



# FY 2020 BUDGET



# **City of Center**

## **Fiscal Year 2019-2020**

### **Budget Cover Page**

### **September 23, 2019**

This budget will raise more revenue from property taxes than last year's budget by an amount of \$76,625, which is a 4.47 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 \$12,142.

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

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

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

**AGAINST:**

**PRESENT** and not voting:

**ABSENT:**

### **Property Tax Rate Comparison**

	<b>2019-2020</b>	<b>2018-2019</b>
Property Tax Rate:	\$0.610000	\$0.600000
Effective Tax Rate:	\$0.578216	\$0.564509
Effective Maintenance & Operations Tax Rate:	\$0.334432	\$0.322527
Rollback Tax Rate:	\$0.630275	\$0.616027
Debt Rate:	\$0.256834	\$0.256932

Total debt obligation for City of Center secured by property taxes:  
\$1,002,316.





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**FY 2020 BUDGET  
CITY OF CENTER, TEXAS  
PRINCIPAL OFFICIALS**

**MAYOR**

David Chadwick

**CITY COUNCIL**

Leigh Porterfield – Mayor Pro Tem

Joyce Johnson – District 1

Jerry Lathan – District 2

Howell Howard – District 3

Randy Collard – District 4

Terry Scull – At Large

**CITY MANAGER**

Chad D. Nehring

**CITY SECRETARY**

Barbara Boyd

**CITY ATTORNEY**

John Price





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## **ACKNOWLEDGEMENTS**

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

### **CENTER ECONOMIC DEVELOPMENT CORPORATION**

John Snider, Corporation Board President

### **CENTER ECONOMIC DEVELOPMENT FOR STREET IMPROVEMENTS CORPORATION**

Buster Bounds, Corporation Board President

### **HOTEL/MOTEL ADVISORY BOARD**

Fred Wulf, Board Chairman

### **PLANNING AND ZONING COMMISSION**

Stephen Shires, Board Chairman

### **ASSISTANT CITY MANAGER**

James P. Gibson, CGFO

### **POLICE CHIEF**

Jim Albers

### **FIRE CHIEF**

Keith Byndom

### **PUBLIC WORKS DIRECTOR**

Marcus Cameron

### **WASTEWATER PLANT SUPERINTENDENT**

Larry Weaver

### **JOHN D. WINDHAM CIVIC CENTER DIRECTOR**

Tommy Hughes

### **PURCHASING MANAGER**

Michael Boyd

### **ACCOUNTING ADMINISTRATOR**

Amanda Willey

### **HUMAN RESOURCE ADMINISTRATOR**

Esther Elizondo





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Center  
Texas**

For the Fiscal Year Beginning

**October 1, 2018**

*Christopher P. Morill*

Executive Director





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September 9, 2019

Welcome to the City of Center financial plan and budget for Fiscal Year 2020. We expect this document will provide significant information in an easy to read and understand format. I know that the City staff, corporation officers, and advisory board volunteers have worked hard to make this budget a success. The Council and I express our gratitude to those that have participated in this budget process.

A budget serves many purposes. It is a statement of priorities – each year, the Council goes through a process of weighing different needs and requests from our community. This budget expresses what services the people of Center can expect to receive with their tax dollars. The budget is a strategic planning tool – offering a roadmap for carrying out our highest goals and that we are making the best use of our resources. The budget is a control tool that provides the legal authority for our staff to operate the City. Finally, the budget is a management tool that demonstrates how services are being delivered in the best possible way.

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

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

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

Sincerely,

David Chadwick  
Mayor, City of Center





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Date: September 9, 2019  
To: Mayor, City Council Members and Residents of Center  
From: Chad D. Nehring, City Manager  
Subject: FY 2020 Budget Transmittal Letter

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2019-2020 (FY 2020) Budget. This budget book is intended to provide significant detail of the City's budget in a transparent manner and accomplish the four recognized purposes of this document.

- Budget as a Financial Document - provide thorough financial information about the composition, historic performance and current assumptions about revenue streams and expenditures to be clear in how the City acts as fiscal steward over the money it is entrusted.
- Budget as a Planning Document - describe the methods in which the City will achieve its goals through ongoing operational service, special programs and capital projects.
- Budget as a Policy Document - define the policies that guide the management of the City. Whether they are explicit like the Purchasing, Investment, Debt and Fund Balance Policies, or a description of choices that guide financial decisions.
- Budget as a Communication Tool - summarize information in an understandable format for public consumption and explanation of choices and options made by the City.

We have routinely used metaphors including a complex machine or a wristwatch for the development of the budget. Budgetary outcomes can be calculated by setting certain parameters and through the interactions of certain inputs and other conditions. Much like the cogs in a watch, all parts must work together and even smaller parts have an impact on the final product.

This year, a steady economy undergirds the basic revenue premises including private investments in industrial and commercial projects, both large and small in scale, resulting in a stable tax base and generating some job creation. After experiencing a small resurgence in 2018, the local benefits from activity in the regional energy industry has slowed. The final result is a budget development process that was far less demanding than previous budget cycles.

The City Council has engaged in a number of deep conversations on the City's mission as well as its' direction. This elevated dialogue indicates the commitment and desire to continue progress on programs, services and projects important to the community. These discussions have resulted in the



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drafting of an updated Strategic Plan and the CIP. This effort will continue into FY 2020 to further refine the strategic plan which in turn, influences the operational activities of the City and its various departments.

The Council's priorities for developing the FY 2020 Budget include:

- Stabilization of property tax revenue and decreased reliance on volatile sales tax revenues, while maintaining a stable property tax rate;
- Completion of 2016-2020 Capital Improvements Program projects and planning for future improvement needs;
- Optimization of utility rates and decreasing subsidy of sewer operations;
- Maintaining personnel benefits to attract and retain qualified employees;
- Focus on service levels to provide for the operation and maintenance of community assets;
- Enhancement and major maintenance to components of the utility system;
- Continuing funding toward enhancing the appearance of the community, and;
- Technology upgrades to improve service quality and maintain efficiency.

The Council's underlying budget philosophies which provided direction on budget creation can be found on Page 48. These philosophies were derived from the operating goals and strategic priorities of the Comprehensive Strategic Plan (Pages 19-23) with the financial forecast and planning exhibited on Pages 27-38.

### **Budget Inputs and Outcomes**

The largest new input into the budget matrix is the resources required to service the debt payments associated with the 2019 Certificates of Obligation (CO's). The 2019 CO's were issued to advance completion of the Capital Improvements Program by fully funding the Downtown Renovation Project, the purchase of new fire apparatus, the construction of a major sewer collector, and assorted water and sewer projects.

The Downtown Renovation Project is the most ambitious project the City has undertaken. This \$3.9 million project will transform the function and appearance of Downtown, with improved pedestrian access and safety, traffic calming features, enhanced lighting and aesthetic upgrades. The Budget plans for some additional operating resources (\$24,000 in the Non-Departmental General Fund budget) to account for the anticipated initial costs to properly manage this enhanced asset.



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Annual payments for these projects and improvements required adjustment to the Debt Service Fund. To minimize the I&S tax rate impact of these obligations, the 4B Economic Development Corporation agreed to a contribution schedule for a percentage of costs on the Downtown project and the Utility Fund will be required to contribute funding for projects in that asset category. For more information on this, please reference Pgs. 129.

For more information on the Debt Fund, which includes a comparison of other cities' debt loads, the City's debt limits, and projected debt structure, see Pages 127-131.

For more information about the City's Capital Improvements Program, which lists the current funded projects, some of the past completed projects, and a projection of future projects, see Pages 137-142.

#### Sales Tax

The largest source of general fund revenue continues to be sales tax receipts. More detail regarding sales tax revenues, including its' distribution and derivation can be found on pages 56-57. Combined sales tax revenue is budgeted at \$3,345,600, a slight 1% increase over the FY19 estimate.

Remaining conservative with these projections allows for adjustments to operations and capital expenditures or the ability to offset under-performing revenue streams.

#### Property Tax

Ad valorem appraised values increased modestly this year (3%), with increases in value in residential property due to reappraisals and increases in commercial and industrial values due to enhanced economic activity. The filed version of the budget proposes a property tax rate of \$0.6100, which is 1 cent greater than last year's rate. As referenced above, the Interest & Sinking (debt) rate is virtually the same as last year with the Maintenance & Operation (M&O) rate increasing. The proposed \$0.61 tax rate is greater than the effective rate of \$0.578216, but less than the rollback rate of \$0.630275. A detailed analysis of property tax revenues and rates can be found on pages 58-66.

Warranting special attention is the Council's continued planning directive adjust from reliance on volatile sales tax revenue. The Council once had a budget practice of minimizing the property tax rate at or below the effective rate during a period when sales tax was rapidly growing and property values were steadily increasing. The Council revised this strategy when this sales tax trend altered. Moving forward, the Maintenance and Operation tax rate will begin to increase as debt instruments are retired and property values increase through appreciation and/or new additions to the tax rolls.





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A special revenue analysis was completed that allocates revenues to the respective General Fund departments and calculates an approximate distribution of tax revenue. Of particular interest is the fact that public safety services (Police, Fire, Animal Control, and Municipal Court) use the vast majority of the City's tax revenue. This analysis can be found on Page 64.

#### Utility Fund

To fund the required additional debt service payments from the Utility Fund, there is need for slight rate adjustment (Water 3% and Sewer 5%) that allows for sufficient maintenance and system operations. Even with proposed utility rates, Center's rates are comparable within the region and similar cities.

Utility Fund revenues are expected to rebound from FY 2019, in which water sales were less than projected. This reduction was due to Tyson Foods use decrease during major plant maintenance, a rural water supply corporation eliminating reliance from the City and a wet spring which impacting residential consumption.

Utility Fund expenditures are projected to slightly decrease from the FY 2019 budget. Some reasons for this include: one-time major maintenance completed in FY19 offset with an increase in the transfer to the Debt Fund (See above), and other Capital projects being funded through CIP funds instead of operational funds. Staffing levels are projected to remain constant.

For a full description of water consumption, utility rates, and comparison rates, please see the Utility Fund section, starting on Page 97.

#### Personnel

The City's employees are the greatest asset of the organization. Compensation and benefits are the most significant portion of the City's expenditure budget. In fact, personnel-related costs equate to 67% of General Fund and 32% of Utility Fund expenses. The FY 2020 Budget proposes a 3% COLA for all eligible full-time employees. The City's employee health insurance premium is decreasing as is the contribution rate for the City's retirement pension program, TMRS.

Further in the budget document, the Organizational Chart (Pages 40-41) and Staffing Chart (Pages 42-43) can be found. Personnel cost summaries for the last two budget years, the current year and for FY 2020 are listed on the General Fund Expenditure Overview on Page 71 and Utility Fund Overview



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on Page 101. Additionally, personnel costs are highlighted for each within the department-specific pages.

#### Solid Waste Contract

The current solid waste service contract with Republic Services was renewed five years ago and remains in effect through June, 2020. The contract allows for the annual cost of service to be adjusted based on Consumer Price Index. In the summer of 2019, Republic informed the City that CPI warranted a rate increase of 1.8%. Due to this rate adjustment, this increase will be reflected in customer charges for FY 2020. Please see Page 115 for more information on the Solid Waste Fund.

#### Internal Service Funds

In FY 2016, the City Council created the Vehicle Replacement Fund to stabilize the replacement of fleet vehicles and equipment. Instead of a single capital purchase being a major budgetary decision that could affect tax policy, Council designated a portion of fund balance to ensure a sustainable source of funding for operational capital expenses. The result is that the Vehicle Replacement Fund is now fully capitalized and self-sustaining. Over the next couple of years, the Fund will maintain a fund balance able to meet the City's fleet replacement. The impact in operational budgets are the monthly lease fees, included in this budget, that are assessed to departments based on vehicle function and use.

For more information on the Vehicle Replacement Fund, see Page 133.

In FY 2017, the Council created the Technology Fund to stabilize large technology purchases, which occur regularly as technology has to adapt for services and operational needs and current technology assets become obsolete. All technology related purchases are expensed through the Technology Fund with individual departments assessed regular allocations. Sufficient dedicated fund balances were transferred at the Fund's creation for operational and capital technology purchases to be funded over time, thereby minimizing one-time budget volatility for these major purchases. The FY20 Budget proposes to fund the Technology Fund at a level to achieve sustainability over time while planning for major equipment purchases.

For more information on the Technology Fund, see Page 135.



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### Hotel Occupancy Taxes

Revenues in this fund are generated from the 'bed tax' at hotels and motels within the City. Occupants pay 7% on the cost of their room, which is directly remitted to the City by the hotel operators. Discretionary fund expenditures are overseen by the Hotel Advisory Board which makes funding recommendations to the City Council. For more information about the Hotel Occupancy Tax fund, see Pages 123-125.

Hotel occupancy tax revenues softened in FY 2019 and are expected to contract further in FY 2020 due to a slowdown of activity in the regional energy industry. There are, however, sufficient revenues and resources to fully meet this fund's budgeted obligations – specifically the annual transfer to cover the debt instrument for the Civic Center and the annual transfers for civic center and Community House operations.

### Capital Improvement Program

The City began a systematic Capital Improvement Program (CIP) in 2012. A list of past projects and funding sources are described in that section, starting on Page 137. Further progress is being made in 2020 with the completion of the Downtown Renewal project and a number of major utility projects.

### **Closing Comments**

The result of all these inputs is that the City has an operationally balanced budget with slightly increased property tax rate and utility rates that remain in line with our comparison cities. The City is striving to continue to enhance both infrastructure and service delivery to the taxpayers, residents, and our utility customers. This budget reflects those desires and goals while building on past successes without fiscal risks that may jeopardize future opportunities. Fund balances are near goals and debt levels are reasonable despite significant public facilities and infrastructure improvements. This continues to provide the City with adequate reserves to maintain a sound financial rating and be prepared for emergency situations in accordance with the Council's fund balance policy.

These budget priorities are accomplished while continuing a tradition of conservative and responsible stewardship of public resources. Center is a great place to live, work, visit, and do business because of its progressive spirit in striving toward its future goals while providing quality, yet affordable services. Center is fortunate to have the community leaders, volunteers, and employees pursuing these goals and improving the City.

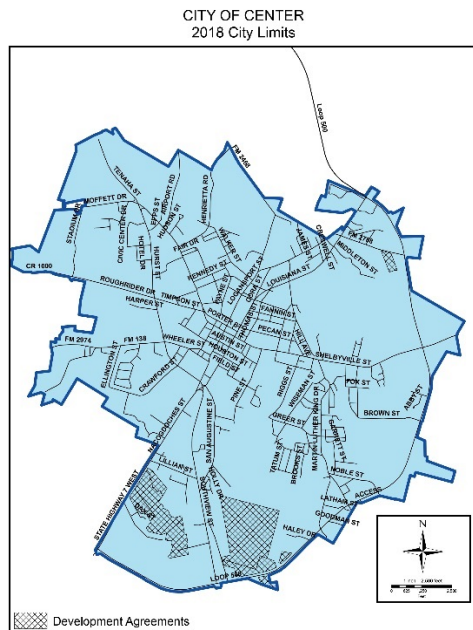


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## FY 2020 BUDGET PROFILE OF CENTER, TEXAS



Although the FY 2020 budget is primarily a financial document, it is also an opportunity to acquaint you with some of the history, highlights, facilities, and economy of Center, which make it a great place to visit, live, work and do business.

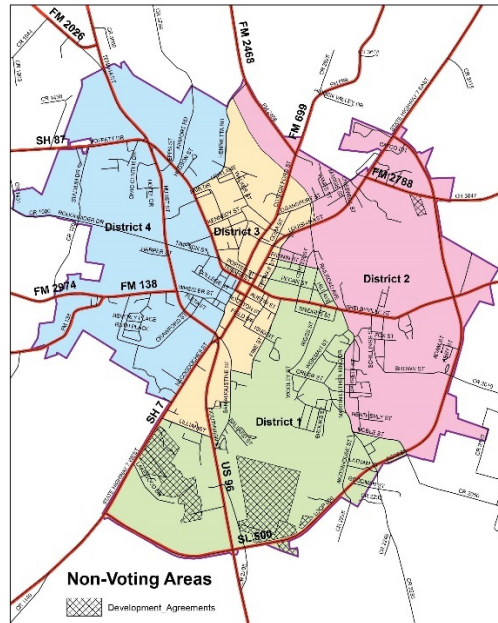


### City Government

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



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



Center, Texas  
Current Voting District Map

## History of Center

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

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

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

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

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



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 April 7, 1984.

### **Economy of Center**

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

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

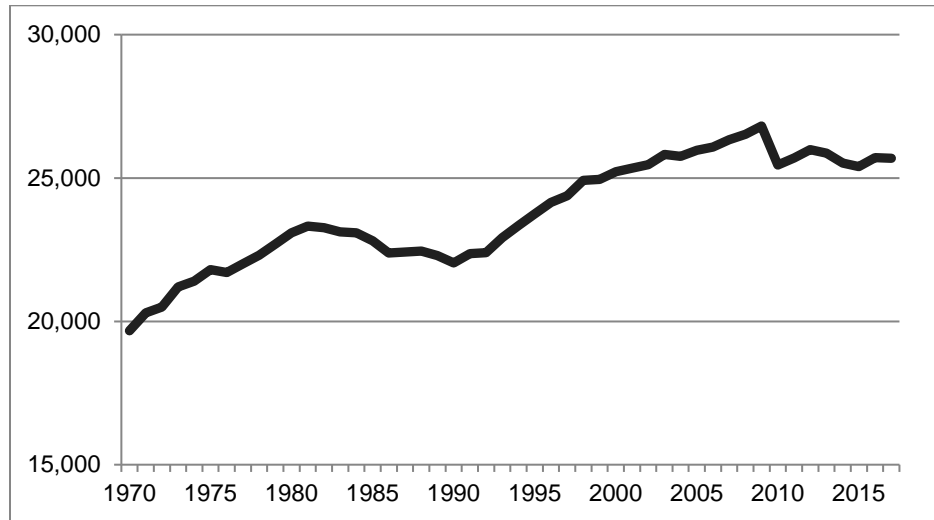
One of the recurring trends illustrated in this section is just how bound Shelby County's economy is to the State of Texas. This is indicated in nearly all of the economic factors discussed below.

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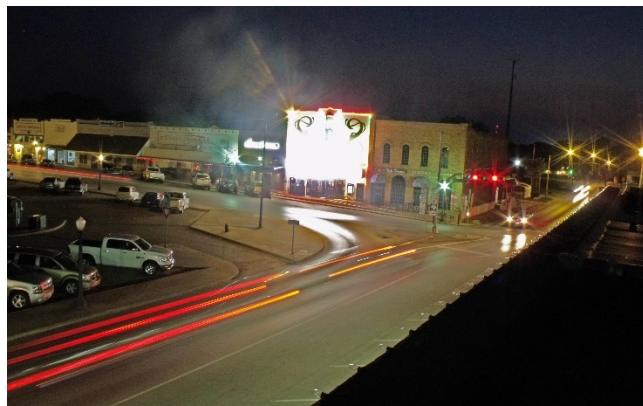
## Population

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

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



Graph 1 – Population trends in Shelby County 1970-2017  
Source: Texas Workforce Commission



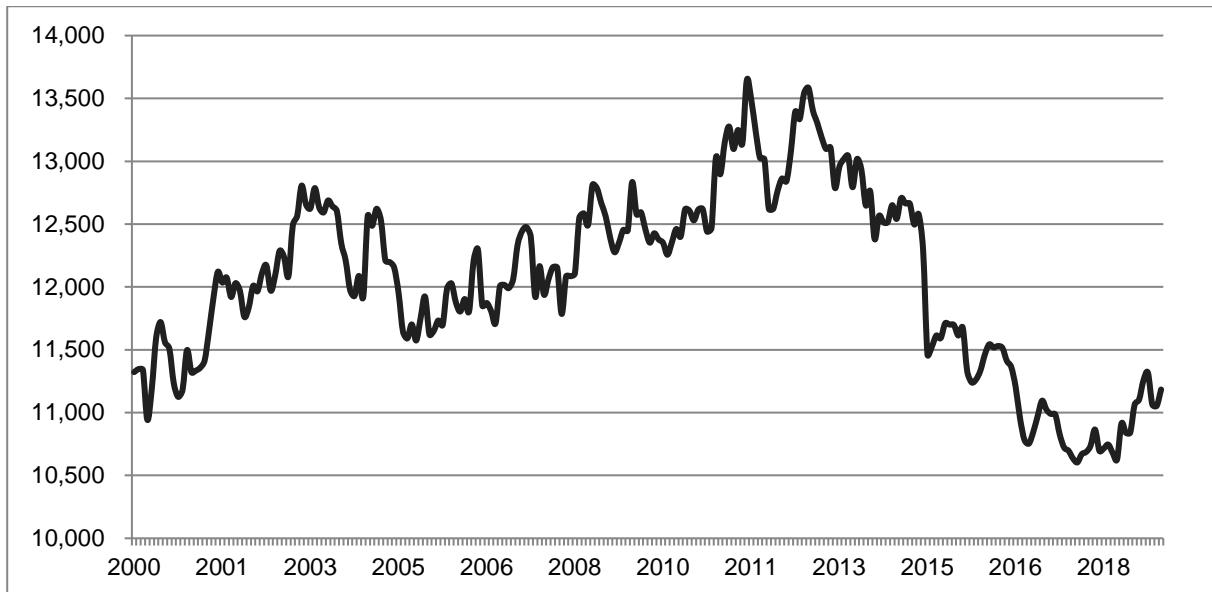
Downtown Center Square at Night



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## Labor Force

The size of the labor force in a given area can indicate the relative health of the local economy. As graph 2 indicates, the size of the Shelby County labor force has declined from record levels and appears to have bottomed out at 10,600. The months where the number is above 12,500 would indicate the time period where gas development was strong in the county and there were simply more individuals working in the county. The County's labor force size appears to trend upward as local economic conditions are improving.



Graph 2 – Size of the labor force – Shelby County – January 2000 to June 2019

Source: Texas Workforce Commission



Tyson Foods is the largest employer in Center

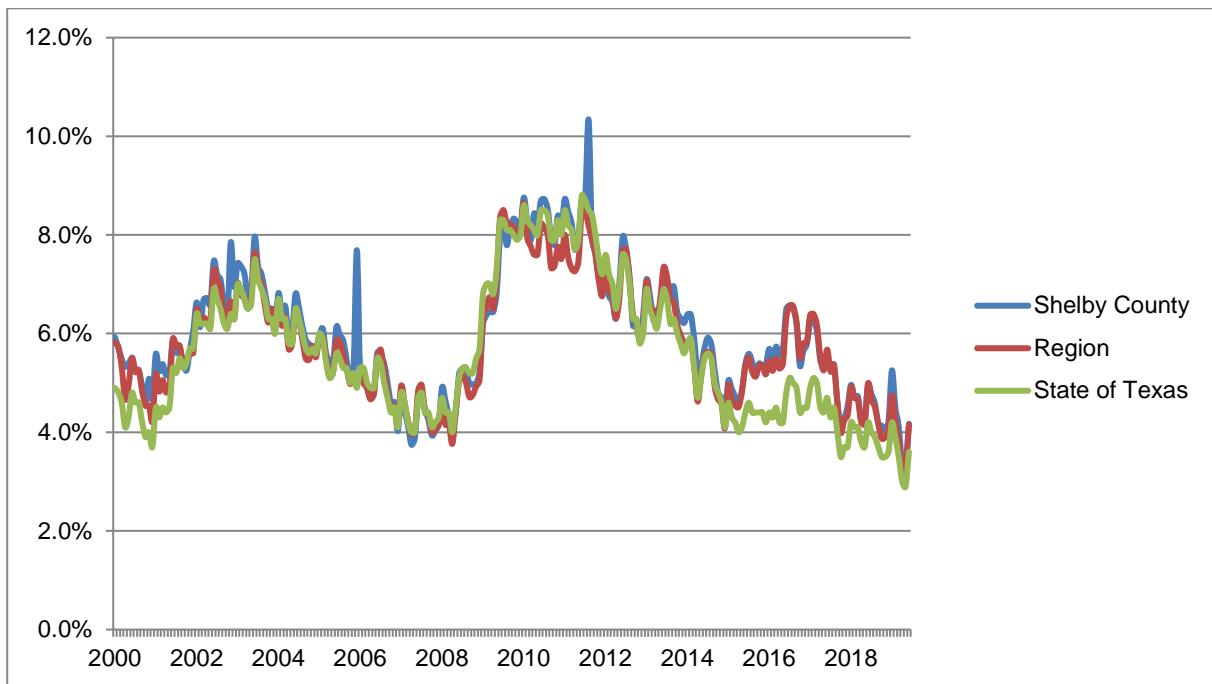




## Unemployment

The unemployment rate in Shelby County remained stubbornly high following the 2009 recession. Along with the nationwide economic downturn, Shelby County has also felt its share of hard times. Following a brief plateau period through 2010, the unemployment rate slowly began its descent. After flirting with some of the lowest unemployment rates in the County's history, the unemployment rate of both Shelby County and the Region (the surrounding five counties) have begun a peculiar pattern of bifurcating from the State's rate. The State's low unemployment rate can partially be explained by the robust energy sector in other parts of the State as well as strong labor markets in large metro areas.

After bifurcating for a period, it appears that the trends have once again converged and that Shelby County enjoys record low unemployment rates.



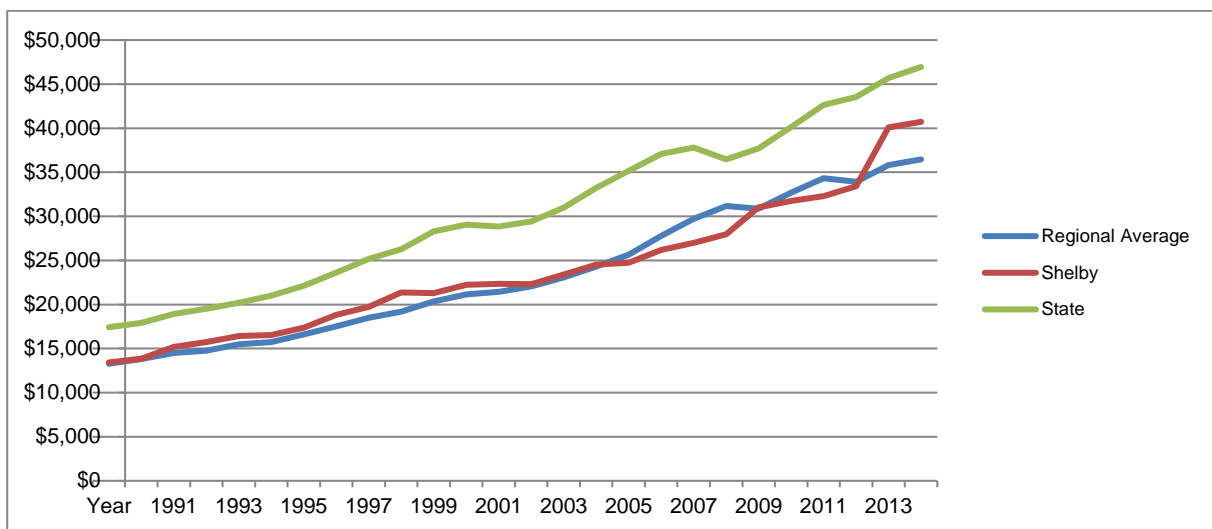
Graph 3 – Unemployment Rate of Shelby County, Region (Nacogdoches, Panola, Rusk, Sabine and San Augustine Counties) and State of Texas – Not Seasonally Adjusted – January 2000 to June 2019  
Source: Texas Workforce Commission



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## Income

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



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

## Economic Clusters

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

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



Industry	Number of Firms	Number of Employees	Annual Wages (\$1,000)
Agribusiness, Forestry, Fishing & Hunting	31	331	9,149
Mining, Gas Extraction	15	238	13,843
Construction	35	204	10,490
Manufacturing	17	2,123	74,863
Retail Trade	83	994	25,263
Finance and Information	51	588	22,811
Health Care	37	475	14,757
Total – All Sectors	484	6,244	209,431

Table 1 – Shelby County Industrial Clusters – 2016  
Source: County Business Patterns [www.census.gov](http://www.census.gov)

### Major Employers

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

Employer	Product	Number of Employees
Tyson Foods	Poultry	1,700
Center Independent School District	Education	400
Wal-Mart Supercenter	Retail	281
Port-A-Cool LLC	Manufacturing	270
Shelby County	Government	130
Holiday Nursing	Health Care	93
General Shelters of Texas	Manufacturing	85
Pine Grove Nursing	Health Care	81
City of Center	Government	79
Green Acres Nursing	Health Care	72
Hallmark – Center Fixture Operations	Manufacturing	54
Spartan Structures	Manufacturing	50
Nacogdoches Medical – ER Department	Health Care	49

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

### Location Quotient

The location quotient of a community looks at the proportion of a type of worker in a given area and the percentage of a worker in a comparison area such as the state or nation and divides those two numbers. A quotient greater than or equal to 1 indicates that there is a strong proportion of an occupation in



comparison to another area. Table 3 examines those workers in four different industries and creates a multi-year location quotient table compared to the State of Texas.

Economic Area/Industry	2018	2017	2016	2015	2014
Financial Activities	1.23	0.97	0.90	0.85	0.72
Manufacturing	2.88	3.07	2.91	2.85	2.67
Trade, Transportation & Utilities	0.92	0.91	0.94	0.96	0.94
Natural Resources & Mining	8.62	6.36	8.27	8.25	9.16

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

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

County	2018 Manufacturing Location Quotient
Morris	4.74
Titus	4.02
Calhoun	3.28
Harrison	2.90
Shelby	2.88

Table 4 – Top 5 Texas Counties – Manufacturing Location Quotients – December 201  
Source: Bureau of Labor Statistics

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



Portacool, LLC is the second largest manufacturer in Center and it's World Headquarters is in Center



### Building Permits as an Indicator

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

Year	Residential		Commercial/Industrial		Total	
	# Permits	\$ Value	# Permits	\$ Value	# Permits	\$ Value
2002	5	48,000	7	101,970	12	149,970
2003	3	10,150	7	291,100	10	301,250
2004	33	2,811,090	6	8,660,000	39	11,471,090
2005	4	441,710	11	2,311,000	15	2,752,710
2006	3	21,500	7	3,745,754	10	3,767,710
2007	15	738,800	11	535,160	26	1,273,960
2008	11	686,513	23	13,104,921	34	12,781,434
2009	10	499,359	25	13,989,157	35	14,488,516
2010	10	2,005,614	16	2,233,795	26	4,239,409
2011	10	470,000	18	22,774,492	28	23,244,492
2012	19	1,269,866	12	4,205,686	31	5,475,552
2013	13	803,350	4	854,000	17	1,657,350
2014	9	376,445	9	4,741,266	18	5,117,711
2015	13	60,419	3	1,294,900	16	1,355,319
2016	20	227,051	11	2,810,851	31	3,037,902
2017	15	312,659	14	874,034	29	1,186,693
2018	12	70,135	6	2,188,800	18	2,258,935

Table 4 – Building permits issued  
Source: City of Center

There was marginal increase in building permit activity in 2018 with some major industrial construction and other minor commercial construction.



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

**VISION STATEMENT**

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

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

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

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

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

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

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



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

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

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

The following sections will explain in detail the strategic imperatives.

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

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

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

Objective 2. Expand and diversify the local industrial base.

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

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

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



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

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

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

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

Objective 6. Develop Center as a retail hub.

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

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

Objective 1. Grow the physical boundaries of the City

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

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

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

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





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

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

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

Objective 2. Develop Center into a tourist destination

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

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

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

Objective 4. Enhance the area's health care system

**GOAL D. ENGAGE THE COMMUNITY BY IMPROVING UNDERSTANDING AND COMMUNICATION**

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

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

**GOAL E. ENHANCE CORE PUBLIC SERVICE DELIVERY**

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

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



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

Objective 2. Enhance drainage systems to protect property

1. Identify drainage projects for maintenance or enlargement
2. Review FEMA floodplain maps
3. Enforce storm water prevention standards on large developments

Objective 3. Implement the Center Municipal Airport Capital Improvements Plan

Objective 4. Enhance public safety programs and outreach

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

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

The City Council began a review of the Strategic Plan in Summer 2019 focusing on economic development, civic pride, and quality of place development.



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**CITY OF CENTER  
STRATEGIC PLAN  
FY 2020 IMPLEMENTATION PLAN**

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

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

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

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

**FY 2020 FUNDED PROJECTS/ACTIVITIES**

<b>Goal A</b>				
	Objective 1.1	Business Survey – software and postage	4A EDC	\$500
	Objective 1.3	Quarterly industrial breakfasts	4A EDC	\$1,000
	Objective 1.4	Data acquisition – Retail, housing and labor market data	4A EDC	\$2,000
	Objective 2.1	Develop relationships with strategic partners	4A EDC	\$2,000
	Objective 2.2	Marketing contract with consultant – focusing on food, wood and metal industries	4A EDC	\$10,000
	Objective 2.2	Attend selected trade shows and related events	4A EDC	\$2,000
	Objective 2.5	Increase portfolio of documented sites	4A EDC	\$75,000
	Objective 3.3	Opportunities for regional-level cooperative marketing	4A EDC	\$3,000
	Objective 4.3	Explore options for additional higher ed facilities in Center	4A EDC	\$0
	Objective 5.1	Evaluate the feasibility of a Public Improvement District	4A EDC	\$0
	Objective 5.1	Complete construction of Downtown Renewal project	4B EDC/CIP	\$3.9 million
	Objective 5.1	Construct Downtown sidewalks and pedestrian walkways	TDA Grant	\$350,000
	Objective 5.5	Downtown façade improvements	4A EDC	\$40,000
	Objective 6.2	Acquire underutilized sites for retail development	4A EDC	TBD
	Objective 6.2	Work with property owners to market tracts	4A EDC	\$0
<b>Goal B</b>				
	Objective 1.2	Water utility expansion	Water Distribution/CIP	\$229,100
	Objective 2.1	Evaluate and amend the housing development assistance policy	City Hall	\$0
	Objective 2.1	Identify additional developers /builders	City Hall/4A EDC	\$0



	Objective 2.3	Evaluate the feasibility of a housing maintenance and landscaping code	City Hall	\$0
	Objective 2.4	Local government corp. to sell acquired residential lots/reinvest for continued development	City Hall/LGC	\$0
Goal C				
	Objective 1.1	Develop Roughrider Drive corridor plan	TIF	\$0
	Objective 1.5	Continue blighted house demolitions	Solid Waste	\$10,000
	Objective 1.1	Develop Hurst Street corridor plan	City Hall	\$0
	Objective 1.3	Install additional entry way signs	City Hall	TBD
	Objective 3.1	Advance development of Ballard Street soccer complex	Parks	\$250,000
	Objective 3.1	Parks Master Plan update	Parks	\$12,500
Goal D.				
	Objective 1	Update websites, develop marketing campaign	City Hall, 4A EDC	TBD
Goal E				
	Objective 1	Construct Southside Elevated Storage Tank	CIP/TCDP	\$356,000
	Objective 1	Filter media rehab at Pinkston Plant	CIP	\$88,000
	Objective 1	Construct US 96 sewer line	CIP	\$1,055,600
	Objective 1.1	Perform annual water tank maintenance	CIP	\$185,400
	Objective 1.1	Perform water lagoon reconstruction	CIP	\$615,800
	Objective 3	Rehab the airport runway and reconstruct Taxiway D	Airport	TBD
	Objective 4	Purchase Tanker/Pumper apparatus	CIP	\$350,000
	Objective 4	Conduct the ISO analysis/ISO rerate	Fire	TBD
	Objective 5.1	Annual street maintenance program	4B EDC	\$600,000

#### ONGOING PROJECTS

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



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## **CITY OF CENTER LONG RANGE FINANCIAL FORECAST FY 2020 – FY 2024**

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

Some issues addressed in this financial forecast and throughout the budget are:

- **Fund Balance.** Insuring the City's fund balance and cash reserve position so that it complies with the Fund Balance policy (Appendix B). As the size of the operating budget grows, so too should the fund balance.
- **Revenue and Expense Policy.** Each year the City reviews the tax and utility rates as well as analyzes how Center compares with other communities. Forecast if there are any expenditure issues that arise that can be managed over time.
- **Debt capacity and payment requirements.**

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

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

### **FORECAST PREPARATION**

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

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

### **Forecasting Methodology**



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

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

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

### **Potential Economic and Environmental Conditions**

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

#### Energy Industry Activity

The United States in general and Texas in particular, began exporting crude oil and natural gas in late 2015/early 2016. The United States is poised to become a world leader in energy commodity exports over the next 20 years. This could result in a resurgence in activity in the Haynesville Shale. An energy activity renaissance would cause a massive influx of temporary works, boosting Hotel Occupancy Taxes around 200%, bringing revenues back to 2010-2011 levels. The City could also experience a 25% increase in sales tax revenues, similar to 2012 levels, however, this would be elastic to the point of volatile. Property tax would see a minor increase as there are not many value producing wells inside the City; value increases would come from some property appreciation but mostly from business personal property and inventories. However, the TIRZ#1 would be the largest beneficiary in terms of property valuations, as the two hotels would have high valuation increases.

On the other hand, this extra activity would place strain on City services. Law enforcement personnel would need to be added to accommodate the larger in-town population. Last time,



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requests for City building permits and inspections increased, businesses were making applications for re-zone and variance requests; the City would need to add back one inspection clerk position that was eliminated.

In early 2018, the City started to experience a modest increase in regional energy industry activity. The result has been an increase in sales tax revenue and a significant increase in Hotel Occupancy Tax revenue. It is uncertain how long this local activity will remain in the region.

#### Health Insurance Rate Volatility

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

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

To mitigate future risks, the City could establish a Health Insurance Fund, which could be a form of self-insurance or the City could secure a new provider.

#### Poultry Industry

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

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





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In 2015, listeria was discovered at the Blue Bell ice cream plant in Brenham and the plant was closed down for about nine months. An event like that would also devastate the local economy.

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

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

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

#### Regulatory

The 79<sup>th</sup> Texas Legislature passed significant legislation that could prove harmful to the City:

Revenue Caps – The legislation that passed exempted the City of Center from the 2.5% rollback election mandate. However, this could be amended in the future to include small cities, such as Center.

Franchise Fees – Essentially eliminating the ROW (franchise fee) for telephone and cable payments.

Building Permits – Passed legislation prevents the City from basing building permit fees on construction value. Council amended the fee structure to be based on square footage.

Annexation – Passed legislation could prevent the City from initiating unilateral annexation proceedings without an annexation service plan.

#### Other Potential Events



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

Additional commercial or residential development would further add population.

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

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

### **General Fund Revenue Assumptions**

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

- The net taxable values for FY 2020 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2021 through 2024 are calculated at 3.5 to 4% annual increases. This is supported by tax abatement expiration, annexations, limited new construction offset by historic depreciation in existing properties.
- The delinquency rate will remain at 4% through the forecast period.

Sales tax revenues are projected to increase 2% each year through the forecast period. Sales tax revenues have stabilized after correcting from record setting years in 2011 and 2012.

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

Each year the Utility 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 was conducted in FY 2013, and updated in FY 2019, to determine the funding adequacy of this revenue stream and determined that the General Fund was subsidizing Utility Fund operations. The study indicated that the transfer should increase to \$415,000 in FY 2019 and then to \$420,000 in FY 2022 and then \$425,000 in FY 2024. A similar transfer/administration fee is assessed to the Solid Waste Fund. For FY 2018, a 3% franchise fee was assessed to the Utility Fund; this is in addition to the 10% Solid Waste franchise fee. The two Economic Development Corporations also transfer money to the City to reimburse for administrative costs. These costs are projected to slightly increase through the forecast period. Finally, the transfer from Hotel Occupancy Taxes are used to offset the costs of maintenance and operation of the Civic Center and Community House. In FY 2013, the Civic Center transfer was reduced to reflect depressed occupancy tax revenues. The forecast anticipates



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stabilizing Hotel Occupancy Tax revenues to allow the transfer amount to eventually be restored by 2021.

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

### **Sales Tax Revenue**

For a time, the City became over-reliant on sales tax revenue to fund operations – sales tax receipts would be greater than or equal to 50% of total general fund revenues. As evidenced from FY 2010 to 2014, sales tax revenue can be very elastic and, at times, volatile. Over reliance on this revenue stream is contrary to the Council's stated policy goal of financial stability. In FY 2018, the City began to experience a resurgence in energy industry activity which resulted in a modest sales tax revenue increase (4.7% in FY 2018 and 3.5% in FY 2019)). To be conservative, the FY 2020 Budget anticipates a 1% increase over the estimate and the forecast expects 2% annual increases.

Year	Total	Percent Change	City	Prop Tax Relief	Total City Sales Tax	4B EDC	4A EDC
FY 2019	3,312,000	3.5%	1,656,000	414,000	2,070,000	828,000	414,000
FY 2020	3,345,600	1.0%	1,672,800	418,200	2,091,000	836,400	418,200
FY 2021	3,412,500	2.0%	1,706,250	426,563	2,132,800	853,125	426,563
FY 2022	3,480,800	2.0%	1,740,400	435,100	2,175,500	870,200	435,100
FY 2023	3,550,400	2.0%	1,775,200	443,800	2,219,000	887,600	443,800
FY 2024	3,621,400	2.0%	1,810,700	452,675	2,263,400	905,350	452,675

### **Property Tax Rate**

The Forecast anticipates that the property tax rate will go on a slightly higher trajectory over the forecast period, rising from the current \$0.575 to \$0.61 and maintaining that rate. Revenue sources that are under the City's control, such as the property tax rate, will need to be evaluated as the rising costs of personnel services exceeds the City's ability to generate revenue.



Tax Year	Taxable Value	M&O Rate	I&S Rate	Total Rate	M&O %	I&S %
2019	282,534,449	0.343303	0.256697	0.600	57.2%	42.8%
2020	291,329,967	0.353166	0.256834	0.610	57.9%	42.1%
2021	301,526,516	0.390009	0.219991	0.610	63.9%	36.1%
2022	312,079,944	0.390459	0.219541	0.610	64.0%	36.0%
2023	324,563,142	0.415149	0.194851	0.610	68.1%	31.9%
2024	337,545,667	0.424423	0.185577	0.610	69.6%	30.4%

It is possible that the City will need to raise the property tax rate in excess of \$0.61 if the Council desires expanded services.

#### General Fund Revenue Summary

	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Property Taxes	940,976	944,668	997,000	1,051,000	1,128,900	1,169,800	1,293,500	1,375,300
Sales Taxes	1,914,108	2,007,861	2,074,000	2,095,000	2,132,800	2,175,500	2,219,000	2,263,400
Law Enforcement	226,098	162,675	157,000	161,000	185,000	185,000	190,000	190,000
Franchise Fees	559,629	687,494	685,600	676,300	670,200	676,800	678,900	685,100
Airport	71,575	94,198	86,000	80,100	110,000	112,000	115,000	115,000
Permits	19,952	13,078	30,000	15,100	15,000	15,000	15,000	15,000
Usage Fees	67,597	63,453	66,600	62,600	75,000	80,000	80,000	80,000
Solid Waste	33	-	-	-	-	-	-	-
Miscellaneous	21,248	19,366	26,600	4,300	5,000	5,000	5,000	5,000
Transfers	848,600	773,410	780,000	790,000	799,000	813,000	830,100	845,200
Interest	10,643	23,344	30,100	24,000	22,400	21,000	20,200	20,000
Grants	1,620	29,391	13,400	3,600	4,000	4,000	4,000	4,000
<b>TOTAL</b>	<b>4,682,078</b>	<b>4,818,939</b>	<b>4,946,300</b>	<b>4,963,000</b>	<b>5,147,300</b>	<b>5,257,100</b>	<b>5,450,700</b>	<b>5,598,000</b>

#### Utility Fund Revenue Assumptions

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

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

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



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

#### Utility Fund Revenue Summary

	FY 2017 Actual	FY 2018 Actual	Estimate FY 2019	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Water	2,859,710	2,859,209	2,652,200	2,865,950	2,902,800	2,947,900	2,993,700	3,040,300
Sewer	936,724	868,856	915,900	943,000	1,015,800	1,086,200	1,161,500	1,242,100
Miscellaneous	97,633	9,499	7,000	3,500	2,900	2,900	2,900	2,900
Interest	12,024	23,069	22,000	17,300	17,000	17,000	17,000	17,000
Tap Fees & Charges	91,808	86,692	78,400	77,100	72,300	72,800	72,800	72,800
Total	3,997,898	3,847,325	3,675,500	3,906,850	4,010,800	4,126,800	4,247,900	4,375,100

All other accounts essentially remained constant throughout the forecast period.

#### EXPENDITURE ASSUMPTIONS

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

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

Costs of Supplies is projected to grow at 7% each year; Maintenance Costs will increase at 5% each year; Contractual and Utilities costs will rise 3% each year; and Capital will remain constant.



## General Fund Summary

	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
<b>TOTAL REVENUE</b>	4,682,078	4,818,939	4,946,300	4,963,000	5,147,300	5,257,100	5,450,700	5,598,000
Personnel	3,139,727	3,101,086	3,236,900	3,315,200	3,463,700	3,576,300	3,693,000	3,814,000
Supplies	111,081	102,012	104,100	117,700	119,200	127,500	136,400	145,900
Contractual	471,289	612,513	669,600	762,100	710,400	731,700	753,700	776,300
Utilities	200,400	235,280	224,700	233,600	238,300	245,400	252,800	260,400
Sundry	154,289	150,957	171,900	190,600	173,700	174,600	175,500	176,400
Maintenance	273,760	299,108	300,200	317,300	331,000	347,600	365,000	383,300
Capital	67,576	151,848	147,600	26,500	70,000	70,000	70,000	70,000
Transfers	46,434	206,136						
<b>TOTAL</b>	<b>4,464,555</b>	<b>4,858,940</b>	<b>4,855,000</b>	<b>4,963,000</b>	<b>5,106,300</b>	<b>5,273,100</b>	<b>5,446,400</b>	<b>5,626,300</b>
Revenues Over/(Under)								
Expenditures	217,523	(40,001)	91,300	-	41,000	(16,000)	4,300	(28,300)

The conclusion is that the General Fund is balanced in FY 2020 and is in good shape for FY 2021, as long as the assumptions remain true. However, for FY 2022 through 2024, the forecast is projecting revenue deficits; Council and management could have to look to either revenue enhancement or expenditure reduction measures in those years.

## Utility Fund Summary

Projected cost escalations are slightly different with 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 3% each year; Contractual expenses will increase 2% each year, Supplies will increase 1.5% annually and Sundry will rise 1% each year.



	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Total Revenue	3,997,898	3,847,325	3,675,500	3,906,850	4,015,900	4,126,300	4,247,900	4,375,100
Personnel	1,231,807	1,239,430	1,229,200	1,234,200	1,317,800	1,361,400	1,406,700	1,452,800
Supplies	282,914	286,345	346,800	381,300	357,300	362,700	368,100	373,600
Contractual	200,239	326,809	330,900	339,250	344,300	351,200	358,200	365,400
Utilities	308,539	290,302	328,300	333,900	348,300	358,700	369,500	380,600
Sundry	47,672	38,738	59,400	68,100	60,600	61,200	61,800	62,400
Maintenance	283,920	403,276	445,200	374,700	472,300	486,500	501,100	516,100
Capital	174,625	164,047	131,150	147,100	150,000	150,000	150,000	150,000
Transfers	966,250	1,020,060	912,043	1,028,300	1,040,300	1,042,400	1,042,500	1,038,500
TOTAL	3,495,967	3,769,007	3,782,993	3,906,850	4,090,900	4,174,100	4,257,900	4,339,400
<b>Revenues Over/(Under) Expenditures</b>	501,931	78,318	(107,493)	-	(75,000)	(47,800)	(10,000)	35,700

The result of this exercise illustrates that it will take another four years for revenue growth to catch up with expenditure growth.

### FUND BALANCE

The City refined its Fund Balance Policy in the FY 2019 Budget. 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.

However, the City's actual cash position will always be different than the amount reflected in the financials. Included in reported fund balance are various receivables and other non-cash assets. It is important to note that the fund balance position is not a true cash position.

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



	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
TOTAL GENERAL FUND REVENUE	4,682,078	4,818,939	4,946,300	4,963,000	5,147,300	5,257,100	5,450,700	5,598,000
TOTAL GENERAL FUND EXPENDITURES	4,464,555	4,858,940	4,855,000	4,963,000	5,106,300	5,273,100	5,446,400	5,626,300
Beginning Fund Balance	<b>1,351,430</b>	<b>1,568,953</b>	<b>1,543,300</b>	<b>1,634,600</b>	<b>1,634,600</b>	<b>1,675,600</b>	<b>1,659,600</b>	<b>1,663,900</b>
Revenues Over/(Under) Expenditures	<b>217,523</b>	<b>(40,001)</b>	<b>91,300</b>	<b>0</b>	<b>41,000</b>	<b>(16,000)</b>	<b>4,300</b>	<b>(28,300)</b>
Ending Fund Balance	<b>1,568,953</b>	<b>1,528,952</b>	<b>1,634,600</b>	<b>1,634,600</b>	<b>1,675,600</b>	<b>1,659,600</b>	<b>1,663,900</b>	<b>1,635,600</b>
<b>Fund Balance Analysis</b>								
Target - 25%	1,116,139	1,214,735	1,213,750	1,240,750	1,276,575	1,318,275	1,361,600	1,406,575
Target – 30%	1,339,367	1,457,682	1,456,500	1,488,900	1,531,900	1,581,900	1,633,920	1,687,900
<b>Percent Compliance</b>								
Target - 25%	141%	126%	135%	132%	131%	126%	122%	116%
Target – 30%	117%	104%	112%	110%	109%	105%	102%	97%
<b>Actual Percent of Expenditures</b>	<b>35%</b>	<b>31%</b>	<b>34%</b>	<b>33%</b>	<b>33%</b>	<b>31%</b>	<b>31%</b>	<b>29%</b>

The forecast indicates that, given the assumptions, that the City will have sufficient fund balance resources to be in compliance and exceed its policy.

## DEBT SERVICE

The City has six debt instruments serviced through the property tax supported debt service fund – the Utility Fund has three. The ad valorem debt structure is such that there is a debt bubble in 2019 and 2020, due mostly to the final payments of the 2014 Tax Notes. This debt bubble is also the primary driver behind raising the tax rate to \$0.60 in FY 2019. The City also issued debt in 2019 to fund the Downtown Renewal plan. Other resources will be transferred to the Debt Fund to mitigate against immediate rate increases. The forecast period's total debt schedule is shown below with totals to be paid with partial contributions from other sources, e.g. Park Fund, CJD Grant, etc.





**General Fund Supported Debt - Total Principal and Interest Payment**

Year	2011 CO's	2012 Refunding	2014 Tax Notes	2016 CO's	Police Technology	2020 CO's	Total Debt Payments
2020	276,500	235,225	193,673	65,241	72,077	159,600	<b>1,002,316</b>
2021	281,500	230,925	0	66,916	72,077	221,800	<b>873,218</b>
2022	281,500	231,625	0	66,041	72,077	242,550	<b>893,793</b>
2023	281,500	231,125	0	66,416	0	242,050	<b>821,091</b>
2024	518,500	0	0	65,516	0	236,300	<b>820,316</b>

Year	Annual Total	Park Fund Transfer	Transfer from CJD Grant	Transfer from 4B EDC	Transfer from H/M	Net Debt Payments
2020	<b>1,002,316</b>	(65,000)	(60,000)	(159,600)	0	717,716
2021	<b>873,218</b>	(85,000)	0	(150,400)	0	637,818
2022	<b>893,793</b>	(85,000)	0	(150,000)	0	658,793
2023	<b>821,091</b>	(13,000)	0	(150,000)	(50,000)	608,091
2024	<b>820,316</b>	(18,000)	0	(150,000)	(50,000)	602,316

**Utility Fund Supported Debt – Total Principal and Interest Payment**

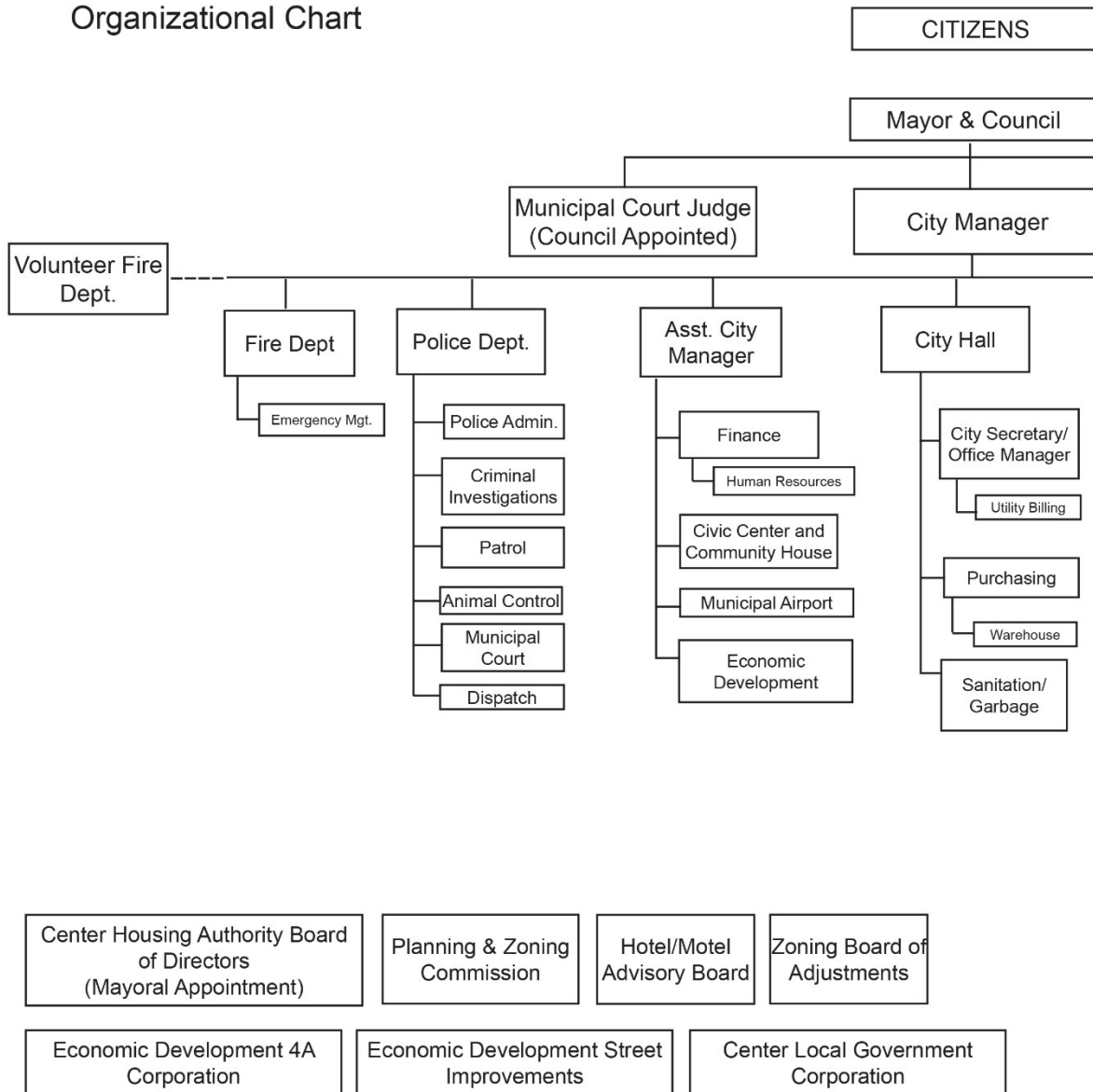
	2016 CO's	2019 CO's	2012 TWDB Bonds	Total
FY 2020	193,847	146,596	129,043	<b>469,486</b>
FY 2021	198,872	141,225	127,963	<b>468,060</b>
FY 2022	196,247	147,725	126,658	<b>470,630</b>
FY 2023	197,372	143,725	130,129	<b>471,226</b>
FY 2024	194,672	144,725	128,348	<b>467,745</b>

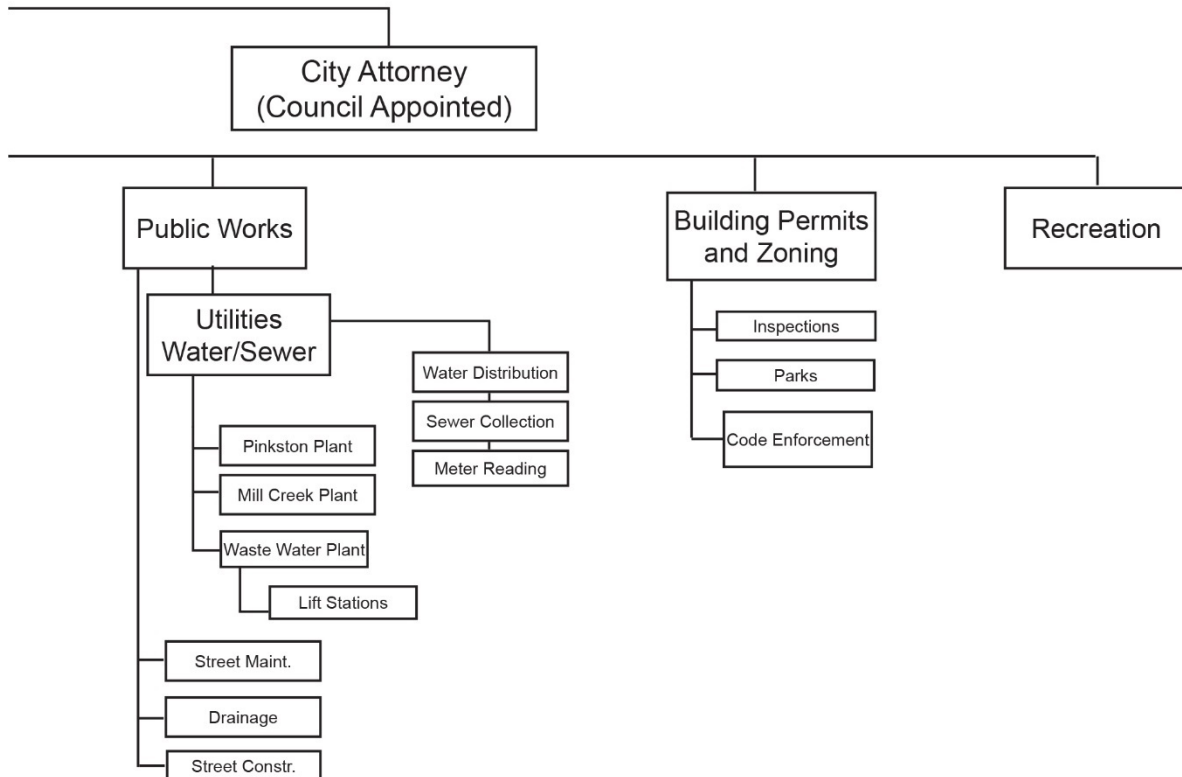


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## City of Center Organizational Chart







**FY 2020 BUDGET  
STAFFING CHART**

Department	Job Title	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2020 Proposed Budget
<b>City Hall</b> <b>(Includes annex and warehouse)</b>	City Manager	1	1	1	1
	Asst. City Manager	1	1	1	1
	City Secretary	1	1	1	1
	Asst. City Secretary	1	0	0	0
	Purchasing Agent	1	1	1	1
	HR Administrator	1	1	0.5	1
	Accounting Administrator	0	1	0.5	1
	Clerks	3	3	4.5	3
	IT	1	1	1	1
	<b>Subtotal - City Hall</b>	<b>10</b>	<b>10</b>	<b>10.5</b>	<b>10</b>
<b>Police Department</b>	Police Chief	1	1	1	1
	Lieutenant	1	1	1	1
	Detective (1 Sgt)	3	4	4	3
	Patrol Sergeant	3	3	3	2
	Patrol Corporal	0	0	0	2
	Patrol Officer	7	7	8	8
	Warrant Officer/Bailiff	1	0	0	0
	Dispatchers	6	6.5	6	7
	Admin. Assistant	1	1	1	1
	Janitor	1	1	1	1
	<b>Subtotal - Police Department</b>	<b>24</b>	<b>24.5</b>	<b>25</b>	<b>26</b>
<b>Fire Department</b>	Fire Chief	1	1	1	1
	Fire Fighter	5	5	5	5
	<b>Subtotal - Fire Department</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Street Department</b>	Foreman	0	0	1	1
	Street Maintenance	3	4	2	2
	<b>Subtotal - Street Department</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>Municipal Airport</b>	Airport Manager	0.5	0.5	0.5	0.5
	<b>Subtotal - Airport</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Parks Department</b>	Parks Maintenance	2	1.5	1.5	1.5
	Parks Supervisor	0	0	0.5	0.5
	<b>Subtotal - Parks</b>	<b>2</b>	<b>1.5</b>	<b>2</b>	<b>2</b>
<b>Inspection Services</b>	Asst. PW Superintendent	1	0	0	0
	Building Official	0	0.5	0.25	0.25
	Code Compliance Officer	0	0	0.25	0.25
	<b>Subtotal - Inspection Services</b>	<b>1</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>



<b>Municipal Court</b>	Court Clerk	1	1	1	1
	<b>Subtotal – Municipal Court</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Civic Center</b>	Civic Center Director	1	1	1	1
	Assistant Director	1	1	1	0
	Maintenance PT	0.5	0.5	0.5	0.5
	<b>Subtotal - Civic Center</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>1.5</b>
<b>TOTAL GENERAL FUND</b>		<b>49.0</b>	<b>50.5</b>	<b>51</b>	<b>50.5</b>
<b>RECREATION FUND</b>					
	Recreation Program Director	1	1	1	1
<b>TOTAL RECREATION FUND</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>UTILITY FUND</b>					
<b>Water Production</b>	Chief Operator	1	1	1	1
	Lead Operator	2	2	2	1
	Plant Operator	4	4	5	6
	Monitoring Technician	1	2	0	0
	<b>Subtotal - Water Production</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>8</b>
<b>Water Distribution</b>	Equipment Operator	0	0	0	1
	Maintenance	4	4	3	1
	Meter Reader/Maintenance	1	0	0	1
	<b>Subtotal - Water Distribution</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>Sewer Collection</b>	Equipment Operator	1	1	1	0
	Maintenance	2	2	3	3
	<b>Subtotal - Sewer Collection</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>
<b>Sewer Treatment</b>	Chief Operator	1	1	1	1
	Plant Operator	2	2	2	2
	Electrician/Plant Operator	1	1	1	1
	<b>Subtotal - Sewer Treatment</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Public Works</b>	Public Works Director	1	1	1	1
	OIC Relief	0	0	0	1
	Public Works Superintendent	1	0.5	0	0
	Public Works Admin Asst.	0	0	0	1
	Public Works Foreman	1	2	1	0
	Warehouse Clerk	0	0	0	0
	Monitoring Technicians	0	0	2	1
	<b>Subtotal - Public Works</b>	<b>4</b>	<b>3.5</b>	<b>4</b>	<b>4</b>
<b>TOTAL UTILITY FUND</b>		<b>23</b>	<b>23.5</b>	<b>23</b>	<b>22</b>
<b>TOTAL CITY EMPLOYEES</b>		<b>73.0</b>	<b>75</b>	<b>75</b>	<b>73.5</b>



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## BUDGET FORMAT

The budget format for the FY 2020 Budget is very different than previous City of Center budgets. This budget document seeks to present much more information for the reader to better understand the operations of the City of Center.

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

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

**FY 2018 Actual** - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2018.

**FY 2019 Adopted Budget** – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2019, including revenues, expenditures, and fund balances.

**FY 2019 Estimate** – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2019. The estimate is calculated as of July 2019.

**FY 2020 Proposed**– Budgeted amounts for each category for the fiscal year ending September 30, 2020.

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

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

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

**Contractual** – All costs associated with securing outside contractual services

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

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

**Sundry** – All costs miscellaneous to the operations of the department

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

## BUDGET PROCESS

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





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

A more detailed budget calendar is listed on the following page.

### **BUDGET ADOPTION**

The budget must be adopted by the City Council prior to October 1 each year in order to set the property tax rate. Per State law, a public hearing is held on the proposed budget and when completed, the budget ordinance is considered by the Council for final approval.

### **TAX RATE ADOPTION**

There are a number of procedural steps that must occur prior to the Council adopting the tax rate. During discussions on the financial forecast and subsequent budget workshop meetings, the Council discusses the required tax rate to meet organizational and operational goals.

Around the end of July, the Shelby Central Appraisal District releases the Certified Tax Rolls and staff can begin the process of calculating the effective and rollback tax rates. If the Council wishes to go above the effective rate, they must take a record vote to consider a higher tax rate. If they choose to adopt a rate greater than the effective rate, then a notice must be published in the newspaper of record announcing the proposed rate and the times for two public hearings. The Council must then hold two public hearings prior to adopting the tax rate.

If the Council wishes to adopt the effective rate, then a single notice must be published with one public hearing.

State law requires that the budget be adopted prior to the adoption of the tax rate ordinance.

### **ADJUSTING/AMENDING THE BUDGET**

The Budget Adoption Ordinance provides a great degree of latitude to the City Manager for managing the budget. As the fiscal year progresses, situations may sometimes arise that were not anticipated and affect the budget. Those items that require a simple transfer from one account to another within the same Department or Fund can be made upon the City Manager's approval. These are items that would not affect the total budget. 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.



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## **BUDGET CALENDAR**

Week of April 15, 2019 – Staff begins development of mid-year estimates

Week of April 30, 2019 – Budget material presented to Department Heads

Week of May 21, 2019 – Department Heads return completed work budgets to the finance department

June 15 through July 30, 2019 – City Manager reviews budget data with Council, Department Heads, and Staff. Begin development of budget book.

August 2, 2019 – 4B EDC Board recommends approval of their budget to the City Council.

August 5, 2019 – City Council holds planning workshop retreat with consultant to review Council governance model, strategic goals, and objectives.

August 12, 2019 – City Council is provided the first summary draft of the proposed budget and Council adopts a resolution considering a maximum tax rate for budget development

August 14, 2019 – Proposed budget filed with the City Secretary; proposed budget is available for public review.

August 15, 2019 – Notice of Public Hearings are published in the Light & Champion.

August 23, 2019 – 4A EDC Board recommends approval of their budget to the City Council.

August 26, 2019 - Council holds first public hearing for proposed property tax increase

September 9, 2019 – City Council holds second public hearing for proposed property tax increase and public hearing for FY 2020 Proposed Budget

September 23, 2019 – Council adopts tax levy and proposed budget

October 1, 2019 – New budget is implemented

## **FOR MORE INFORMATION**

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

For additional information about the City, to download important forms and applications and to view meeting agendas, please visit the City of Center website at [www.centertexas.org](http://www.centertexas.org)



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## **FY 2020 BUDGET PHILOSOPHY**

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

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

## **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 for review. A balanced budget is defined as one where revenues are greater than or equal to expenditures.



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## FUND STRUCTURE AND BASIS OF BUDGETING

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

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

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

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

### Basis of Accounting

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

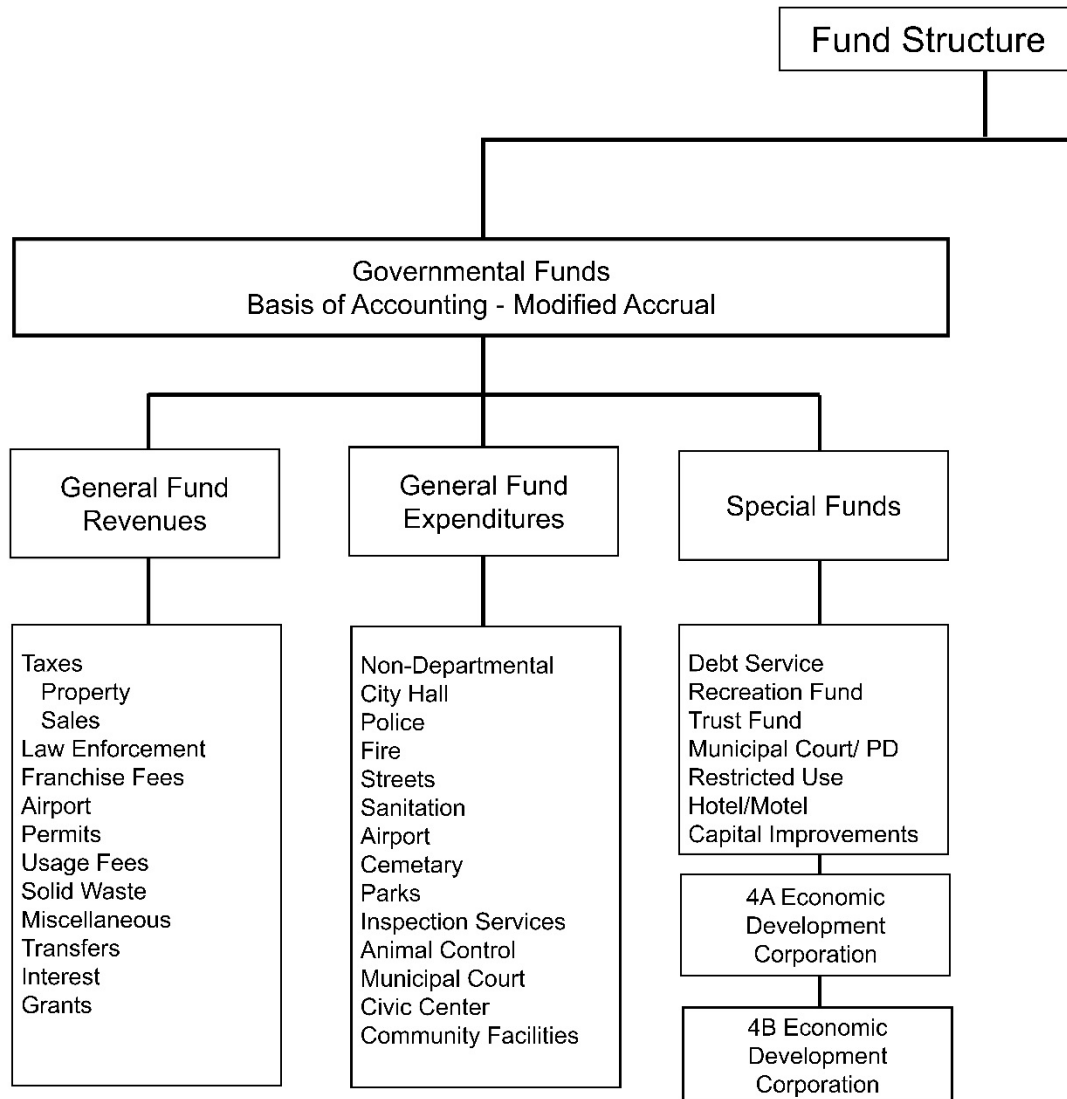
The modified accrual basis of accounting recognizes revenues when they become available and recognizes liabilities when they are incurred. The Governmental Funds use this basis of accounting.

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



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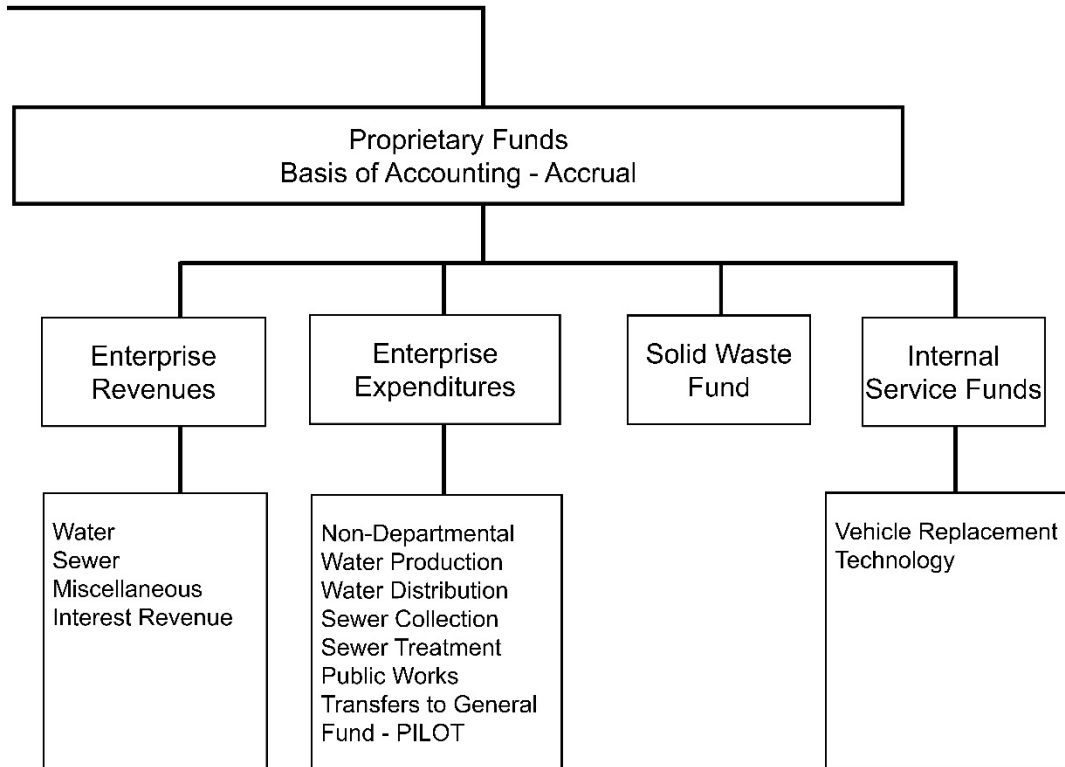
**CITY OF CENTER  
FUND STRUCTURE**



**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.





**FY 2020 BUDGET  
CONSOLIDATED FUND PRESENTATION**

	Governmental Funds							
	General Fund	Debt Service	Court Technology	Building Security	Seizure Fund	Park Fund	Recreation Fund	TIF Fund
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>1,634,600</b>	<b>193,879</b>	<b>9,300</b>	<b>10,570</b>	<b>20,571</b>	<b>305,554</b>	<b>0</b>	<b>47,687</b>
<b>REVENUES</b>								
Taxes	3,822,300	718,300	0	0	0	0	0	0
Permits and Licenses	15,100	0	0	0	0	0	0	0
Charges for Service	142,700	0	0	0	0	0	171,800	0
Fines and Penalties	161,000	0	4,500	3,800	0	0	0	0
Interest	24,000	3,400	150	200	500	3,500	0	500
Miscellaneous Receipts	7,900	0	0	0	0	65,250	0	0
Transfers	790,000	834,900	0	0	0	0	0	44,500
<b>Total Revenues</b>	<b>4,963,000</b>	<b>1,556,600</b>	<b>4,650</b>	<b>4,000</b>	<b>500</b>	<b>68,750</b>	<b>171,800</b>	<b>45,000</b>
<b>TOTAL RESOURCES</b>	<b>6,597,600</b>	<b>1,750,479</b>	<b>13,950</b>	<b>14,570</b>	<b>21,071</b>	<b>374,304</b>	<b>171,800</b>	<b>92,687</b>
<b>EXPENDITURES</b>								
Personnel	3,315,200	0	0	0	0	0	80,000	0
Supplies	117,700	0	0	0	1,500	0	59,000	0
Contractual	762,100	0	0	0	0	0	22,700	0
Utilities	233,600	0	0	0	800	0	500	0
Sundry	190,600	0	700	700	2,000	0	4,500	0
Maintenance	317,300	0	0	0	0	0	5,100	0
Capital	26,500	0	2,000	1,000	0	215,700	0	0
Fund Transfers	0	0	0	0	0	65,000	0	0
Debt Service	0	1,616,600	0	0	0	0	0	28,250
<b>Total Expenditures</b>	<b>4,963,000</b>	<b>1,616,600</b>	<b>2,700</b>	<b>1,700</b>	<b>4,300</b>	<b>280,700</b>	<b>171,800</b>	<b>28,250</b>
<b>REVENUE OVER/ (UNDER) EXPENDITURES</b>	<b>0</b>	<b>(60,400)**</b>	<b>1,950</b>	<b>2,300</b>	<b>3,800</b>	<b>(211,950)</b>	<b>0</b>	<b>16,750</b>
<b>ENDING BALANCE</b>	<b>1,634,600</b>	<b>133,879</b>	<b>11,250</b>	<b>12,870</b>	<b>16,771</b>	<b>93,604</b>	<b>0</b>	<b>64,437</b>

\*\* Use of fund balance is remainder of CJD grant received in FY 2019



	Internal Service Funds		Enterprise Funds		Economic Development Corporations		TOTAL
Hotel/ Motel Fund	Vehicle Replacement Fund	Technology Fund	Utility Fund	Solid Waste Fund	4A EDC	4B Street Improvement EDC	
<b>295,537</b>	<b>135,078</b>	<b>114,499</b>	<b>938,000</b>	<b>100,000</b>	<b>1,450,869</b>	<b>1,130,568</b>	<b>6,386,712</b>
263,600	0	0	0	0	418,200	836,400	6,058,800
0	0	0	0	0	0	0	15,100
0	0	0	3,857,550	1,601,600	0	0	5,773,650
0	0	0	0	0	0	0	169,300
3,200	0	1,200	17,300	3,000	24,000	7,500	88,450
0	2,400	0	3,500	200	53,250	0	132,500
0	136,050	215,850	0	0	0	0	2,021,300
<b>266,800</b>	<b>138,450</b>	<b>217,050</b>	<b>3,878,350</b>	<b>1,604,800</b>	<b>495,450</b>	<b>843,900</b>	<b>14,259,100</b>
<b>562,337</b>	<b>273,528</b>	<b>331,549</b>	<b>4,816,350</b>	<b>1,704,800</b>	<b>1,946,319</b>	<b>1,974,468</b>	<b>20,645,812</b>
0	0	73,200	1,234,200	0	0	0	4,702,600
0	0	12,500	381,300	2,000	0	0	574,000
0	0	69,200	339,250	1,395,300	216,100	43,900	2,848,550
0	0	0	333,900	0	0	0	568,800
43,000	0	3,000	68,100	7,500	16,000	1,000	337,100
0	0	0	374,700	0	3,000	0	700,100
0	67,000	30,000	147,100	0	0	600,000	873,600
223,800	0	0	999,800	200,000	60,000	189,600	1,738,200
0	0	0	0	0	0	0	1,644,850
<b>266,800</b>	<b>67,000</b>	<b>187,900</b>	<b>3,878,350</b>	<b>1,604,800</b>	<b>295,100</b>	<b>834,500</b>	<b>13,987,800</b>
<b>0</b>	<b>71,450</b>	<b>29,150</b>	<b>0</b>	<b>0</b>	<b>200,350</b>	<b>9,400</b>	<b>271,300</b>
<b>295,537</b>	<b>206,528</b>	<b>143,649</b>	<b>938,000</b>	<b>100,000</b>	<b>1,651,219</b>	<b>1,139,968</b>	<b>6,658,012</b>





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## FY 2020 BUDGET GENERAL FUND REVENUE OVERVIEW

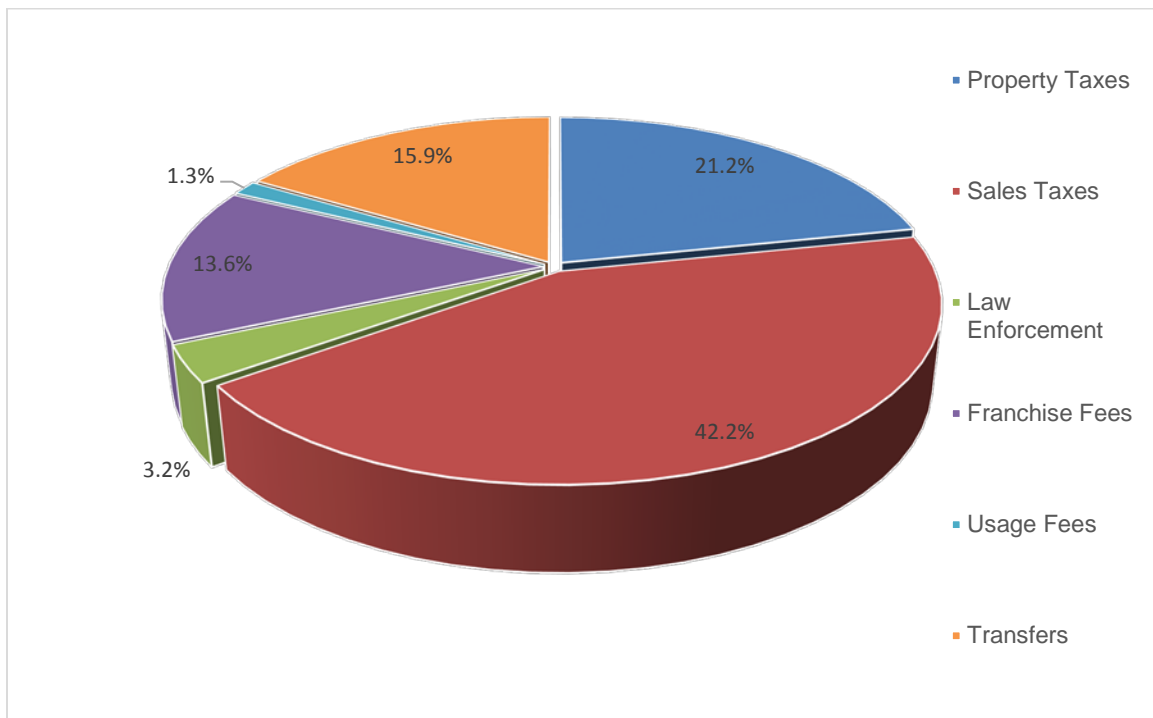
The General Fund provides financing for the City's governmental services, which excludes water and wastewater utility, solid waste, and recreation program operations. General Fund services consist of all public safety functions, including police, animal control, and fire services; community services,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

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

### GENERAL FUND REVENUE

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

Graph 1 and Table 1 both illustrate how the vast majority, over 93%, of general fund revenues are collected from four categories: sales tax receipts, property tax payments, fund transfers, and franchise fees.



Graph 1 - FY 2020 Proposed Budget – Revenue Sources



### Top Revenue Sources

Sales Taxes	2,095,000
Property Tax	1,051,000
Transfers	790,000
Franchise Fees	676,300
<b>Total</b>	<b>4,612,300</b>

**Total Revenue 4,963,000**

Table – 1 - Top City Revenue Sources

### Sales Taxes

The largest source of City revenues is from sales tax receipts, which are projected to account for 42% of the City's general fund revenue. FY 2020 sales tax revenues are budgeted at \$2,095,000, which is a 1% increase from the FY 2019 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 2010 Actual	2,931,706
FY 2011 Actual	3,739,425
FY 2012 Actual	3,498,572
FY 2013 Actual	3,022,640
FY 2014 Actual	2,977,904
FY 2015 Actual	2,987,519
FY 2016 Actual	3,069,326
FY 2017 Actual	3,055,709
FY 2018 Actual	3,199,187
FY 2019 Estimate	3,312,000
FY 2020 Proposed	3,345,600

Table 2 – Total City sales tax receipts

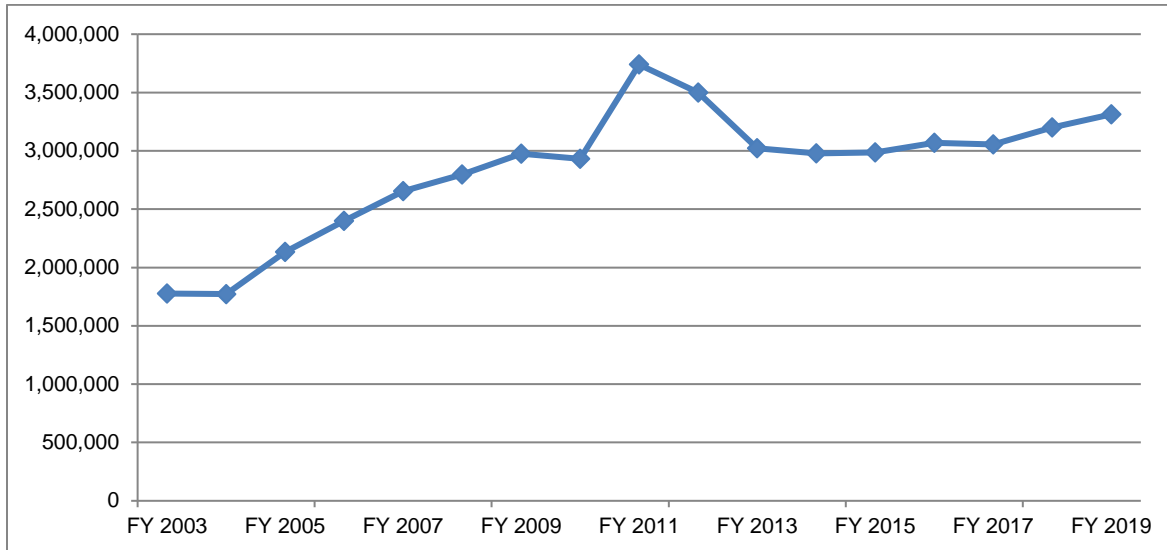
Total City sales tax receipts are split four ways to fund different activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements.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

In fact, the property tax relief sales tax reduces approximately \$0.136 from the City's property tax rate.

	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Proposed
City Sales Tax – 1 cent	1,534,663	1,527,855	1,599,594	1,656,000	1,672,800
Sales Tax for Property Tax Relief – ¼ cent	383,666	381,964	399,898	414,000	418,200
<b>Total Sales Tax to General Fund</b>	<b>1,918,329</b>	<b>1,909,819</b>	<b>1,999,492</b>	<b>2,070,000</b>	<b>2,091,000</b>
4A EDC – ¼ cent	383,666	381,964	399,898	414,000	418,200
4B Street EDC – ½ cent	767,331	763,928	799,797	828,000	836,400
<b>TOTAL CITY SALES TAX COLLECTIONS</b>	<b>3,069,326</b>	<b>3,055,711</b>	<b>3,199,187</b>	<b>3,312,000</b>	<b>3,345,600</b>



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



Graph 2 – Total sales tax collection history. FY 2003 – FY 2019

Looking to the future, the City expects continued expansion of commercial and retail establishments. The City anticipates that once the price and demand of natural gas increases there will be additional drilling activity in the region – more than the modest activity level seen in 2018. Center is now even better positioned to capture those sales tax dollars than during the initial surge of the energy industry into the area in 2008.

The State of Texas Comptroller of Public Accounts provides information to the City detailing where sales taxes are generated. The data set begins in October 2010 and runs through the most recent available month, June 2018, providing insight to sales tax generated by industrial classification code. Table 3 provides the percent of receipts by industry code for the given fiscal year.

Industry Classification	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Agriculture, Forestry & Fishing	0.1%	0.1%	0.0%	0.2%	0.0%
Mining, Utilities & Construction	5.7%	5.6%	6.0%	5.8%	6.8%
Manufacturing	8.3%	8.8%	8.4%	7.5%	7.7%
Wholesale and Retail	61.0%	60.6%	60.1%	59.6%	57.9%
Information, Financial and Professional Services	10.8%	11.4%	11.6%	12.4%	13.4%
Education and Health Care	0.2%	0.3%	0.3%	0.2%	0.2%
Accommodations and Food	11.3%	10.6%	10.5%	10.8%	10.6%
Other	2.0%	2.1%	2.5%	2.8%	2.7%
Public Administration	0.6%	0.6%	0.6%	0.6%	0.6%

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



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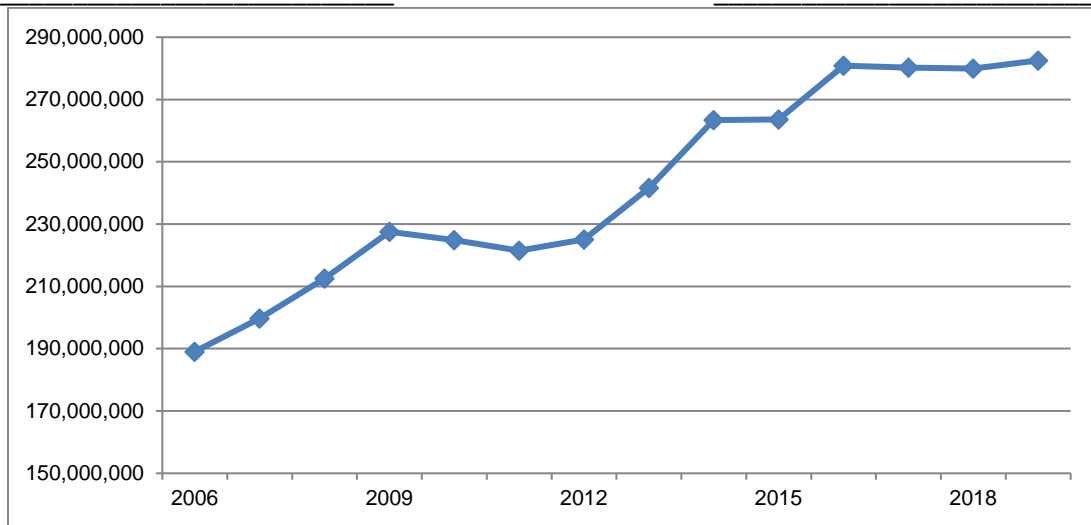
### Property Taxes

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

<b>Tax Year</b>	<b>Tax Rate</b>	<b>Appraised Taxable Value</b>
2002	0.622856	140,069,602
2003	0.604100	151,844,181
2004	0.562100	169,059,857
2005	0.536750	183,209,901
2006	0.536000	189,050,972
2007	0.523300	199,725,654
2008	0.508780	212,508,699
2009	0.476000	227,529,570
2010	0.490250	224,839,614
2011	0.490250	221,532,434
2012	0.500000	225,067,201
2013	0.510000	241,616,065
2014	0.500000	263,443,994
2015	0.530000	263,621,780
2016	0.540000	280,829,746
2017	0.560000	280,224,688
2018	0.575000	279,923,149
2019	0.600000	282,534,449
2020 Proposed	0.610000	291,329,967

Table 4 – City tax rate history

Expanding upon the data from Table 4, Graph 3 visually depicts the rise in the City's taxable value from 2006 to 2018. Essentially, through such factors as annexation, development, and property appreciation, the taxable value of the City has risen 28% over the past 12 years and has nearly doubled over the past 18.



Graph 3 – Certified Taxable Value History – 2006 - 2019

The City's total property tax rate is divided into two portions. The first is the Maintenance and Operations rate (M&O); this part of the property tax levy is deposited into the City's general fund and is merged with other revenues to pay for the operation of the City each year. The second portion is the Interest and Sinking rate (I&S); proceeds from this levy are deposited into a separate fund and is used to repay debt that has been secured with ad valorem tax revenues. Table 5 shows how the I&S and the M&O rates fluctuate from year to year and the goal is to have the two operate in a balance. The reason why the I&S rate is historically higher than usual is that the City took on additional property-tax secured debt in FY 2014, FY 2016 and FY 2019 as part of the Capital Improvements Program.

Tax Year	M & O Rate	I & S Rate	Total Tax Rate
2003	0.392953	0.211147	0.604100
2004	0.340300	0.221800	0.562100
2005	0.327890	0.208860	0.536750
2006	0.327536	0.208464	0.536000
2007	0.326500	0.196800	0.523300
2008	0.296540	0.212240	0.508780
2009	0.276600	0.199400	0.476000
2010	0.293350	0.196900	0.490250
2011	0.337800	0.162200	0.490250
2012	0.251000	0.249000	0.500000
2013	0.260500	0.249600	0.510000
2014	0.290953	0.209047	0.500000
2015	0.327787	0.202213	0.530000
2016	0.328430	0.211570	0.540000
2017	0.325760	0.234240	0.560000
2018	0.333514	0.241486	0.575000
2019	0.343068	0.256932	0.600000
2020 Proposed	0.353166	0.256834	0.610000

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

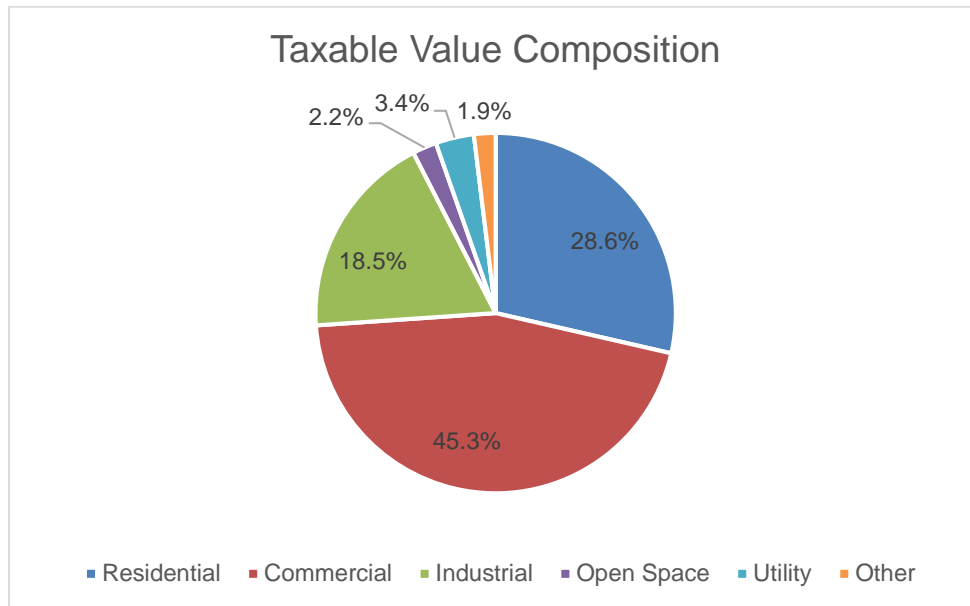


Table 6 below shows how, over time, the composition of the Center tax base has slightly changed. Until the 2012 tax year, the highest single percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial real property. The last few years has seen residential and commercial properties achieve a balance. Due to reappraisals in 2019, commercial and industrial values have seen a modest increase. The City's residential tax base composition is now less than 30%. Additional detail is provided in Table 7.

	2012	2013	2014	2015	2016	2017	2018
Single family residential	34.2%	29.66%	33.87%	32.4%	33.3%	34.7%	28%
Multi-family residential	0.73	0.67	0.59	0.55	0.6%	0.6%	0.6%
Vacant lots	0.74	0.68	0.75	0.68	0.7%	0.7%	0.7%
Commercial	30.76	33.74	34.94	32.57	33.4%	34.5%	33.8%
Industrial	4.67	4.75	4.54	4.66	5.2%	3.9%	4.0%
Personal – commercial	12.12	11.45	12.90	13.19	12.8%	12.5%	11.5%
Personal – industrial	8.91	11.59	14.39	16.52	15.6%	13.1%	14.6%

Table 6 – Composition of Center tax base – Taxable Values

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



Graph 4 – 2019 Taxable Value by Category



Property Description	2017 Market Value	2018 Market Value	2019 New Value	2019 Market Value	2019 Taxable Value	2018-2019 Market Difference	Percent Change
Single Family	93,813,962	94,880,451	124,070	101,270,781	83,563,984	6,390,330	6.7%
Multi Family	1,717,800	1,700,020	0	1,693,170	1,681,512	(6,850)	-0.4%
Residential	95,531,762	96,580,471	124,070	102,963,951	85,245,496	6,383,480	6.6%
Vacant Lots and Land	1,918,321	2,024,937	0	2,104,461	2,099,661	79,524	3.9%
Qualified Open Space	7,828,439	7,952,669	0	8,510,179	232,444	557,510	7.0%
Open Space Improvements	128,620	126,690	0	135,150	133,271	8,460	6.7%
Rural Land	4,107,380	4,111,680	43,620	4,532,720	3,992,983	421,040	10.2%
Open Space	13,982,760	14,215,976	43,620	15,282,510	6,458,359	1,066,534	7.5%
Commercial Real Property	93,240,818	97,561,930	0	101,936,880	100,758,731	4,374,950	4.5%
Commercial Personal Property	33,644,950	33,244,790	1,769,260	34,411,010	34,411,010	1,166,220	3.5%
Commercial	126,885,768	130,806,720	1,769,260	136,347,890	135,169,741	5,541,170	4.2%
Industrial Real Property	10,402,450	12,615,350	0	12,747,360	11,902,640	132,010	1.0%
Industrial Personal Property	35,423,940	47,456,340	0	47,493,510	43,395,460	37,170	0.1%
Industrial	45,826,390	60,071,690	0	60,240,870	55,298,100	169,180	0.3%
Gas Distribution	472,980	478,070	0	501,460	501,460	23,390	4.9%
Electric Company	4,397,720	4,728,230	0	5,387,240	5,387,240	659,010	13.9%
Telephone Company	1,179,810	1,100,450	0	1,134,380	1,134,380	33,930	3.1%
Railroad	2,275,730	2,520,140	0	2,626,670	2,626,670	106,530	4.2%
Cable	482,110	462,600	0	610,650	610,650	148,050	32.0%
Utility	8,808,350	9,289,490	0	10,260,400	10,260,400	970,910	10.5%
Other Tangible Property	1,553,870	1,539,700	75,000	1,792,570	1,291,258	252,870	16.4%
Residential Inventory	30,410	30,410	0	30,410	30,410	0	0.0%
Special Inventory	3,405,790	4,313,950	0	4,459,380	4,459,380	145,430	3.4%
Other	4,990,070	5,884,060	75,000	6,282,360	5,781,048	398,300	

**TOTALLY EXEMPT PROPERTY**

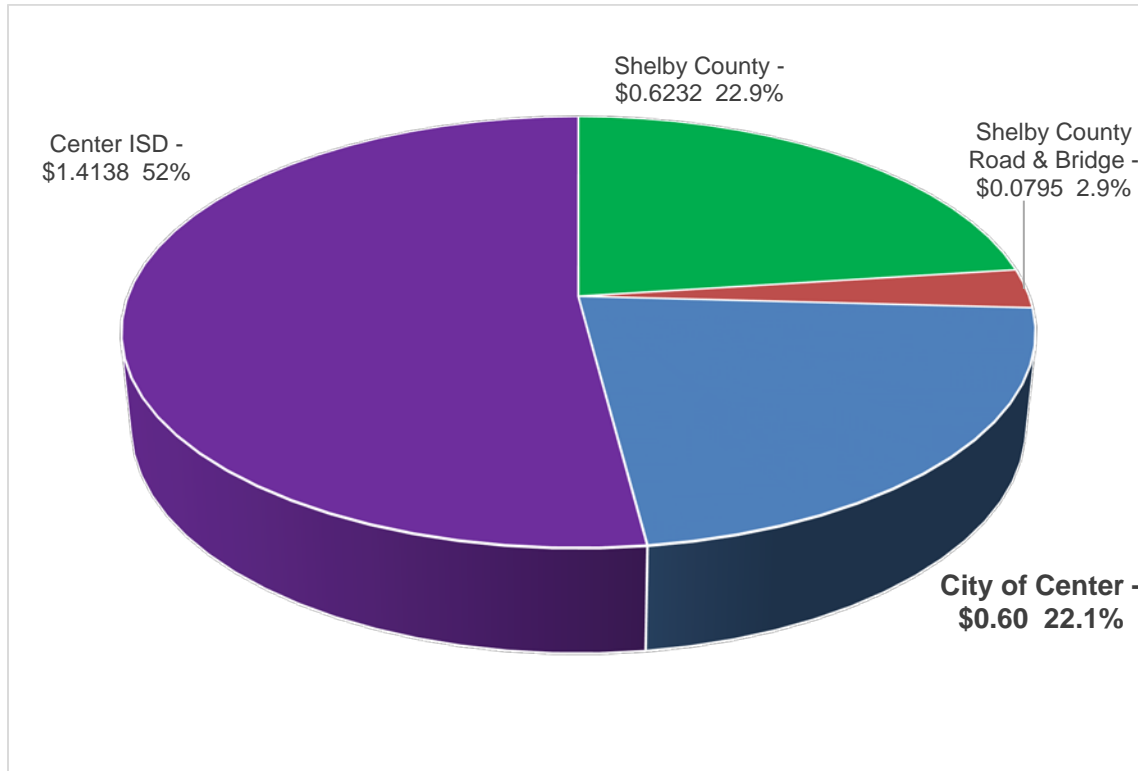
**46,585,110**

Table 7 – Property Valuation Analysis.  
Source: Shelby County Central Appraisal District





Many citizens are often unclear as to how much of their total tax bill represents City taxes compared to other taxing entities. For those property taxpayers in the City, there are three property tax entities: the City, the Center Independent School District, and Shelby County, which also includes a separate Road and Bridge Tax. Graph 5 provides a graphical representation of the 2019 tax rates and how the City's rate stands in comparison.



Graph 5 – City of Center taxing entities tax rate comparison - 2019

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

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

A metric added in the FY 2020 Budget is the Residential Tax Levy per Capita divided by Per Capita Income. This is intended to be a measure of the relative tax burden that a governing body places on their citizens. The percentage of the residential tax base is pulled from the data set and is multiplied by the total levy (total net taxable/100 x total tax rate). Then this figure is divided by the total population to



yield the Residential Tax Levy Per Capita. Then this figure is divided by the community's Per Capita Income. For Center, this metric is very similar to the average of the comparison cities.

City	Population	Total Net Taxable	Total Tax Rate	% Residential Tax Base	Residential Tax Levy Per Capita	Per Capita Income	RTLpc/Per Capita Income
Whitehouse	8,317	369,987,594	0.792891	82.5%	291	25344	1.1%
Bullard	3,287	258,843,547	0.595347	74.6%	350	29059	1.2%
White Oak	6,544	354,114,810	0.586280	72.1%	229	25167	0.9%
Rusk	5,618	122,477,510	0.480000	70.7%	74	12811	0.6%
Gladewater	6,541	320,338,526	0.749990	66.8%	245	20363	1.2%
Farmersville	3,542	235,957,615	0.750000	65.1%	325	28244	1.2%
El Campo	11,766	589,362,995	0.632180	62.6%	198	30216	0.7%
Nacogdoches	33,932	1,634,714,110	0.616900	58.4%	174	20757	0.8%
Brenham	16,989	1,328,029,691	0.517000	57.4%	232	23023	1.0%
Gilmer	5,216	310,374,856	0.629523	55.2%	207	22790	0.9%
Jacksonville	14,910	608,263,553	0.690000	54.7%	154	17879	0.9%
Crockett	6,950	243,560,080	0.596791	52.7%	110	15722	0.7%
Mexia	7,539	279,952,737	0.850900	50.9%	161	17159	0.9%
Liberty	9,215	677,187,476	0.585100	49.1%	211	25039	0.8%
Sulphur Springs	16,162	927,144,948	0.440000	47.5%	120	21749	0.6%
Decatur	6,721	722,365,921	0.667000	46.2%	331	24731	1.3%
Bridgeport	6,596	383,001,939	0.644000	44.6%	167	18949	0.9%
Mount Pleasant	16,273	1,015,315,640	0.371200	43.9%	102	18300	0.6%
Palestine	18,712	1,014,904,663	0.648741	43.9%	154	20227	0.8%
Sealy	6,490	784,091,270	0.386630	43.0%	201	23716	0.8%
Average	10,566	608,999,474	0.611524	57.1%	202	22,062	0.9%
<b>Center</b>	<b>5,401</b>	<b>282,534,449</b>	<b>0.6000000</b>	<b>36.6%</b>	<b>115</b>	<b>14,150</b>	<b>0.8%</b>

Table 8 – Property tax rate by comparison cities. Tax rates – 2019  
Source: TML Annual Tax Rate Survey

#### Property Tax Allocation by Department/Cost of Services to City Property Tax Payers

A rudimentary study was conducted in FY 2019 to further refine the approximate allocation of revenues across city departments. The approach was that certain departments generate revenues and a portion of their expenditures are offset with these revenues. For example, two thirds of the Law Enforcement revenues were applied to the Police Department and then a portion of Sales Tax and Property Tax revenues were allocated to create a picture of how much in property taxes were being used to fund the Police Department.

Not only is this a useful analysis to calculate how much an average homeowner pays for City services, but also for the Council to use for determining tax and allocation policy.



	Property Taxes	Sales Taxes	Law Enforc.	Franchise Fees	Airport	Permits	Usage Fees	Misc.	Transfers	Interest	Grants	Total
Non-Depart.	<b>46,900</b>	86,300	0	11,100	0	0	0	1,000	196,600	24,000	0	365,900
City Hall	<b>5,000</b>	10,000	0	326,200	0	0	3,600	2,000	508,400	0	0	855,200
Police	<b>660,900</b>	1,321,800	107,900	0	0	0	0	0	0	0	1,600	2,092,200
Fire	<b>172,200</b>	344,500	0	0	0	0	0	0	0	0	0	516,700
Streets	<b>9,900</b>	20,000	0	305,200	0	0	0	0	0	0	0	335,100
Airport	<b>4,600</b>	9,300	0	0	80,100	0	0	0	0	0	2,000	96,000
Cemetery	<b>7,500</b>	15,000	0	0	0	0	0	0	0	0	0	22,500
Parks	<b>57,900</b>	115,900	0	19,300	0	0	0	0	0	0	0	193,100
Inspection	<b>9,000</b>	18,000	0	14,500	0	15,100	0	1,300	0	0	0	57,900
Municipal Court	<b>20,100</b>	40,200	53,100	0	0	0	0	0	0	0	0	113,400
Animal Control	<b>8,600</b>	17,100	0	0	0	0	0	0	0	0	0	25,700
Civic Center	<b>25,500</b>	51,100	0	0	0	0	47,000	0	80,000	0	0	203,600
Community Facilities	<b>22,900</b>	45,800	0	0	0	0	12,000	0	5,000	0	0	85,700
<b>Total</b>	<b>1,051,000</b>	2,095,000	161,000	676,300	80,100	15,100	62,600	4,300	790,000	24,000	3,600	4,963,000

One penny of the tax rate equates to \$27,936 of revenue. Dividing the department Property Tax allocation by \$27,936 yields the approximate tax rate for each department.

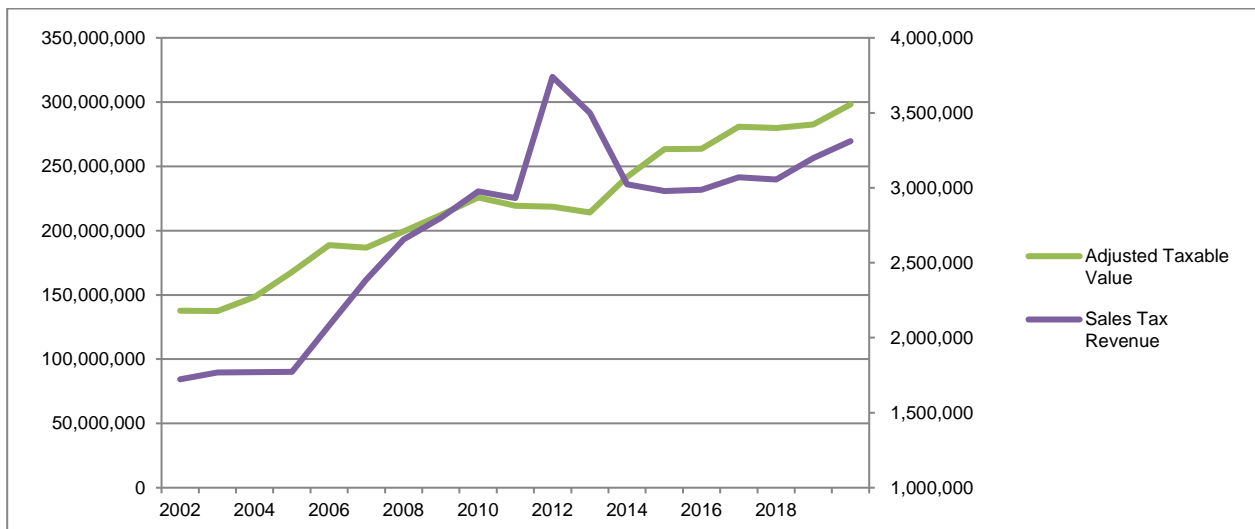
Assuming an average home value of \$120,000 and a 20% homestead exemption, the property's taxable value is \$96,000. The approximate tax bill per department can also be calculated.

	Pennies of tax rate	Tax bill per department
Non-Departmental	1.68	16.12
City Hall	0.18	1.72
Police	23.66	227.11
Fire	6.16	59.18
Streets	0.35	3.40
Airport	0.16	1.58
Cemetery	0.27	2.58
Parks	2.07	19.90
Inspection	0.32	3.09
Municipal Court	0.72	6.91
Animal Control	0.31	2.96
Civic Center	0.91	8.76
Community Facilities	0.82	7.87
<b>Total</b>		<b>361.17</b>



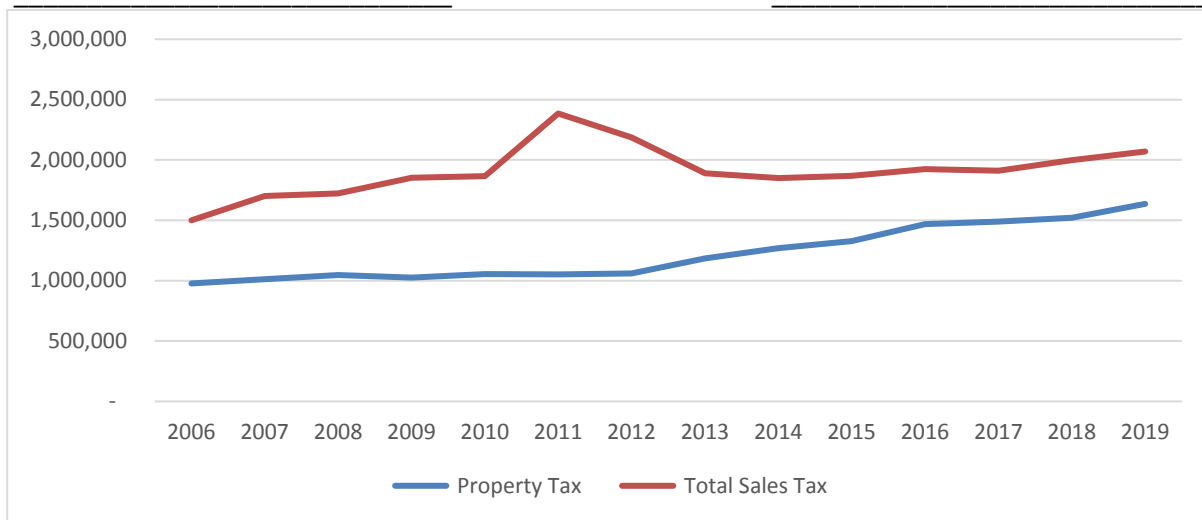
### Sales Tax and Property Tax Revenue Relationship

The final area of analysis depicts the relationship between sales and property tax revenues (not counting the I&S portion). Graph 5 illustrates this relationship where Center's adjusted taxable values started a significant increase in 2004 coupled with the rapid rise in total sales tax revenues. The City's tax structure is such that the sales tax for property tax relief correspondingly increased. This allowed for the City to reduce its property tax rate (Reference Table 5) and, in essence, provide a form of enhanced property tax relief for taxpayers. Further, due to annexations, new development and general property appreciation, the adjusted taxable values also increased which places further downward pressure on tax rates. There was a short period where excess sales tax revenues allowed the City to lower property tax rates. One can see that the decline in sales tax receipts has now temporarily reversed the trend and in order to maintain service levels, the City must look to property tax revenue to solidify overall funding. The FY 2020 Budget looks to raise property tax rates slightly to compensate and provide additional resources for debt payments.



Graph 5 – Relationship between sales tax and property tax revenues

Graph 6 presents this information in a different way, where actual revenue streams are plotted. Attention is called to the decoupling of property tax and sales tax revenues, starting in 2010. At their height, the difference between them was \$1.33 million. This gap has shrunk 67%, reflecting the City's increased reliance upon property tax revenues to serve as a foundation for City services. This is graphically shown where sales tax and property tax revenues are at their closest. Unless the City experiences a large degree of development or annexations, property tax revenue should not be greater than or equal to sales tax revenue.



Graph 6 – Relationship between sales tax and property tax revenues

### Franchise Fees

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

Starting with the FY 2018 Budget, the City began assessing a franchise fee to the Utility Fund.

Franchise Fee Payor	FY 2019 Proposed Budget
AEP SWEPCO Franchise	265,000
DETEC Franchise	26,000
Centerpoint Franchise	50,000
AT&T Franchise	70,000
Telecommunication Fees	10,000
Suddenlink Franchise	17,000
Utility Fund Franchise Fee	113,300
Solid Waste Franchise Fee	125,000
<b>Franchise Fee</b>	<b>676,300</b>

### Solid Waste Collection Fees

The current solid waste contract with Allied Waste was renewed in 2014 and remains in effect through June 2020. Allied Waste proposed a 1.8% rate adjustment based on CPI, which the Council approved in July 2019. Minor rate changes are anticipated in FY 2020.

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

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



## FY 2020 BUDGET REVENUE SUMMARY

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
Property Taxes	940,976	944,668	990,000	997,000	1,051,000
Sales Taxes	1,914,108	2,007,861	2,005,700	2,074,000	2,095,000
Law Enforcement	226,099	162,675	199,600	157,000	161,000
Franchise Fee	559,630	687,494	669,800	685,600	676,300
Airport	71,575	94,198	83,000	86,000	80,100
Permits	19,952	13,078	15,000	30,000	15,100
Usage Fees	67,597	63,453	77,800	66,600	62,600
Solid Waste	33	0	0	0	0
Miscellaneous	21,248	19,366	4,200	26,600	4,300
Transfers	848,600	773,410	780,000	780,000	790,000
Interest	10,643	23,344	24,000	30,100	24,000
Grants	1,620	29,391	3,600	13,400	3,600
<b>TOTAL</b>	<b>4,682,080</b>	<b>4,818,939</b>	<b>4,852,700</b>	<b>4,946,300</b>	<b>4,963,000</b>

## FY 2020 BUDGET REVENUE DETAIL

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
Taxes - Current Ad Valorem	874,462	883,334	930,000	935,000	987,000
Taxes - Delinquent	35,094	32,961	30,000	34,000	34,000
Taxes - Penalty	31,419	28,373	30,000	28,000	30,000
<b>Property Taxes</b>	<b>940,976</b>	<b>944,668</b>	<b>990,000</b>	<b>997,000</b>	<b>1,051,000</b>
Taxes - Sales Tax	1,527,855	1,603,774	1,602,200	1,656,000	1,672,800
Taxes - Sales M&O	381,964	399,898	400,500	414,000	418,200
Taxes - Mixed Beverage	4,289	4,189	3,000	4000	4,000
Taxes - Discount/Sales	0	0	0	0	0
<b>Sales Taxes</b>	<b>1,914,108</b>	<b>2,007,861</b>	<b>2,005,700</b>	<b>2,074,000</b>	<b>2,095,000</b>
Court Fines	173,121	125,014	160,000	123,000	125,000
Warrant Fees	17,381	15,437	15,000	14,000	15,000
Court Service Fee Discounts	16,135	12,813	12,000	11,000	12,000
Court Administrative Fee	3,505	1,489	2,500	1,500	1,500
Collection Agency Rec	(71)	0	0	0	0
Judicial Support Fee	786	584	1,000	800	700
Arrest Fees	6,726	4,808	6,000	4,500	4,500
Court Cost Fees	(227)	0	0	0	0
Time Payment Fees	2,561	2,098	2,000	2,000	2,000
Police Department Copies	1,013	432	1,000	200	200
Misc. Restitution	1	0	0	0	0
Prisoner Phone Commission	41	0	100	0	100
Child Safety Program	5,128	0	0	0	0
<b>Law Enforcement</b>	<b>226,099</b>	<b>162,675</b>	<b>199,600</b>	<b>157,000</b>	<b>161,000</b>



AEP SWEPCO Franchise	264,418	268,100	260,000	269,000	265,000
DETEC Franchise	26,126	25,865	26,000	24,000	26,000
Centerpoint Franchise	45,548	54,810	45,000	55,000	50,000
AT&T Franchise	76,825	77,396	75,000	72,000	70,000
Telecommunication Fees	13,034	12,359	7,700	12,000	10,000
Suddenlink Franchise	24,481	19,972	20,000	18,000	17,000
PEG Fee	0	0	0	0	0
Solid Waste Franchise	109,197	116,932	125,500	125,000	125,000
Utility Fund Franchise	0	112,060	110,600	110,600	113,300
<b>Franchise Fee</b>	<b>559,630</b>	<b>687,494</b>	<b>669,800</b>	<b>685,600</b>	<b>676,300</b>
Airport Fuel	44,080	61,302	50,000	54,000	50,000
Fuel Flow Fee	5,223	2,899	5,000	5,000	5,000
Airport Hangar Lease	22,272	29,649	28,000	26,900	25,000
Donations Airport	0	4	0	0	0
Airport - Misc. Fees	0	295	0	100	100
Airport Gate Entry	0	50	0	0	0
<b>Airport</b>	<b>71,575</b>	<b>94,198</b>	<b>83,000</b>	<b>86,000</b>	<b>80,100</b>
Misc. Garage Sale Permit	264	206	200	200	200
Zoning Variance Permit	0	0	200	900	200
Demolition Permits	60	280	100	100	100
Construction Permit	14,613	6,410	10,000	23,600	10,000
Electrical Permits	2,590	1,577	2,000	2,300	2,000
Beer/Wine/Liquor License	1,720	3,910	2,000	1,800	1,800
Move Structure Permits	300	200	100	200	200
Misc. Permits	0	175	100	100	300
Carnival/Event Permit	200	200	200	700	200
Vendor Permit	205	120	100	100	100
<b>Permits</b>	<b>19,952</b>	<b>13,078</b>	<b>15,000</b>	<b>30,000</b>	<b>15,100</b>
Suddenlink Lease Riggs St	3,300	600	3,600	3,600	3,600
Rental Senior Center	100	0	0	0	0
Rental Community House	12,315	12,620	12,000	12,000	12,000
Community House Sec Officer Fee	1,075	0	0	0	0
Rental Civic Center	40,189	36,538	50,000	44,000	40,000
Rental Civic Center Caterer Fee	4,113	4,545	5,000	3,000	2,000
Civic Center Security	3,000	4,075	3,000	2,000	2,000
Alcohol Rental Fee	0	550	0	0	0
Civic Center OT Fee	75	300	200	0	0
Equipment Rental	3,430	4,225	3,000	2,000	2,000
Civic Center Addtl Cost	0	0	1,000	0	1,000
<b>Usage Fees</b>	<b>67,597</b>	<b>63,453</b>	<b>77,800</b>	<b>66,600</b>	<b>62,600</b>
SW Collections 5% Admin. Fee	0	0	0	0	0
SW Collections 5% Franchise Fee	0	0	0	0	0
SW Collection Residential	0	0	0	0	0
SW Collection Commercial	0	0	0	0	0
Garbage Bags Taxable Sales	(50)	0	0	0	0
Garbage Bags Tax Exempt Sales	83	0	0	0	0
Penalty 10% Misc AR	0	0	0	0	0
Recycling Receivable	0	0	0	0	0
Recycling Contributions	0	0	0	0	0
<b>Solid Waste</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



Reimb. Fire Dept Calls	726	0	0	0	0
Building Demo/Clean Up	0	0	0	6,500	0
RR Park Donation	0	0	0	0	0
Returned Check Fee	0	0	0	0	0
Insurance Claims	4,859	2,150	0	18,800	0
Royalties Mineral Rts	0	0	0	0	0
Refunds Return - TML IRP	0	0	0	0	0
Downtown Elect Access	200	175	200	200	200
Workers Comp Discount	7,993	(605)	0	100	100
Others	827	134	2,000	0	2,000
Copies	13	45	1,000	200	1,000
Vending Machine Income	0	0	0	0	0
Prior Budget Year	0	0	0	0	0
Surplus Equipment/Land	4,074	7,339	1,000	100	1,000
SWEPCO Refunds	0	0	0	0	0
DETEC Capital Refund	23	625	0	0	0
Donations Police Dept	283	3,463	0	0	0
Donations Fire Dept	2,250	6,000	0	700	0
<b>Miscellaneous</b>	<b>21,248</b>	<b>19,366</b>	<b>4,200</b>	<b>26,600</b>	<b>4,300</b>
Transfers Interfund Water	475,000	462,000	415,000	415,000	415,000
Transfers Interfund Solid Waste	220,000	146,400	200,000	200,000	200,000
Transfers Intrafund	0	0	0	0	0
Transfers HM Comm House	5,000	5,000	5,000	5,000	5,000
Transfer HM Civic Center Ops	70,000	80,000	80,000	80,000	80,000
Transfer Interfund Court Tech	0	0	0	0	0
Transfer Interfund Bldg Security	0	0	0	0	0
Transfer Interfund Child Safety	0	0	0	0	0
Transfer Interfund 2011 CO's	0	0	0	0	0
EDC Street Admin Fees	25,000	25,000	25,000	25,000	30,000
Transfer Interfund I&S	0	0	0	0	0
Transfer Interfund Civic Center	0	10	0	0	0
Economic Development Adm Fee	53,600	55,000	55,000	55,000	60,000
<b>Transfers</b>	<b>848,600</b>	<b>773,410</b>	<b>780,000</b>	<b>780,000</b>	<b>79,000</b>
Interest General Fund	10,643	23,344	24,000	30,100	24,000
<b>Interest</b>	<b>10,643</b>	<b>23,344</b>	<b>24,000</b>	<b>30,100</b>	<b>24,000</b>
Police Training Grant	1,620	1,610	1,600	1,600	1,600
Police BVP Grant	0	0	0	0	0
Police JAG Grant	0	25,025	0	0	0
Arson Investigator Grant	0	0	0	0	0
Airport TXDOT Ramp Grant	0	2,756	2,000	11,800	2,000
Solid Waste Grant	0	0	0	0	0
<b>Grants</b>	<b>1,620</b>	<b>29,391</b>	<b>3,600</b>	<b>13,400</b>	<b>3,600</b>
<b>TOTAL</b>	<b>4,682,080</b>	<b>4,818,939</b>	<b>4,852,700</b>	<b>4,946,300</b>	<b>4,936,000</b>





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## FY 2020 BUDGET EXPENDITURE OVERVIEW

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

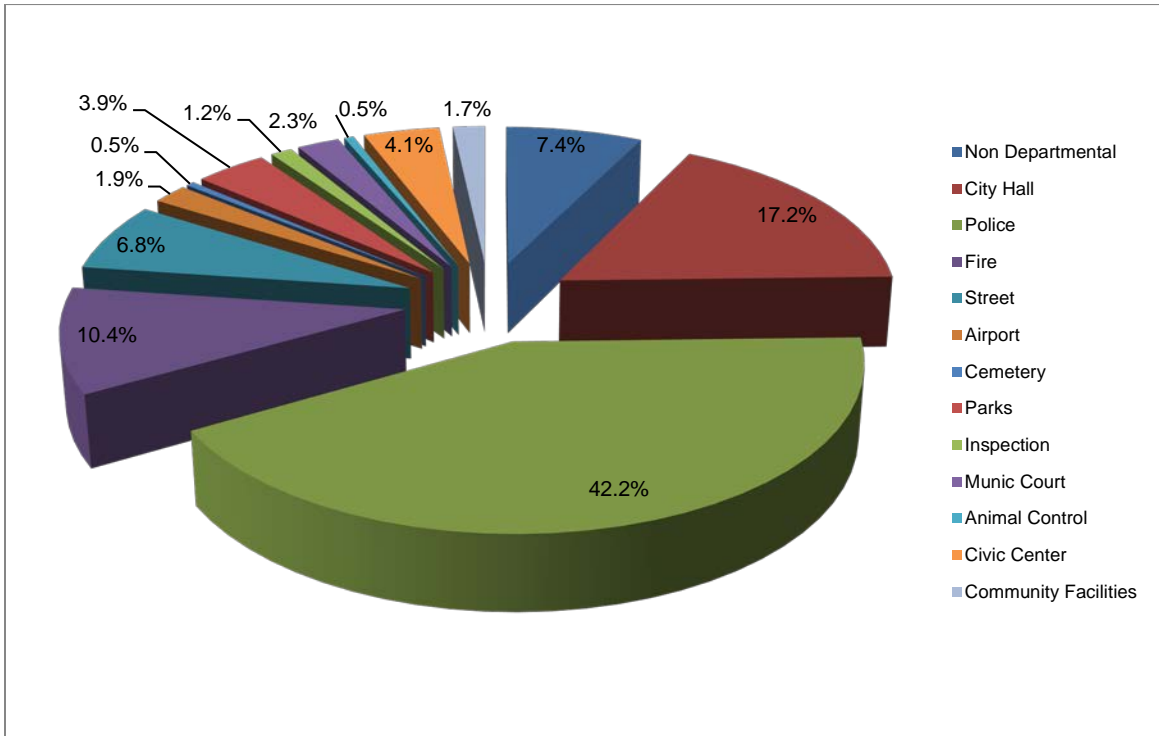
This budget includes increases in operational department budgets primarily in utilities and maintenance but also relating to personnel services, including retirement pension funding, health insurance with a 3.0% COLA. All other notable items are specifically listed on each department's page.

Each department's page will provide financial data on each prime account. There is also a description of the capital purchases within each department and a discussion of differences between the FY 2019 Estimate and the FY 2020 Proposed Budget.

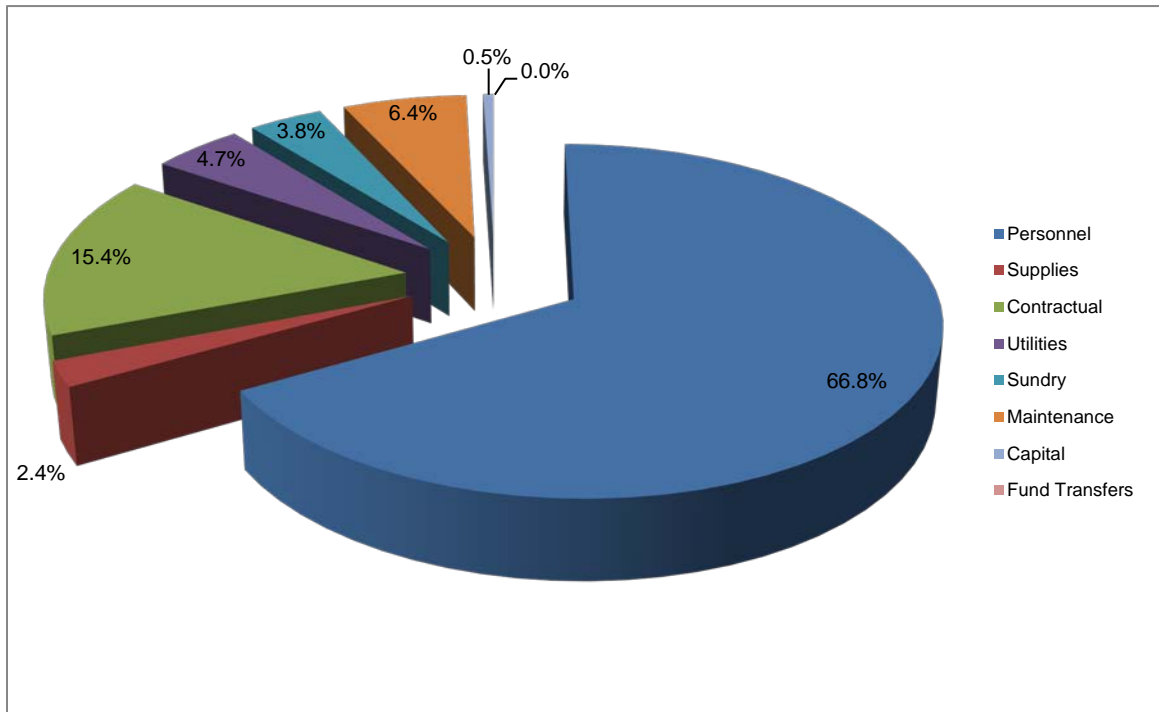
	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
<b>BY DEPARTMENT</b>					
Non Departmental	306,583	512,769	370,650	409,000	365,800
City Hall	783,115	760,115	790,550	805,950	855,300
Police Department	1,877,258	1,962,535	2,051,500	2,037,200	2,092,200
Fire Department	447,084	480,388	496,400	509,400	516,700
Street Department	365,949	320,515	353,050	326,950	335,100
Airport	81,837	185,059	92,100	108,300	96,000
Cemetery	20,710	24,068	22,500	22,500	22,500
Parks	124,189	180,070	181,500	166,700	193,100
Inspection Services	67,524	41,199	52,450	41,500	57,900
Animal Control	24,023	22,878	24,200	24,200	25,700
Municipal Court	112,555	98,661	107,400	105,600	113,400
Civic Center	170,048	189,962	224,700	208,000	203,600
Community Facilities	83,680	80,721	85,700	89,700	85,700
<b>TOTAL</b>	<b>4,464,555</b>	<b>4,858,940</b>	<b>4,852,700</b>	<b>4,855,000</b>	<b>4,963,000</b>
<b>BY ACCOUNT CATEGORY</b>					
Personnel Services	3,139,727	3,101,086	3,286,450	3,236,900	3,315,200
Supplies	111,081	102,012	107,700	104,100	117,700
Contractual	471,289	612,513	662,950	669,600	762,100
Utilities	200,400	235,280	219,300	224,700	233,600
Sundry	154,289	150,957	183,000	171,900	190,600
Maintenance	273,760	299,108	301,400	300,200	317,300
Capital Items	67,576	151,848	22,000	147,600	26,500
Fund Transfers	46,434	206,136	70,000	0	0
<b>TOTAL</b>	<b>4,464,555</b>	<b>4,858,940</b>	<b>4,852,700</b>	<b>4,855,000</b>	<b>4,963,000</b>



## FY 2020 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



## FY 2020 GENERAL FUND BUDGET – BY PRIME ACCOUNT





**FY 2020 BUDGET  
REVENUES OVER/(UNDER) EXPENDITURES**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Property Taxes	940,976	944,668	990,000	997,000	1,051,000
Sales Taxes	1,914,108	2,007,861	2,005,700	2,074,000	2,095,000
Law Enforcement	226,099	162,675	199,600	157,000	161,000
Franchise Fee	559,630	687,494	669,800	685,600	676,300
Airport	71,575	94,198	83,000	86,000	80,100
Permits	19,952	13,078	15,000	30,000	15,100
Usage Fees	67,597	63,453	77,800	66,600	62,600
Solid Waste	33	0	0	0	0
Miscellaneous	21,248	19,366	4,200	26,600	4,300
Transfers	848,600	773,410	780,000	780,000	790,000
Interest	10,643	23,344	24,000	30,100	24,000
Grants	1,620	29,391	3,600	13,400	3,600
<b>TOTAL</b>	<b>4,682,080</b>	<b>4,818,939</b>	<b>4,852,700</b>	<b>4,946,300</b>	<b>4,963,000</b>

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>BY DEPARTMENT</b>					
Non Departmental	306,583	512,769	370,650	409,000	365,800
City Hall	783,115	760,115	790,550	805,950	855,300
Police Department	1,877,258	1,962,535	2,051,500	2,037,200	2,092,200
Fire Department	447,084	480,388	496,400	509,400	516,700
Street Department	365,949	320,515	353,050	326,950	335,100
Airport	81,837	185,059	92,100	108,300	96,000
Cemetery	20,710	24,068	22,500	22,500	22,500
Parks	124,189	180,070	181,500	166,700	193,100
Inspection Services	67,524	41,199	52,450	41,500	57,900
Animal Control	24,023	22,878	24,200	24,200	25,700
Municipal Court	112,555	98,661	107,400	105,600	113,400
Civic Center	170,048	189,962	224,700	208,000	203,600
Community Facilities	83,680	80,721	85,700	89,700	85,700

<b>TOTAL</b>	<b>4,464,555</b>	<b>4,858,940</b>	<b>4,852,700</b>	<b>4,855,000</b>	<b>4,963,000</b>
<b>Beginning Fund Balance</b>	<b>1,365,778</b>	<b>1,583,302</b>	<b>1,504,054</b>	<b>1,543,300</b>	<b>1,634,600</b>
<b>Revenues Over/(Under)</b>					
<b>Expenditures</b>	<b>217,524</b>	<b>(40,002)</b>	<b>0</b>	<b>91,300</b>	<b>0</b>
<b>Ending Fund Balance</b>	<b>1,583,302</b>	<b>1,543,300</b>	<b>1,504,054</b>	<b>1,634,600</b>	<b>1,634,600</b>



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**FY 2020 BUDGET  
NON DEPARTMENTAL - #601**

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

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

**DESCRIPTION**

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

FY 2019 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Continued to operate with fund balance above minimum goal	Budget Philosophy #2
Update of long range financial forecast	
Issuance of clean and unqualified audit	
Created Local Government Corporation	
FY 2020 GOALS	
Continue implementation of Long Range Annexation Plan	Goal B. Objective 1
Update Strategic Plan	
General community beautification programs and projects	Goal C. Objective 1
Utility expansion planning and project implementation	Goal B. Objective 1.2
Plan, design and construct directional and entryway signage around the City	Goal C. Objective 1.3



**FY 2020 BUDGET  
NON DEPARTMENTAL**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	1,600	10,304	2,700	3,500	2,700
Supplies	6,804	888	2,800	1,900	3,300
Contractual	170,057	206,266	202,250	203,200	267,600
Utilities	0	0	0	0	0
Sundry	81,688	59,276	92,900	87,000	92,200
Maintenance	0	0	0	0	0
Capital Items	0	29,900	0	113,400	0
Fund Transfers	46,434	206,136	70,000	0	0
<b>Total</b>	<b>306,583</b>	<b>512,769</b>	<b>370,650</b>	<b>409,000</b>	<b>365,800</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
City Council Meetings	20	21	21	19	19	20
Council Workshops/Special Meetings	9	5	8	5	6	5
Ordinances Passed	15	16	11	11	10	12
Resolutions Passed	32	40	32	24	14	21
Fund Balance as % of Expenses	n/a	n/a	n/a	n/a	28%	34%
Area Annexed	n/a	n/a	0	0	0	0

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Slight reduction in Workers' Comp Overage (\$800)
- Supplies: Increases in Election Expenses (\$500), Office Supplies (\$500), and Materials (\$300)
- Contractual: Addition of Downtown Maintenance (\$24,000), increases in Council Special Projects (\$27,500), Technology Fund Transfer (\$8,800), Legal (\$4,000), and Election (\$500)
- Sundry: Increases in Insurance Claims (\$1,500), Claims (\$1,000), Training (\$1,000), Employee Recognition (\$500), and Tax Appraisal Board (\$500)
- Capital: FY 2019 one-time expenses not recurring in FY 2020. Elimination of Capital Buildings (\$54,400) and Land Acquisition (\$59,000)



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**FY 2020 BUDGET**  
**CITY HALL - #602**

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

**DESCRIPTION**

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

<b>FY 2019 ACCOMPLISHMENTS</b>	<b>Council Direction/Strategic Plan</b>
Entered into water supply agreement with water supply corporation	Goal E. Objective 1.6
Completed City Hall landscaping and beautification project	
Internal technology upgrades	
Received the GFOA Distinguished Budget Award	Goal D. Objective 1.4
<b>FY 2020 GOALS</b>	
Apply for TML Excellence Award	Goal D. Objective 1.4
Successfully manage the Downtown project	
Receive the Comptroller's Transparency Award	Goal D. Objective 1.4
Increase housing units in Parker Place subdivision through the Local Government Corporation	Goal B. Objective 2
Manage Capital Improvements Program projects Airport CIP and Downtown Renewal	Goal E. Objective 3
Develop CIP document	
Create robust performance measurement program	
Perform a city-wide salary survey and create job classifications	



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**FY 2020 BUDGET  
CITY HALL****DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	686,315	659,225	689,600	685,000	739,000
Supplies	18,168	14,311	16,600	17,900	16,000
Contractual	31,001	42,284	47,050	50,550	53,100
Utilities	14,411	20,741	15,000	17,800	18,800
Sundry	18,615	14,533	17,500	18,300	21,700
Maintenance	7,823	6,359	4,800	16,400	6,600
Capital Items	6,782	2,661	0	0	0
<b>Total</b>	<b>783,115</b>	<b>760,115</b>	<b>790,550</b>	<b>805,950</b>	<b>855,200</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Open Records Requests	7	5	4	6	4	15
Average Number of Utility Accounts	2,464	2,470	2,461	2,430	2,416	2,421
Average Work Order Completions	1 Day	1 Day	1 Day	1 Day	1 Day	1 Day
Houses Built in City-Sold Lots	n/a	n/a	n/a	n/a	n/a	n/a
GFOA Budget Award Received	n/a	Yes	Yes	Yes	Yes	Yes
Transparency Award Level	n/a	Platinum	n/a	n/a	n/a	n/a

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Increases in Salaries (\$47,300) due to staffing adjustments and COLA, Health Insurance (\$5,000), and Social Security (\$3,700)
- Supplies: Reductions in Furniture & Fixtures (\$1,500) and Office Supplies (\$500)
- Contractual: Increases in Technology Fund Transfer (\$2,300) and Contractual Other (\$150)
- Utilities: Increase in Electricity (\$1,000)
- Sundry: Increases in Training (\$1,500), Subscriptions & Dues (\$1,000), Miscellaneous (\$500) and Mileage (\$200)
- Maintenance: Decrease in Building Maintenance (\$9,900) offset with increase in Fire Extinguisher (\$100)





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**FY 2020 BUDGET**  
**POLICE DEPARTMENT - #603**

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

**DESCRIPTION**

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

FY 2019 ACCOMPLISHMENTS	Council Direction/Strategic Plan
UCR Part I crimes reduced 5%	Goal E. Objective 4
Conducted several "Threat Assessments" at local churches	
Received grant from State of Texas to replace technology equipment	
Performed community outreach with K-9 units	
Cooperated with area agencies and the District Attorney's office to help prosecute cases	
FY 2020 GOALS	
Conduct 2 Warrant Roundups	Goal E. Objective 4
Perform maintenance on Police Station	
Host Child Safety Seat distribution and education program with the Center Fire Department	
Update fleet and equipment by purchasing two patrol units	
Expand code enforcement activities	



**FY 2020 BUDGET  
POLICE DEPARTMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	1,578,058	1,629,096	1,696,200	1,691,300	1,703,000
Supplies	50,837	40,359	42,800	39,200	43,600
Contractual	30,407	85,570	131,600	128,400	147,000
Utilities	37,206	44,693	42,700	44,700	45,700
Sundry	12,161	12,193	16,600	14,800	16,500
Maintenance	109,528	123,784	121,600	118,800	132,800
Capital Items	59,061	26,840	0	0	3,000
<b>Total</b>	<b>1,877,258</b>	<b>1,962,535</b>	<b>2,051,500</b>	<b>2,037,200</b>	<b>2,092,200</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019 – YTD **</b>
Citations Issued	3,530	2,594	2,076	2,304	2,103	2,262
Average Warrants Outstanding	1,936	1,506	1,464	1,691	1,713	1,679
Average Value of Outstanding Warrants	482,840	376,428	404,410	525,747	541,594	544,226
Average Response Time (Minutes)	4.49	4.03	3.46	2.41	2.79	1.48
Calls for Service	5,199	5,337	6,075	6,414	8,185	9,380
Traffic Accidents	146	159	156	173	129	269
UCR Part 1 Crimes per 1,000 population	69.8	65.2	58	57.1	54.3	67.8

\*\* New E-Force system has different reporting parameters that can change some data reporting

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Increases in Payroll due to COLA and staffing adjustments (\$49,900) and Social Security (\$2,500) offset by reductions in TMRS (\$20,700), Overtime (\$16,500) and Health Insurance (\$3,800)
- Supplies: Increases in Equipment (\$2,000), Office Supplies (\$1,000), Wearing Apparel (\$500), and Prisoner Food (\$500)
- Contractual: Increases in Vehicle Lease (\$19,700), Transfer to Technology Fund (\$600), and Insurance (\$400) offset with decrease in Janitorial (\$1,500)
- Utilities: Growths in Electricity (\$500) and Telephone (\$500)
- Sundry: Increases in Training (\$1,000) and Subscriptions & Dues (\$500)
- Maintenance: Increased funding for Vehicle Maintenance (\$5000), Equipment (\$4,500), Building Maintenance (\$4,000), and Tires (\$500)
- Capital: Addition of Capital Buildings (\$3,000)



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**FY 2020 BUDGET**  
**FIRE DEPARTMENT - #604**

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

**DESCRIPTION**

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

FY 2019 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Reduced the number of fire calls by increasing fire prevention programs	Goal E. Objective 4
Increased fire inspections and pre-fire surveys	
Maintained vehicles and equipment by regular maintenance and daily inspections	
Purchased new PPE (bunker gear) for Fire Volunteers	
Established a weekly radio news report to inform the public of Fire Department call volume and activities	
FY 2020 GOALS	
Purchase a 2,000 gallon tanker/pumper apparatus to help improve capabilities and improve ISO rating	Goal E. Objective 4
Create and implement replacement plans for PPE (bunker gear), station furnishing and apparatus	
Upgrade radio system for improved emergency communications	
Purchase a washer extractor to clean bunker gear due to new Texas Commission on Fire Protection regulations	
Attend more schools to keep up with changing rules and regulations	
Continue to enhance the fire prevention program to decrease fires in the community.	



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**FY 2020 BUDGET  
FIRE DEPARTMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	394,739	403,026	407,100	424,700	410,200
Supplies	5,768	8,757	10,400	10,200	13,100
Contractual	6,130	17,379	19,000	18,300	24,700
Utilities	7,584	8,718	9,500	8,900	9,500
Sundry	3,290	2,611	8,400	5,800	8,700
Maintenance	29,574	31,395	36,000	35,500	40,500
Capital Items	0	8,501	6,000	6,000	10,000
<b>Total</b>	<b>447,084</b>	<b>480,338</b>	<b>496,400</b>	<b>509,400</b>	<b>516,700</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Number of Calls	323	268	217	156	211	175
Fires and Explosions	185	135	107	75	117	73
Fire Fighter Accidents	0	0	0	0	0	0
Percent Response under 5 Minutes	52	51.5	52	52.5	52.2	52
False Alarm Calls/Rate	N/A	37/14%	26/12%	12/8%	18/8%	12/7%

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: FY 2019 overestimate in Payroll results in FY 2020 reduction (\$6,600). Other reductions in TMRS (\$6,800), Health Insurance (\$1,500), and Social Security (\$500) offset with slight increase in Workers' Comp (\$600)
- Supplies: Addition in Furniture (\$2,000) and increase in Equipment (\$500)
- Contractual: Increases in Vehicle Lease (\$6,000) and CVFD Gas Allowance (\$400)
- Utilities: Increase in Telephone (\$500)
- Sundry: Overall increases in Volunteer Training (\$1,200), Education (\$500) and CFD Training (\$500)
- Maintenance: Additional radio equipment purchase results in increase in Communications (\$4,000). Other increases in Equipment (\$500) and Vehicle Maintenance (\$500)
- Capital: Addition of Capital Equipment for replacement hoses and appliances (\$5000) offset by decrease in Emergency Equipment (\$1,000)



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**FY 2020 BUDGET**  
**STREET DEPARTMENT - #605**

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

**DESCRIPTION**

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

FY 2019 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Managed the annual street reconstruction program, a 4B EDC funded program	
Staff secured herbicide application license	
Continued the community banner decoration and Downtown building lights programs	
Assisted the Utility Departments with major water and wastewater leaks	
FY 2020 GOALS	
Maintain pedestrian right of ways	
Roadway tree trimming	
Manage annual street reconstruction program	
Update and replace traffic signage	



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**FY 2020 BUDGET  
STREET DEPARTMENT****DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	181,958	132,124	158,100	144,500	149,100
Supplies	8,676	12,314	11,700	12,000	14,000
Contractual	19,086	16,517	18,850	18,850	12,500
Utilities	72,637	86,302	83,700	82,600	83,600
Sundry	2,733	70	1,500	500	1,500
Maintenance	79,859	72,240	74,200	64,000	70,900
Capital Items	1,000	948	5,000	4,500	3,500
<b>Total</b>	<b>365,949</b>	<b>320,515</b>	<b>353,050</b>	<b>326,950</b>	<b>335,100</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Unpaved Streets – Linear Miles	0	0	0	0	0	0
Gravel Streets	0	0	0	0	0	0
Asphalt Streets	34.55	34.55	34.55	34.55	34.55	34.55
Concrete Streets	8.83	9.08	9.08	9.08	9.08	9.08

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Increases in Salaries due to COLA (\$4,400), Health Insurance (\$1,000), Overtime (\$1,500), and Social Security (\$400) offset with decreases in TMRS (\$1,100) and Workers Comp (\$1,600)
- Supplies: Increases in Furniture (\$1,000), Vector Control Chemicals (\$500), and Equipment (\$500)
- Contractual: Elimination of Special Projects (\$8,000) with an offsetting increase in Transfer to Technology Fund (\$1,800)
- Utilities: Increase in Electricity (\$1,000)
- Sundry: Increase in Training (\$1,000)
- Maintenance: Reallocation of funding from Lighting Fixtures to Gravel (\$5,000). Increases in Street Repairs (\$2,000), Gas (\$2,000), Signs (\$1,000), Preventative Maintenance (\$500), Communication Equipment (\$600) and Fire Extinguishers (\$300)
- Capital: Elimination of Street Drainage (\$4,500) offset with addition of Capital Buildings (\$3,500)



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**FY 2020 BUDGET**  
**CENTER MUNICIPAL AIRPORT - #607**

The mission of the Center Municipal Airport is to provide sufficient air service facilities to aid in economic development, business operations, and recreation. The airport also serves as a fueling station for pilots on an as needed basis.

**DESCRIPTION**

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

<b>FY 2019 ACCOMPLISHMENTS</b>		<b>Council Direction/Strategic Plan</b>
Listed hangars available for rent on internet sites		
80% City owned T-Hangar occupancy		
Replaced portion of airport property fence		
Secured reimbursement from TxDOT RAMP grant program		
Worked with TxDOT to secure additional CIP funding for airport improvements		Goal E. Objective 3
<b>FY 2020 GOALS</b>		
Implementation of the FY 2018 TxDOT Airport CIP Project – Taxiway D reconstruction and Runway rehabilitation		Goal E. Objective 3
Increase fuel sales		
Identify obstructions to be removed in order to get a certified WAAS LPV landing approach		
Provide great customer service to visitors and fuel customers		



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**FY 2020 BUDGET  
CENTER MUNICIPAL AIRPORT**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	28,945	25,821	23,500	20,300	23,800
Supplies	432	249	1,600	1,000	1,600
Contractual	10,815	10,502	8,700	11,700	10,700
Utilities	12,605	14,617	13,500	13,800	14,200
Sundry	24,759	55,256	31,800	31,500	33,700
Maintenance	4,280	6,252	8,000	6,300	8,000
Capital Items	0	72,362	5,000	23,700	4,000
<b>Total</b>	<b>81,837</b>	<b>185,059</b>	<b>92,100</b>	<b>108,300</b>	<b>96,000</b>

**PERFORMANCE MEASURES**

<b>Fuel Sold</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019 - YTD</b>
Fuel Transactions	1,116	916	764	384	377	443	457
100 LL (gallons)	18,885.6	20,351.0	16,292.2	9,171	7,756.9	9,596.5	9,683.3
Jet A (gallons)	36,423.7	15,820.1	21,042.0	6,6392	5,755	5,227.2	4,724.2

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

Personnel Services: Increases in Health Insurance (\$3,700) offset by reduction in Overtime (\$300)

Supplies: Increases in Equipment (\$400) and Materials (\$200)

Contractual: Elimination of Weed Control (\$3,000) offset with increases in Transfer to Technology Fund (\$1,800) and Other (\$200)

Utilities: Slight increases in Electricity (\$200) and Telephone (\$200)

Sundry: Increase in Airport Gas (\$2,000) and Credit Card Fee (\$200)

Maintenance: Increases in Equipment Maintenance (\$1,000), Building Maintenance (\$500), and Vehicle Maintenance (\$200)

Capital: Reduction in RAMP Grant expenses (\$19,700)





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**FY 2020 BUDGET**  
**PARKS DEPARTMENT - #609**

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

**DESCRIPTION**

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

<b>FY 2019 ACCOMPLISHMENTS</b>		<b>Council Direction/Strategic Plan</b>
Began construction of Ballard St. Soccer Complex		Goal C. Objective 3
Provided assistance for State baseball tournament and youth athletic leagues		
Secured grants to leverage funding for Soccer Complex		
Continued enhanced park facility maintenance		
<b>FY 2020 GOALS</b>		
Complete update of the Parks Master Plan		
Complete conversion of Community Park into Soccer Complex		Goal C. Objective 3
Continue to host athletic tournaments		Goal C. Objective 2



**FY 2020 BUDGET  
PARKS DEPARTMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	54,536	72,672	100,500	85,800	103,500
Supplies	5,241	10,722	6,300	7,200	10,000
Contractual	31,080	41,393	40,600	40,600	43,500
Utilities	9,783	12,253	10,700	10,700	11,500
Sundry	675	517	1,000	800	1,000
Maintenance	22,142	37,260	22,400	21,600	23,600
Capital Items	732	5,252	0	0	0
<b>Total</b>	<b>124,189</b>	<b>180,070</b>	<b>181,500</b>	<b>166,700</b>	<b>193,100</b>

**PERFORMANCE MEASUREMENTS**

<b>Number of Amenities</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Baseball fields	9	9	9	9	9	9	9
Softball fields	3	3	3	3	3	3	3
Playgrounds	4	4	4	4	4	4	4
Pavilions	4	4	4	4	5	5	5
Basketball Courts	1	1	1	1	3	3	3
Sprayground	1	1	1	1	1	1	1
Trails (Linear Miles)	0.7	3.8	3.8	3.8	4.3	4.3	4.3

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

Developed park area per 1,000 residents

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

Source: MHS Planning: Center Parks Master Plan 2011

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Increases in Payroll (\$10,100) due to COLA and staffing adjustments; other increases in Health Insurance (\$4,600), Workers' Comp (\$2,600), and Social Security (\$700)
- Supplies: Increases in Materials (\$2,000), Minor Tools (\$500, and Safety (\$300)
- Contractual: Addition of Insect Control (\$2,000) and increase in Transfer to Technology Fund (\$900)
- Utilities: Increase in DETEC Electricity (\$800)
- Maintenance: Increases in Vehicle Maintenance (\$1,000), Equipment Maintenance (\$500) and Gas (\$500)



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**FY 2020 BUDGET**  
**INSPECTION SERVICES - #610**

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

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

**DESCRIPTION**

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

FY 2019 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Certified personnel – Certified Code Compliance	
Certified personnel – International Electrical Code License	
FY 2020 GOALS	
Staff to obtain required certifications to become a licensed building official	




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**FY 2020 BUDGET  
INSPECTION SERVICES**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	56,457	19,498	30,250	16,200	32,200
Supplies	924	170	500	500	600
Contractual	3,543	16,190	15,600	18,400	19,200
Utilities	3,572	1,963	1,800	1,800	1,600
Sundry	1,723	890	2,300	3,300	2,800
Maintenance	1,305	2,488	2,000	1,300	1,500
Capital Items	0	0	0	0	0
<b>Total</b>	<b>67,524</b>	<b>41,199</b>	<b>52,450</b>	<b>41,500</b>	<b>57,900</b>

**PERFORMANCE MEASUREMENTS**

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
New Construction Permits Issued	11	11	16	22	29	16	20
Demolition Permits Issued	6	0	6	3	1	7	2
Rezone/SUP Cases Considered	4	3	3	0	1	0	6

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

Personnel Services: Increases in Payroll (\$9,900) due to COLA and staffing adjustments. Increases in Health Insurance (\$3,700) and TMRS (\$1,500) and Social Security (\$700)

Contractual: Increase in Transfer to Technology Fund (\$1,800) offset with a decrease in Labor (\$1,000)



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**FY 2020 BUDGET**  
**CIVIC CENTER - #616**

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

**DESCRIPTION**

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

<b>FY 2019 ACCOMPLISHMENTS</b>	<b>Council Direction/Strategic Plan</b>
Began systematic replacement of furniture at the Civic Center to rotate used furniture to the Community House	
<b>FY 2020 GOALS</b>	
Review staffing levels for optimization	
Expand the marketing efforts for the facilities and the City including an active social media campaign	
Begin a maintenance cycle for paint and carpet at the Civic Center	



**FY 2020 BUDGET  
CIVIC CENTER**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	105,623	108,389	130,600	119,400	101,300
Supplies	7,333	7,724	7,800	7,300	7,800
Contractual	14,678	20,925	23,100	23,400	24,000
Utilities	25,892	28,724	26,300	28,300	32,600
Sundry	4,147	3,816	7,400	6,100	7,400
Maintenance	12,375	14,999	23,500	23,500	24,500
Capital Items	0	5,384	6,000	0	6,000
<b>Total</b>	<b>170,048</b>	<b>189,962</b>	<b>224,700</b>	<b>208,000</b>	<b>203,600</b>

**PERFORMANCE MEASURES**

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019 - YTD</b>
Event Days Used	237	240	240	240	240	224	203
Utilization Rate	65%	66%	65%	66%	66%	61%	56%
Approximate Attendance	13,500	15,000	17,825	17,628	15,754	15,304	14,014
Cancellations	2	3	0	0	0	0	0
Total Rental Revenue	\$54,565	\$38,504	\$55,812	\$64,347	\$50,807	\$50,233	\$52,137
Avg. Rental Revenue per Use	\$520	\$332	\$332	\$368	\$301	\$297	\$339

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Reduction of a full time position to part time results in savings to Salaries (\$8,000), TMRS (\$4,500), Health Insurance (\$3,600), Social Security (\$1,000), and Overtime (\$800)
- Supplies: Increases in Furniture (\$200) and Equipment (\$200)
- Contractual: Increases in Rental (\$500), Mowing (\$300) and Insect Control (\$100) offset with decrease in Other (\$300)
- Utilities: Increases in Electricity (\$3,000), Telephone (\$1,000), and Natural Gas (\$200)
- Sundry: Increases in Training (\$700), Subscriptions & Dues (\$400), and Mileage (\$200)
- Maintenance: Increase in Building Maintenance (\$1,000)



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**FY 2020 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**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	20,710	22,130	22,000	22,000	22,000
Utilities	0	0	0	0	0
Sundry	0	0	0	0	0
Maintenance	0	1,938	500	0	0
Capital Items	0	0	0	0	0
<b>Total</b>	<b>20,710</b>	<b>24,068</b>	<b>22,500</b>	<b>22,500</b>	<b>22,500</b>

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

FY 2020 funding is at FY 2019 levels



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**FY 2020 BUDGET**  
**ANIMAL CONTROL - #612**

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

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	0	0	0	0	0
Supplies	5,578	5,881	5,000	5,000	5,500
Contractual	15,283	15,932	16,000	16,000	16,000
Utilities	695	726	700	700	700
Sundry	1,780	340	1,000	1,000	2,000
Maintenance	687	0	1,500	1,500	1,500
Capital Items	0	0	0	0	0
<b>Total</b>	<b>24,023</b>	<b>22,878</b>	<b>24,200</b>	<b>24,200</b>	<b>25,700</b>

**DESCRIPTION**

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

**PERFORMANCE MEASUREMENTS**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019 - YTD</b>
Animal Calls	252	234	195	204	210	259

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2018 Estimate**

- Sundry: Increase in Veterinarian (\$1,000)





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**FY 2020 BUDGET  
MUNICIPAL COURT - #613**

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

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed</b>
Personnel Services	51,497	40,930	47,900	46,200	50,400
Supplies	1,312	620	1,500	1,300	1,500
Contractual	56,300	55,324	55,300	55,300	58,300
Utilities	728	333	1,000	1,000	1,000
Sundry	2,718	1,454	1,400	1,600	1,900
Maintenance	0	0	300	200	300
Capital Items	0	0	0	0	0
<b>Total</b>	<b>112,555</b>	<b>98,661</b>	<b>107,400</b>	<b>105,600</b>	<b>113,400</b>

**DESCRIPTION**

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

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Increases in Salaries (\$2,500), Overtime (\$1,000), and TMRS (\$500)
- Contractual: Increase in Transfer to Technology Fund (\$3,000)



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**FY 2020 BUDGET  
COMMUNITY FACILITIES - #617**

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

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	0	0	0	0	0
Supplies	8	17	600	600	600
Contractual	62,198	62,101	62,900	62,900	62,900
Utilities	15,286	16,210	14,400	14,400	14,400
Sundry	0	0	1,200	1,200	1,200
Maintenance	6,187	2,392	6,600	10,600	6,600
Capital Items	0	0	0	0	0
<b>Total</b>	<b>83,680</b>	<b>80,721</b>	<b>85,700</b>	<b>89,700</b>	<b>85,700</b>

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Maintenance: Reduction in Library Building Maintenance (\$4,000) due to one time expenses of lighting repairs and roof replacement in FY 2019



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## **FY 2020 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.

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

The City operates one wastewater treatment plant, located on the northeast side of the City. The wastewater collection system utilizes six lift stations throughout the City. The City received funding from the Texas Water Development Board and in 2018 completed construction of a large lift station at one of the lowest points in the area; this allowed for the removal of five lift stations.

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

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

### **UTILITY FUND REVENUE**

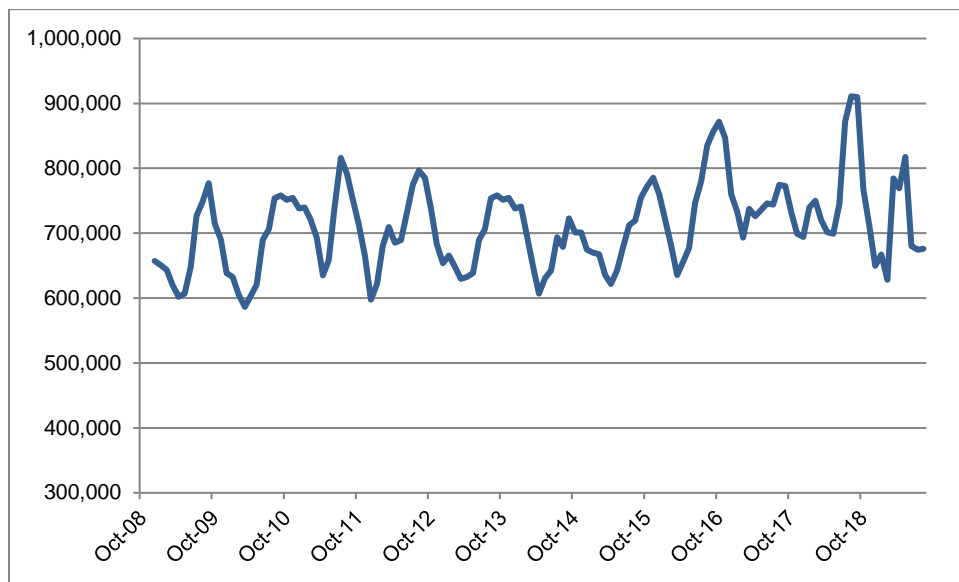
Utility revenue is collected by the City as a result of water sales to customers and fees for wastewater (sewer) collection and treatment. Approximately 98% of total revenues into this fund originate from water sales and wastewater fees of which water sales alone account for 74%.

Water sales and wastewater fees are calculated based on metered water consumption. The City completed a transition to radio read water meters which greatly reduces the costs and increases the reliability compared to manually reading each of the approximately 2,500 meters in the system. The meter reading is used to calculate water consumption and is also used to calculate the wastewater fee.



Graph 1 in this section illustrates the amount of water consumed. One can witness the peaks during the summer months and the low consumption times of the year during the winter. In this graph, one can also observe the effects of the severe drought of 2010-2011, where water consumption never dipped to its traditional low. Another factor effecting consumption is the Tyson Foods plant expansion, which was also completed in the summer of 2011. This expansion has created additional demand for the City's water. This information leads to the conclusion that the City's revenue stream from water sales is very stable.

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



Graph 1 – Monthly Water consumption. October 2008 through August 2019

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



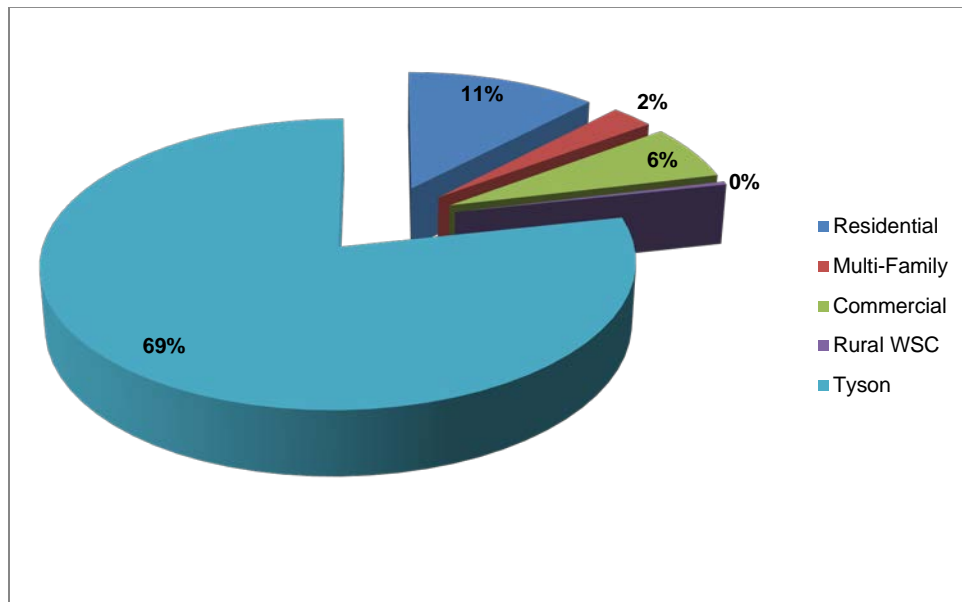
City	Population	5,000 Gallons Consumption		
		Water	Wastewater	Total
Whitehouse	8,317	51.01	23.52	74.53
Bullard	3,287	36.45	32.40	68.85
White Oak	6,544	24.00	27.00	51.00
Rusk	5,618	31.87	25.94	57.81
Gladewater	6,541	38.00	32.83	70.83
Farmersville	3,542	40.56	69.79	110.35
El Campo	11,766	18.34	134.14	152.48
Nacogdoches	33,932	23.30	30.40	53.70
Crockett	6,950	49.12	36.77	85.89
Mexia	7,539	65.00	52.15	117.15
Sulphur Springs	16,162	26.88	30.93	57.81
Decatur	6,721	39.82	42.32	82.14
Mount Pleasant	16,273	23.83	19.06	42.89
Sealy	6,490	25.40	24.40	49.80
<b>Average</b>	<b>9,977</b>	<b>35.26</b>	<b>41.55</b>	<b>76.80</b>
<b>Center</b>	<b>5,401</b>	<b>31.35</b>	<b>29.68</b>	<b>61.03</b>

Table 1 – 2019 Utility rate comparison  
Source: Texas Municipal League 2019 Annual Utility Rate Survey

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

Customer Class	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Residential	15%	15%	14%	12%	11%	11%	11%
Multi-Family	3%	19%	3%	2%	3%	2%	2%
Commercial	11%	9%	9%	9%	9%	9%	6%
Rural Water Supply	5%	5%	5%	5%	5%	6%	0%
Tyson	64%	67%	69%	64%	61%	59%	69%

Table 2 – Percentage by customer class to total water consumption



FY 2018 Year to Date Water Consumption by Customer Class

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

	Gross Water Sales - \$
FY 2019 – Est.	2,652,200
FY 2018	2,859,209
FY 2017	2,859,710
FY 2016	2,743,645
FY 2015	2,640,472
FY 2014	2,534,007
FY 2013	2,701,104
FY 2012	2,276,832
FY 2011	2,418,146
FY 2010	2,252,937

Table 3 – Annual amount of water sales

### **UTILITY FUND EXPENDITURES**

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



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**FY 2020 BUDGET  
UTILITY FUND SUMMARY**

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	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>Revenues</b>					
Water	2,859,710	2,859,209	2,865,000	2,652,200	2,837,450
Sewer	936,724	868,856	930,000	915,900	943,000
Miscellaneous	109,934	9,499	4,200	7,000	3,500
Interest	12,024	23,609	11,500	22,000	17,300
Fees	79,508	86,692	77,700	78,400	77,100
Transfers	0	0	0	0	0
<b>TOTAL</b>	<b>3,997,898</b>	<b>3,847,325</b>	<b>3,888,400</b>	<b>3,675,500</b>	<b>3,878,350</b>

**Expenditures**

	<b>FY 2017 Actual</b>	<b>FY 2018 Estimate</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed</b>
<b>BY DEPARTMENT</b>					
Non-Departmental	1,004,476	848,057	966,300	971,143	1,055,900
Water Production	1,169,013	1,225,774	1,369,750	1,325,100	1,267,700
Water Distribution	329,678	342,105	420,150	467,050	407,400
Sewer Collection	223,367	221,733	316,200	193,600	312,100
Sewer Treatment	524,637	576,107	521,000	527,700	529,200
Public Works	244,798	231,563	295,000	298,400	306,050
<b>TOTAL</b>	<b>3,495,967</b>	<b>3,445,377</b>	<b>3,888,400</b>	<b>3,782,993</b>	<b>3,878,350</b>

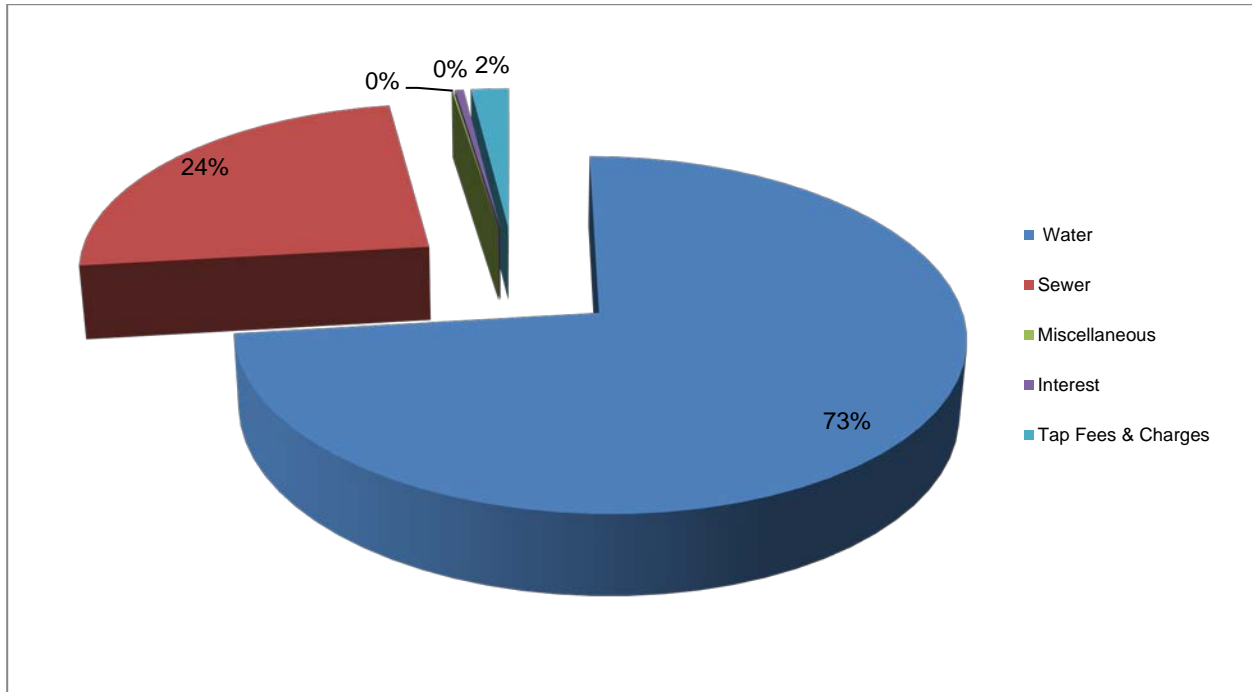
**BY ACCOUNT CATEGORY**

Personnel Services	1,231,807	1,177,307	1,290,200	1,229,200	1,234,200
Supplies	282,914	286,345	373,650	346,800	381,300
Contractual	200,239	326,809	317,200	330,900	339,250
Utilities	308,539	290,302	347,500	328,300	333,900
Sundry	47,672	38,738	63,700	59,400	68,100
Maintenance	283,920	403,276	449,400	445,200	374,700
Capital Items	174,625	112,500	131,150	131,150	147,100
Fund Transfers	966,250	810,060	915,600	912,043	999,800
<b>Total</b>	<b>3,495,967</b>	<b>3,445,337</b>	<b>3,888,400</b>	<b>3,782,993</b>	<b>3,878,350</b>

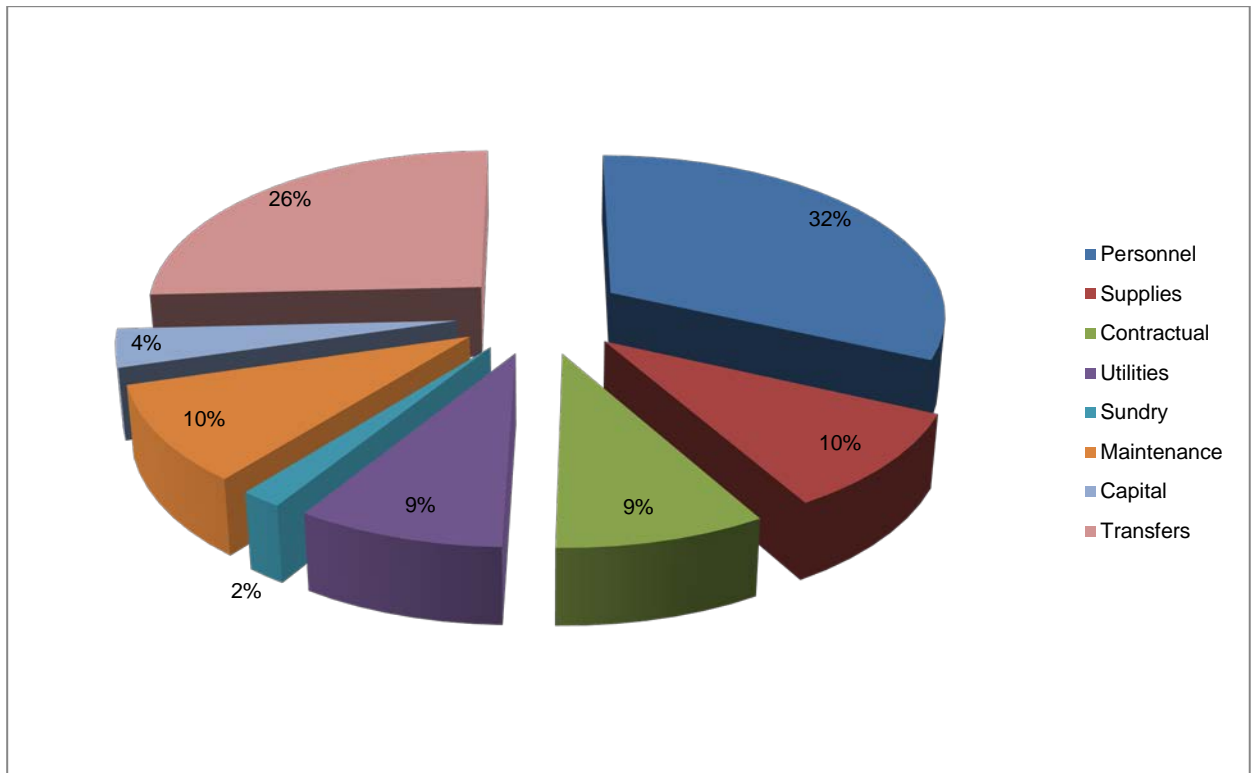




## FY 2020 Budget – Utility Revenues



## FY 2020 Budget – Utility Expenditures by Prime Account





## FY 2020 BUDGET REVENUE DETAIL

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
<b>Water</b>					
Residential Water	742,211	676,443	707,000	688,300	765,000
Bulk Water Sales	1,838	4,815	3,000	4,000	4,500
Commercial Sales	346,193	340,319	355,000	335,000	345,000
Poultry Processing	1,468,813	1,501,793	1,485,000	1,459,900	1,491,450
Rural Water Systems	136,014	176,953	160,000	15,000	71,500
Industrial	6,083	0	0	0	0
Outside City Limits	158,558	158,886	155,000	150,000	160,000
<b>Total Water</b>	<b>2,859,710</b>	<b>2,859,209</b>	<b>2,856,000</b>	<b>2,652,200</b>	<b>2,837,450</b>
<b>Sewer</b>					
Billed Sewer	930,809	865,301	927,000	912,900	940,000
Contractual Disposal	5,915	3,555	3,000	3,000	3,000
<b>Total Sewer</b>	<b>936,724</b>	<b>868,856</b>	<b>930,000</b>	<b>915,900</b>	<b>943,000</b>
<b>Miscellaneous</b>					
Returned Check Fee	724	1,431	1,200	800	500
Insurance Claims	0	0	0	0	0
Worker's Comp Discount	3,882	(443)	0	0	0
Other	84,420	1,503	0	100	0
DETEC Capital	2,140	1568	0	2,300	0
Contractor Damages	0	0	0	0	0
Surplus Equipment	3,320	2,325	0	800	0
Special Project Revenue	12,300	0	0	0	0
Lease Mineral Rights	3,149	3,114	3,000	3,000	3,000
Sale of Equipment/Land	0	0	0	0	0
<b>Total Miscellaneous</b>	<b>109,934</b>	<b>9,499</b>	<b>4,200</b>	<b>7,000</b>	<b>3,500</b>
<b>Interest</b>					
Interest Water Fund	11,144	20,737	10,000	20,000	15,000
Interest Water Refund	880	2,332	1,500	2,000	2,300
<b>Total Interest</b>	<b>12,024</b>	<b>23,069</b>	<b>11,500</b>	<b>22,000</b>	<b>17,300</b>
<b>Fees Taps &amp; Charges</b>					
Administrative Fees	5,565	6,835	5,500	6,000	5,800
10% Charges	45,867	49,501	42,000	45,000	45,000
10% A/R	11	116	0	0	0
Reconnect Fees	20,625	21,635	20,000	20,000	20,000
After Hours Fee	0	25	100	100	100
Water Taps	3,250	4,515	6,000	4,000	3,000
Plumbing Insp. Permit	3,790	2,300	2,100	2,200	2,200
Sewer Taps	400	1,600	2,000	1,000	1,000
<b>Total Fees</b>	<b>79,508</b>	<b>86,692</b>	<b>77,700</b>	<b>78,400</b>	<b>77,100</b>
<b>TOTAL REVENUE</b>	<b>3,997,898</b>	<b>3,847,325</b>	<b>3,888,400</b>	<b>3,675,500</b>	<b>3,878,350</b>



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## **FY 2020 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, eight storage tanks, three raw water pump stations, three treated water pump stations, and both of the city owned lakes. All operators must be certified by the Texas Commission on Environmental Quality. The Pinkston plant is staffed 24 hours a day, seven days a week and treats water from Lake Pinkston. Average daily production is 3.4 million gallons and peak production capacity is 3.5 million gallons. The Mill Creek plant is staffed five days a week, eight hours a day and treats water from Lake Center (Old City Lake). Average daily production is 200,000 gallons a day with peak production capability of 1.4 million gallons a day.

#### **FY 2019 ACCOMPLISHMENTS**

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

#### **FY 2020 GOALS**

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



## FY 2020 BUDGET WATER PRODUCTION

### DEPARTMENT SUMMARY

	FY 2017 Estimate	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
Personnel Services	467,810	469,861	449,900	450,900	449,600
Supplies	238,565	191,890	294,450	267,200	294,000
Contractual	51,727	155,347	146,300	148,300	148,900
Utilities	215,387	190,911	251,000	232,100	232,200
Sundry	19,181	14,013	21,600	20,600	21,500
Maintenance	97,418	183,113	206,500	206,000	121,500
Capital Items	78,924	20,639	0	0	0
<b>Total</b>	<b>1,169,013</b>	<b>1,225,774</b>	<b>1,369,750</b>	<b>1,325,100</b>	<b>1,267,700</b>

### PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 YTD
Total Gallons of Treated Water Produced – billion gallons	1.123	1.143	1.09	1.106	0.699
TCEQ Violations	1	1	2	0	0
<b>Treatment Plant Capacity</b>					
Mill Creek	1.4 mgd	1.4 mgd	1.4 mgd	1.5 mgd	1.5 mgd
Pinkston	3.5 mgd	3.5 mgd	3.5 mgd	4.0 mgd	4.0 mgd
Storage Tank Capacity – million gallons	6.25	6.25	6.25	6.25	6.25
Average Cost to Treat 1,000 gallons	\$0.78	\$0.66	\$0.69	\$0.71	\$0.81

### HIGHLIGHTS – FY 2020 Amended Budget Change From FY 2019 Estimate

- Personnel Services: Increase in Salaries (\$16,500) due to COLA and staffing adjustments. Other decreases in Health Insurance (\$8,500), Overtime (\$5,000), TMRS (\$4,700), and Workers Comp (\$600)
- Supplies: Increase in Chemicals (\$30,000) with offsetting decrease in Laboratory (\$2,000)
- Contractual: Increases in Vehicle Lease (\$9,900) and Transfer to Technology Fund (\$3,700) with reductions in Engineering (\$7,500), Other (\$5,000), Mowing (\$2,000), Laboratory Tests (\$2,000)
- Utilities: Increase in Water (\$100)
- Sundry: Increase in Training (\$1,000) offset with reduction in Publishing (\$100)
- Maintenance: Non-recurrence of Water Tank Maintenance (\$80,000) and decrease in Building Maintenance (\$5,000)



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**FY 2020 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 2019 ACCOMPLISHMENTS**

- Continued electronic meter replacement program – less than 100 analog meters remain
- Performed numerous water leak repairs, including two to the 18" water line
- Enhanced system testing and monitoring, including installing automatic flushing assemblies
- Extended new water main from Loop 500 to Tyson to support increasing demands
- Zero water distribution violations

**FY 2020 GOALS**

- Extend service lines to allow for annexation of new areas
- Repair or replace 15 fire hydrants
- Maintain current infrastructure
- Increase certified personnel through staff development and training
- Install 18" valves to isolate smaller sections of the primary transmission line to reduce repair times
- Purchased mini-excavator to minimize construction footprint and lessen road closures



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**FY 2020 BUDGET  
WATER DISTRIBUTION****DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	173,032	149,873	152,800	199,000	154,100
Supplies	5,190	9,266	8,000	8,200	8,000
Contractual	5,794	13,083	18,500	22,000	19,300
Utilities	2,668	1,350	4,600	3,300	3,300
Sundry	378	1,438	2,400	1,600	2,000
Maintenance	76,799	110,385	110,700	109,800	107,600
Capital Items	65,815	56,710	123,150	123,150	113,100
<b>Total</b>	<b>329,678</b>	<b>342,105</b>	<b>420,150</b>	<b>467,050</b>	<b>407,400</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Miles of water lines maintained	90	93	94	96	96	96
Number of fire hydrants	291	294	294	296	296	296

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Reductions in Salaries due to staffing adjustments (\$37,100) TMRS (\$8,400) Overtime (\$3,500) and Social Security (\$3,100) offset with an increase in Health Insurance (\$6,800)
- Supplies: Decreases in Safety (\$200) and Wearing Apparel (\$200) with an increase in Materials (\$200)
- Contractual: Increase in Transfer to Technology Fund (\$1,800) with reductions in Rental (\$3,000), Engineering (\$500) and Laboratory Tests (\$500)
- Sundry: Increase in Training (\$1,300) with other decreases in Miscellaneous (\$500), Subscriptions & Dues (\$200) and Plumbing Membership (\$200)
- Maintenance: Increase in Fire Hydrant Maintenance (\$19,000) offset with reduction in Water Meters (\$20,000). Increases in Preventative (\$1,000) and Communications (\$600) combined with decreases in Gas (\$3,000)
- Capital: Addition of Other Equipment (\$4,000) and reduction in Water Lines (\$14,000)



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**FY 2020 BUDGET**  
**SEWER COLLECTION - #638**

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

**DESCRIPTION**

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

**FY 2019 ACCOMPLISHMENTS**

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

**FY 2020 GOALS**

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

Installation of new sewer main on US 96 South from Roughrider Drive to Southview Circle



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**FY 2020 BUDGET  
SEWER COLLECTION**

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	143,086	137,567	201,100	80,500	156,700
Supplies	4,729	4,467	5,300	5,200	5,800
Contractual	8,257	9,505	15,700	15,200	12,500
Utilities	20,077	30,262	22,900	24,400	29,400
Sundry	332	430	1,500	600	1,300
Maintenance	44,224	39,501	69,700	67,700	82,400
Capital Items	2,662	0	0	0	24,000
<b>Total</b>	<b>223,367</b>	<b>221,733</b>	<b>316,200</b>	<b>193,600</b>	<b>312,100</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Miles of sewer line maintained	75	75	75	75	75	75
Number of lift stations	14	14	14	14	8	8

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Increases in Salaries due to COLA and staffing adjustments (\$50,900), TMRS (\$6,300), Health Insurance (\$6,200), Social Security (\$4,200), Workers Comp (\$4,000) and Overtime (\$4,000)
- Supplies: Increases in Materials (\$500) and addition of Postage (\$100)
- Contractual: Elimination of Mowing (\$5,000) with offsetting increase in Transfer to Technology Fund (\$1,800) and addition of Weed Control (\$500)
- Utilities: Increase in Electricity (\$5,000)
- Sundry: Increases in Training (\$500) and Miscellaneous (\$200)
- Maintenance: Budgeted major maintenance of sewer mains (\$19,100) and other increases in Gas (\$1,500) and Preventative (\$1,000) offset with elimination of Lift Station Maintenance (\$5,000) and reduction in Equipment (\$2,500)
- Capital: Inclusion of Equipment (\$9,000) and Sewer Manholes (\$15,000)





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**FY 2020 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 who operate and 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 800,000 gallons of wastewater per day, but during high flow periods flows in excess of 2,000,000 gallons per day have been treated. The current wastewater plant is an extended aeration activated sludge plant which utilizes a belt press for sludge processing. Annually about 1,100 cubic yards of sludge is disposed of in a landfill.

**FY 2019 ACCOMPLISHMENTS**

- Completed construction of new lift station on Loop 500, which reduces the total number of lift stations
- Complete the rehabilitation of the WWTP, including aeration, clarifiers, and electrical system
- Upgrade treatment technique in the orbital basin to air blowers
- Reduce overall electricity consumption via new solar power system
- Installed new bar screen cleaner, electrical modifications, and grant-funded solar power system

**FY 2020 GOALS**

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



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**FY 2020 BUDGET  
SEWER TREATMENT****DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	226,509	226,328	238,700	244,900	238,900
Supplies	13,546	64,191	49,500	49,500	55,700
Contractual	113,637	112,856	90,800	93,800	94,100
Utilities	59,143	55,587	55,000	55,000	55,000
Sundry	20,290	18,104	21,000	19,500	23,000
Maintenance	64,288	63,889	58,000	57,000	57,500
Capital Items	27,224	35,151	8,000	8,000	5,000
<b>Total</b>	<b>524,637</b>	<b>576,107</b>	<b>521,000</b>	<b>527,700</b>	<b>529,200</b>

**PERFORMANCE MEASURES**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Wastewater Treated – million gallons	415	470	411	420	400	425
Sludge Disposed – cubic yards	850	1,000	1,040	1,040	1,175	720
Permitted Plant Capacity	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd
Average Plant Discharge	1.1 mgd	1.2 mgd	1.13 mgd	1.20 mgd	1.1 mgd	1.2 mgd

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Reductions in Salaries (\$1,800), Health Insurance (\$1,000) and TMRS (\$3,800) offset with increase in Workers Comp (\$500)
- Supplies: Increases in Chemicals (\$5,000), Postage (\$1,000), and Materials (\$200)
- Contractual: Increase in Alternate Disposal (\$5,000) and Transfer to Technology Fund (\$1,800) combined with reductions in Vehicle Lease (\$3,000), Mowing (\$3,000) and Rental (\$500)
- Sundry: Increases in Governmental Fees (\$2,000) and Training (\$1,500)
- Maintenance: Increases in Signs (\$500) and Vehicle (\$400) with offsetting decrease in Communications (\$400)
- Capital: Reduction in Buildings (\$3,000)



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**FY 2020 BUDGET**  
**PUBLIC WORKS ADMINISTRATION - #641**

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

**DEPARTMENT SUMMARY**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	221,370	189,588	247,700	253,700	234,300
Supplies	2,950	4,400	4,400	4,700	5,800
Contractual	7,477	17,238	21,900	20,700	37,450
Utilities	11,264	12,191	14,000	13,500	14,000
Sundry	546	1,757	2,500	1,100	3,800
Maintenance	1,190	6,388	4,500	4,700	5,700
Capital Items	0	0	0	0	5,000
<b>Total</b>	<b>244,798</b>	<b>231,563</b>	<b>295,000</b>	<b>298,400</b>	<b>306,050</b>

**DESCRIPTION**

- Provides supervision for the staff of the Water and Sewer departments.
- Oversight and inspection of City infrastructure projects.
- Funds Warehouse and Vehicle Maintenance building
- Developed an industrial pre-treatment, cross-connection and customer service inspection programs

**HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2019 Estimate**

- Personnel Services: Overall reduction in Personnel due to staffing adjustments – Salaries (\$11,500), TMRS (\$5,300), Overtime (\$1,000), Social Security (\$900) and Workers Comp (\$900)
- Supplies: Increases in Communications (\$500), Furniture (\$400), and Wearing Apparel (\$200)
- Contractual: Increase in Lease (\$12,800) and Transfer to Technology Fund (\$5,800) with slight decrease in Rental (\$2,000)
- Utilities: Increase in Electricity (\$500)
- Sundry: Increase in Training (\$2,700)
- Maintenance: Increases in Vehicle (\$500) and Gas (\$500)
- Capital: Inclusion of Building (\$5,000)



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**FY 2020 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**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Personnel Services	0	4,090	0	200	600
Supplies	17,934	12,132	12,000	12,000	12,000
Contractual	13,347	18,779	24,000	30,900	27,000
Utilities	0	0	0	0	0
Sundry	6,944	2,996	14,700	16,000	16,500
Maintenance	0	0	0	0	0
Capital Items	0	0	0	0	0
Fund Transfers	966,250	810,060	915,600	912,043	999,800
<b>Total</b>	<b>1,004,476</b>	<b>848,057</b>	<b>966,300</b>	<b>971,143</b>	<b>1,055,900</b>

**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 2020 Proposed Budget Change From FY 2019 Estimate**

- Contractual: Elimination of Maintenance Agreement (\$6,900) with offsetting increase in Transfer to Technology Fund (\$4,000)
- Sundry: Increase in Card Processing Fees (\$500)
- Fund Transfers: Elimination of Transfer to Vehicle Replacement Fund (\$40,000) offset with increase in Transfer to Debt Fund (\$121,500) for 2019 CO's



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**CITY OF CENTER  
FY 2020 BUDGET  
SOLID WASTE FUND**

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

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>Revenues</b>					
Solid Waste Discount Sales	(20)	0	200	250	200
SW Collection – Residential	491,642	422,737	424,200	433,700	422,000
SW Collection – Commercial	1,160,718	1,249,601	1,180,100	1,155,000	1,178,100
Garbage Bag Sales – Taxable	1,527	1,519	1,500	1,200	1,500
Misc. Recycling Receivable	880	426	400	0	0
Other	0	29	0	0	0
Interest	0	2,001	1,500	4,000	3,000
<b>Total Revenue</b>	<b>1,654,743</b>	<b>1,676,312</b>	<b>1,607,900</b>	<b>1,594,150</b>	<b>1,604,800</b>
<b>Expenditures</b>					
Personnel	0	0	0	0	0
Supplies	3,161	400	0	3,200	2,000
Contractual	1,352,635	1,246,814	1,394,900	1,333,250	1,395,300
Utilities	0	0	0	0	0
Sundry	487	4,426	5,000	1,000	7,500
Maintenance	3,193	8,350	8,000	3,000	0
Capital	1,167	0	0	0	0
Fund Transfers	220,000	122,000	200,000	200,000	200,000
<b>Total Expenditures</b>	<b>1,580,642</b>	<b>1,381,990</b>	<b>1,607,900</b>	<b>1,540,450</b>	<b>1,604,800</b>

**DESCRIPTION**

- This department is responsible for the collection and disposal of municipal solid waste generated in Center.
- The Sanitation Department also provides funding for the demolition of dilapidated structures within the City, managed by staff from the Public Works Department.
- The City Council made the decision in FY 2019 to suspend the recycling program due to changing market conditions for recyclable materials.



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**CITY OF CENTER  
FY 2020 BUDGET  
RECREATION FUND**

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

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>REVENUE</b>					
Registration	84,695	82,100	84,300	85,400	86,500
Event Proceeds	24,500	39,490	25,000	25,000	25,000
Concession	36,187	33,609	38,500	29,600	35,100
Gate	3,893	3,514	4,000	4,700	5,200
Miscellaneous	18,602	15,576	16,000	16,450	15,500
Merchandise	2,572	1,250	1,500	3,250	2,000
Donations	650	1,671	1,000	2,100	2,500
<b>TOTAL</b>	<b>171,099</b>	<b>177,210</b>	<b>170,300</b>	<b>166,500</b>	<b>171,800</b>
<b>EXPENDITURES</b>					
Personnel	71,035	76,843	78,100	77,450	80,000
Supplies	69,069	58,912	64,000	55,150	59,000
Contractual	22,404	22,555	19,700	20,200	22,700
Utilities	491	222	500	0	500
Sundry	6,936	7,583	5,500	3,400	4,500
Maintenance	1,185	15,887	2,500	2,000	5,100
Capital	0	0	0	0	0
<b>TOTAL</b>	<b>171,120</b>	<b>182,002</b>	<b>170,300</b>	<b>158,200</b>	<b>171,800</b>

**PERFORMANCE MEASUREMENTS**

<b>Number of Participants</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Baseball	288	245	251	255
Soccer (Fall & Spring)	164	300	421	415
Football	118	110	112	115
Basketball	166	197	204	192
Softball	171	162	174	167





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**CITY OF CENTER  
FY 2020 BUDGET  
PARK FUND**

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

In 2016, the City received a Texas Department of Parks and Wildlife grant for the expansion at Mini-Park/Portacool Park. This was in combination with a generous donation from Portacool, LLC. A portion of these funds will be transferred to the Debt Fund to make payments on the 2016 CO's.

The Fund also has a dedicated portion for the completion of the Perry Sampson Park renovation project (\$75,000) and renovation of Community Park into the new Ballard Street Soccer Complex. In 2019, the Center Rotary and Lions Clubs made donations towards the Soccer Complex. The City also received a grant from the Harris Foundation to assist with the Soccer Complex project.

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>Revenues</b>					
Donations/Pledges	0	66,250	55,250	20,350	65,250
TPWD Grant	0	293,779	0	0	0
Interest	1,615	6,788	3,500	8,200	3,500
<b>Total Revenue</b>	<b>1,615</b>	<b>366,817</b>	<b>58,750</b>	<b>28,550</b>	<b>68,750</b>
<b>Expenditures</b>					
Project Engineering	0		0		
Parks Maintenance	0	11,865	0	0	0
Transfer to Debt Service	50,000	70,000	45,000	45,000	65,000
Ballard Street Park Soccer Complex	0	20,899	250,000	63,500	215,700
<b>Total Expenditures</b>	<b>50,000</b>	<b>102,764</b>	<b>295,000</b>	<b>108,500</b>	<b>280,700</b>
<b>Beginning Fund Balance</b>	<b>169,836</b>	<b>121,451</b>	<b>369,530</b>	<b>385,504</b>	<b>305,554</b>
<b>Revenues Over/(Under) Expenditures</b>	<b>(48,385)</b>	<b>264,053</b>	<b>(236,250)</b>	<b>(79,950)</b>	<b>(211,950)</b>
<b>Ending Fund Balance</b>	<b>121,451</b>	<b>385,504</b>	<b>133,280</b>	<b>305,554</b>	<b>93,604</b>
<b>Ending Balance after Perry Sampson Park Set Aside</b>					<b>18,604</b>



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## Ballard Street Soccer Complex Budget

Park Fund Proceeds	250,000
Rotary Club Donation	20,000
Lions Club Donation	20,100
Harris Foundation	10,000
Total	300,100

Expenditures	FY 2018	FY 2019	FY 2020	Total
Survey	2,950	2,750	0	5,700
Design	11,049	11,510	0	22,559
Demolition	6,900	0	0	6,900
Dirt Work	0	27,500	0	27,500
Boom Rental	0	2,500	0	2,500
Soccer Field Equipment	0	19,237	0	19,237
White Electric	0	0	81,770	81,770
Irrigation	0	0	27,500	27,500
Park Entrance	0	0	10,000	10,000
TOTAL	20,899	63,497	119,270	203,666

Project Balance	96,434
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### Items to be scheduled

Restroom/Concession Building	TBD
Parking Improvements	TBD



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**FY 2020 BUDGET  
LAW ENFORCEMENT SPECIAL FUNDS**

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

**Court Technology Fund**

In FY 2015, the City purchased the InCode municipal court module so that court operations could be integrated with other City financial software. The Court Technology Fund fully retired the note in early FY 2018.

**Building Security Fund**

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

**Seizure Fund**

The Seizure Fund primarily pays for the cost of narcotics investigations, e.g. drug buy money and cell phones. A large award is anticipated in FY 2020 and budget seeks to apply a portion of these funds to assist in purchasing radar equipment for police vehicles and officer body cameras.

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>Court Technology</b>					
Court Tech Fee	4,985	3,995	5,000	5,200	4,500
Interest	41	91	100	170	150
<b>Court Tech Total</b>	<b>5,026</b>	<b>4,086</b>	<b>5,100</b>	<b>5,370</b>	<b>4,650</b>
<b>Expenses</b>					
Supplies	0	0	0	0	0
Contractual	6,000	2,255	0	0	0
Sundry	324	589	1,000	500	700
Capital	0	0	2,000	0	2,000
<b>Total</b>	<b>6,324</b>	<b>2,844</b>	<b>3,000</b>	<b>500</b>	<b>2,700</b>
<b>Beginning Fund Balance</b>	<b>8,170</b>	<b>6,872</b>	<b>9,322</b>	<b>8,114</b>	<b>12,984</b>
<b>Revenues Over/(Under) Expenses</b>	<b>(1,298)</b>	<b>1,242</b>	<b>1,900</b>	<b>4,870</b>	<b>1,950</b>
<b>Ending Fund Balance</b>	<b>6,872</b>	<b>8,114</b>	<b>11,222</b>	<b>12,984</b>	<b>14,934</b>



	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
<b>Court Building Security</b>					
Building Security Fee	4,117	2,996	4,000	3,000	3,800
Interest	46	112	100	200	200
<b>Building Security Total</b>	<b>4,163</b>	<b>3,108</b>	<b>4,100</b>	<b>3,200</b>	<b>4,000</b>
<b>Expenses</b>					
Sundry	0	839	1,000	0	700
Capital	274	0	1,000	300	1,000
Transfer to General Fund	0	0	0	0	0
<b>Total</b>	<b>274</b>	<b>839</b>	<b>2,000</b>	<b>300</b>	<b>1,700</b>
<b>Beginning Fund Balance</b>	<b>867</b>	<b>4,756</b>	<b>8,006</b>	<b>7,025</b>	<b>9,925</b>
<b>Revenues Over/(Under) Expenses</b>	<b>3,889</b>	<b>2,269</b>	<b>2,100</b>	<b>2,900</b>	<b>2,300</b>
<b>Ending Fund Balance</b>	<b>4,756</b>	<b>7,025</b>	<b>10,106</b>	<b>9,925</b>	<b>12,225</b>

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
<b>Law Enforcement Seizure Fund</b>					
Judgment Forfeiture	20,352	9,129	5,000	0	0
Judgment Forfeiture – DOJ	1,461	0	0	0	0
Surplus Equipment	2,405	0	0	0	0
Interest	202	477	400	500	500
<b>Seizure Fund Total</b>	<b>24,420</b>	<b>9,606</b>	<b>5,400</b>	<b>500</b>	<b>500</b>
<b>Expenses</b>					
Supplies Equipment	1,728	3,738	1,500	2,000	1,500
Cell Phone	810	427	700	700	800
Investigation Expense	2,000	1,414	2,000	0	2,000
Vehicle Maintenance	0	0	0	0	0
Software Maintenance	0	0	0	6,000	0
Capital Equipment	1,868	0	0	0	0
<b>Total</b>	<b>6,406</b>	<b>5,579</b>	<b>4,200</b>	<b>8,700</b>	<b>4,300</b>
<b>Beginning Fund Balance</b>	<b>12,677</b>	<b>30,691</b>	<b>46,891</b>	<b>34,718</b>	<b>26,518</b>
<b>Revenues Over/(Under) Expenses</b>	<b>18,014</b>	<b>4,027</b>	<b>1,200</b>	<b>(8,200)</b>	<b>(3,800)</b>
<b>Ending Fund Balance</b>	<b>30,691</b>	<b>34,718</b>	<b>48,091</b>	<b>26,518</b>	<b>22,718</b>



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## **FY 2020 BUDGET TRUST FUND**

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### **FUND NARRATIVE**

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

#### **ANIMAL WELFARE FUND**

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

#### **CEMETERY FUND**

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

#### **HOTEL OCCUPANCY TAX**

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

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

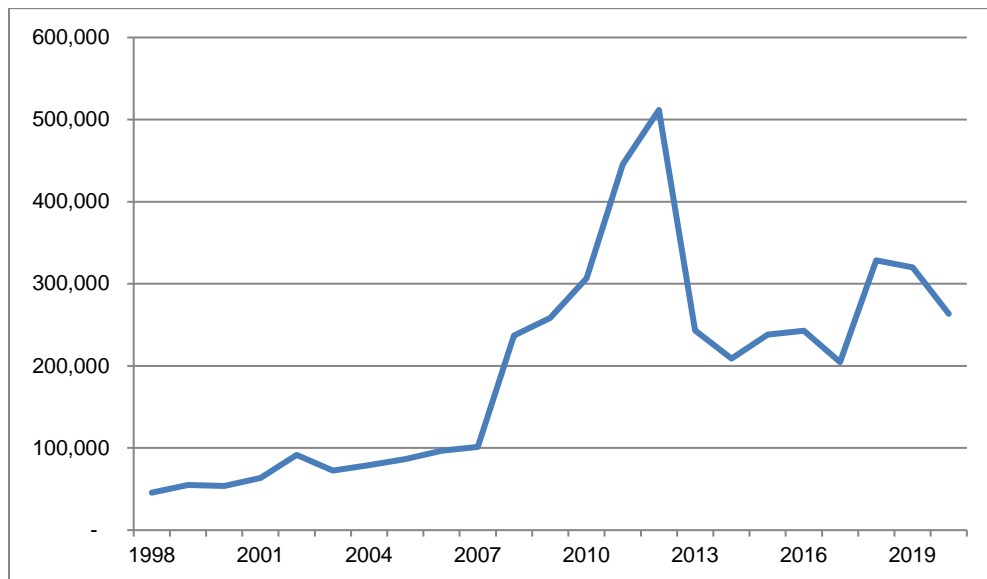
1. The acquisition of sites and the construction and maintenance of convention center facilities and visitor information centers;
2. Expenses associated with the registration of convention delegates;
3. Advertising, solicitations, and promotions that attract tourists and convention delegates to the City;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

The largest type of expenditure in this fund, allowed under category 1, is the debt payment and the maintenance/ operational costs of the John D. Windham Civic Center. The increased revenues generated from Hotel Occupancy Taxes pays the entirety of the facility's debt obligation and greatly subsidizes the facility's operation costs. Additionally, the revenues fund some of the operation and



maintenance of the Community House. A portion of funding is provided to support two community festivals, pay membership to the Texas Forest Country Partnership which satisfy the community promotion and tourism activities and advertising allowed under category 3. The fund has also contributed toward community beautification projects and attracting state baseball tournaments to the City, also allowed under category 3.

Graph 1 below highlights the increase in hotel occupancy tax revenues, beginning in approximately 2008 and peaking in 2012 at over \$500,000. This was driven primarily by the influx of temporary workers needed for the development of the local gas fields. With the dramatic fall of natural gas prices, drilling activity has subsequently subsided. FY 2018, saw the trend reverse with a return of local energy industry activity. This trend peaked in FY 2019 and is projected to return to below \$300,000 for the foreseeable future.



Graph 1 – Hotel Occupancy Tax Revenues  
FY 1998 – FY 2020

**FY 2020  
ANIMAL WELFARE FUND**

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
<b>Revenues</b>					
Donation Animal Welfare	0	0	0	0	0
Interest Animal Welfare	193	2	700	900	800
<b>Total</b>	<b>193</b>	<b>2</b>	<b>700</b>	<b>900</b>	<b>800</b>
 <b>Ending Balance</b>	 <b>41,025</b>	 <b>41,027</b>	 <b>42,325</b>	 <b>41,927</b>	 <b>42,727</b>



**FY 2020 BUDGET  
FAIRVIEW CEMETERY FUND**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>Revenues</b>					
Interest Cemetery	849	2,175	1,000	1,800	1,800
<b>Total</b>	<b>849</b>	<b>2,175</b>	<b>1,000</b>	<b>1,800</b>	<b>1,800</b>
<b>Expenditures</b>					
Capital	0	0	0	0	0
<b>Ending Balance</b>	<b>141,040</b>	<b>143,215</b>	<b>143,790</b>	<b>145,015</b>	<b>146,815</b>

**HOTEL OCCUPANCY FUND**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>Revenues</b>					
Hotel/Motel Taxes	204,704	323,109	257,200	320,000	263,600
Interest Hotel/Motel	1,767	3,577	2,500	5,800	3,200
<b>Total</b>	<b>206,471</b>	<b>326,686</b>	<b>259,700</b>	<b>325,800</b>	<b>266,800</b>
<b>Expenditures</b>					
Memberships	700	500	1,000	500	1,000
Downtown Banners	0	6,000	5,000	8,000	10,000
Athletic Facilities	0	0	0	0	0
Baseball Tournaments	22,000	20,000	20,000	20,000	20,000
Community Events	5,350	5,050	6,000	5,500	6,000
Chamber of Commerce	500	500	1,000	700	1,000
Historical Preservation	0	2,500	0	0	0
Downtown Lights	547	510	3,000	3,500	5,000
Civic Center Ops	70,000	80,000	80,000	80,000	80,000
Community House Ops	5,000	5,000	5,000	5,000	5,000
Transfer - Civic Center Debt	133,600	138,400	138,700	138,700	138,800
<b>TOTAL - Hotel Motel</b>	<b>237,697</b>	<b>258,460</b>	<b>259,700</b>	<b>261,900</b>	<b>266,800</b>
<b>Beginning Fund Balance</b>	<b>203,315</b>	<b>172,089</b>	<b>239,089</b>	<b>240,315</b>	<b>304,215</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>(31,226)</b>	<b>68,226</b>	<b>0</b>	<b>63,900</b>	<b>0</b>
<b>Ending Fund Balance</b>	<b>172,089</b>	<b>240,315</b>	<b>239,089</b>	<b>304,215</b>	<b>304,215</b>





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## FY 2020 BUDGET DEBT SERVICE FUND

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

### Why Debt?

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

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

### Measures of Capacity – Peer Comparisons

City	Population	2019 Total Net Taxable	2019 Total Tax Rate	Total Ad Valorem Debt	Debt Per Capita	Debt Per Taxable Value
Whitehouse	8,317	369,987,594	0.792891	27,770,000	3,339	7.5%
Farmersville	3,542	235,957,615	0.750000	13,030,000	3,679	5.5%
Gladewater	6,541	320,338,526	0.749990	11,395,000	1,742	3.6%
Jacksonville	14,910	608,263,553	0.690000	6,590,000	442	1.1%
Decatur	6,721	722,365,921	0.667000	6,506,250	968	0.9%
Palestine	18,712	1,014,904,663	0.648741	10,282,000	549	1.0%
Bridgeport	6,596	383,001,939	0.644000	17,098,000	2,592	4.5%
El Campo	11,766	589,362,995	0.632180	26,076,000	2,216	4.4%
Gilmer	5,216	310,374,856	0.629523	5,970,000	1,145	1.9%
Nacogdoches	33,932	1,634,714,110	0.616900	5,015,000	148	0.3%
Crockett	6,950	243,560,080	0.596791	1,690,000	243	0.7%
Bullard	3,287	258,843,547	0.595347	4,389,000	1,335	1.7%
White Oak	6,544	354,114,810	0.586280	6,705,000	1,025	1.9%
Liberty	9,215	677,187,476	0.585100	13,760,000	1,493	2.0%
Brenham	16,989	1,328,029,691	0.517000	15,796,057	930	1.2%
Rusk	5,618	122,477,510	0.480000	6,100,000	1,086	5.0%
Sealy	6,490	784,091,270	0.386630	30,765,000	4,740	3.9%
<b>Average</b>	<b>10,079</b>	<b>585,739,774</b>	<b>0.621669</b>	<b>12,290,430</b>	<b>1,628</b>	<b>2.8%</b>
<b>Center</b>	<b>5,401</b>	<b>282,534,449</b>	<b>0.6000000</b>	<b>6,116,400</b>	<b>1,132</b>	<b>2.2%</b>

Table 1 – Peer City Comparison Source: 2019 Texas Municipal League Annual Tax and Debt Survey



In the Property Tax section of the General Fund budget, there was a discussion on how Center's comparison cities were tabulated. The highlighted cities are from the original list with a few others excluded. Table 1 of this section provides the comparison cities' data as it relates to their debt levels. The total outstanding debt is a calculation of any General Obligation (GO) debt, Certificates of Obligation (CO) debt, 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 – both in terms of the proposed tax rate of \$0.61 and the 2019 rate of \$0.60 - and a reasonable debt per capita ratio.

## **DEBT LIMITS**

The City of Center's Debt Policy (Appendix A on Page 141) states that the City shall not incur property tax supported debt in an amount exceeding 4% of the net taxable value. Given the total taxable value of \$291,329,967, the City's maximum debt service principal to carry would be \$11,653,200. At the end of FY 2020, the City's outstanding ad valorem principal debt balance will be \$8,761,650 or 3.0% of net taxable value, well below self-imposed debt limits.

## **DEBT SERVICE FUND HIGHLIGHTS**

### Revenue

The proposed FY 2020 City tax rate is \$0.61 per \$100 of taxable value. The interest and sinking rate is projected to increase to \$0.256834. The projected amount to be raised from ad valorem taxes for debt payments is \$718,300.

The inter-fund transfer from the water utility fund is projected to significantly increase by \$121,500 to \$471,500. This is mostly to fund the required payments of the utility project portion of the 2019 CO's

Finally, the inter-fund transfer from hotel occupancy tax receipts, which are to retire the debt from the construction of the Windham Civic Center, are projected to slightly increase by \$100 to \$138,800.

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 2020 Proposed Budget allocates some of those funds (\$65,000) to make a portion of the 2016 CO debt instrument's payment.

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

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.



Year	Transfer from 4B EDC
2020	(159,600)
2021	(150,400)
2022	(150,000)
2023	(150,000)
2024	(150,000)
2025	(142,000)
2026	(100,000)
2027	(100,000)
2028	(100,000)
2029	(100,000)
2030	(100,000)

Table 2 – 4B Street EDC Contribution Schedule

### Expenditures

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



Graph 1 – Total existing debt service payments FY 2020 - 2039

The City experienced a 'debt bubble' where FY 2019 and 2020 total debt payments are substantially higher than required payments in 2021 and 2022. This was first identified when the first Financial Forecast was presented to the City Council. Table 3 below shows the total payment schedule for all ad valorem supported debt.



	2011 CO's	2012 Refunding	2014 Tax Notes	2016 CO's	2019 CO's	PD Technology	Ad Valorem Total
FY 2020	276,000	234,725	193,173	64,616	159,600	77,200	1,005,314
FY 2021	281,000	230,425	0	66,291	221,800	77,200	876,716
FY 2022	281,000	231,125	0	65,416	242,550	77,200	897,291
FY 2023	281,000	230,625	0	65,791	242,050	0	819,466
FY 2024	518,000	0	0	64,891	236,300	0	819,191
FY 2025	516,700	0	0	66,041	235,550	0	818,291
FY 2026	514,800	0	0	65,866	239,550	0	820,216
FY 2027	517,200	0	0	64,891	234,350	0	816,441
FY 2028	513,900	0	0	66,294	239,150	0	819,344
FY 2029	514,900	0	0	66,263	238,550	0	819,713
FY 2030	515,100	0	0	65,938	237,750	0	818,788
FY 2031	0	0	0	65,575	349,000	0	414,575
FY 2032	0	0	0	65,175	352,375	0	417,550
FY 2033	0	0	0	64,738	350,550	0	415,288
FY 2034	0	0	0	64,263	352,100	0	416,363
FY 2035	0	0	0	65,000	353,400	0	418,400
FY 2036	0	0	0	65,663	349,400	0	415,063
FY 2037	0	0	0	0	413,250	0	413,250
FY 2038	0	0	0	0	413,850	0	413,850
FY 2039	0	0	0	0	417,150	0	417,150
Total	4,729,600	926,900	193,173	1,112,706	5,878,275	231,600	13,072,254

Table 3 – Combined Ad Valorem-supported debt payment schedule



**FY 2020 BUDGET  
DEBT SERVICE FUND**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>Revenue</b>					
Taxes - Current Year	613,996	638,478	695,500	699,800	718,300
Interest - Debt Service	3,157	6,429	2,500	9,700	3,000
Debt Issuance Proceeds	0	0	0	18,700	0
Interfund Transfers - Water	390,000	366,000	350,000	350,000	471,500
Interfund Transfers - Hotel/Motel	133,600	138,400	138,700	138,700	138,800
Interfund Transfers - Park Fund	50,000	70,000	45,000	45,000	65,000
Transfer from 4B EDC	0	0	0	0	159,600
CJD Grant	0	0	77,200	132,500	0
<b>Total - Revenue</b>	<b>1,190,753</b>	<b>1,219,307</b>	<b>1,308,900</b>	<b>1,394,400</b>	<b>1,556,200</b>
<b>Expenditures</b>					
Principal 2007 CO's	105,000	115,000	120,000	120,000	125,000
Principal 2011 Refunding	180,000	190,000	190,000	190,000	150,000
Principal 2012 CO's - TWDB	90,000	90,000	90,000	90,000	90,000
Principal 2012 GO Refunding	170,000	170,000	180,000	180,000	215,000
Principal 2014 Tax Notes	175,000	170,000	170,000	170,000	190,000
Principal 2016 CO's	140,000	160,000	165,000	165,000	165,000
Principal 2019 CO's	0	0	0	0	60,000
Police Technology Note	0	0	77,200	77,200	77,200
<b>Subtotal Principal</b>	<b>860,000</b>	<b>895,000</b>	<b>992,200</b>		
Interest 2007 CO's	28,022	22,900	18,200	18,200	13,300
Interest 2011 Refunding	13,200	8,550	2,900	2,850	0
Interest 2011 CO's	126,000	126,000	126,000	126,000	126,000
Interest 2012 CO's - TWDB	40,685	40,438	39,900	39,875	39,000
Interest 2012 GO Refunding	30,125	26,725	23,400	23,321	19,700
Interest 2014 Tax Notes	11,774	8,850	6,000	6,012	3,200
Interest 2016 CO's	119,890	99,963	96,800	96,763	93,500
Interest 2019 CO's	0	0	0	0	246,200
<b>Subtotal Interest</b>	<b>369,695</b>	<b>333,425</b>	<b>313,200</b>	<b>313,021</b>	<b>540,900</b>
Debt Issuance Costs					
Tax Repayment	0	13,165			
Annual Bank Agent Fees	2,750	3,000	3,500	3,500	3,500
<b>Total - Expenditures</b>	<b>1,232,445</b>	<b>1,244,590</b>	<b>1,308,900</b>	<b>1,308,721</b>	<b>1,616,600</b>
<b>Beginning Fund Balance</b>	<b>175,174</b>	<b>133,482</b>	<b>108,199</b>	<b>108,199</b>	<b>193,879</b>
<b>Difference</b>	<b>(41,692)</b>	<b>(25,283)</b>	<b>0</b>	<b>85,680</b>	<b>(60,400)</b>
<b>Ending Fund Balance</b>	<b>133,482</b>	<b>108,199</b>	<b>108,199</b>	<b>193,879</b>	<b>133,479</b>



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**CITY OF CENTER  
FY 2020 BUDGET  
VEHICLE REPLACEMENT FUND**

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

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>	<b>FY 2021 Projected</b>	<b>FY 2022 Projected</b>
Transfer							
General Fund	16,000	0	0	0	0	0	0
Utility Fund	53,000	80,000	40,000	80,000	0	0	0
<b>Total</b>	<b>69,000</b>	<b>80,000</b>	<b>40,000</b>	<b>80,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue</b>							
Lease Payments							
General Fund	9,406	28,737	52,550	56,450	78,200	80,600	94,000
Utility Fund	15,183	27,744	34,850	41,300	57,850	54,800	59,500
Surplus Vehicle Sales	0	0	0	6,700	0	0	0
Insurance Payments	0	0	0	11,500	0	0	0
Interest	2,428	2,400	2,000	2,400	2,400	3,500	4,500
<b>TOTAL REVENUE</b>	<b>96,017</b>	<b>138,881</b>	<b>129,400</b>	<b>198,350</b>	<b>138,450</b>	<b>138,900</b>	<b>158,000</b>
<b>Vehicle Purchases</b>							
Police	32,880	69,389	84,000	122,100	42,000	42,000	42,000
Fire	0	31,381	0	25,000	0	0	0
Street	0	0	0	0	0	0	30,000
Parks	9,122	9,122	0	0	0	0	0
Airport	0	0	0	0	0	0	0
Inspections	0	21,688	0	0	0	0	0
<b>Subtotal - General Fund</b>	<b>42,002</b>	<b>131,581</b>	<b>84,000</b>	<b>147,100</b>	<b>42,000</b>	<b>42,000</b>	<b>72,000</b>
Water Production	23,182	(2,912)	20,000	40,000	25,000	20,000	0
Water Distribution	24,344	22,970	0	0	0	25,000	0
Sewer Collection	37,250	0	0	0	0	0	0
Sewer Treatment	0	57,309	0	0	0	0	25,000
Public Works	58,690	0	20,000	29,500	0	0	0
<b>Subtotal - Utility Fund</b>	<b>143,466</b>	<b>77,367</b>	<b>40,000</b>	<b>49,500</b>	<b>25,000</b>	<b>45,000</b>	<b>25,000</b>
<b>TOTAL PURCHASES</b>	<b>185,468</b>	<b>208,948</b>	<b>124,000</b>	<b>216,600</b>	<b>67,000</b>	<b>87,000</b>	<b>97,000</b>
Beginning Fund Balance	305,046	215,594	141,494	145,528	127,278	198,728	250,628
Revenues Over/(Under)							
Expenditures	(89,452)	(70,067)	5,400	(18,250)	71,450	51,900	61,000
Ending Fund Balance	215,594	145,528	146,894	127,278	198,728	250,628	311,628





### Vehicles Purchased through Fund

Vehicle	Department	Vehicle	Department
Skid Steer	Street/Public Works	2017 Chevy Silverado	Water Production
2017 Chevy Silverado	Water Distribution	2017 Chevy Tahoe	Police
2017 Ford F350	Sewer Collection	Kawasaki Mule	Parks
2018 Ford F150	Fire	2018 Ford F150	Inspections
2018 Tahoe	Police	2018 Tahoe	Police
2018 Chevy Silverado	Water Production	2018 Chevy Silverado	Sewer Treatment
2018 Chevy Silverado	Public Works	2019 Tahoe	Police
2019 Tahoe	Police	2016 Malibu	Police
2016 Malibu	Police	2016 Malibu	Police
2005 Ford Brush Truck	Fire		

### Current Planned Purchases – FY 2020

Vehicle	Department	Vehicle	Department
2019 Tahoe	Police	2019 Truck	Water Production
2019 Truck	Public Works		

### Future Planned Purchases – FY 2021 through FY 2022

Vehicle	Department	Vehicle	Department
2020 Tahoe	Police	2021 Truck – TBD	Water Production
2021 Truck – TBD	Water Distribution	2022 Truck – TBD	Sewer Treatment
2022 Tahoe	Police	2022 Truck	Street Department



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**CITY OF CENTER  
FY 2020 BUDGET  
TECHNOLOGY FUND**

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

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed
Capital Contribution	52,000	0	0	0	0
Misc.	0	452	0	0	0
Dept Allocation	0	143,773	173,150	182,100	215,850
Interest	4	1,179	500	1,800	1,200
<b>TOTAL REVENUE</b>	<b>52,004</b>	<b>145,405</b>	<b>173,650</b>	<b>183,900</b>	<b>217,050</b>
Expenditures					
Personnel	0	62,135	71,800	71,800	73,200
Supplies	0	3,809	5,000	18,000	12,500
Contractual	3,822	37,657	51,200	50,000	69,200
Sundry	0	0	0	0	3,000
Maintenance		0	0	0	0
Capital	0	9,587	40,000	10,000	30,000
<b>Total</b>	<b>3,822</b>	<b>113,188</b>	<b>168,000</b>	<b>149,800</b>	<b>187,900</b>
<b>Beginning Fund Balance</b>	<b>0</b>	<b>48,182</b>	<b>70,782</b>	<b>80,399</b>	<b>114,499</b>
<b>Revenues Over Expenditures</b>	<b>48,182</b>	<b>32,217</b>	<b>5,650</b>	<b>34,100</b>	<b>29,150</b>
<b>Ending Fund Balance</b>	<b>48,182</b>	<b>80,399</b>	<b>76,432</b>	<b>114,499</b>	<b>143,649</b>

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

The Fund also is the cost center for software maintenance.



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**CITY OF CENTER  
FY 2020 BUDGET  
CAPITAL IMPROVEMENT PROGRAM**

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

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

**Previously Completed Projects**

Project	Year Completed	Funding Source
Community House Renovation	2013	2011 CO's
Ladder Truck	2012	2011 CO's
Mini-Park Renovation	2012	2011 CO's
City Hall Expansion	2013	2011 CO's
Softball Complex & Center Park Playground	2013	2011 CO's & 2014 Tax Notes
Hike & Bike Connectivity Trails	2012	TxDOT STEP Grant
Airport Weather Observation System (AWOS)	2013	TxDOT Grant & Donations
Downtown Streetscape Master Plan	2012	2011 CO's
Loop 500 Lift Station Elimination	2013	4A EDC & Local Funds
Lakewood Sewer	2014	2014 Tax Notes & Local Funds
Airport CIP: runway lighting, drainage, pavement	2017	2016 CO's; TxDOT CIP
Portacool Park expansion	2017	2016 CO's; TPWD Grant; Donation
WWTP Solar Project	2017	CFE Grant & Utility Fund match
WWTP Rehab Project	2018	2016 CO's
Southside Sewer System	2018	2012 CO's & 2016 CO's
Police Technology Enhancement	2018	CJD Grant & 2017 debt issue

**FY 2020 Revenue Notes**

Series 2011 Certificates of Obligation Bond Proceeds – The original funding mechanism for the FY 2012 -2014 CIP projects. Bond funds paid for either entire projects or provided the cash match for other projects.

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

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

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



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

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

Donations – Portacool, LLC., has generously pledged annual donations which the City has leveraged against a TPWD grant to complete the expansion of Portacool Park. A local foundation also donated \$15,000 for the installation of the City's first entryway sign. The Center Rotary Club and the Center Lion's Club donated \$20,000 and \$20,100 respectively towards the Ballard Street Soccer Complex. The John Harris Foundation gave a \$10,000 grant for an entrance sign at the Soccer Complex. These three donations were deposited directly into the Park Fund.

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

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

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

2019 Certificates of Obligation Bond Proceeds – Council authorized the issuance of \$6 million in ad valorem and utility supported bonds to fund Governmental projects (Downtown Renewal and Fire Apparatus) and Utility projects (US 96 sewer line, elevated water tank and tank maintenance, etc.)

## **UPCOMING/ONGOING PROJECTS AND IMPACT**

### **Airport CIP**

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

Council Goal E. Objective 3

### **Annual Street Maintenance**

Each year the 4B EDC approves a list of streets that will be reconstructed or resurfaced as part of a comprehensive street maintenance program. Reference the Street EDC Budget on Page 149 for more information on the street program.

Council Goal E. Objective 5.1

### **Ballard Street Soccer Complex**

The City intends to use Park Fund resources and other donations to pay for the renovation of Ballard Street Park into the Soccer Complex. A detailed project budget is provided later in this section.

Council Goal C. Objective 3

### **Downtown Renewal Project**

In FY 2019, the City completed the design and engineering for the Downtown Renewal project. Construction began on the \$3.9 million project in September of 2019 and is scheduled for completion in October 2020.

Council Goal A. Objective 5 and Goal C. Objective 1

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### **Pumper/Tanker Replacement**

This is to replace an old 1985 pumper with a new pumper/tanker apparatus.

### **US 96 Sewer Line**

The renovation and enlargement of the FL Moffett Elementary School necessitated the need to enlarge the main sewer line serving the west side of the City. This enhanced line will allow for additional growth along the US 96 corridor.

### **Miscellaneous Utility Projects**

- Henrietta Elevated Water Storage Tank Rehab – cleaning the tank and repainting the exterior
- South Loop Elevated Storage Tank – a new elevated storage tank at the South Loop and Hwy 7 that will increase storage capacity and help to regulate water pressure coming into the City.
- Pinkston Plant Lagoon and Filter Rehab
- Line work on Porter Street and Downtown

City staff will use FY 2020 to manage ongoing projects and begin to develop future improvements.



Rendering of the Downtown Renewal plan.



## POTENTIAL NEW PROJECTS

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

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

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





Fund 42 Governmental Projects	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
<b>Revenues</b>					
Bond Proceeds	0	265,117	0	4,350,000	0
Interest	19,689	3,655	500	13,500	10,000
Transfer	35,484	1,650	0	0	0
Donations	50,000	15,000	0	0	0
Grant	27,281	106,221	0	0	0
<b>Total</b>	<b>132,454</b>	<b>391,643</b>	<b>500</b>	<b>4,363,500</b>	<b>10,000</b>
<b>Projects</b>					
Community House Remodel	0	0	0	5,800	0
Downtown Renewal	4,925	17,730	6,000	164,500	3,937,600
TDA Downtown Sidewalk	(18,392)	4,500	0	0	0
Airport CIP Match	(2,815)	0	0	0	0
Perry Sampson Park	8,250	0	0	0	0
Ballard Street Park	0	0	0	0	0
Portacool Park	914,195	21,924	0	0	0
Entryway Sign	0	19,550	0	0	0
Police Technology	0	239,377	0	0	0
Fire Apparatus	0	0	0	0	350,000
<b>Total</b>	<b>906,163</b>	<b>303,081</b>	<b>6,000</b>	<b>170,300</b>	<b>4,287,600</b>
<b>Beginning Fund Balance</b>	<b>815,849</b>	<b>42,140</b>	<b>15,140</b>	<b>130,702</b>	<b>4,323,902</b>
<b>Revenues Over/(Under) Expenses</b>	<b>(773,709)</b>	<b>88,562</b>	<b>(5,500)</b>	<b>4,193,200</b>	<b>(4,277,600)</b>
<b>Ending Fund Balance</b>	<b>42,140</b>	<b>130,702</b>	<b>9,640</b>	<b>4,323,902</b>	<b>46,302</b>





Fund 44 Utility Projects	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Estimate	FY 2020 Proposed Budget
<b>Revenues</b>					
Bond Proceeds	0	0	0	2,150,000	0
Interest	18,666	17,123	10,000	19,000	15,000
Transfers	23,000	0	0	0	0
Grant	86,271	170,429	0	0	0
<b>Total</b>	<b>127,937</b>	<b>187,552</b>	<b>10,000</b>	<b>2,169,000</b>	<b>15,000</b>
<b>Projects</b>					
Southside Sewer Project	1,876,268	160	0		
Water Tank	0	3,596	0	0	185,400
Lagoon Improvement	1,580	0	0	0	703,800
WWTP Rehab	701,208	19,692	0	93,900	55,000
WWTP Solar Project	227,144	13,500	0	0	0
Disaster Recovery	6,050	0	0	0	0
Elevated Storage Tank	0	0	0	0	356,000
Capital Water Lines	0	0	0	1,700	137,100
Capital Sewer Lines	0	0	0	26,500	1,108,700
<b>Total</b>	<b>2,812,250</b>	<b>19,225</b>	<b>0</b>	<b>122,100</b>	<b>2,546,000</b>
<b>Beginning Fund Balance</b>	<b>3,125,873</b>	<b>441,560</b>	<b>488,039</b>	<b>609,887</b>	<b>2,656,787</b>
<b>Revenues Over/(Under)</b>					
<b>Expenses</b>	<b>(2,684,313)</b>	<b>168,327</b>	<b>10,000</b>	<b>2,046,900</b>	<b>(2,531,000)</b>
<b>Ending Fund Balance</b>	<b>441,650</b>	<b>609,887</b>	<b>498,039</b>	<b>2,656,787</b>	<b>125,787</b>

#### Utility Fund Capital Improvement Program Detail

		FY 2019 CO Bond Proceeds	FY 2020 Operating Budget	2016 CO's Remaining Funds	Total
	<b>Funding Sources</b>	<b>2,150,000</b>	<b>100,000</b>	<b>456,100</b>	<b>2,706,100</b>
<b>PROJECTS</b>	<b>Project Cost</b>				
WWTP	54,611	0	0	54,611	54,611
Henrietta Tank Rehab	261,500	185,400	0	0	185,400
Downtown Water Lines	153,100	53,100	100,000	0	153,100
South Loop Storage Tank	356,000	0	0	356,000	356,000
Pinkston Plant Lagoon	615,800	590,000	0	25,800	615,800
Pinkston Filter Rehab	88,000	74,600	0	13,400	88,000
Hwy 96 Sewer Line	1,055,650	1,055,650	0	0	1,055,650
Porter St. Water Line	76,000	76,000	0	0	76,000
<b>Total</b>	<b>2,660,661</b>	<b>2,034,750</b>	<b>100,000</b>	<b>449,811</b>	<b>2,584,561</b>
<b>Difference</b>		<b>115,250</b>	<b>0</b>	<b>6,289</b>	<b>121,539</b>



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**FY 2020 BUDGET  
TAX INCREMENT REINVESTMENT DISTRICT #1  
FUND NARRATIVE**

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

How Does It Work?

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

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



Tax Increment Reinvestment Zone #1 Map



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

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

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

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



**FY 2020 BUDGET  
TAX INCREMENT FINANCING ZONE #1**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Total Increment Amount	3,297,971	3,131,611	3,655,371	3,655,371	4,892,711
TIF Revenue					
City of Center	16,906	16,403	20,100	20,258	28,150
Shelby County	17,423	18,420	24,400	22,780	30,500
Road & Bridge	2,622	2,490	-	2,906	3,900
Interest Earnings	100	450	500	800	800
<b>TOTAL</b>	<b>37,050</b>	<b>37,763</b>	<b>45,000</b>	<b>46,750</b>	<b>63,350</b>
Debt Payments	28,223	28,273	28,300	28,213	28,250
<b>Expenditures Over/(Under)</b>	<b>8,828</b>	<b>9,490</b>	<b>16,700</b>	<b>18,537</b>	<b>35,100</b>
<b>Revenues</b>					
Reserve Amount	20,538	30,027	46,738	48,564	83,664
<b>Loan Balance</b>	<b>280,934</b>	<b>261,139</b>	<b>240,750</b>	<b>240,750</b>	<b>219,749</b>

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
<b>6</b>	<b>02-01-2020</b>	<b>240,749.63</b>	<b>28,223.20</b>	<b>21,000.71</b>	<b>7,222.49</b>	<b>219,748.92</b>
7	02-01-2021	219,748.92	28,223.20	21,630.73	6,592.47	198,118.18
8	02-01-2022	198,118.18	28,223.20	22,279.66	5,943.55	175,838.53
9	02-01-2023	175,838.53	28,223.20	22,948.05	5,275.16	152,890.48
10	02-01-2024	152,890.48	28,223.20	23,636.49	4,586.71	129,254.00
11	02-01-2025	129,254.00	28,223.20	24,345.58	3,877.62	104,908.48
12	02-01-2026	104,908.41	28,223.20	25,075.95	3,147.25	79,832.47
13	02-01-2027	79,832.47	28,223.20	25,828.23	2,394.97	54,004.24
14	02-01-2028	54,004.24	28,223.20	26,603.07	1,620.13	27,401.17
15	02-01-2029	27,401.17	28,223.20	26,579.13	822.03	0

Original Principal Borrowed from Center EDC: \$409,427

Interest Rate: 3%

Cumulative Interest: \$70,546

June 2014 Loan Amendment

Principal Refinanced: 336,926.74

Interest Rate: 3%

Cumulative Interest \$86,421.27



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## **FY 2020 BUDGET CENTER ECONOMIC DEVELOPMENT CORPORATIONS**

### **FUND NARRATIVE**

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

### **4A ECONOMIC DEVELOPMENT CORPORATION**

In 1996, the voters in Center adopted a resolution authorizing the creation of a 5-member 4A EDC Board, which is appointed by the City Council.

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

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

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

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

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

### **4B ECONOMIC DEVELOPMENT CORPORATION**

Each year, the Street EDC allocates nearly \$600,000 for street reconstruction projects. In FY 2016, the EDC funded the match for a Downtown sidewalk grant, completed an update to the long-term street maintenance study, and began the reconstruction of Childs Street. In FY 2019, the EDC Board agreed to scheduled transfers to the Debt Fund to pay for a portion of the Downtown Renewal Project.

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



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**FY 2020 BUDGET**  
**4A ECONOMIC DEVELOPMENT CORPORATION**

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	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>REVENUE</b>					
Sales Tax	381,963	400,734	400,500	414,000	418,200
Interest	7,186	18,876	15,000	35,000	24,000
Sale of Land	0	25,652	0	0	0
Viatracs Payment	10,000	15,000	20,000	20,000	25,000
TIF Note Payments - Principal	19,218	19,795	20,400	20,400	21,000
TIF Note Payments - Interest	9,005	8,428	7,850	7,850	7,250
Other	353	0	0	0	0
Total Revenue	<b>427,724</b>	<b>488,485</b>	<b>463,750</b>	<b>497,250</b>	<b>495,450</b>
<b>EXPENDITURES</b>					
Supplies	0	0	0	0	0
Contractual	46,275	56,622	206,050	26,000	216,100
Sundry	14,793	8,332	17,000	11,700	16,000
Maintenance	0	2,983	3,000	3,000	3,000
Capital	317,925	0	0	0	0
Fund Transfers	53,600	55,000	55,000	55,000	60,000
Total Expenditures	<b>432,592</b>	<b>122,937</b>	<b>281,050</b>	<b>95,700</b>	<b>295,100</b>
Beginning Fund Balance	1,374,242	1,369,373	1,413,848	1,734,922	2,136,472
Revenues Over/(Under) Expenditures	(4,868)	365,549	182,700	401,550	200,350
Ending Fund Balance	1,369,373	1,734,922	1,596,548	2,136,472	2,336,822
Due from City - TIF Balance	280,934	261,136	240,755	240,755	219,755
Due from Viatracs - Industrial Loan	190,000	175,000	155,000	155,000	130,000
Net Fund Balance	935,066	1,298,786	1,571,256	1,740,717	1,987,067

**GOALS**

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



**FY 2020 BUDGET  
4B ECONOMIC DEVELOPMENT CORPORATION**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
<b>REVENUE</b>					
Sales Tax	763,927	801,469	801,000	828,000	836,400
Other	0	0	0	0	0
Interest	7,293	15,123	6,000	22,000	7,500
<b>TOTAL REVENUE</b>	<b>771,220</b>	<b>816,592</b>	<b>807,000</b>	<b>850,000</b>	<b>843,900</b>
<b>EXPENDITURES</b>					
Administration	25,000	25,000	25,000	25,000	30,000
Supplies	376	0	0	200	0
Contractual	1,050	3,900	3,900	3,900	3,900
Sundry	274	76	1,000	1,000	1,000
<u>Projects &amp; Commitments</u>					
Annual Street Program	852,300	641,765	600,000	600,000	600,000
New Sidewalk Development	85,226	0	0	0	0
New Street Construction	0	0	0	0	0
Transfer to Debt	0	0	0	0	159,600
Engineering	25,423	0	40,000	5,000	40,000
<b>TOTAL EXPENDITURES</b>	<b>989,649</b>	<b>670,741</b>	<b>669,900</b>	<b>635,100</b>	<b>834,500</b>
<b>BEGINNING FUND BALANCE</b>	<b>988,246</b>	<b>769,817</b>	<b>883,262</b>	<b>915,668</b>	<b>1,130,568</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(218,429)</b>	<b>145,851</b>	<b>137,100</b>	<b>214,900</b>	<b>9,400</b>
<b>ENDING FUND BALANCE</b>	<b>769,817</b>	<b>915,668</b>	<b>1,020,362</b>	<b>1,130,568</b>	<b>1,139,968</b>





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**FY 2020 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 purpose of this activity is to work to sell the lots to builder or individual homeowners.

The Corporation will receive revenue from lot sale proceeds. The Corporation's expenses consist of minor administrative expenses and property maintenance.

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Adopted Budget</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Proposed Budget</b>
Revenues					
Contribution from City	0	0	0	36,076	0
Lot Sales	0	0	0	0	15,000
Interest	0	0	0	0	0
Total Revenue	0	0	0	36,076	15,000
Expenditures					
Personnel	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	0	0	0	600	4,500
Utilities	0	0	0	0	0
Sundry	0	0	0	0	0
Maintenance	0	0	0	0	0
Capital	0	0	0	0	0
Total Expenditures	0	0	0	600	4,500
<b>BEGINNING FUND BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,476</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,476</b>	<b>10,500</b>
<b>ENDING FUND BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,476</b>	<b>45,976</b>



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## **APPENDIX A**

### **DEBT MANAGEMENT POLICY**

#### **INTRODUCTION**

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

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

#### **POLICY**

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

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

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

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

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

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

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

#### **Debt Limitations**

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

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



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

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

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

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

#### **Tax Rate**

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

#### **Debt Structuring**

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

#### **Bond Insurance**

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

#### **Disclosure**

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

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

#### **Debt Refinancing**

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

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



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

**Capital Projects**

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

**Federal Requirements**

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



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## 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 30% optimally 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 additional funding.

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

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

### Fund Balance Analysis

	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Proposed Budget
Fund Balance as of October 1 (includes receivables)	1,351,430	1,568,953	1,543,300	1,634,600
Revenues	4,682,078	4,818,939	4,946,300	4,963,000
Expenditures	(4,464,555)	4,858,940	4,855,000	4,963,000
Fund Balance as of September 30	1,568,953	1,528,952	1,634,600	1,634,600
Fund Balance Goal				
Minimum (25%)	1,116,138	1,214,735	1,213,750	1,240,750
Optimal (30%)	1,339,367	1,457,682	1,456,500	1,488,900
Goal Attainment				
Minimum (25%)	141%	126%	135%	132%
Optimal (30%)	117%	104%	112%	110%
Percent Liquid Fund Balance at Year End	97%	95%	90%	90%





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## **APPENDIX C INVESTMENT POLICY**

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### **I. INTRODUCTION**

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

### **II. INVESTMENT STRATEGY**

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

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

### **III. SCOPE**

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

- General Fund
- Special Revenue Fund



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

#### **IV. OBJECTIVES**

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

##### **A. SAFETY**

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

##### **B. LIQUIDITY**

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

##### **C. YIELD**

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

##### **D. PUBLIC TRUST**

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

#### **V. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS**

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

The investment officer shall determine which financial institutions are authorized to provide investment services to the City. Institutions eligible to transact investment business with the City include primary



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government dealers as designated by the Federal Reserve Bank; nationally or state chartered banks; the Federal Reserve Bank; and direct issuers of securities eligible for purchase.

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

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

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

## **VI. RESPONSIBILITY AND CONTROL**

### **A. FINANCE COMMITTEE**

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

### **B. DELEGATION OF AUTHORITY AND TRAINING**

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

### **C. INTERNAL CONTROLS**

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

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

#### **A. Control of collusion.**



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

#### D. PRUDENCE

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

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

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

#### E. ETHICS AND CONFLICTS OF INTEREST

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

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

### VII. **COMPETITIVE TRANSACTIONS**

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



## **VIII. SAFEKEEPING AND CUSTODY**

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

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

## **IX. COLLATERAL**

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

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

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

## **X. REPORTING**

### **A. QUARTERLY REPORTING**

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

### **B. ANNUAL REPORT**

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

The quarterly investment report shall include detail and a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last



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quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will be provided to the City Manager and City Council. The report will include the following:

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

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

## **XI. INVESTMENT PORTFOLIO**

### **A. ACTIVE PORTFOLIO MANAGEMENT**

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



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## B. INVESTMENTS

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

### 1. Authorized

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

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

All securities will be obtained on a competitive bid basis.

### 2. Not Authorized

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

- A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage backed security collateral and pays no principal.
- B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage backed security collateral and bears no interest (Primarily only MBS).





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- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
  - D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (Inverse floater MBS).

#### C. HOLDING PERIOD

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

#### D. RISK AND DIVERSIFICATION

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

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

#### E. DOWNGRADED SECURITIES

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



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## APPENDIX D PURCHASING POLICY

### I. Purpose

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

### II. Bid Procedures

A. Purchases less than \$500 may be ordered in the most expeditious manner by use of one verbal quotation. Quotation will be verbally accepted based upon past experience, considering price, quality, and delivery date.

B. Purchases between \$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 \$50,000

1. An informal Request for Proposal, Qualifications, or Bid (RFP, RFQ, RFB) will be required for purchases between \$10,000 and \$50,000.
2. The City Manager must authorize the release of any RFP, RFQ, or RFB's for budgeted proposed purchases between \$10,000 and \$50,000. Purchasing and the requesting Department will make a recommendation to the City Council; it is the responsibility of the requesting Department to present the request to the City Manager.
3. Departments shall coordinate with Purchasing to receive quote information. There is a minimum of five (5) business days for vendors to respond.
4. Not less than three (3) **written** proposals must be received.
5. No purchase orders will be issued prior to City Manager approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

D. Purchases of greater than \$50,000

1. A formal Request for Proposal or Qualifications (RFP, RFQ) with detailed written specifications or scope of work will be required for purchases over \$50,000.
2. No purchase orders will be issued prior to Council approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

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

1. The Department will develop detailed written specifications or scope of work to be included in the formal Request for Proposals or Qualifications. Purchasing will complete the other required language for the RFP/RFQ packet.
2. The RFP/RFQ is presented to City Council for authorization for release. The City Council must approve the release of any RFP, RFQ's for proposed purchases over



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\$50,000. Purchasing and the requesting Department will make a recommendation to the City Council; it is the responsibility of the requesting Department to present the request to Council.

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

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

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

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

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

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

9. Any or all bids may be rejected. The City may base their decision upon past experience, quality, and delivery date.

F . Items exempt from competitive bidding are:

a. Sole source purchases (due to patents, copyrights, secret processes, or natural monopolies)

b. Electricity, gas, water or other utility services

c. Emergency purchases (Items purchased in case of public calamity to relieve the needs of the citizens or to preserve City property)

d. Personal or professional services

e. Work paid on a daily basis (day labor)

f. Land or right-of-way acquisitions

g. Items necessary because of unforeseen damage to public property

h. Interlocal contracts

### **III. Purchase Order Procedure**

The following procedures for the issuance of Purchase Orders (PO's) are put in place to allow for budgetary accountability. All purchase above \$500 will require a purchase order. There are two categories of purchase order, those between \$500 and \$10,000 and those greater than \$10,000.

Purchases Between \$500 and \$25,000.

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



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#### Purchases Greater than \$25,000

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

#### **IV. Signature Authority**

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

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

#### **V. Conflict of Interest**

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

Disclosure of Relationship to Vendor is Required:

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

Employees will complete a Conflict of Interest Form where applicable.

All City employees are to avoid accepting any kind of gratuities, tips, or gifts for himself/herself or for any member of his or her family. This includes merchandise, cash, services, entertainment, and other



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

Exceptions:

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

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

## **VI. Professional Services**

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

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

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

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

## **VII. Grant Funding**

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

## **VIII. Cooperative Purchasing**

Cooperative purchasing occurs when two or more governmental entities coordinate some or all purchasing efforts to gain the best overall value for the entities. Cooperative purchasing can occur



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through inter-local agreements, state contract, and/or joint purchases. The Purchasing Department will assist departments to determine the best method/cooperative for the purchase.

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

## **IX. General Exemptions**

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

### Emergency Purchases

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

### Sole Source Purchases

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

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

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

## **X. Insurance Requirements**

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

## **XI. Progressive Payments**

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

## **XII. Definition of Capital Purchases**

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

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

- Land/land improvements Any amount
- Buildings/building improvements \$25,000
- Facilities and other improvements \$25,000



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- |                          |          |
|--------------------------|----------|
| • Infrastructure         | \$25,000 |
| • Personal Property      | \$5,000  |
| • Leasehold improvements | \$25,000 |
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Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expends incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

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

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





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## BUDGET GLOSSARY

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

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

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

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

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

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

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

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

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

**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 of time (the fiscal year for the City) that includes an estimate of proposed revenues, and estimate of anticipated expenditures, and an analysis of the undedicated fund balance.

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

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





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

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

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

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

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

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

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

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

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

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

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

**Enterprise fund:** See proprietary fund.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Property taxes:** See Ad Valorem taxes.



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

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

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

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

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

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

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

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

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

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

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

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