DEPARTMENT STAFFING

Title	Current Staffing
Public Works Director	1
Plumbing Inspector	1
Utility/PW Superintendent	1
Total	3

DEPARTMENT SUMMARY

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	222,849	235,996	314,050	207,900	320,700
Supplies	6,079	6,712	5,700	7,950	8,750
Contractual	54,776	65,863	53,000	55,910	58,145
Utilities	13,165	9,789	11,500	10,750	11,000
Sundry	2,336	2,758	1,800	2,300	2,850
Maintenance	13,699	29,025	15,450	16,500	16,250
Capital	-	-	-	-	-
TOTAL	312,904	350,143	401,500	301,310	417,695

HIGHLIGHTS – FY 2026 Proposed Budget Change from FY 2025 Estimate

- Personnel Services: Increases in personnel from extended leave of two personnel during FY2025 and COLA and benefit adjustments (\$113,800)
- Contractual: Increases in Vehicle Replacement (\$1,410) and Technology Fund allocation (\$550)



FY 2026 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 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Personnel	-	-	-	1,650	-
Supplies	18,666	21,293	15,500	23,000	22,000
Contractual	33,200	36,416	66,700	69,680	74,300
Utilities	-	-	-	-	-
Sundry	37,612	61,044	31,850	44,450	43,250
Maintenance	-	-	-	-	-
Capital	-	-	-	-	-
Fund Transfer	983,259	1,146,918	1,457,400	1,401,100	1,429,100
TOTAL	1,072,737	1,265,671	1,571,450	1,539,880	1,568,650

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 2026 Proposed Budget Change from FY 2025 Estimate

- Contractual: Increase in Technology Fund allocation (\$5,110)
- Transfers: To General Fund for Admin/Billing increased (\$25,000) to level prior to FY 2025



**CITY OF CENTER
FY 2026 BUDGET
SOLID WASTE FUND**

In 2015, the City Council created the Solid Waste Fund to maintain an accurate accounting of activities specific to the provision of garbage and refuse services. The mission is to provide the businesses and citizens of Center with timely, safe, cost effective, and environmentally conscious solid waste collection and disposal services.

- Current service includes two days/week, curbside pickup for all residential and small commercial customers. Commercial dumpsters are provided and service established by customer needs.
- The City Council suspended the recycling program indefinitely in FY 2019 due to changing market conditions for recyclable materials.
- The City has contracted with Republic Services for these activities since 1998.
- The current contract with Republic Services was extended by mutual agreement through July 2030.
- The fund collects administration and franchise fees totaling 10% which are transferred to the City's General Fund toward costs of street repairs and maintenance, billing and administration of services.
- The FY 2026 budget includes no rate changes for residential or commercial customers but reflects costs of the disposal service agreement with CPI increase of 0.4% to this year's contract rates.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Revenues					
Solid Waste Discount Sales		516	500	500	500
SW Collection - Residential	463,830	472,195	486,370	485,000	485,000
SW Collection - Commercial	1,452,816	1,771,159	1,640,380	1,802,500	1,802,500
Garbage Bag Sales	1,190	793	1,500	250	500
Penalty 10% Misc. A/R					
Misc. Recycling Receivable					
Other	12,489	6,025		-	
Interest	20,920	29,334	21,000	28,950	22,300
Total Revenue	1,951,245	2,280,023	2,149,750	2,317,200	2,310,800
Expenditures					
Personnel	-	-	-	-	-
Supplies	-	392	1,000		
Contractual	1,665,499	1,974,314	1,884,680	2,080,500	2,088,820
Utilities					
Sundry	3,707	(43)	15,000	12,000	15,000
Maintenance		-	-	-	-
Capital	-				
Fund Transfers	200,000	200,000	200,000	200,000	200,000
Total Expenditures	1,869,206	2,174,663	2,100,680	2,292,500	2,303,820
Revenue Over/(Under) Expenditures	82,039	105,360	49,070	24,700	6,980
Beginning Fund Balance	532,417	614,456	525,519	719,816	744,515
Ending Fund Balance	614,456	719,816	574,589	744,515	751,495



**CITY OF CENTER
FY 2026 BUDGET
VEHICLE/EQUIPMENT REPLACEMENT FUND (VeRF)**

In FY 2016, the City Council created the Vehicle Replacement Fund to stabilize annual expenditures required for vehicle and equipment purchases. The fund is evaluated annually for inventory, fleet additions, inclusion of new assets and necessary capital to ensure equipment acquisitions as projected on the fund forecast.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Transfers					
General Fund	-	50,000	-	-	-
Utility Fund	-	15,000	-	-	-
Total	-	65,000	-	-	-
Revenue					
General Fund	186,213	202,554	255,370	231,105	303,960
Utility Fund	184,254	173,293	192,140	195,820	213,410
Donation	-	24,000	-	-	-
Surplus Vehicle Sales	20,950	23,775	15,000	56,825	20,000
Insurance Payments	52,100	54,008	-	-	-
Interest Income	16,642	21,121	20,150	14,650	8,200
TOTAL REVENUE	460,159	563,751	482,660	498,400	545,570
<u>Vehicle Purchases</u>					
Police	9,856	328,179	192,780	158,100	83,700
Fire	-	-	58,140	36,750	72,675
Street	155,858	-	-	90,000	-
Airport	-	-	-	-	-
Parks	40,738	43,464	16,920	-	21,150
Inspections	-	38,268	-	-	-
	-	-	-	-	-
Water Production	-	37,285	51,300	-	30,600
Water Distribution	12,960	37,250	47,700	117,350	72,225
Sewer Collection	25,921	51,270	69,120	67,350	-
Sewer Treatment	-	-	129,330	-	67,500
Public Works	-	17,567	42,120	46,600	-
Total Purchases	245,332	553,283	607,410	516,150	347,850
Vac Truck	41,596	53,596	53,596	53,596	53,596
	35,240	32,435	35,385	37,015	35,385
Total Leases	76,836	86,031	88,981	90,611	88,981
TOTAL EXPENSES	322,168	639,314	696,391	606,761	436,831
Beginning Fund Balance	319,142	457,133	472,156	381,570	273,209
Revenues Over/(Under)					
Expenditures	137,991	(75,563)	(103,735)	(108,361)	108,739
Ending Fund Balance	457,133	381,570	368,421	273,209	381,948



Fund Forecast

	FY 2025 Estimate	FY 2026 Proposed	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
TOTAL REVENUE	\$ 498,400	\$ 545,570	\$ 660,080	\$ 693,090	\$ 743,180	\$ 800,680	\$ 818,150
TOTAL EXPENSES	\$ 606,761	\$ 436,831	\$ 694,168	\$ 637,634	\$ 776,229	\$ 681,139	\$ 850,245
Beginning Fund Balance	\$ 381,570	\$ 273,209	\$ 381,948	\$ 347,861	\$ 403,317	\$ 370,268	\$ 489,809
Revenues Over/(Under) Expenditures	\$ (108,361)	\$ 108,739	\$ (34,088)	\$ 55,456	\$ (33,049)	\$ 119,541	\$ (32,095)
Ending Fund Balance	\$ 273,209	\$ 381,948	\$ 347,861	\$ 403,317	\$ 370,268	\$ 489,809	\$ 457,714

Current Purchases – FY 2025

Vehicle	Department	Vehicle	Department
2024 Interceptor	Police-Patrol/K9	2023 Chevy 1500	Police - Admin
2023 Chevy1500 (3)	Police-CID	Grass Truck Skid Unit	Fire
2025 – Dump Truck	Street	2025 Case - Backhoe	Water & Sewer
2024 Chevy1500	Water Distribution	2024 Ford F-150	Water Distribution

Budgeted Replacement Purchases – FY 2026

Vehicle	Department	Vehicle	Department
2025 Tahoe/Interceptor	Police	2025 Truck 150/1500	Fire
Mosquito Spray Unit	Street	ATV/Mule	Parks
ATV/Mule	Water Production	2025 Truck – 250/2500	Water Distribution
2025 Truck 250/2500	Sewer Treatment		

	Units - FY 2025	Units - FY 2026
AIRPORT	2	2
FIRE	5	5
INSPECTION	1	1
PARKS	4	4
POLICE	13	13
PUBLIC WORKS	8	8
SR COLL	4	4
SR TRMT	4	4
STREET	11	12
WATER DIST	6	6
WTP	3	3
Grand Total	79	80



**CITY OF CENTER
FY 2026 BUDGET
TECHNOLOGY FUND**

In FY 2017, the Center City Council created a Technology Fund to dedicate funds to ensure sustained technological improvements for City services and projects. The Fund is the cost center for the City's IT/Network Administrator, all software maintenance costs, and for the purchase of servers, new office computers and related equipment. The FY 2025 Budget expanded items within this fund to include all broadband access costs and leased equipment.

FY 2025 was extremely busy and productive year specifically:

- Police Department System and RMS/CAD software completion
- Fire Department software replacement and upgrade to cloud storage
- Expanded facility access control upgrades at City operations buildings
- Rebuilt Network with redundant storage, server replacement, & deployment of Office 365

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Capital Contribution	-	50,000	-	-	-
Misc.	-	97	-	50	-
Dept Allocation	233,900	247,498	260,832	260,832	318,239
Interest	17,525	19,833	11,900	14,000	8,800
Total Revenues	251,425	317,428	272,732	274,882	327,039
Personnel	75,459	80,907	86,300	80,820	89,300
Supplies	15,962	2,624	3,700	1,450	-
Contractual	87,722	15,076	41,883	43,067	46,545
Utilities	26,695	34,541	27,000	27,500	27,500
Sundry	300	379	600	100	700
Maintenance	-	-	-	-	-
Capital	18,053	22,068	57,326	25,500	74,410
Capital-Depts	-	175,729	-	38,962	112,000
Capital Service Fee	(20,834)	41,925	84,515	84,515	83,414
Total Expenditures	203,358	373,250	301,324	301,914	433,870
Beginning Fund Balance	328,922	376,989	298,629	321,168	294,136
Revenues Over/Under Expenses	48,067	(55,821)	(28,592)	(27,032)	(106,831)
Ending Fund Balance	376,989	321,168	270,037	294,136	187,305

Capital toward specific equipment projects for FY 2026

PD – Body and In-Car Camera replacements	\$80,000
Various Bldgs – Cameras and Wi-Fi equipment	\$32,000
Total	\$112,000



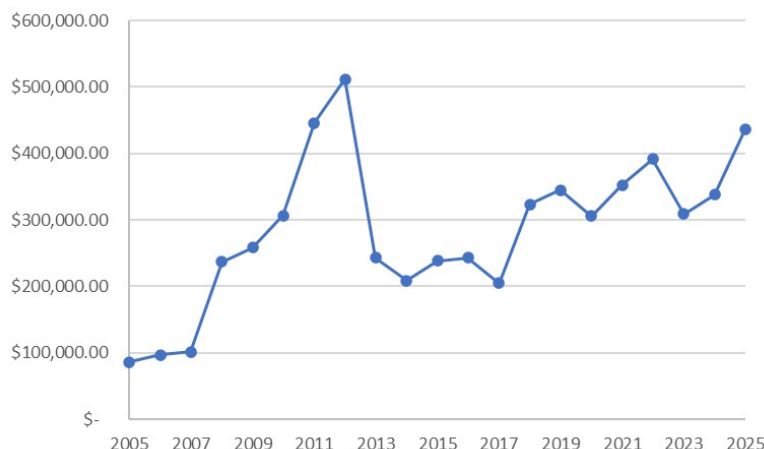
**CITY OF CENTER
FY 2026 BUDGET
HOTEL OCCUPANCY TAX FUND**

HOTEL OCCUPANCY TAX (HOT)

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%. Expenditure of the Hotel Occupancy Taxes are managed by a City Council-appointed Hotel/Motel Advisory Board. The Texas Local Government Code is specific on allowable uses of funds and types of expenditures to be paid from this tax revenue. The State Law is so specific as to allowable uses 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;
4. Promotion of the arts;
5. Historical preservation projects;
6. Sporting events that promote tourism in specific defined communities, and;
7. 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.

Graph 1 below highlights some history of hotel occupancy tax revenues. Beginning in approximately 2007, major hotel facility construction led to rapid increases peaking in 2012 at over \$500,000. With the dramatic fall of natural gas prices, drilling activity subsequently subsided. FY 2018 experienced a return of local energy industry activity occurred. This peaked in FY 2019 and FY 2020 experienced travel issues related to COVID, reducing continued growth. The last three fiscal years have experienced swings due to changes in ownership and remittance causing the City to initiate property audits in FY 2024 resulting in sizable additional collections.



Graph 1 – Hotel Occupancy Tax Revenues
FY 2005 – FY 2025



HOTEL OCCUPANCY FUND

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Revenues					
Hotel/Motel Taxes	472,437	337,588	482,300	375,500	386,800
Other	0	2,830		9,100	
Interest Hotel/Motel	32,754	48,535	39,900	51,000	35,800
Total	505,191	388,953	522,200	435,600	422,600
Expenditures					
Advertising (minimum 1/7th)					
Community Events	4,350	4,350	4,500	3,550	4,500
Membership & Dues	-		1,000	1,000	1,000
Chamber of Commerce	1,300	1,900	2,500	1,900	2,000
Community Banners	1,127	-	10,000	4,250	15,000
Other	12,640	20,770	-		-
Sports Event Expenses					
Baseball Tournaments	43,541	30,000	35,000	40,500	40,000
Tourism Signage					
Arts & Historic Preservation					
Historic District Lights	5,410	697	5,000	4,250	10,000
Historic Preservation	-	-	-	-	-
Admin - Services		-	3,000	-	5,300
Civic Facilities					
Civic Center Rehab	62,330	-	-	98,000	-
Civic Center Operations	100,000	100,000	100,000	120,000	125,000
Community House Operations	10,000	10,000	10,000	12,000	12,500
Transfer – Comm. House Rehab					250,000
Transfer - Civic Center Debt	-	-	-	-	-
Total	240,699	170,717	168,000	290,750	465,000
Beginning Fund Balance	564,792	829,284	998,427	1,047,520	1,192,370
Revenue Over/(Under)					
Expenditures	264,492	218,236	354,200	144,850	(42,400)
Ending Fund Balance	829,284	1,047,520	1,352,627	1,192,370	1,149,970

- The largest annual expenditure in this fund, allowed under category 1, is the maintenance/operational costs associated with the John D. Windham Civic Center, which previously included the debt for the construction of the facility until it was paid off in FY 2022. The increased revenues generated from Hotel Occupancy Taxes paid the entirety of the facility's debt obligation and subsidizes the facility's annual operational costs. Additionally, these revenues fund some of the operation and maintenance of the Community House.
- A portion of funding is provided to support community's Poultry Festival which satisfies 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.
- For FY 2026, the Council has allocated resources toward further development of the Community house and grounds, in conjunction with a grant from the Texas Parks & Wildlife Dept.



**FY 2026 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.

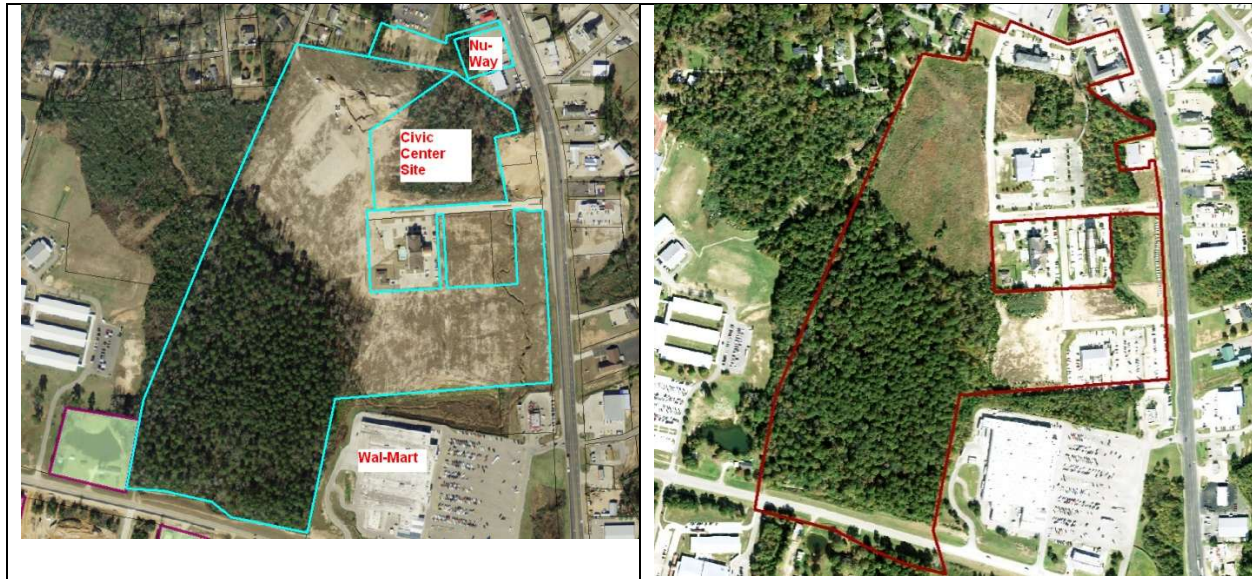
TIRZ #1 was created to expedite the development of the vacant properties that have the potential for valuable commercial development. TIRZ #1 consists of a 72.29 acre tract of primarily vacant and agricultural land on the west side of the City. US 96 establishes the eastern boundary, Roughrider Drive is the southern boundary, and 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 governing Board of TIRZ #1 includes two appointees by the City of Center, two appointees by Shelby County and the majority property owner within the district boundary, or their representative, approved by the City Council.



Tax Increment Reinvestment Zone #1 Map

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 planned and many others just outside of the district boundaries because of the significant increase in daily traffic, hotel guests and civic center events.



Increment Reinvestment Zone 2010 (left) – 2021 (right)

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 to reduce the annual payments to a more commensurate level to the revenues generated. 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.

With the slowdown in regional industry activity and the onset of the COVID-19 pandemic, many of the commercial properties in the zone were reappraised lower to account for current economic conditions.



**FY 2026 BUDGET
TAX INCREMENT FINANCING ZONE #1**

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Total Increment Amount	5,070,951	5,017,831	5,201,451	5,240,000	5,397,200
TIF Revenue					
City of Center	35,233	29,560	30,640	31,190	31,790
Shelby County	20,288	26,996	27,980	31,640	29,040
Road & Bridge	10,272	2,935	3,040	3,430	3,160
Interest Earnings	7,974	11,443	9,100	9,000	8,300
TOTAL	73,766	70,934	70,760	75,260	72,290
Debt Payments	28,223	28,223	28,225	28,223	28,225
Expenditures Over/(Under) Revenues	45,543	42,711	41,225	47,037	44,065
Beginning Fund Balance	140,365	185,908	139,802	228,619	275,656
Reserve Amount/Ending Fund Balance	185,908	228,619	181,027	275,656	319,721
Loan Balance	198,118	175,839	152,890	152,890	129,254

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	02-01-2025	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



**CITY OF CENTER
FY 2026 BUDGET
RECREATION FUND**

In FY 2016, the City Council authorized the creation of a Recreation Department, which transitioned to an independent Fund in FY 2017, to assist operations of the various youth (and potential adult) athletic organizations. The City hired a full-time Recreation Director to oversee the program and started with youth basketball, baseball, softball, and football. The program helped establish a soccer league in 2017 and continues working with volunteer groups seeking additional recreation opportunities for Center.

	FY 2023	FY 2024	FY 2025	FY 2025	FY 2026
	Actual	Actual	Adopted	Estimate	Proposed
REVENUE					
Registration	60,455	43,830	55,000	42,950	43,250
Event Proceeds	25,517	24,793	25,000	40,500	40,000
Concessions	677	-	-	-	-
Gate	1,880	770	2,200	2,215	2,500
Advertising	13,750	14,750	17,500	15,000	15,500
Merchandise	89	-	200	-	-
Donations	-	568	-	275	1,000
Transfers (From General)	4,700	(2,609)	-	-	-
TOTAL	107,068	82,102	99,900	100,940	102,250
EXPENDITURES					
Personnel	50,225	49,670	53,800	51,200	64,660
Supplies	36,987	30,524	32,100	24,850	27,250
Contractual	7,612	7,778	10,500	9,650	8,310
Utilities	-	-	-	-	-
Sundry	2,453	2,688	2,500	2,250	2,250
Maintenance	9,803	1,500	1,000	-	-
Capital	-	-	-	-	-
TOTAL	107,080	92,160	99,900	87,950	102,470
Beginning Fund Balance	(3,671)	(3,683)	1,175	(13,741)	(751)
Revenues Over/(Under) Expenditures	(12)	(10,058)	(2,410)	12,990	(220)
Ending Fund Balance	(3,683)	(13,741)	(1,235)	(751)	(971)

PERFORMANCE MEASUREMENTS

Number of Participants	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	YTD FY 2025
Baseball	255	237	199	178	176	169	159
Soccer (Fall & Spring)	415	362	448	371	288	152*	199*
Football	115	94	113	99	124	84	0
Basketball	192	194	171	120	122	119	125
Softball	167	131	125	96	97	105	95

* Youth Soccer decided to cease Spring league availability – operating only a Fall league



**FY 2026 BUDGET
LAW ENFORCEMENT SPECIAL FUNDS**

The City is required and authorized by State Law to collect state fees, local court costs and fines. Local costs are operated in independent Funds kept separate for dedicated purposes restricted in use by State law. Finally, State law requires maintaining proceeds from seizures in an independent fund.

Seizure Fund

The Seizure Fund is the accumulation of assets or proceeds from sale of assets awarded to the Police Department by the Court and primarily pays costs of narcotics investigations, e.g. drug buy money and cell phones. Excess funds can be utilized for equipment or special resources for the Police Department at the discretion of the Chief of Police.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Seizure/Forfeiture Fund (58)					
Revenues					
Fines & Fees	6,894	-	-	-	-
Other	200	1,368	1,000	14,110	1,000
Interest	971	-	1,000	1,000	1,200
Total	8,066	1,368	2,000	15,110	2,200
Expenditures					
Other	-	1,000	971	1,000	5,000
Transfer	-	-	-	-	-
Total	-	1,000	971	1,000	5,000
Beginning Fund Balance	16,346	24,412	16,245	24,780	38,890
Revenue Over/(Under) Expenditures	8,066	368	200	14,110	(2,800)
Ending Fund Balance	24,412	24,780	16,445	38,890	36,090

Jury Fund

The Jury Fund is dictated by State law to pay for certain costs associated with trials including jurors.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Court Jury Fund (54)					
Revenues					
Fines & Fees	80	111	100	100	100
Other	-	-	-	-	-
Interest	-	-	-	-	-
Total	80	111	100	100	100
Expenditures					
Other	-	-	-	-	-
Transfer	-	-	-	-	-
Total	-	-	-	-	-
Beginning Fund Balance	248	328	224	439	539
Revenue Over/(Under) Expenditures	80	111	100	100	100
Ending Fund Balance	328	439	324	539	639



Court Truancy Fund

The Truancy Fund is dictated by State law to pay for costs associated with combating truancy.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Court Truancy Fund (55)					
Revenues					
Fines & Fees	4,023	5,537	5,000	5,250	5,500
Other					
Interest	697	1,076	900	1,000	900
Total	4,720	6,612	5,900	6,250	6,400
Expenditures					
Other	-	-	-	-	-
Transfer	-	-	-	-	-
Total	-	-	-	-	-
Beginning Fund Balance	12,480	17,200	12,284	23,813	30,063
Revenue Over/(Under) Expenditures	4,720	6,612	5,100	6,250	6,400
Ending Fund Balance	17,200	23,813	17,384	30,063	36,463

Opioid Fund

As a result of the State's settlement with drug manufacturers and pharmaceutical distributors, the City was allocated funds to be used in compliance with the settlement and to address drug abuse, rehabilitation or strategic enforcement programs.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Opioid Fund (59)					
Revenues					
Fines & Fees	-	-	-	-	-
Other	18,471	3,593		17,530	
Interest	498	1,148	900	1,000	700
Total	18,968	4,741	900	18,530	700
Expenditures					
Other	-	-	-	19,000	-
Transfer	-	-	-	-	-
Total	-	-	-	19,000	-
Beginning Fund Balance	-	18,968	23,709	23,709	23,240
Revenue Over/(Under) Expenditures	18,968	4,741	900	(470)	700
Ending Fund Balance	18,968	23,709	24,609	23,240	23,940



Court Security & Technology Fund

For FY 2026, new State Law allows two prior independent Funds to be merged. Council created this Fund combining the former Court Technology and Building Security Funds to expend these dedicated resources as allowed by either statute.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Court Security & Technology Fund					
Revenues					
Fines & Fees					9,500
Other					
Interest					2,500
Total	-	-	-	-	12,000
Expenditures					
Sundry/Misc					2,750
Contractual-Technology					8,660
Capital					-
Transfer					-
Total	-	-	-	-	11,410
Beginning Fund Balance	-	-	-	-	76,152
Revenue Over/(Under) Expenditures	-	-	-	-	590
Ending Fund Balance	-	-	-	-	76,742

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Prior Court Technology Fund					
Revenues					
Fines & Fees	3,318	4,521	4,250	4,250	-
Other					
Interest	1,363	1,727	1,300	1,300	-
Total	4,682	6,249	5,550	5,550	-
Expenditures					
Other	233	3,894	250	-	-
Transfer	-	-	8,780	8,780	-
Total	233	3,894	9,030	8,780	-
Beginning Fund Balance	26,336	30,785	23,824	33,139	-
Revenue Over/(Under) Expenditures	4,449	2,354	670	(3,230)	-
Ending Fund Balance	30,785	33,139	24,494	29,909	-

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Prior Court Building Security Fund					
Revenues					
Fines & Fees	3,318	4,521	4,250	4,250	-
Other					
Interest	1,363	1,727	1,300	1,300	-
Total	4,682	6,249	5,550	5,550	-
Expenditures					
Other	233	3,894	250	-	-
Transfer	-	-	8,780	8,780	-
Total	233	3,894	9,030	8,780	-
Beginning Fund Balance	26,336	30,785	23,824	33,139	-
Revenue Over/(Under) Expenditures	4,449	2,354	670	(3,230)	-
Ending Fund Balance	30,785	33,139	24,494	29,909	-



**FY 2026 BUDGET
PERMANENT FUND**

FUND NARRATIVE

The Permanent Fund is a special fund established by the City based upon the Council acceptance and agreement to hold specific contributions and assets related to a special project or activity. The City has accepted the assets and fiduciary responsibility and is effectively acting as the trustee over the future use and disposition of the funds and assets. The Fund at present is composed of two units with independent accounting: the Animal Welfare Fund and the Fairview Cemetery Endowment Fund.

ANIMAL WELFARE FUND

In FY 2015, the City accepted the fiduciary responsibility of holding money as a trust to be used for a future animal shelter project at the request of the former Shelby County Pet and Animal Welfare Society (PAWS). The City placed the \$40,000 corpus in a separate CD and the interest applied annually. Ordinance 2014-14 established this independent account and defines allowable uses, with an allocation noted this year for potential spay/neuter program being developed by a local non-profit. Funds were appropriated in FY 2024 in response to a request by Happy Tails Animal Welfare Association to provide partial funding toward a spay/neuter financial assistance program. In FY 2025, Council distributed the entirety of the account to the Happy Tails Animal Shelter.

ANIMAL WELFARE FUND

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Revenues					
Donations	-	-	-	-	-
Other	536				
Interest	713	2,195	1,830	195	
Total	1,249	2,195	1,830	195	-
Expenditures					
Other	536	-	-	46,123	-
Transfer	-	-	-	-	-
Total	536	-	-	46,123	-
Beginning Fund Balance	43,020	43,733	43,020	45,929	-
Revenue Over/(Under)	713	2,195	1,830	(45,928)	
Expenditures					
Ending Fund Balance	43,733	45,929	44,850	-	-



CEMETERY ENDOWMENT FUND

The Cemetery Endowment Fund (formerly the Cemetery Trust) was created in 1984 when the City accepted the contribution of the physical asset, the land designated as Fairview Cemetery, including major improvements at that time donated by Mr. N. O. Thomas, along with transfer of the monetary assets of that cemetery association establishing the initial corpus of this trust fund. Subsequent perpetual care maintenance fees on plots and additional donations added to the corpus indicated as fund balance. This fund does not have any annual operational expenditure with revenue being only annual interest earnings. However, special projects of any type require specific approval by the City Council. The only allowable use of these funds is for improvements at Fairview Cemetery in accordance with terms of the original donation.

FAIRVIEW CEMETERY FUND

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Revenues					
Donations	0	0	0	0	0
Other					
Interest	5,766	6,927	5,210	5,500	3,960
Total	5,766	6,927	5,210	5,500	3,960
Expenditures					
Other	-	4,800	-	-	-
Transfer	-	-	-	-	-
Total		4,800	-	-	-
Beginning Fund Balance	118,460	124,226	117,770	126,353	131,853
Revenue Over/(Under)	5,766	2,127	5,210	5,500	3,960
Expenditures					
Ending Fund Balance	124,226	126,353	118,950	131,853	135,813





**CITY OF CENTER
FY 2026 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 Capital Improvements Program (CIP). Although the City has always re-invested, this format allows Council and citizens to easily identify major investments of local funds, donations and various grants.

This section will describe the revenue streams that have funded the CIP. These include bond funds, grant monies, local tax dollars, and contributions from the community. Information about each of the designated activity funds and projects is presented, followed by an expenditure summary and description of each project, funding mechanism, projected costs, estimated construction schedule and anticipated future operating and maintenance estimates.

The Governmental CIP contains sub-funds to specifically account for dedicated resources including contributions toward specific projects to ensure those donations, grants and other revenues are used only for purposes intended. As identified below, these include the Airport, Parks and Civic Center activity funds. The Proprietary CIP accounts only for Utility – Water and Sewer capital improvement projects.

FY 2026 BUDGET

Capital Improvement Project Funds

	TOTAL	Gov't Total	Governmental Funds				Proprietary Funds
			Gov't CIP	Airport Fund	Park Fund	Civic Center Fund	Utility CIP
BEGINNING FUND BALANCE	6,186,707	73,437	58,715	12,286	(812)	3,248	6,039,833
REVENUES							
Taxes/Debt Proceeds	3,330	1,665	-	-	-	1,665	
Interest	185,410	2,110	1,760	250	-	100	181,190
Donations & Misc Receipts	116,500	58,250	-	-	58,250	-	-
Grants	680,000	340,000	-	-	250,000	90,000	
Transfers	500,000	250,000	-	-	250,000	-	-
Total Revenues	1,485,240	652,025	1,760	250	558,250	91,765	181,190
TOTAL RESOURCES	7,671,947	725,462	60,475	12,536	557,438	95,013	6,221,023
EXPENDITURES							
Sundry	-	-	-	-	-	-	
Maintenance	-	-	-	-	-	-	
Capital	961,625	636,625	46,625	-	500,000	90,000	325,000
Fund Transfers	-	-	-	-	-	-	-
Total Expenditures	961,625	636,625	46,625	-	500,000	90,000	325,000
REVENUE OVER/ (UNDER)							
EXPENDITURES	5,911,423	15,400	(44,865)	250	58,250	1,765	5,896,023
PROJECTED FUND BALANCE	5,984,860	88,837	13,850	12,536	57,438	5,013	5,896,023



BUDGETED PROJECTS, SCHEDULE AND IMPACTS

- **Water Capacity – Aiken Plant Rehabilitation (Utility CIP)**

Remaining 2019 CO's for Utility Activities were designated to project development, preliminary engineering design and pilot treatment studies to develop construction plans for complete renovation of the Aiken Water Treatment Plant. 2024 CO's provided designated resources for engineer design and construction. This project is presently awaiting a response on grant application with the US Economic Development Administration to proceed with bid solicitation and anticipated entering the construction phase in late FY 2026.

Council Objective A – Utility #1 & #2

Operating Impacts: Reduced Treatment Costs,
Enhanced Ratio of Water Production

- **Water Capacity – Industrial Reuse Project (Utility CIP)**

Remaining 2019 CO's for Utility Activities were designated to project development, engineering, and water quality testing required for development of submittals to TCEQ for the treatment of discharge wastewater for industrial reuse. This project will be prepared for approval of submittal to TCEQ in FY 2026. Upon receipt of permit amendment, funding will be coordinated and could include partnership with Tyson Foods, grant assistance from Center EDC, US-EDA combined with 2024 CO's and/or additional debt.

Council Objective A – Utility #2 & #7

Operating Impact: Undetermined

- **Asset Maintenance – City Hall & Library Roofs (Governmental CIP)**

Remaining 2019 CO's for Governmental Activities were designated toward the evaluation and recommendation for long term roof repair/replacement on City Hall and the Library. Contracts for design services of these improvements were authorized in FY 2024. Anticipated receipt of recommendations in FY 2025 or early FY 2026. Resources for construction have not been allocated.

Council Objectives A & D

Operating Impact: Reduced Maintenance Costs

- **American Legion Park Renovation (Park Fund)**

A TP&W award for \$250,000 grant toward the Phase I Renovation Plan. HOT Funds of \$250,000 towards improvements to the Community House patio and grounds applies as the local match. This project is budgeted this year for bid, construction and related activities. Phase II plan, consisting primarily of arboretum/botanical garden and trails, is a \$500,000 project submitted to TP&W for funding in conjunction with over \$109,000 of private/civic donations.

Council Objective D - Parks #1 & #4

Operating Impact: Increase Maintenance Cost

- **Annual Street Maintenance (Street EDC)**

Each budget year the 4B EDC approves a list of streets that will be reconstructed or resurfaced as part of a comprehensive street maintenance program. Reference the Street EDC Budget on [Pg 151](#) for more information on the street program.

Council Objective A – Streets #1

Operating Impact: None



Governmental CIP Budget and projects for FY 2026

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted Budget	FY 2025 Estimate	FY 2026 Proposed Budget
Revenues					
Grants	-	-	-	-	-
Taxes/Debt Proceeds	-	-	-	-	-
Transfer (from General Fund)	42,308	48,500	-	-	-
Donations/Pledges	-	-	-	-	-
Interest	3,315	3,340	2,000	2,750	1,760
Total Revenues	45,623	51,840	2,000	2,750	1,760
Projects					
Other	4,400				
Project Expenditures:					
- Downtown Landscaping	18,370	15,000			
- TIRZ Drainage/Open Space Plan	14,763	10,989			
- SECO Grant (Sr. Center)		13,505			
- Childs St Lighting			32,000	32,000	
- City Hall roof - design			28,250	10,125	18,625
- Library roof - design			28,000		28,000
Total Expenditures	37,533	39,494	88,250	42,125	46,625
Beginning Fund Balance	77,654	85,744	98,090	98,090	58,715
Revenues Over/(Under) Expenses	8,090	12,346	(86,250)	(39,375)	(44,865)
Ending Fund Balance	85,744	98,090	11,840	58,715	13,850

Enterprise/Utility CIP Budget and projects for FY 2026

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted Budget	FY 2025 Estimate	FY 2026 Proposed Budget
Proceeds from Debt	-	-	6,000,000	6,000,000	-
Grants	899,065	120,197		93,000	
Donations/Pledges	-	-	-		
Transfer (from Utility Fund)	-	218,792			
Interest	26,442	13,636		230,000	181,190
Total Revenue	925,507	352,625	6,000,000	6,323,000	181,190
Projects					
Other	3,775	1,000			
Project Expenditures:					
- South Elevated Storage Tank	933,308				
- Mill Creek Equipment Rehab	4,280				
- Water Line Project (Willow Creek)		41,150			
- FEMA - Main/Manholes @ RR		124,000		-	
- Annex Generator				40,375	
- Aiken Plant Rehab	86,080	305,926	260,000	5,000	250,000
- WWTP Industrial Reuse	42,316	33,380	115,000	55,000	75,000
Transfer (out) to Utility/Debt				182,792	
Total Expenditures	1,069,759	505,456	375,000	283,167	325,000
Beginning Fund Balance	297,083	152,831	-	-	6,039,833
Revenues Over/(Under) Expenses	(144,252)	(152,831)	5,625,000	6,039,833	(143,810)
Ending Fund Balance	152,831	-	5,625,000	6,039,833	5,896,023

* Construction costs nor anticipated Grant Revenue for the Aiken Water Treatment Plant are included in expenditure line items and will require budget amendment upon Council approval of contract amounts



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
Downtown Sidewalk Extensions	2015	TDA Grant & 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
Airport Taxiway D and Runway Resurfacing	2020	2016 CO's, TxDOT CIP & Donations
US 96 Sewer Line	2020	2019 CO's
Henrietta Tank Rehab	2019	2019 CO's
Pinkston Plant Filter Rehab and Lagoon	2020	2019 CO's
Downtown Renewal Project	2020	2019 CO's
Downtown Revitalization – Phase II	2021	2019 CO's & TDA Grant
South Loop Elevated Storage Tank	2022	2019 CO's, TCDP Grant & ARPA
Perry Sampson Park Renovation	2023	TP&W Grant, Local match & Donations
Design/PILOT – Aiken Treatment Plant Project	2024	2019 CO's & 2024 CO's
Prelim Plan/Permit Study – Water Reuse Project	2024	2019 CO's & 2024 CO's

Historical Notes

- Series 2011 Certificates of Obligation – provided funding for FY 2012 -2014 CIP projects.
- Texas Water Development Board Revenue Bond – issue of \$2.28 million to fund the Southside Sewer Project.
- 2014 Tax Notes – issued additional debt to complete projects funded from the FY 2012-2014 CIP.
- Texas Department of Agriculture Grant – FY 2015 Downtown Revitalization Grant to pay for some Downtown sidewalk improvements.
- Series 2016 Certificates of Obligation – issuance of \$4 million, \$3 million designated for utility projects, specifically the WWTP rehab and \$1 million directed to fund the Airport CIP match and the Portacool Park expansion.
- Community Facilities Enhancement Grant – Texas Department of Agriculture unique grant opportunity that funded the installation of solar panels at the WWTP.
- Texas Parks and Wildlife Department (TPWD) Grants have assisted park construction projects including a 2014 award toward the Softball Complex and 2018 award for the expansion of Portacool Park and a 2022 local park grant was obtained to renovate Perry Sampson Park. For FY 2026, a 2024 award has been received for construction of the American Legion Park Phase 1 project.
- Donations – Portacool, LLC., pledged annual donations leveraged against a TPWD grant to complete the expansion of Portacool Park. A local foundation also donated \$15,000 for the installation of the City's first entryway sign. The Center Rotary Club, Center Lion's Club, and the Shelby County Youth Soccer League donated \$20,000, \$20,100, and \$30,000 respectively and John Harris Foundation provided a \$10,000 grant for the entrance sign towards the Center Soccer Park. Toward the Completion of the Perry Sampson Park renovation, Tyson Foods contributed \$75,000 and Republic Services pledged \$5,000. All donations and pledges are accounted in the Park Fund, see [Pg 147](#).
- 2019 Certificates of Obligation – issuance of \$6 million in ad valorem and utility supported bonds allocated \$4 million to fund Governmental projects, Downtown Renewal grant match and Fire Apparatus, and \$2 million toward Utility projects - US 96 sewer line, elevated water tank and tank maintenance.
- 2024 Certificates of Obligation in the amount of \$6 million were issued entirely toward Utility projects, primarily consisting of the Aiken Water Treatment Plant Rehabilitation and Industrial Water Reuse project.



POTENTIAL NEW/FUTURE PROJECTS

These projects have either been previously discussed by Council or identified in an approved plan (e.g. Comprehensive Plan Update, Parks Master Plan, Airport Layout Plan, etc.) and the Council has expressed an interest in further developing a project concept. Unless discussed previously in this section, projects in this list do not have allocated funding identified for implementation.

By identifying potential projects, the Council can make priority determinations. The staff is then able to model funding mechanisms, such as debt issuances, in development of the financial forecast. The Council can evaluate fiscal options necessary to provide resources toward projects (tax or utility rate adjustments, other funding sources, etc.) Finally, staff can continue researching potential exterior funding sources such as grants or contributions from other entities.

DEPT.	PROJECT	DESCRIPTION	PROJECTED COST	COUNCIL STRATEGIC PLAN
Water	Production Capacity	Replacement/Upgrade of Aiken Plant Treatment Units	6,000,000	Objective A - Utility #1 Plant Improvements
		New Treatment for Reuse to add system capacity	3,000,000	Objective A – Utility #2 Long Term Water Needs
Parks	American Legion Park Renovation	Improve Community House patio, pickleball and games	500,000	Objective D – Parks #1 Tourism
		Trails, Arboretum/Botanical Garden and related features	600,000	Objective D – Parks #1, #2 & #4
Parks	Baseball and Softball Complex Improvements	Phase I – turf Field #4, site improvements, seating and shade covers	1,500,000	Objective D – Parks #1 & #4 Tourism Development
		Add Field #4, enhance concession and parking	2,000,000	Objective D – Parks #1 & #4 Tourism Development
Parks	Baseball and Softball Complex Improvements	Build out of facilities for tournament play with turf on all fields with connecting trails, parking and amenities	17,500,000	Objective D – Parks #1, #2 & #4 Tourism Development
Parks	Portacool Park	Expand Splashpad and irrigation	350,000	Objective D – Parks #1 & #4
Parks	Center nature trail/amphitheater	Enhancement to Center existing nature trails including amphitheater	2,500,000	Objective D – Parks #1 & #2
Public Facilities	City Hall & Library	Replace aged roofs/gutters	250,000	Objective A - Facilities
Civic Center	Building Expansion/Sound Hardening	Expanding facility to accommodate larger events and soundproofing	TBD	Objective C - Tourism
Street	Drainage System	Drainage System Design and Project(s) to reduce stormwater impacts	1,500,000	Objective A - Drainage #1
Public Facilities	Entryway Signs	Installation of 3-5 entryway signs	75,000/ea	Objective D – Beautification
Public Works	Westside Sewer Project	Install new wastewater collection lines	3,000,000	Objective A - Utility #2 Extensions/system growth
Public Works	Northside Sewer Project	Install new wastewater collection lines	4,000,000	



**PARK FUND
FY 2026 BUDGET**

Established in 2014, the Park Fund is a sub-account of the CIP for grants, donations, other revenue and project expenditures exclusively dedicated to park improvements. This Fund also assists with annual pledges and donations toward specific projects and utilizes those receipts over time to retire debt related to a specific project or allow for local funding of future park improvement projects.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Taxes/Debt Proceeds					-
Grants	16,719	-			250,000
Transfers (from HOT Fund)					250,000
Transfers (from General Fund)					
Donations/Pledges	54,000	1,000	8,250	59,000	58,250
Interest	1,785	1,916	1,000	2,500	-
Total Revenue	72,504	2,916	9,250	61,500	558,250
Other				2,420	
Project Expenditures:					
American Legion Park Complex	-			-	500,000
Project Engineering	-			44,500	
Perry Sampson Park	12,860			-	
Transfer to Debt Service	-	-	-	50,000	-
Total Expenditures	12,860	-	-	96,920	500,000
Beginning Fund Balance	(27,952)	31,692	(4,168)	34,608	(812)
Revenues Over/(Under) Expenditures	59,644	2,916	9,750	(35,420)	58,250
Ending Fund Balance	31,692	34,608	5,582	(812)	57,438

American Legion Park/Community House Renovation design plan was approved and preliminary design costs and TP&W Grant Program application fee expensed. Phase I of this project is budgeted for construction in FY 2026, inclusive of TP&W grant proceeds and local matching funds.

Pledges/Receivables outstanding for prior completed projects:

Project	Donor	Balance	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Portacool Park	Portacool	\$150,000	\$50,000	\$50,000	\$50,000	-	-
Soccer Park	Center Youth Soccer	\$18,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Softball Complex	Youth Softball	\$5,250	\$5,250	-	-	-	-
TOTAL		\$241,250	\$58,250	\$53,000	\$53,000	\$3,000	\$3,000



CIVIC CENTER FUND FY 2026 BUDGET

Established in 2010, a Civic Center is a sub-account of the CIP for grants, donations, other revenue and project expenditures exclusively dedicated to construction, maintenance and improvement of the John D. Windham Civic Center.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Grants	-				90,000
Taxes (PEG Fees)	2,774	2,319	2,250	1,850	1,665
Transfers (HOT Fund)				98,000	
Donations/Pledges					
Interest					100
Total Revenue		2,774	2,319	2,250	99,850
Other		379		12,500	
Project Expenditures:					
- SECO Lighting Retrofit					90,000
- Technology Replacement				11,000	
- Foster Hall Flooring				47,000	
- Table/Chair Replacement				27,500	
Transfer to Debt Service					
Total Expenditures	-	379	-	98,000	90,000
Beginning Fund Balance	(3,316)	(542)	(4,168)	1,398	3,248
Revenues Over/(Under) Expenditures	2,774	1,940	9,750	1,850	1,765
Ending Fund Balance	(542)	1,398	5,582	3,248	5,013

AIRPORT CONSTRUCTION FUND FY 2026 BUDGET

The Airport Construction Fund is a sub-account of the CIP for grants, donations, other revenue and project expenditures dedicated to maintenance and improvement at the Center Municipal Airport.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Grants	-				
Taxes (PEG Fees)	35,000				
Transfers (HOT Fund)				1,441	
Donations/Pledges	2,850				
Interest		399	250	500	250
Total Revenue	37,850	399	250	1,941	250
Other					
Project Expenditures:					
- 2024 ALP Study		32,557			
- 2024 Runway Surface Study		7,500			
- 2025 AWOS	-		18,000	18,000	-
Total Expenditures	-	40,057	18,000	18,000	-
Beginning Fund Balance	30,153	68,003	43,000	28,345	12,286
Revenues Over/(Under) Expenditures	37,850	(39,658)	(17,750)	(16,059)	250
Ending Fund Balance	68,003	28,345	25,250	12,286	12,536



FY 2026 BUDGET CENTER ECONOMIC DEVELOPMENT CORPORATIONS

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 that funds projects to locate and expand industry creating 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 1998, the voters in Center adopted a ballot proposition authorizing the creation of a Economic Development Corporation, governed by a 5-member Board of Directors appointed by the City Council.

In FY 2009, the 4A EDC Board agreed to provide a loan to the Tax Increment Financing Zone (TIF). 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 with forgivable terms. The EDC Board has supported business-related improvements at the Center Municipal Airport and assisted in many private development initiatives. The Center EDC has also made contributions extending utility service to areas to service new and prospective businesses development including areas along the north Loop 500 extension.

The Center EDC operates two business assistance programs – the EMERGE program offers assistance to entrepreneurs in the start-up process and INNOVA offers grants to assist business property owners improve their buildings and/or facades.

Finally, the EDC pays an annual administrative and financial management fee to the City to obtain staff services.

4B ECONOMIC DEVELOPMENT CORPORATION

In 1996, the voters in Center adopted a ballot measure authorizing the creation of a 7-member 4B Economic Development Corporation, appointed by the City Council. The ballot language was precise in allowing this revenue to only be utilized for “street and road and related improvements in the City, and the maintenance and operating costs associated with such projects.” Since, the Street EDC Board has completed projects to resurface every roadway in the City, pave all previously dirt or gravel roads, and initiated work on the repair of related drainage-handling facilities to protect roadway deterioration.

In FY 2016, the EDC pledged funds to the match for a Downtown sidewalk grant, completed an update to the long-term street maintenance study, and began the reconstruction of Childs Street in conjunction with the Portacool Park expansion. In FY 2019, the EDC Board agreed to scheduled transfers to the Debt Fund to pay for a portion of the Downtown Renewal Project.

Currently, the Street EDC Board allocates roughly \$1,000,000 annually for street reconstruction and rehabilitation projects.

Finally, the Street EDC pays an annual administrative and financial management fee to the City to obtain staff services including oversight of all construction activities.



**FY 2026 BUDGET
4A ECONOMIC DEVELOPMENT CORPORATION**

The FY 2026 budget allocates funding as approved by the Board of Directors on September 3, 2025.

The Center City Council and the Center Economic Development Corporation Board held workshops in February 2020 to review the City/EDC's economic development program objectives. The result of this re-evaluation is the following goals:

- Maintain Center's traditional rural economic base by establishing an active business retention & expansion (BRE) program.
- Improve local demographics and attract new firms by building a workforce pipeline of skills for 21st Century jobs.
- Diversify the local economy and tax base by engaging in an aggressive campaign to recruit advanced manufacturing firms.
- Solidify the local economic base by facilitating new institutions to locate in Center.
- Undergird all other goals by attracting workforce talent by enhancing the City's quality of life.
- Plan for sufficient infrastructure to facilitate new growth.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Revenue					
Sales Tax	541,982	531,872	547,000	545,900	556,800
Interest	105,271	81,625	18,200	28,900	16,600
Other	-	-	-	-	-
TIF Interest	5,274	4,588	4,587	4,587	3,878
Viactract Payment					
TOTAL	652,527	618,085	569,787	579,387	577,278
Expenditures					
Supplies	-	-	-	-	-
Contractual	1,085,250	132,750	374,300	38,900	98,950
Sundry	294	1,855	11,000	500	9,500
Maintenance	3,000	3,000	3,000	3,090	3,100
Fund Transfers	30,000	30,000	30,000	30,000	30,000
Total Operational	1,118,544	167,605	418,300	72,490	141,550
Portacool Interim PA		170000	240000	300000	0
Portacool PA allocation					600000
TDA-Industrial Park Note					
Broadband Payment		2100000		0	0
TOTAL Expenditures	1,118,544	2,437,605	658,300	372,490	741,550
FUND BALANCE					
Beginning	3,074,034	2,608,017	3,095,061	788,497	995,393
Revenues Over/(Under)	(466,017)	(1,819,520)	(88,513)	206,897	(164,272)
Ending	2,608,017	788,497	3,246,547	995,393	831,121



**FY 2026 BUDGET
4B ECONOMIC DEVELOPMENT CORPORATION**

The FY 2026 budget allocates funding as approved by the Board of Directors on June 30, 2025.

The \$100,000 commitment toward the original downtown renovation project debt is recommended to be delayed again for FY 2026 to allow funding for planned concrete installation on the downtown streets, finishing an additional portion of the originally planned improvements. Thus allowing use of those funds for debt at a later date when it may be more beneficial to the City's finances and valuable to the taxpayers.

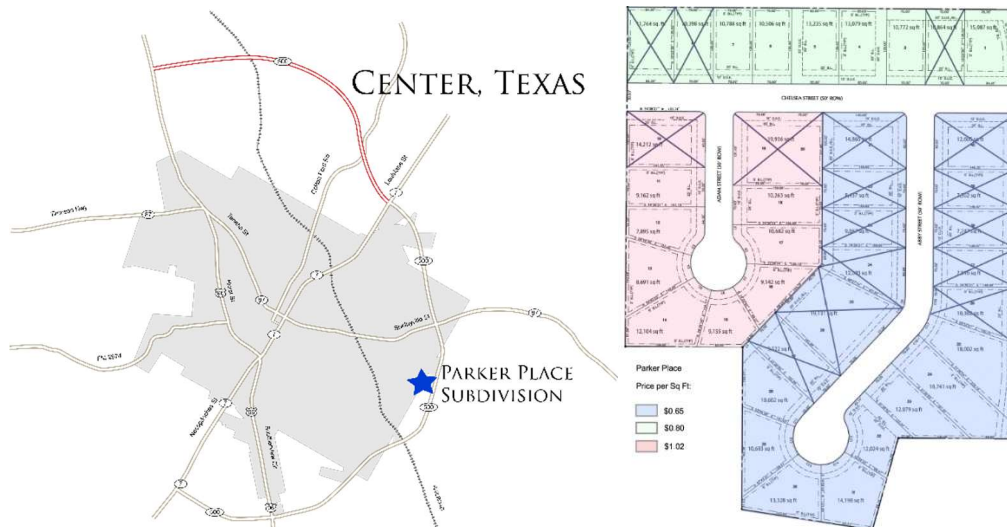
	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
REVENUE					
Sales Tax	1,083,580	1,063,741	1,093,900	1,091,800	1,113,600
Other					
Interest	72,238	93,724	76,300	90,000	82,500
TOTAL REVENUE	1,155,818	1,157,465	1,170,200	1,181,800	1,196,100
EXPENDITURES					
Administration	30,000	30,000	30,000	30,000	30,000
Other	-				
Contractual	4,200	4,425	4,500	4,400	4,500
Sundry	154	72	1,000	500	1,550
<u>Projects & Commitments</u>					
Annual Street Program	798,366	1,296,647	750,000	86,200	900,000
Concrete/Drainage Construction			250,000	-	700,000
Transfer to Debt	-	-	-	-	-
Engineering	-	-	45,000	1,500	80,000
TOTAL EXPENDITURES	832,720	1,331,144	1,080,500	122,600	1,716,050
BEGINNING FUND BALANCE	1,540,538	1,863,636	1,254,240	1,689,957	2,749,157
REVENUES OVER/(UNDER)					
EXPENDITURES	323,098	(173,679)	78,850	1,059,200	(519,950)
ENDING FUND BALANCE	1,863,636	1,689,957	1,333,090	2,749,157	2,229,207



FY 2026 BUDGET CENTER LOCAL GOVERNMENT CORPORATION

The Center Local Government Corporation was formed by the Center City Council in the Fall of 2018 with the mission of holding and managing the assets of the Parker Place subdivision. The City acquired the remaining subdivision lots in 2018 after reaching a settlement agreement with the owner. Following the repayment of a Housing Infrastructure Fund (HIF) grant, the owner wished to sell the lots at a discounted price in return for a release from any obligations to the City. The Corporation receives revenue from proceeds of lot sales. The Corporation's expenses consist of minor administrative expenses and property maintenance. The graphics indicate the approximate location of the property and the number, layout, and price points of available lots.

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2025 Estimate	FY 2026 Proposed
Revenues					
Contribution from City	(1)	0	0		
Lot Sales	18,500	12,500	6,500	14,000	6,500
Interest	0	848	2,000	2,000	1,900
Total Revenue	18,500	13,348	8,500	16,000	8,400
Expenditures					
Personnel	0	0	0		
Supplies	0	0	0		
Contractual	2,560	3,040	2,750	2,750	5,600
Utilities	0	0	0		
Sundry	0	0	0		
Maintenance	0	0	0		
Capital	0	0	0		
Total Expenditures	2,560	3,040	2,750	2,750	5,600
BEGINNING FUND BALANCE	22,862	38,802	22,866	49,109	62,359
REVENUES OVER/(UNDER) EXPENDITURES	15,940	10,308	3,510	13,250	2,800
ENDING FUND BALANCE	38,802	49,109	26,376	62,359	65,159





2025 Tax Rate Calculation Worksheet Taxing Units Other Than School Districts or Water Districts

Form 50-856

City of Center

936-598-2941

Taxing Unit Name

Phone (area code and number)

617 Tenaha Street Center, Texas 75935

<https://center.texas.gov/>

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements or Comptroller Form 50-884 Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts or Comptroller Form 50-860 Developed Water District Voter-Approval Tax Rate Worksheet.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	Prior year total taxable value. Enter the amount of the prior year taxable value on the prior year tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). ¹	\$ 365,097,187
2.	Prior year tax ceilings. Counties, cities and junior college districts. Enter the prior year total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision last year or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ 0
3.	Preliminary prior year adjusted taxable value. Subtract Line 2 from Line 1.	\$ 365,097,187
4.	Prior year total adopted tax rate.	\$ 0.807620 /\$100
5.	Prior year taxable value lost because court appeals of ARB decisions reduced the prior year's appraised value.	
	A. Original prior year ARB values:	\$ 0
	B. Prior year values resulting from final court decisions:	- \$ 0
	C. Prior year value loss. Subtract B from A. ³	\$ 0
6.	Prior year taxable value subject to an appeal under Chapter 42, as of July 25.	
	A. Prior year ARB certified value:	\$ 0
	B. Prior year disputed value:	- \$ 0
	C. Prior year undisputed value. Subtract B from A. ⁴	\$ 0
7.	Prior year Chapter 42 related adjusted values. Add Line 5C and Line 6C.	\$ 0

¹ Tex. Tax Code §26.01(1)(4)

² Tex. Tax Code §26.01(1)(4)

³ Tex. Tax Code §26.01(1)(3)

⁴ Tex. Tax Code §26.01(1)(3)

Form developed by: Texas Comptroller of Public Accounts, Property Tax Assistance Division

For additional copies, visit: comptroller.texas.gov/taxes/property-tax

50-856 • 6-25/13



Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
8.	Prior year taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 365,097,187
9.	Prior year taxable value of property in territory the taxing unit deannexed after Jan. 1, 2024. Enter the prior year value of property in deannexed territory. ¹	\$ 0
10.	Prior year taxable value lost because property first qualified for an exemption in the current year. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in the current year does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use prior year market value: \$ 211,880 B. Partial exemptions. Current year exemption amount or current year percentage exemption times prior year value: + \$ 692,326 C. Value loss. Add A and B. ²	\$ 904,206
11.	Prior year taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in the current year. Use only properties that qualified for the first time in the current year; do not use properties that qualified in the prior year. A. Prior year market value: \$ 94,200 B. Current year productivity or special appraised value: - \$ 2,320 C. Value loss. Subtract B from A. ³	\$ 91,880
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ 996,086
13.	Prior year captured value of property in a TIF. Enter the total value of the prior year captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the prior year taxes were deposited into the tax increment fund. ⁴ If the taxing unit has no captured appraised value in line 18D, enter 0.	\$ 5,144,931
14.	Prior year total value. Subtract Line 12 and Line 13 from Line 8.	\$ 358,956,170
15.	Adjusted prior year total levy. Multiply Line 4 by Line 14 and divide by \$100.	\$ 2,181,089
16.	Taxes refunded for years preceding the prior tax year. Enter the amount of taxes refunded by the taxing unit for tax years preceding the prior tax year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for the prior tax year. This line applies only to tax years preceding the prior tax year. ⁵	\$ 36,248
17.	Adjusted prior year levy with refunds and TIF adjustment. Add Lines 15 and 16. ⁶	\$ 2,217,337
18.	Total current year taxable value on the current year certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. ⁷ A. Certified values: \$ 393,483,612 B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$ C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ 0 D. Tax increment financing: Deduct the current year captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the current year taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 24 below. ⁸ - \$ 5,183,781 E. Total current year value. Add A and B, then subtract C and D.	\$ 388,279,831

¹ Tex. Tax Code §26.012(1)(3).² Tex. Tax Code §26.012(1)(3).³ Tex. Tax Code §26.012(1)(3).⁴ Tex. Tax Code §26.03(c).⁵ Tex. Tax Code §26.012(1)(3).⁶ Tex. Tax Code §26.012(1)(3).⁷ Tex. Tax Code §26.012, 26.04(c)-(2).⁸ Tex. Tax Code §26.03(c).



Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	Total value of properties under protest or not included on certified appraisal roll. ¹⁷ A. Current year taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁸ \$ 0 B. Current year value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁹ + \$ 0 C. Total value under protest or not certified. Add A and B. \$ 0	
20.	Current year tax ceilings. Counties, cities and junior colleges enter current year total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in the prior year or a previous year for homeowners age 65 or older or disabled, use this step. ²⁰	\$ 0
21.	Anticipated contested value. Affected taxing units enter the contested taxable value for all property that is subject to anticipated substantial litigation. ²¹ An affected taxing unit is wholly or partly located in a county that has a population of less than 500,000 and is located on the Gulf of Mexico. ²² If completing this section, the taxing unit must include supporting documentation in Section 9. ²³ Taxing units that are not affected, enter 0.	\$ 0
22.	Current year total taxable value. Add Lines 18E and 19C, then subtract Lines 20 and 21. ²⁴	\$ 388,279,831
23.	Total current year taxable value of properties in territory annexed after Jan. 1, of the prior year. Include both real and personal property. Enter the current year value of property in territory annexed. ²⁵	\$ 0
24.	Total current year taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in the prior year. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, of the prior year and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for the current year. ²⁶	\$ 3,047,426
25.	Total adjustments to the current year taxable value. Add Lines 23 and 24.	\$ 3,047,426
26.	Adjusted current year taxable value. Subtract Line 25 from Line 22.	\$ 385,232,405
27.	Current year NNR tax rate. Divide Line 17 by Line 26 and multiply by \$100. ²⁷	\$ 0.575584 /\$100
28.	COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the current year county NNR tax rate. ²⁸	\$ /\$100

SECTION 2: Voter Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- 1. Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- 2. Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

¹⁷ Tex. Tax Code §26.01(c) and (d).

¹⁸ Tex. Tax Code §26.01(c).

¹⁹ Tex. Tax Code §26.01(d).

²⁰ Tex. Tax Code §26.01(e)(1).

²¹ Tex. Tax Code §26.01(e)(2) and §26.01(f)(1).

²² Tex. Tax Code §26.01(f)(1).

²³ Tex. Tax Code §26.01(f)(2).

²⁴ Tex. Tax Code §26.01(f)(3).

²⁵ Tex. Tax Code §26.01(f)(4).

²⁶ Tex. Tax Code §26.01(f)(5).

²⁷ Tex. Tax Code §26.01(f)(6).

²⁸ Tex. Tax Code §26.01(f)(7).



Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
29.	Prior year M&O tax rate. Enter the prior year M&O tax rate.	\$ 0.391610 /\$100
30.	Prior year taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the No-New-Revenue Tax Rate Worksheet.	\$ 365,097,187
31.	Total prior year M&O levy. Multiply Line 29 by Line 30 and divide by \$100.	\$ 1,429,757
32.	Adjusted prior year levy for calculating NNR M&O rate. A. M&O taxes refunded for years preceding the prior tax year. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2024. This line applies only to tax years preceding the prior tax year. + \$ 23,268 B. Prior year taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no current year captured appraised value in Line 18D, enter 0. - \$ 31,262 C. Prior year transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0. +/- \$ 0 D. Prior year M&O levy adjustments. Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function. \$ -7,994 E. Add Line 31 to 32D.	\$ 1,421,763
33.	Adjusted current year taxable value. Enter the amount in Line 26 of the No-New-Revenue Tax Rate Worksheet.	\$ 365,232,405
34.	Current year NNR M&O rate (unadjusted). Divide Line 32E by Line 33 and multiply by \$100.	\$ 0.369066 /\$100
35.	Rate adjustment for state criminal justice mandate. ²⁰ A. Current year state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ 0 B. Prior year state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ 0 C. Subtract B from A and divide by Line 33 and multiply by \$100. \$ 0.000000 /\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0.000000 /\$100
36.	Rate adjustment for indigent health care expenditures. ²¹ A. Current year indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year, less any state assistance received for the same purpose. \$ 0 B. Prior year indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2023 and ending on June 30, 2024, less any state assistance received for the same purpose. - \$ 0 C. Subtract B from A and divide by Line 33 and multiply by \$100. \$ 0.000000 /\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0.000000 /\$100

²⁰ (Reserved for expansion)²¹ See Tax Code §26.944²² See Tax Code §26.944



Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
37.	Rate adjustment for county indigent defense compensation.²⁸ A. Current year indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year, less any state grants received by the county for the same purpose..... B. Prior year indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2023 and ending on June 30, 2024, less any state grants received by the county for the same purpose..... C. Subtract B from A and divide by Line 33 and multiply by \$100..... D. Multiply B by 0.05 and divide by Line 33 and multiply by \$100..... E. Enter the lesser of C and D. If not applicable, enter 0.	 \$ 0 \$ 0 \$ 0.000000 /\$100 \$ 0.000000 /\$100 \$ 0.000000 /\$100
38.	Rate adjustment for county hospital expenditures.²⁹ A. Current year eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year..... B. Prior year eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2023 and ending on June 30, 2024..... C. Subtract B from A and divide by Line 33 and multiply by \$100..... D. Multiply B by 0.05 and divide by Line 33 and multiply by \$100..... E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.	 \$ 0 \$ 0 \$ 0.000000 /\$100 \$ 0.000000 /\$100 \$ 0.000000 /\$100
39.	Rate adjustment for defunding municipality. This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code Section 26.0444 for more information. A. Amount appropriated for public safety in the prior year. Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year..... B. Expenditures for public safety in the prior year. Enter the amount of money spent by the municipality for public safety during the preceding fiscal year..... C. Subtract B from A and divide by Line 33 and multiply by \$100..... D. Enter the rate calculated in C. If not applicable, enter 0.	 \$ 0 \$ 0 \$ 0.000000 /\$100 \$ 0.000000 /\$100
40.	Adjusted current year NNR M&O rate. Add Lines 34, 35D, 36D, 37E, and 38E. Subtract Line 39D.	\$ 0.369066 /\$100
41.	Adjustment for prior year sales tax specifically to reduce property taxes. Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in the prior year should complete this line. These entities will deduct the sales tax gain rate for the current year in Section 3. Other taxing units, enter zero. A. Enter the amount of additional sales tax collected and spent on M&O expenses in the prior year, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent..... B. Divide Line 41A by Line 33 and multiply by \$100..... C. Add Line 41B to Line 40.	 \$ 531,120 \$ 0.137870 /\$100 \$ 0.506936 /\$100
42.	Current year voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below. Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 41C by 1.08. - or - Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 41C by 1.035.	 \$ 0.524678 /\$100

²⁸ Tex. Tax Code §26.0442
²⁹ Tex. Tax Code §26.0443



Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
D42.	Disaster Line 42 (D42): Current year voter-approval M&O rate for taxing unit affected by disaster declaration. If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of: 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred; or 2) the third tax year after the tax year in which the disaster occurred. If the taxing unit qualifies under this scenario, multiply Line 41C by 1.08. ¹⁰ If the taxing unit does not qualify, do not complete Disaster Line 42 (Line D42).	\$ 0.000000 /\$100
43.	Total current year debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes; (2) are secured by property taxes; (3) are scheduled for payment over a period longer than one year; and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. ¹¹ Enter debt amount \$ 770,904 B. Subtract unencumbered fund amount used to reduce total debt. = \$ 0 C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) = \$ 0 D. Subtract amount paid from other resources = \$ 0 E. Adjusted debt. Subtract B, C and D from A. \$ 770,904	
44.	Certified prior year excess debt collections. Enter the amount certified by the collector. ¹²	\$ 0
45.	Adjusted current year debt. Subtract Line 44 from Line 43E.	\$ 770,904
46.	Current year anticipated collection rate. A. Enter the current year anticipated collection rate certified by the collector. ¹³ 98.00 % B. Enter the prior year actual collection rate 98.00 % C. Enter the 2023 actual collection rate 98.00 % D. Enter the 2022 actual collection rate 98.00 % E. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ¹⁴	98.00 %
47.	Current year debt adjusted for collections. Divide Line 45 by Line 46E.	\$ 786,636
48.	Current year total taxable value. Enter the amount on Line 22 of the No-New-Revenue Tax Rate Worksheet.	\$ 388,279,831
49.	Current year debt rate. Divide Line 47 by Line 48 and multiply by \$100.	\$ 0.202595 /\$100
50.	Current year voter-approval M&O rate plus current year debt rate. Add Lines 42 and 49.	\$ 0.727273 /\$100
D50.	Disaster Line 50 (D50): Current year voter-approval tax rate for taxing unit affected by disaster declaration. Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D42. Add Line D42 and 49.	\$ 0.000000 /\$100

¹⁰ Tex. Tax Code §26.042(a)¹¹ Tex. Tax Code §26.012(f)¹² Tex. Tax Code §26.012(1b) and 26.04(b)¹³ Tex. Tax Code §26.042(c)¹⁴ Tex. Tax Code §52A.042(c), (d-1) and (d-2)



2025 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

Form 50-856

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
51.	COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the current year county voter-approval tax rate.	\$ 0.000000 /\$100

SECTION 3: NNR Tax Rate and Voter Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
52.	Taxable Sales. For taxing units that adopted the sales tax in November of the prior tax year or May of the current tax year, enter the Comptroller's estimate of taxable sales for the previous four quarters. ¹¹ Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November of the prior year, enter 0.	\$ 0
53.	Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ¹² Taxing units that adopted the sales tax in November of the prior tax year or in May of the current tax year. Multiply the amount on Line 52 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ¹³ - or - Taxing units that adopted the sales tax before November of the prior year. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ 529,568
54.	Current year total taxable value. Enter the amount from Line 22 of the No-New-Revenue Tax Rate Worksheet.	\$ 388,279,831
55.	Sales tax adjustment rate. Divide Line 53 by Line 54 and multiply by \$100.	\$ 0.136388 /\$100
56.	Current year NNR tax rate, unadjusted for sales tax. ¹⁴ Enter the rate from Line 27 or 28, as applicable, on the No-New-Revenue Tax Rate Worksheet.	\$ 0.575584 /\$100
57.	Current year NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November of the prior tax year or in May of the current tax year. Subtract Line 55 from Line 56. Skip to Line 58 if you adopted the additional sales tax before November of the prior tax year.	\$ 0.575584 /\$100
58.	Current year voter-approval tax rate, unadjusted for sales tax. ¹⁵ Enter the rate from Line 50, Line D50 (disaster) or Line S1 (counties) as applicable, of the Voter-Approval Tax Rate Worksheet.	\$ 0.727273 /\$100
59.	Current year voter-approval tax rate, adjusted for sales tax. Subtract Line 55 from Line 58.	\$ 0.590885 /\$100

SECTION 4: Voter Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
60.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ¹⁶ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ¹⁷	\$ 0
61.	Current year total taxable value. Enter the amount from Line 22 of the No-New-Revenue Tax Rate Worksheet.	\$ 388,279,831
62.	Additional rate for pollution control. Divide Line 60 by Line 61 and multiply by \$100.	\$ 0.000000 /\$100

¹¹ Tex. Tax Code §26.041(c)¹² Tex. Tax Code §26.041(d)¹³ Tex. Tax Code §26.041(e)¹⁴ Tex. Tax Code §26.041(f)¹⁵ Tex. Tax Code §26.041(g)¹⁶ Tex. Tax Code §26.041(h)¹⁷ Tex. Tax Code §26.041(i)



Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
63.	Current year voter-approval tax rate, adjusted for pollution control. Add Line 62 to one of the following lines (as applicable): Line 50, Line D50 (disaster), Line 51 (counties) or Line 59 (taxing units with the additional sales tax).	\$ 0.590885 /\$100

SECTION 5: Voter Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the sum of the prior 3 years Foregone Revenue Amounts divided by the current taxable value. ⁴⁰ The Foregone Revenue Amount for each year is equal to that year's adopted tax rate subtracted from that year's voter-approval tax rate adjusted to remove the unused increment rate multiplied by that year's current total value. ⁴¹

The difference between the adopted tax rate and adjusted voter-approval tax rate is considered zero in the following scenarios:

- a tax year in which a taxing unit affected by a disaster declaration calculates the tax rate under Tax Code Section 26.042; ⁴²
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a); ⁴³ or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval. ⁴⁴

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit. ⁴⁵

Line	Unused Increment Rate Worksheet	Amount/Rate
64.	Year 3 Foregone Revenue Amount. Subtract the 2024 unused increment rate and 2024 actual tax rate from the 2024 voter-approval tax rate. Multiply the result by the 2024 current total value	
	A. Voter-approval tax rate (Line 63)	\$ 0.607622 /\$100
	B. Unused increment rate (Line 67)	\$ 0.001175 /\$100
	C. Subtract B from A	\$ 0.606447 /\$100
	D. Adopted Tax Rate	\$ 0.607620 /\$100
	E. Subtract D from C	\$ -0.001173 /\$100
	F. 2024 Total Taxable Value (Line 60)	\$ 362,529,454
	G. Multiply E by F and divide the results by \$100. If the number is less than zero, enter zero	\$ 0
65.	Year 2 Foregone Revenue Amount. Subtract the 2023 unused increment rate and 2023 actual tax rate from the 2023 voter-approval tax rate. Multiply the result by the 2023 current total value	
	A. Voter-approval tax rate (Line 63)	\$ 0.589103 /\$100
	B. Unused increment rate (Line 66)	\$ 0.000348 /\$100
	C. Subtract B from A	\$ 0.588755 /\$100
	D. Adopted Tax Rate	\$ 0.589100 /\$100
	E. Subtract D from C	\$ -0.000345 /\$100
	F. 2023 Total Taxable Value (Line 60)	\$ 363,901,176
	G. Multiply E by F and divide the results by \$100. If the number is less than zero, enter zero	\$ 0
66.	Year 1 Foregone Revenue Amount. Subtract the 2022 unused increment rate and 2022 actual tax rate from the 2022 voter-approval tax rate. Multiply the result by the 2022 current total value	
	A. Voter-approval tax rate (Line 63)	\$ 0.602987 /\$100
	B. Unused increment rate (Line 66)	\$ 0.009639 /\$100
	C. Subtract B from A	\$ 0.593348 /\$100
	D. Adopted Tax Rate	\$ 0.602640 /\$100
	E. Subtract D from C	\$ -0.009292 /\$100
	F. 2022 Total Taxable Value (Line 60)	\$ 332,319,969
	G. Multiply E by F and divide the results by \$100. If the number is less than zero, enter zero	\$ 0
67.	Total Foregone Revenue Amount. Add Lines 64G, 65G and 66G	\$ 0 /\$100
68.	2025 Unused Increment Rate. Divide Line 67 by Line 22 of the No-New-Revenue Rate Worksheet. Multiply the result by 100	\$ 0.000000 /\$100
69.	Total 2025 voter-approval tax rate, including the unused increment rate. Add Line 68 to one of the following lines (as applicable): Line 50, Line 51 (counties), Line 59 (taxing units with additional sales tax) or Line 63 (taxing units with pollution)	\$ 0.590885 /\$100

⁴⁰ Tex. Tax Code §26.012(b).

⁴¹ Tex. Tax Code §526.813(a)(1), (1-b), and (2).

⁴² Tex. Tax Code §526.84(c)(2)(A) and 24.042(a).

⁴³ Tex. Tax Code §526.8911(a) and (c).

⁴⁴ Tex. Local Gov't Code §120.007(e).

⁴⁵ Tex. Local Gov't Code §26.044(j)(2)(B).

**SECTION 6: De Minimis Rate**

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit.¹⁰

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit.¹¹

Line	De Minimis Rate Worksheet	Amount/Rate
70.	Adjusted current year NNR M&O tax rate. Enter the rate from Line 40 of the Voter-Approval Tax Rate Worksheet.	\$ 0.369066 /\$100
71.	Current year total taxable value. Enter the amount on Line 22 of the No-New-Revenue Tax Rate Worksheet.	\$ 388,279,831
72.	Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 71 and multiply by \$100.	\$ 0.128773 /\$100
73.	Current year debt rate. Enter the rate from Line 49 of the Voter-Approval Tax Rate Worksheet.	\$ 0.202595 /\$100
74.	De minimis rate. Add Lines 70, 72 and 73.	\$ 0.700434 /\$100

SECTION 7: Voter Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.¹²

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(f), in the prior year, it must also reduce its voter-approval tax rate for the current tax year.¹³

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago. This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
75.	2024 adopted tax rate. Enter the rate in Line 4 of the No-New-Revenue Tax Rate Worksheet.	\$ 0.607620 /\$100
76.	Adjusted 2024 voter-approval tax rate. Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. ¹⁴ If a disaster occurred in 2024 and the taxing unit calculated its 2024 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2024 worksheet due to a disaster, complete the applicable sections or lines of Form 50-856-a, <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> . - or - If a disaster occurred prior to 2024 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2024, complete Form 50-856-a, <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> to recalculate the voter-approval tax rate the taxing unit would have calculated in 2024 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the years following the disaster. ¹⁵ Enter the final adjusted 2024 voter-approval tax rate from the worksheet. - or - If the taxing unit adopted a tax rate above the 2024 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	\$ 0.000000 /\$100
77.	Increase in 2024 tax rate due to disaster. Subtract Line 76 from Line 75.	\$ 0.000000 /\$100
78.	Adjusted 2024 taxable value. Enter the amount in Line 14 of the No-New-Revenue Tax Rate Worksheet.	\$ 358,956,170
79.	Emergency revenue. Multiply Line 77 by Line 78 and divide by \$100.	\$ 0
80.	Adjusted 2024 taxable value. Enter the amount in Line 26 of the No-New-Revenue Tax Rate Worksheet.	\$ 385,232,405
81.	Emergency revenue rate. Divide Line 79 by Line 80 and multiply by \$100. ¹⁶	\$ 0.000000 /\$100

¹⁰ Tex. Tax Code §26.012(b)(4).

¹¹ Tex. Tax Code §26.061(a)(1).

¹² Tex. Tax Code §26.042(f).

¹³ Tex. Tax Code §26.042(f).

¹⁴ Tex. Tax Code §26.042(f).

¹⁵ Tex. Tax Code §26.042(f).

¹⁶ Tex. Tax Code §26.042(f).



2025 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

Form 50-856

Line	Emergency Revenue Rate Worksheet	Amount/Rate
82.	Current year voter-approval tax rate, adjusted for emergency revenue. Subtract Line 81 from one of the following lines (as applicable): Line 50, Line D50 (disaster), Line 51 (counties), Line 59 (taxing units with the additional sales tax), Line 63 (taxing units with pollution control) or Line 69 (taxing units with the unused increment rate).	\$ 0.590685 /\$100

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above:

No-new-revenue tax rate.	\$ 0.575584 /\$100
As applicable, enter the current year NNRR tax rate from: Line 27, Line 28 (counties), or Line 57 (adjusted for sales tax). Indicate the line number used: <u>27</u>	
Voter-approval tax rate.	\$ 0.590685 /\$100
As applicable, enter the current year voter-approval tax rate from: Line 50, Line D50 (disaster), Line 51 (counties), Line 59 (adjusted for sales tax), Line 63 (adjusted for pollution control), Line 69 (adjusted for unused increment), or Line 82 (adjusted for emergency revenue). Indicate the line number used: <u>59</u>	
De minimis rate.	\$ 0.700434 /\$100
If applicable, enter the current year de minimis rate from Line 74.	

SECTION 9: Addendum

An affected taxing unit that enters an amount described by Tax Code Section 26.012(6)(C) in line 21 must include the following as an addendum:

1. Documentation that supports the exclusion of value under Tax Code Section 26.012(6)(C); and
2. Each statement submitted to the designated officer or employee by the property owner or entity as required by Tax Code Section 41.48(c)(2) for that tax year.

Insert hyperlinks to supporting documentation:

SECTION 10: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in the Tax Code.¹⁴

print
here Chad Nehring
Printed Name of Taxing Unit Representative

sign
here [Signature]
Taxing Unit Representative

Date 7/30/2025

¹⁴ Tex. Tax Code §§26.04(b)-(2) and (b)(2)



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 levied 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 regard 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 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 significant potential savings.

Bond Insurance

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

Disclosure

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

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

Debt Refinancing

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

1. The debt instrument is eligible for refinance.
2. The interest rate will be lower than the current interest rate.
3. The City will realize substantial net savings compared to the existing debt instrument.
4. The refinance will not extend the life of the debt.

Capital Projects

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

Federal Requirements

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



APPENDIX B CITY FUND BALANCE POLICY

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

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

The goal for this policy is that the City would retain in reserves a minimum of 25%, and optimally 30%, without any other funds. This equates to 90 to 120 days of operating reserves which would allow the City to continue providing services without receiving emergency funding or short-term anticipation notes for cash flow purposes in the event of unusual circumstances, natural disaster or another emergency.

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.



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APPENDIX C INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is the investment policy and strategy for the City of Center to achieve the goals of safety, liquidity, yield, and public trust for all investment activities. 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 Audit (Audit) 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 forecast 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 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 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 with 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 and in the event the Finance Director is not available or requires 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 should address the following points:

1. Control of collusion.
2. Separation of transaction authority from accounting to record keeping.
3. Custodial safekeeping.
4. Electronic transfer of funds and securities.
5. Clear delegation of authority to subordinate staff members.
6. Written confirmation for telephone (voice) transaction for investments and wire transfers.
7. 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.

1. The investment of all funds, or funds under the City’s control, over which the officer had responsibility rather than consideration as to the prudence of a single investment.
2. 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 regarding 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 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 using 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.

1. Time and Demand Collateral. All City time and demand deposits shall be secured above FDIC coverage by pledged collateral. 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.
2. 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 with 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 been conformed to the Investment Policy. The report will be provided to the City Manager and City Council. The report will include the following:

1. A listing of individual securities owned at the end of the reporting period.
2. The beginning and ending amortized book and market value of securities for the period.
3. 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.
4. Additions and changes to the market value during the period.
5. Listing of investments by market sector and maturity date.
6. The percentage of the total portfolio which each type of investment represents.
7. Statement of compliance with the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
8. Unrealized gain/loss on the portfolio (market value vs. book value).
9. 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 use 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.

1. Risk of issuer default is controlled by limiting investments to high credit quality securities allowed by the Act, which are described herein.
2. 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 ensure that the City complies 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 of less than \$2,500 may be ordered in the most expeditious manner by use of one verbal quotation. Quotation will be verbally accepted based upon experience, considering price, quality, and delivery date.

B. Purchases between \$2,500 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 \$500.00 or more requires an issued purchase order.**

C. Purchases between \$10,000 and \$100,000

1. An informal Request for Proposal, Qualifications, or Bid (RFP, RFQ, RFB) will be required for purchases between \$10,000 and \$100,000.

2. The City Manager must authorize the release of any RFP, RFQ, or RFB's for budgeted proposed purchases between \$10,000 and \$100,000. 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 more than \$100,000

1. A formal Request for Proposal or Qualifications (RFP, RFQ) with detailed written specifications or scope of work will be required for purchases over \$100,000.

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 follows 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 it to the paper for publishing.

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

5. Only signed and sealed responses will be considered valid and accepted.

6. A minimum of three (3) written proposals must be received.

7. A Purchasing representative will attend all bid openings. This is to protect the City against any claims of impropriety.

8. If less than three responses are received, the Purchasing Department will contact other vendors receiving a bid and collect "No Bid" information. This is to protect the City and its departments from accusations of favoritism or soliciting bids that are proprietary.

9. Any or all bids may be rejected. The City may base their decision upon 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 purchases above \$2,500 will require a purchase order. There are two categories of purchase order, those between \$2,500 and \$10,000 and those greater than \$10,000.

Purchases Between \$2,500 and \$10,000.

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 guaranteeing 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 is completed, 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 \$10,000

1. The employee requesting the purchase completes a Purchase Order Requisition Form.
2. The employee's Department Head signs off on the requisition form.
3. Depending upon the anticipated purchase price, either the formal or informal bidding process will need to be followed.
4. Department head works with Purchasing to develop the bid packet.
5. The City Manager must approve the bid packet prior to placement on the City Council agenda.
6. The City Council votes to authorize the release of the Request for Proposal/Qualification.
7. After bids are received in accordance with Section II of this policy, the requisition is approved by Purchasing to form and process; the Finance Director approves the requisition to guarantee funds are available in the budget. Following these two approvals, the Purchase Order is approved and issued.
8. Purchasing prints out a copy of the PO for the Department Head. The Department Head then authorizes the purchase with the selected vendor.
9. Once the product has been delivered or the service is completed, 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 \$100,000 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 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 suppliers 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 of obligation to 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. Textbooks, 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 gratuity when 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 using 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. Demonstrated competence and qualification to perform the services;
2. 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 contracts, 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, 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 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.

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



APPENDIX E FINANCIAL POLICIES

I. Internal Controls

The City will maintain a system of internal controls to safeguard its assets against loss, prevent fraud and theft, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

The broad definition can be subdivided into two components: accounting and administrative, as follows: Accounting controls comprise the plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records.

Administrative controls comprise the plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to financial records.

Objectives

A system of internal controls should provide the City Council and management with reasonable, but not absolute, assurance that assets are safeguarded against loss, that transactions are executed in accordance with management authorization and established policies, and be able to provide reasonable assurance that these objectives have been met:

1. **Recording Transactions.** Transactions are recorded as necessary to permit preparation of financial statements and to maintain accountability for assets.
2. **Access to Assets.** Access to assets and records should be permitted only with management authorization.
3. **Periodic Independent Verification.** The records should be checked against the assets by someone other than the persons responsible for the records or the assets. Examples of independent verification are monthly bank reconciliations and inventory counts.
4. **Segregation of Duties.** The organizational plan should separate functional responsibilities. In general, when the work of one employee is checked by another, and when the responsibility for custody of assets is separate from the responsibility of maintaining records relating to those assets, then there is appropriate segregation of duties.

Responsibilities

The Finance Department is responsible for designing appropriate controls for the departments and the departments are responsible for implementation. Inherent in these responsibilities is the recognition that the cost of internal controls should not exceed the benefits expected to be derived. Also, internal controls may become inadequate as conditions change, thus requiring review and modification.

Written Procedures

Written procedures shall be maintained by the City Secretary for all functions involving the handling of cash and securities. These procedures shall embrace sound internal control principles.

II. Financial Reporting and Auditing

The purpose of this policy is to keep the City Council apprised of the financial condition of City funds.

The City will prepare monthly financial (general and utility fund revenues and expenditures) reports for the Council to review and be transmitted as an Item of Interest that will not require Council approval.

The City will prepare, as part of the requirement in the Investment Policy, a quarterly Cash and Investment Report. This formal presentation will highlight the City's financial position by fund and type of investment.



The City will also prepare monthly sales tax reports for the Council to continually monitor this elastic revenue source. At least two times throughout the fiscal year, the City will request the Confidential Sales Tax Data from the Comptroller's Office and prepare a detailed report to the Council. The purpose of this report is to identify any anomalies in sales tax collections or to identify any trends.

The City shall have an annual audit conducted by an independent certified public accounting firm. The City Council will approve the audit report no less than 8 months after the close of the fiscal year.

III. Expenditures and Accounts Payable

The purpose of this policy is to ensure that the vendors doing business with the City of Center are paid in accordance with the set accounts payable procedures. The City of Center Accounts Payable department personnel will strive to make timely and accurate payments to all vendors.

This policy applies to all departments that will be submitting invoices to the Accounts Payable department for payment.

Any invoice that has been sent to the City of Center for payment will be presented to the Accounts Payable Clerk. All invoices will be paid according to the terms of the vendor, unless it is a local vendor. Invoices from a local vendor are due upon receipt once the applicable accounts payable procedures have been performed. The Accounts Payable Clerk will print checks weekly.

This payment process will include all the invoices that have been processed according to the applicable A/P procedures and are due for payment within the current payment period.

IV. Accounts Receivable

The purpose of this policy is to ensure that the City of Center is invoicing appropriate customers and capturing all Accounts Receivable owed to the City. Accounts receivable (A/R) is an asset account reflecting amounts owed to the City from people, firms, and other governmental units. The City of Center will strive to treat all customers consistently through established collection procedures, to ensure the collection of delinquent accounts.

The policy applies to all departments in which an invoice for payment due needs to be sent to a customer. This includes any instance (except for utility billing) where service has been or will be provided. This also includes instances where reimbursement is due to the City for damage to City property or infrastructure.

Any Accounts Receivable invoice that needs to be processed and submitted to a customer for payment will be billed through the Billing Department of the City of Center. All billings will occur monthly -- within 45 days of the service or event. Accommodation will be provided for all items that require an earlier billing cycle.

The City will use proper internal controls in the handling of money and make timely deposits of money.

The City will properly and timely record the various receivables and provide the appropriate collection methods for these receivables.

Collection Policy

The following guidelines will be followed whenever an item has been on the Accounts Receivable ageing report for 30 days or over.

30 days -- statement mailed by Billing Department

60 days -- account will be turned over to the Collection Agent in Utility Billing

120 days -- registered letter from Finance Director (demand letter -- 15 days to pay)

150 days -- account will be turned over to the City's legal representative



APPENDIX F CITY ECONOMIC DEVELOPMENT POLICY

Adopted - Resolution 97-7; Ratified/Amended - Resolution 2009-12; Amended - Resolution 2010-28

Section I. Introduction

Whereas it is the policy of The City of Center to be committed to desirable economic development and while successful economic development depends on a viable working relationship between all aspects of the public and private sectors; the City of Center has opportunities available that enable it to take action in this area.

In addition to keeping the protection of the environment and the aesthetics of the community as high priority, any attempts to stimulate the economy should be relatively assured of eventual positive economic effects on the City of Center's revenue raising capabilities. The City of Center is also committed to the rehabilitation and revitalization of structures and areas of historic or economic importance, such as the downtown square area.

This document gives guidelines and criteria to opportunities that the City will utilize in attempts to assert positive economic development. Nothing herein shall imply or suggest that the City of Center is under obligation to afford these opportunities to any applicant.

All applicants shall be reviewed on a case-by-case basis. The customized design of a total incentive package is intended to allow maximum flexibility in addressing the unique concerns of each applicant while enabling the City to respond to the changing needs of the community.

Section II. Tax Abatement General Criteria

All applications must meet the following general criteria before being considered for tax abatement:

1. The project expands the local tax base.
2. The project creates or retains permanent full-time employment opportunities.
3. The project would not otherwise be developed.
4. The project contributes to enhancing further economic development.
5. The project must remain in good standing to all aesthetic and environmental concerns.
6. The project has not been started, and no construction has commenced at the time the application is approved.

The project must not have any of the following objections:

1. There would be substantial adverse effects on the provision of government services or tax base.
2. The applicant has insufficient financial capacity.
3. Planned or potential use of the property would constitute a hazard to public safety, health or morals.
4. Planned or potential use of the property would give adverse impacts to adjacent properties.
5. Any violation of laws of the United States or the State of Texas or Ordinances of the City of Center would occur.
6. Anyone who has a financial interest in the proposed project must not be delinquent for any taxes owed to the City of Center.
7. Anyone who has a financial interest in the proposed project must not own nor occupy any property within the city limits or extraterritorial jurisdiction of the City of Center that is out of compliance with any public nuisance laws, generally Chapter 30 of Center Code of Ordinances, or the Center Zoning Ordinance, as in effect at time of application.



Section III. Specific Criteria for Projects

Policy A.

If the project in the application meets the General Criteria, is a facility of a desired enterprise as determined by City Council, has a capital cost that exceeds \$2,500,000, and creates at least fifteen (15) new jobs with an annually submitted payroll in excess of \$300,000 during each year the agreement is in effect; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%	Year 5 60%
Year 2 100%	Year 6 40%
Year 3 100%	Year 7 20%
Year 4 80%	Year 8 No Abatement

Policy B.

If the project in the application meets the General Criteria, is a facility of a desired enterprise as determined by City Council, has a capital cost that exceeds \$1,000,000, and creates at least ten (10) new jobs with an annually submitted payroll in excess of \$150,000 during each year the agreement is in effect; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%	Year 3 50%
Year 2 100%	Year 4 No Abatement

Policy C.

If the project is to be in the area of the downtown square area also known as the Main Street Project area (as previously registered with the state Historical Commission), meets the General Criteria, is a desirable project as determined by City Council, and has a capital cost of at least \$100,000; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%	Year 3 50%
Year 2 100%	Year 4 No Abatement

Section IV. Applications for Reinvestment Zones and Tax Abatement.

1. All requests for reinvestment zones and tax abatement in the jurisdiction of the City of Center shall be made by filing a written application in the form of a letter addressed to the City Manager. An application for designation of a reinvestment zone and for tax abatement may be combined and submitted jointly. The application letter should address all criteria questions contained in this policy including a certification of compliance with items listed in Section II and shall include the following unless the City has waived a requirement that it has deemed unnecessary to properly evaluate the request.

- A. A general description of the project including purpose and explanation of the improvements as how the project will meet the criteria established by this document.
- B. A plat showing the precise location of the property, all roadways within 500 feet of the site and land use within 500 feet of the site, (a complete legal description shall be provided if the property is described by metes and bounds.)
- C. A complete estimated cost of the project by "line item" approach.
- D. A description of the methods of financing all estimated costs and the time when related costs or monetary obligations are to be incurred.
- E. Estimated number of employment opportunities the project creates, distinguishing between employees to be used during construction and permanent full time employees remaining after construction is complete; included will be annual pay for each position.
- F. A detailed time schedule for undertaking and completing the project.



2. After reviewing the application, if the City Staff find the application to appear complete and accurate and conform to the criteria established by this policy, the City Staff will then do or cause to have done a feasibility review/analysis. This review/analysis shall include, but not be limited to, and an assessment of the economic effects of the creation of the reinvestment zone and the abatement of taxes.

3. After establishing what the City may offer in a tax abatement agreement, the City will then meet with representatives of each governing body of every taxing unit that the proposed reinvestment zone involves; this is to determine each taxing unit's intentions of entering into a tax abatement. The applicant will be informed the City is to confer with other taxing units about the potential tax abatement agreement prior to any meeting.

4. The City will then inform the applicant of the potential tax abatement agreement, the intentions of the other taxing units on tax abatement agreements, and what other incentives, if any, will be offered for the proposed project. If at this point, the applicant is still considering the project and so wishes, City Staff will then follow procedures in accordance with Texas Tax Code Chapter 3112 (Vernon 1989), as amended, that will establish a reinvestment zone and tax abatement agreement.

Section V. Designation of a Reinvestment Zone

The City Council, by ordinance, may designate any area as a reinvestment zone. Prior to adopting such an ordinance, the City Council must conduct a public hearing on the designation that entitles all interested persons to speak and present evidence for or against the designation. Not later than the seventh day before the hearing date, notice of the hearing must be:

1. Published in a newspaper having general circulation in the City.
2. Delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone.

Section VI. Tax Abatement Agreement

The City by resolution may enter into a tax abatement agreement. At least seven days before entering into the agreement, the City will deliver written notice of its intent to each taxing unit that is included in the reinvestment zone. Any agreement will include, but not be limited to, the following specific items:

1. All appropriate stipulations included in the application, as outlined by this document, for a reinvestment zone and tax abatement agreement.
2. The amount and duration of the tax abatement.
3. A method for determining the qualifications of meeting the criteria and a promise to meet and maintain these qualifications over the term of the agreement, the City will be allowed to inspect and audit records to substantiate the meeting of criteria of qualifications.
4. A provision that in the event the agreement is not kept, the tax abatement agreement will be determined null and void and all abated taxes will be paid immediately to the City and all other taxing units participating in the agreement.

An agreement may be terminated by the mutual consent of the parties in the same manner that the agreement was approved and executed.

Section VII. Sales Tax Revenue Sharing

Any request for sales tax revenue sharing shall be present and reviewed by the City Council of the City of Center to determine eligibility, conformity to general guidelines, and determination of achieving desired results in the best interest of the City for each particular applicant under the general conditions, guidelines and definitions within this policy.



A. Development Criteria and Qualifications

To qualify for consideration the following minimum criteria have to be anticipated to be accomplished by the development project:

1. No construction shall have been initiated at time of application or prior to approval.
2. The project will comply with all current environmental and construction code standards of any and all governmental authorities including the City of Center.
3. The project shall be determined by Council to be servicing a regional (multiple counties) market and not solely a local retail enterprise. Generally, this should mean the applicant should not currently operate or develop any locations within a forty-mile radius of Center upon application or during the term of any incentive agreement.
4. Any request should involve the creation of at least ten (10) new full-time jobs, increase of at least \$1,000,000 in ad valorem property tax value and generate an additional \$5,000,000 in annual taxable sales.

B. Incentive & Guidelines

If the Council approves and accepts the application and determines the standards in subsection A above are met, then the following guidelines shall be used to develop a revenue sharing agreement:

1. If the minimum job creation, property tax and/or taxable sales are met, the applicant shall be eligible for $\frac{1}{2}$ cent of sales tax revenue earned by the company for a period of five (5) years. If those minimum levels are maintained or exceeded during the initial five (5) years, then the agreement may be extended for an additional three (3) year period.
2. If any of the criteria in subsection A are substantially exceeded, then the applicant may be approved for up to $\frac{3}{4}$ cent of sales tax revenue earned by the company for a maximum period of ten (10) years.
3. Based upon projected growth and contingent to annually submitted milestones, the Council may approve an agreement with escalating qualifications and corresponding increases in percentage or duration of revenue sharing.

C. Reporting and Compliance

Annual reports shall be required under any agreement for sales tax revenue sharing. The annual report shall document yearly sales volume, total taxable sales, and sales taxes remitted to and verified by the State Comptroller. The report shall also document compliance with each criteria from subsection A and B above, including certified copies of 941 Quarterly Payroll Tax Reports.

Should the applicant fail to satisfy any terms of the agreement or minimum standards in this policy, the sales tax revenue sharing agreement shall become null and void.

Section VIII. Other Incentives

The City Council may consider other economic development incentives as necessary to promote or secure a targeted enterprise. Incentive packages may be coordinated with the City of Center Economic Development Corporation, the City of Center Street Improvements for Economic Development Corporation, the Shelby County Chamber of Commerce or other similar groups. A financial analysis of any incentive offering must be undertaken prior to approval of that offering by the City Council. Analysis will be based on the comparison of direct costs and revenues. Benefit analysis based on economic multipliers and secondary impacts will not be considered.



APPENDIX G ECONOMIC CORRECTION POLICY

In the event that the City experiences an unforeseen economic correction or adjustment, the City will put the following procedures in place to manage such a situation. These procedures will apply to a mid-year correction where the City needs to react quickly or in the budget planning process. These steps are meant to be progressive, where the least disruptive steps will be taken before drastic measures are adopted.

This policy also seeks to provide guidance to the Citizens, City Council, and staff members as to when certain steps might be taken. It will be the City Manager's discretion when the different measures will be implemented.

The City Finance Director will constantly monitor business and economic conditions that would indicate a possible situation and make the City Manager and the City Council aware of revenue implications.

The percentage amounts that trigger reviews are subject to change and can be modified at any time. Any steps can be progressed as rapidly as management deems necessary.

Short Term Adjustments

Fund balance resources above the 30% optimum level may be used to meet short-term financial needs.

Sales tax drop of	General fund revenue drop of	Utility fund revenue drop of	Measure	Action Initiated by:
2%	1%	2%	Situational awareness	Monthly Financials
5%	5%	5%	Manage vacant positions. Vacant positions can either have a hiring delay or re-evaluation to determine necessity. Defer capital or discretionary purchases. Capital purchases can be evaluated to determine if expenditures of non-bond fund-related funds are necessary and urgent. Capital purchases will be examined based on cost, potential long-term savings, service enhancements, or increased operational cost. Those capital purchases that will not negatively impact the City's fund balance, provide operational efficiencies, or result in net cost savings, may be approved to proceed. Those purchases or projects that will be a drain on City resources, provide non-essential service enhancements, or result in increased operational costs will be scrutinized.	City Manager
10%	10%	10%	Reduce expenditure. The third step in this policy is for departments to review budgets and seek ways to trim operational expenditures. Some examples include, but are not limited to: reductions in training and travel, office supplies, fuel, etc.	City Manager with possible Council approval
10%	10%	10%	Increase transfers. If one fund is not as adversely affected beyond another, then that fund (e.g. utility fund) can either expedite the annual transfer amount or increase the transfer amount. This may or may not be done as a receivable.	City Manager



Long Term Organizational Adjustments

Fund balance resources above the 25% minimum level may be used to meet select financial needs.

15%	15%	15%	Hiring freezes. The fourth step in this policy is to place a total freeze on hiring for any new or replacement non-essential open position. Essential positions include those in the police and fire departments, water production, and sewer treatment.	City Council
			Adjust or expand fees. Examine all rates and fees at its' discretion and which can be raised to generate sufficient revenue. This can include, not limited to: water and sewer rates, garbage rates, recreation fee rates, and municipal court fines and fees. Explore the feasibility of creating new fees to ensure continued City operations. Some possibilities include and are not limited to: monthly street, fire protection, and park assessments. These would be adopted by Council by ordinance and then added to each utility customer account.	City Council
18%	18%	18%	Service level adjustments. The Council could consider the measure of adjusting City service levels to reduce costs, up to and including the elimination of services either temporarily or permanently.	City Council
			Use of fund balance below 25% minimum level. Per the City's policy, fund balance can be used to help the City through a crisis, and once over, the fund balance is to be replenished. At this point fund balance resources would be allowed below the 25% minimum.	City Council
			Temporary reduction in pay. Temporarily reduce workforce pay amounts.	City Council
20%	20%	20%	Reduction in force/furloughs. As a final option, the City may require a reduction in force/layoffs. This is the least desirable alternative for the City to adopt and must be done only when all other alternatives have been employed. Early retirement eligibility or evaluate potential layoffs. If the City engages in layoffs, it will follow established procedures and reduction in force policy.	City Council



APPENDIX H FUND TRANSFER POLICY

In order to maintain the solvency and liquidity of each fund, this policy is meant to place limitations on the percentage of a fund's annual budget that can be transferred to another fund.

It is the policy of the City Council that no fund will be unduly burdened by transfers. That would, in effect, become a form of taxation and could potentially lead to the neglect of critical systems, programs, or infrastructure. The policy limitations are set forth below.

Utility Fund

The Utility Fund makes three types of transfers: one to the Debt Fund to pay principal and interest expenses relating to the Utility Fund debt instruments, a franchise fee to the General Fund, and an administrative transfer. These last two transfers are meant to reimburse the General Fund for administrative costs for the management and operation of the Utility Fund. The transfer to the Debt Fund amount is to be the annual debt payment amount plus any associated fees. The amount of franchise fee is calculated as a percentage (3%) of the monthly Utility Fund revenue. And the administrative transfer amount is determined annually based on the assigned costs of administrative functions. The amount of transfer from the Utility Fund to the Debt Fund is capped at 20% of revenues, as expressed in the Debt Policy section. The total amount of the other two transfers is also not to exceed 20% of revenues. Therefore, the Utility Fund shall not transfer an amount greater than 40% of its revenues in a given year.

Solid Waste

The Solid Waste Fund also makes two administrative transfers to the General Fund. One is a 10% franchise fee that is meant to cover a portion of the administration and management of the Solid Waste Fund. The other is a transfer that goes to the General Fund to offset street maintenance costs. The Solid Waste Fund only pays for the solid waste collection contract and minor miscellaneous costs. The total amount of the two transfers is not to exceed 25% of total revenues.

Hotel Occupancy Tax

The Hotel Occupancy Tax revenues collected by the City are deposited into a separate fund. A portion of these funds are transferred to the Debt Fund to pay the debt instrument that funded the construction of the Windham Civic Center. Another portion of these funds are transferred to the General Fund to offset costs associated with the maintenance and operation of the Civic Center and Community House. Until such a time that the debt instrument is retired, the Hotel Occupancy Tax shall not transfer an amount greater than 55% for debt payments and 35% for operations for a total of 90%.

4A and 4B EDC's

The City collects both a Type A (4A) and a Type B (4B) economic development sales tax. Both these entities use existing City staff to manage their operations. The 4A EDC shall not transfer an amount greater than 20% of annual revenues to the City and the 4B shall not transfer an amount greater than 5% of annual revenues. This amount assumes that the City and EDC's maintain the current management structure and operational levels. The City and EDC's can reevaluate this policy if operational activity changes.



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.

Arbitrage: Earnings from investment of bond proceeds before refunding of a callable debt instrument or construction expenditures or coordinated purchase and sale of bonds for reduction in bond payments over time from lowering interest rate on principal amounts.

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.

Balanced Budget: A situation in financial planning or the budgeting process where total revenues are greater than or equal to total expenses. This is meant to extend to structural balance, which excludes or minimizes the use of one-time revenues to balance the budget. A structurally balanced budget is one that supports financial sustainability over time.

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 (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 a purchase order is issued for the expenditure, an encumbrance is made.

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 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 is 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.

Governmental Fund: Grouping used in accounting for tax-supported activities of the City.

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 identity 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 for 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. An accounting fund in which the business-like services provided, such as water and sewer, are financed and operated like those of a private business. The intent is to recover the costs of providing these services 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.



Acronyms Used in the Budget Document

A/R	Account Receivable	RAMP	Routine Airport Maintenance Program
ARPA	American Rescue Plan Act of 2021 (see also CLFRF)	RFB	Request For Bid
AWOS	Automated Weather Observing System	RFP	Request For Proposals
BVP	Bulletproof Vest Partnership	RFQ	Request For Quotations.
CATE	Career and Technical Education	ROW	Right Of Way
CCN	Certificate of Convenience and Necessity	SCAD	Shelby County Appraisal District
CFE	Certified Fraud Examiner	SCADA	Supervisory Control and Data Acquisition
CIP	Capital Improvement Plans	STEP	State Trade Expansion Program
CJD	Criminal Justice Division	SUP	Specific Use Permit
CLFRF	Coronavirus Local Fiscal Recovery Fund - State of Texas	TCDP	Texas Community Development Program
CO	Certificate of Obligations	TCEQ	Texas Commission on Environmental Quality
COLA	Cost of Living Adjustment	TDA	Texas Department of Agriculture
CPI	Consumer Price Index	TIF	Tax Increment Financing
CFVD	Center Volunteer Fire Department	TIRZ	Tax Increment Reinvestment Zone
DIR	Department of Information Resources	TML	Texas Municipal League
DOJ	Department of Justice	TMRS	Texas Municipal Retirement System
EDC	Economic Development Corporation	TPWD	Texas Parks and Wildlife Department
ETJ	Extra Territorial Jurisdiction	TWDB	Texas Water Development Board
FEMA	Federal Emergency Management Administration	TXDOT	Texas Department of Transportation
FY	Fiscal Year	WAAS	Wide Area Augmentation System
GAAP	Generally Accepted Accounting Principals	WAM	Weighted Average Maturity
GASB	Governmental Accounting Standards Board	WSC	Water Supply Corporation
GFOA	Government Finance Officers Association	WWTP	Wastewater Treatment Plant
GO	General Obligations		
HGAC	Houston- Galveston Area Council		
HIF	Housing Infrastructure Fund		
HOME	Home Investment Partnerships (CPD program)		
I&S	Interest & Sinking		
ISO	Insurance Services Office		
JAG	Justice Assistance Grant		
LGC	Local Government Corporations		
LPV	Localized Performance with Vertical Guidance		
M&O	Maintenance & Operation		
PEG	Public, Education, & Government		
PILOT	Payment in Lieu of Taxes		
PPE	Personal protective Equipment		