

FY 2021 BUDGET



AUGUST 10, 2020



City of Center

Fiscal Year 2020-2021

Budget Cover Page

August 10, 2020

This budget will raise less revenue from property taxes than last year's budget by an amount of \$18,229, which is a 1.52 percent decrease from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$18,419.

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

	2020-2021	2019-2020
Property Tax Rate:	\$0.619233	\$0.610000
No New Revenue/ Effective Tax Rate:	\$0.619233	\$0.578216
No New Revenue/ Effective Maintenance & Operations Tax Rate	\$0.366063	\$0.334432
Voter Approval/ Rollback Tax Rate:	\$0.627480	\$0.630275
Debt Rate:	\$0.234724	\$0.256834

Total debt obligation for City of Center secured by property taxes:
\$853,900.





**FY 2021 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





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, CEcD, 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, 2019

Christopher P. Morill

Executive Director





FY 2021 BUDGET
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August 10, 2020

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 understandable 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 achieving our highest goals and directing 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





Date: August 10, 2020

To: Mayor, City Council Members and Residents of Center

From: Chad D. Nehring, City Manager

Subject: FY 2021 Budget Transmittal Letter

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2020-2021 (FY 2021) Budget. This budget book is intended to provide a significant level of detail of the City's budget in a transparent manner and accomplish the four recognized purposes of a budget.

- 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.

COVID-19

The COVID-19 pandemic is the most influential factor effecting budget development. The City has made a number of alterations and changes to the budget as a result of the pandemic's anticipated effects.

- Sales tax revenue is projected to be down 4% in FY 2021.
- Civic Center revenue is down with hopes that revenues will recover in FY 2021.
- The City received grant funds in FY 2020 to offset COVID-related expenses, including CARES Act funding for the Center Municipal Airport

Property Tax

The tax base contracted in FY 2020 where economic conditions warranted property reappraisals. These are expected to reverse themselves in 2021 for the FY 2022 budget in addition to new value added to the tax roll as industrial projects are completed.

Legislative Issues

In 2019, the Texas Legislature passed SB 2, changing the names of the required tax rates, making significant revisions to the tax rate calculation methods, implementing property tax revenue caps, and altering the City's budget and tax rate adoption schedules.



The Effective Rate, which is the rate required to generate the same amount of levy as the previous year, is now referred to as the No-New-Revenue Rate; the Rollback Rate is now called the Voter Approval Rate.

The City is required to calculate the No-New-Revenue tax rate in a similar manner as the old Effective Rate. The Voter Approval Rate is calculated to generate a levy 3.5% greater than the No-New-Revenue rate. Prior to SB 2, the City could raise an additional 8% without the option of an election. Now, an election is mandatory if the City wishes to adopt a rate greater than the Voter Approval Rate. However, SB 2 created the De Minimis Rate, which allows the City to levy an additional \$500,000 without triggering an election. The City is eligible to use a De Minimis Rate up to \$0.91/\$100 valuation because Center has a population less than 30,000.

Because of the overall environment, the Council decided to stay at the No-New-Revenue/Effective tax rate, which will increase the total rate by \$0.009233

The automatic election trigger forces cities to develop and adopt their budgets in a timeline that will allow for an election to be called and held in November.

Utility Rates

The Council was presented recommended alterations to the Utility rate structure adjusting rates for users placing greater demands on the system. Commercial development has necessitated new and expanded sewer lines. Industrial customers have caused treatment issues at the Waste Water Treatment Plant. Therefore, residential water rates are separated from commercial and commercial sewer is separated from industrial.

Strategic Development and Service Enhancement

There are a number of initiatives the City is planning for FY 2021, while completing the capital projects underway from the 2019 bond issue.

Community Direction/Service Enhancement

The Council has expressed a desire to explore beautification programs/projects. These remain undefined to determine a policy or regulatory approach, or specific projects to meet this goal.

Comprehensive Personnel Assessment

The recommendations of a full assessment of the City's personnel compensation structure. This will include a salary survey, benefits comparison and analysis, and development of a job classification structure to attract and retain quality employees.

Economic Development

The Center Economic Development Corporation has an aggressive year planned that begins with the completion of the City's economic development plan and progresses onto other aspects to enhance the City's ability to attract outside investment.

Public Safety

The City is a recipient of a COPS Grant which will allow the City to hire two new police officers enhancing patrol and response capabilities.



Quality of Life Projects

The City anticipates receiving a Texas Parks and Wildlife Department park grant which will provide funding for the renovation of Perry Sampson Park. The City has been successful in applying and receiving other funds for this project.

The City also received a grant to conduct a feasibility study to determine the best use of parkland acquired from Center ISD by a land swap.

Utility Projects

The City's new elevated storage tank was a project in the 2019 CO package and will be in development in FY 2021.

Capital Project Completion

The main objective for FY 2021 is to complete the planned capital projects. The Downtown Renewal project should be complete in late Fall 2020. The Center Soccer Park – former Ballard Street Community Park – should be open for the Fall soccer season. The new fire tanker/pumper should also be delivered at the beginning of the new budget year.

Long Range Financial Situation

The City is Center heads into the FY 2021 Budget in a healthy financial position. Even though revenues are projected to slightly decline, staff have been able to contain expenditure growth. The City's fund balance is at a sustainable level that will provide security for the City into the foreseeable future. City staff will remain vigilant in monitoring sales tax data due to the City's heavy reliance on that revenue stream and its' potential volatility.

Summary

Development of the FY 2021 Budget was not the most difficult budget, but did present its share of challenges. The COVID-19 pandemic injected an undesirable degree of uncertainty and variability into the forecasts as well as local economic challenges. The new legislative rules inhibit the City's ability to raise additional funds for either service enhancements or new projects. In addition, the legislation forces the City to develop the budget much sooner leaving less time for refinement.

However, there is positive momentum such we are completing capital projects, expanding economic development activities, conducting the personnel assessment, matching utility rates with service demands, and looking for ways to move Center, Texas, into the 21st Century.

The City strives to enhance both its physical infrastructure and service delivery in order to improve the quality of place with the desired outcome of attracting additional investment and attention to Center, Texas. Center is a great place to live, work, visit, and do business because of a progressive spirit that builds towards the future while providing quality and affordable community services. Center is fortunate to have community leaders, volunteers, and employees pursuing these goals to improve the City.



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FY 2021 BUDGET EXECUTIVE SUMMARY

This section of the FY 2021 Budget book provides a general overview and summary of the City of Center's budget. It will show how the City is addressing the City Council's goals and objectives, the general budget issues that the reader needs to be aware of, as well as providing a summary of the City's budget.

The Council's goals for the FY 2021 Budget are:

- Stabilization of property tax rate and revenue and decreased reliance on volatile sales tax;
- Maintaining personnel benefits to attract and retain qualified employees;
- Completion of 2016 -2020 Capital Improvements Program projects and planning for future needs;
- Thoroughly analyze City operations and seek ways to improve the City;
- Focus on service levels to provide for the operation and maintenance of community assets, and;
- Optimization of utility rates where the structure is commensurate with system demand and uses.

More information on the City's Strategic Plan can be found on Pg 37.

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

Sales Tax

Understanding the City's sales tax revenue stream is the starting point for comprehending the overall budget. Sales taxes represent approximately 40% of the City's total revenue – One cent, or 50% of the total two cent local option goes directly to the City. Another ¼ cent, or 12.5% of the total, reverts back to the City for Property Tax Relief. The other ¼ cent funds the Type A Center Economic Development Corporation, and the remaining ½ cent goes to the Type B Center Street Improvements for Economic Development Corporation.

In spite of the ongoing COVID-19 pandemic, City sales taxes have increased over FY 2019. While this would normally be welcome news reflecting a healthy, growing economy, 2/3rds of this sales tax growth is a result of non-recurring payments. If these payments had not occurred, it is possible that City sales tax would be down for 2020. In FY 2021, the City is anticipating sales taxes to decline 4% from 2020.

For more information on Sales Taxes, visit Pg. 80.



Sales and Property Tax Relationship

The City Council became aware the precarious position it was in the last time sales tax revenue behaved erratically. City sales tax revenues saw a large spike starting in 2010 through 2013 and the City's policy at the time was to rely on this growth for operations. 2014 and 2015 saw this growth vanish and sales tax resumed its' historic pattern of 3-4% annual growth. Consequently, the Council made the policy decision to start to shift operational reliance onto property tax revenue.

While sales tax revenue is high and growing, there is less pressure to consider property tax rate increases. In fact, when studying the historical patterns, the City actually used climbing sales tax revenue to fund property tax rate reductions. (Property tax is one of the few areas that the City can earn substantial revenue entirely through its own decision making.) When sales tax takes a declining turn, then the City must look for other ways to bridge the gap resulting in upward pressure on the property tax rate.

The City must include the Sales Tax for Property Tax Relief when calculating the Effective/No-New-Revenue property tax rate. If this stream heads in a negative direction and provides less relief, then the Effective/No-New-Revenue property tax rate rises in order for the City to generate the same amount of levy/revenue.

For more on the relationship between Sales and Property Tax, look on Pg 89.

Property Tax

Approximately 22% of the City's General Fund comes from property tax levy. There are a number of factors that were considered when developing the property tax budget.

Reduced tax base

The City's property tax base was projected to grow by 2% each year in the City's financial forecast. Under normal circumstances that would be a reasonable assumption to make. However, the FY 2021 tax base contracted by 1.13%. While not a large number, it forces the Council to consider a higher the tax rate to generate the same amount of levy. Most of the decline can be explained in Commercial properties.

For more information on the Property Tax base, visit Pg. 82.

Some of the commercial reduction is in the Downtown square area, the result of temporary valuation adjustments; these values should rebound in FY 2022.

Transfer to debt fund

The Maintenance and Operation (M&O) rate was able to be buoyed by utilizing airport project pledges to the Debt Fund. This reduced the required Interest & Sinking (I&S) rate which could be used in the M&O rate without raising the total tax rate.

Overall expenditure growth

While the City's FY 2021 operational budget is flat compared to the FY 2020 estimate, it is worth noting that the City's budget has grown over the long term. One of the issues identified in the City's financial forecast is the fact that expenses rise at a faster rate than revenues. There are a number of explanations for this: increases in personnel costs, which has a direct



correlation to increased payroll taxes and retirement contributions; increases in health insurance costs – which on average rise 7-8% each year; enhanced service levels and expectations; and, the creation of internal service funds.

The Council has made decisions for enhanced service levels, specifically in Parks. In 2012, City had only one employee who cared for all the City parks. Since then, an additional one and a half positions are now funded in this department. The City has also added new park facilities since 2012, which are expected to be maintained at an attractive level. The table below shows five major governmental departments and how their total budgets have grown since FY 2015.

Programs where costs have increased	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Budget	Average Annual Increase
Police	1,776,959	1,782,288	1,877,258	1,961,780	2,034,021	2,047,600	2,036,100	2.1%
City Hall	727,194	741,882	783,115	754,547	796,794	829,100	860,000	2.6%
Parks	118,771	140,514	124,189	179,907	232,269	232,900	231,500	13.6%
Fire	467,374	446,990	447,084	479,719	472,556	504,900	514,200	1.4%
Streets	380,784	417,400	365,949	319,284	334,294	409,450	410,200	1%

The Council has a goal of financial sustainability; one method of achieving this goal is the use of internal service funds. These funds allow the City to self-finance large capital purchases through a dedicated funding source. This approach also allows the City to make lower payments and regulate the budget as compared to making large one time expenditures. Property managing and appropriately funding the city's two internal service funds also results in slightly larger operational budgets.

The table below provides an approximation on where City property tax revenues are spent internal to the General Fund. For more information on this point, go to Pg 87.

	Property Taxes	Sales Taxes	Law Enforc	Franchise Fees	Airport	Permits	Usage Fees	Misc	Transfers	Interest	Grants	Total
Non-Dpt	3,000	13,200	0	62,000	0	0	1,000	1,000	237,500	5,000	0	322,700
City Hall	112,600	263,500	0	96,500	0	0	2,600	1,000	367,500	15,000	0	858,700
Muni												
Court	22,000	43,100	52,000	0	0	0	0	0	0	0	0	117,100
Police	730,800	1,207,500	173,200	0	0	0	0	0	0	0	1,600	2,113,100
Fire	171,400	349,700	0	0	0	0	0	0	0	0	0	521,100
Animal Control	9,000	18,300	0	0	0	0	0	0	0	0	0	27,300
Streets	0	2,900	0	310,200	0	0	0	0	100,000	0	0	413,100
Parks	12,000	33,800	0	187,700	0	0	0	0	0	0	0	233,500
Inspection	9,000	19,800	0	20,000	0	15,700	0	2,200	0	0	0	66,700
Airport	2,500	12,200	0	0	80,600	0	0	0	0	0	5,000	100,300
Cemetery	8,000	15,300	0	0	0	0	0	0	0	0	0	23,300
Civic												
Center	16,000	33,700	0	0	0	0	58,000	0	80,000	0	0	187,700
Comm												
Facilities	25,000	52,000	0	0	0	0	6,000	0	5,000	0	0	88,000
Total	1,121,300	2,065,000	225,200	676,400	80,600	15,700	67,600	4,200	790,000	20,000	6,600	5,072,600



Council projects effect the debt rate

Lastly, the Council has made decisions to engage in projects and programs to enhance the local quality of place. When these projects are analyzed and the approximate annual debt service costs are tallied, the result is that nearly 12 cents of the debt rate can be attributed to these projects. This is one half of the total debt rate; the other half can be attributed to interest and other refunding (refinancing) bond instruments.

For more detail on the City's debt structure, start on Pg. 131.

The overall conclusion is that a number of previous City Council decisions have a direct fiscal impact that relies on property tax revenue.

Personnel

Personnel represents the City budget's largest cost center. Due to resource constraints, the FY 2021 Budget does not have a cost of living adjustment (COLA) included. However, some resources were budgeted for personnel adjustments to be determined at a later date once the economic picture becomes clearer. The City did not have health insurance premium adjustments and a slight decrease in the retirement (TMRS) actuarial contribution rate. No new positions were added to account for service level enhancements. The only exception is that the City is the recipient of a COPS grant which will fund two police officer positions. The City provided the grant match by budgeting an offsetting increase in Court revenues and the Police personnel budget. The City looks to start a comprehensive personnel assessment in the Fall of 2020 and will use the results to plan for the personnel adjustments.

Structural Balance

An addition to the Budget book is an analysis of the General Fund's structural balance. This is an exercise of separating recurring and non-recurring revenues and expenditures to explore how these coincide. The goal is for recurring revenues to accommodate recurring expenses. The positive news is that the City's fiscal state is structurally balanced.

For more information visit Pg. 128.

Fiscal Health

A new section of the budget is a fiscal health analysis. The City's audit presents a number of different data points – however, these are rarely directly integrated in the context of budget and financial planning. These include the City's net position, total assets, cash to current liabilities, fund balance and debt levels. A brief discussion follows that describes trends and recommendations for future decisions.

See Fiscal Health Section on Pg. 57.

Capital

- The City is looking to complete the 2019 Downtown Renewal Project by December 2020. The US 96 Sewer Line project should also be completed at the same time.
- The City looks to begin Phase II of the Downtown Renewal Project using TDA grant fund.
- The City anticipates receiving grant funding for the Perry Sampson Park project and, if awarded, should begin construction in Spring 2021.



-
- The City also is currently developing a small elevated water storage tank project.

The City's goal for FY 2021 is to complete all the projects funded in the 2019 CO's.

Visit the Capital Improvements Section on Pg. 175.

Internal Service Fund

The City manages two internal service funds – the Technology Fund and the Vehicle Replacement Fund. The City expenses money that accumulates to fund large capital purchases. These purchases normally would require debt financing or special decisions that would result in a tax rate increase or use of fund balance.

The two funds are fully self-sustaining and require no additional capital injection or debt financing.

For more info on these visit page 161.

Economic Development Corporations

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

The Type A EDC is planning an ambitious year to intensify the City's economic development program and establish a number of different initiatives that seek to supplement the Council's goals of improving the local quality of life and place.

The Type B EDC will again engage in an aggressive street reconstruction program which makes significant contributions to the City's transportation infrastructure.

Hotel Occupancy Taxes

The City collects a 7% Hotel Occupancy Tax (HOT) on each hotel room rented in Center. These funds have dedicated special uses as dictated by State Law. With the COVID pandemic, in conjunction with less regional energy industry activity, HOT revenue is expected to decline in FY 2021. The City uses the majority of these funds in two ways: making the debt service payments for the Windham Civic Center, and transferring funds to the General Fund for Civic Center and Community House operations.

To bolster the local tourism industry, the City sponsors annual summer state baseball tournaments. The 2020 tournaments are slightly smaller than in previous years. It is anticipated that regular travel will resume by Summer 2021.

For more information on HOT please visit Pg. 171.



Budget Summary

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

Fund	Total Expenditures
General Fund	\$5,072,600
Utility Fund	\$3,750,400
Solid Waste Fund	\$1,596,000
Recreation Fund	\$168,400
Park Fund	\$65,500
Municipal Court Technology Fund	\$6,700
Municipal Court Building Security Fund	\$1,000
Seizure Fund	\$0
Hotel Occupancy Tax Trust Fund	\$265,000
Tax Increment Financing Fund	\$28,250
Debt Service Fund	\$1,488,600
Vehicle Replacement Fund	\$0
Technology Fund	\$186,300
Capital Improvement Fund	\$1,886,900
Utility Capital Improvement Fund	\$0
4A Economic Development Corp.	\$422,400
4B Economic Development Corp.	\$825,300
Center Local Government Corp.	\$4,500
TOTAL ALL FUNDS	\$15,767,850

Looking Forward

FY 2021 is going to be an interesting year. The City will need to monitor the situation regarding the economic effects of the COVID-19 pandemic, especially as it relates to sales tax revenue. FY 2021 will be a year of completing capital projects while planning for the next phase of City operations and growth.



FY 2021 BUDGET BUDGET USER GUIDE

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

Fund Structure and Basis of Budgeting. The City of Center operates a number of different funds that perform different functions and use different methods of accounting. This section defines the different funds, their functions, which method of accounting and budgeting they use. This information is also presented graphically for the user to gain a full understanding of City operations.

Budget Format. This is a description of how the City's budgetary information is presented to the reader.

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

Budget Management. Once the budget is adopted, there are certain activities that occur to ensure the City stays within its' budget. This section describes some operational detail on how the City manages its' finances.

Policy Compliance. The City Council has established a number of different policies to set parameters on how it manages the City's finances. This section provides a snapshot of how the City performed in complying with its own policies.

FUND STRUCTURE AND BASIS OF BUDGETING

Basis of Budgeting/Accounting

The City of Center annual budget is prepared consistent with Generally Accepted Accounting Principles (GAAP). Portions of the City's budget uses different basis of accounting models. A 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.

Some exceptions to the above basis are as follows:

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



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- The budget includes debt principal payments as budgetary expenditures. However, in the City's audit report, debt principal payments are treated as a reduction from the associated liability.

Fund Structure

The City of Center uses multiple funds through which to accomplish its goals. Governmental Funds are used to account for the City's general service provision activities and use the modified accrual basis of budgeting. Most City departments receive their funding from these Governmental funds. The City's Governmental Funds are comprised of:

- General Fund – This fund includes the major financial resources of the City except those required to be accounted for in another fund. Major funding sources include sales tax, property taxes, franchise fees, and designated use of resources from other funds
- Special Revenue Funds – These funds are budgeted to account for revenue sources and 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 City's various debt instruments.
- Capital Improvement Fund – The City is prohibited from comingling 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 accounting. Revenues are recorded when earned and expenses are recognized when liabilities are incurred. Funds are held in reserve to cover significant liabilities. Proprietary Funds include:

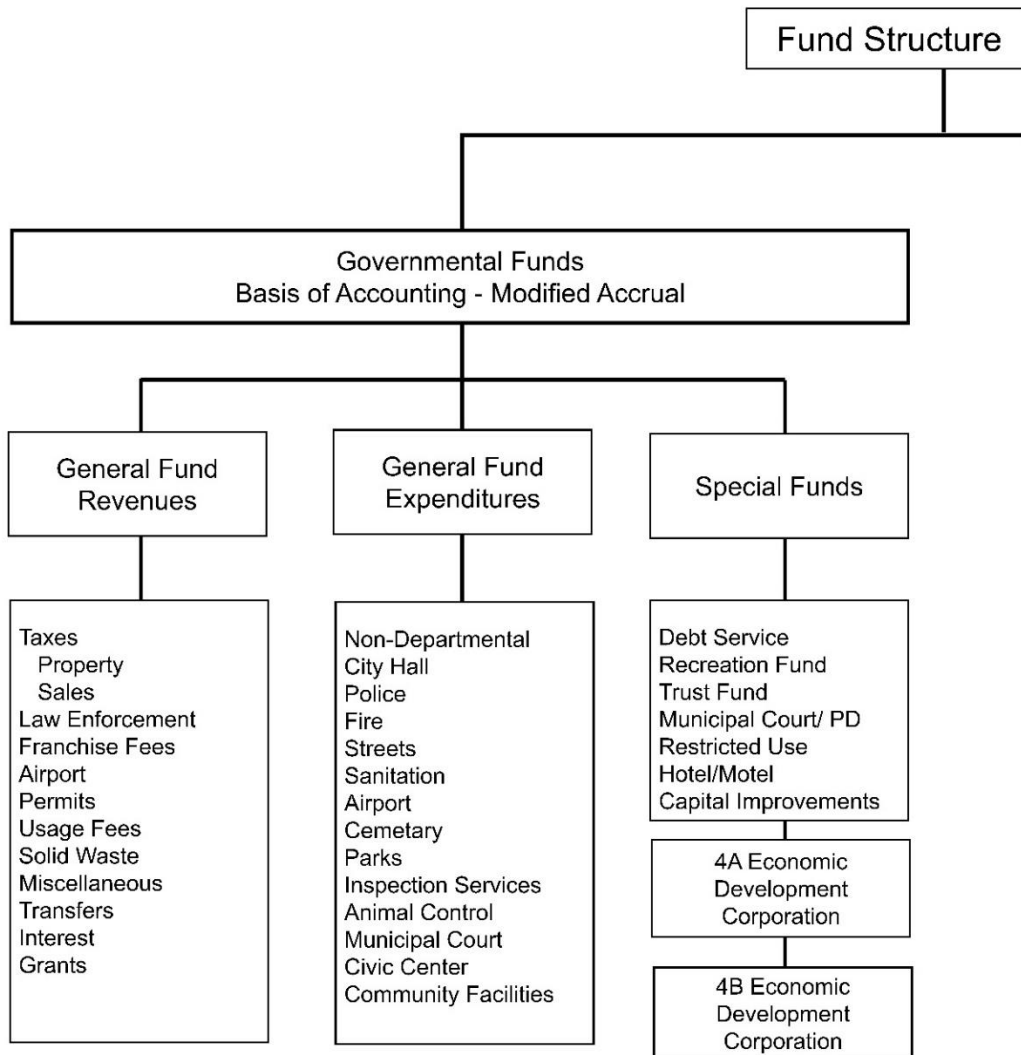
- Enterprise Funds – The Utility and Solid Waste Funds are budgeted for those City operations that mirror a private business to provide a good or service to customers which are financed through user charges. This budget is presented as a modified accrual basis to enhance the understanding of how funds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



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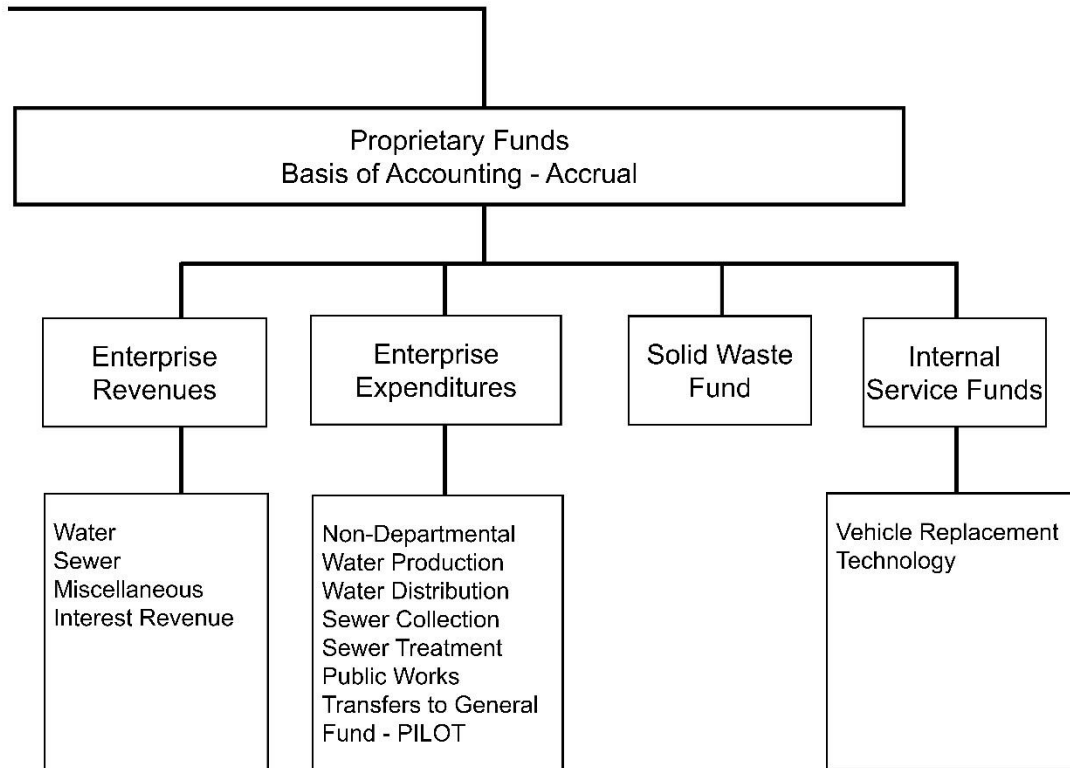
**CITY OF CENTER
FUND STRUCTURE**



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.





BUDGET FORMAT

The budget format for the FY 2021 Budget is enhanced to present more information than prior budgets.

Financial Format

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

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

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

FY 2020 Adopted Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2020, including revenues, expenditures, and fund balances.

FY 2020 Estimate – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2020. The estimate is calculated as of June 2020.

FY 2021 Proposed– Budgeted amounts for each category for the fiscal year ending September 30, 2021.

Prime Accounts

A prime account is a line item which gives a sub-total amount to expense accounts of a similar nature. For example, all accounts associated with personnel costs are sub-totaled to "Personnel Services". This budget employs the following prime accounts:

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

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

Contractual – All costs associated with securing outside contractual services

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

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

Sundry – All costs miscellaneous to the operations of the department

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



BUDGET FORMULATION AND DEVELOPMENT PROCESS

Each year, the City of Center is required by the City Charter to adopt a balanced budget where revenues are greater than or equal to expenditures. The City's budget book serves as a guide for providing City services to the public. The budget contains general information regarding the City's Strategic Plan, financial projections for the next five years, each City function and department, objectives to achieve, and major accomplishments.

Budget Pre-Planning

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

In mid-Spring of each year, the Council reviews the Strategic Plan, accomplishments made toward the plan, aspects of the plan that need review or alteration, and if there are desires for new initiatives.

Feedback from the City Council is passed onto the Department Heads responsible for developing their operational budgets. City staff begin work creating the annual revenue budgets in mid-April after the Shelby County Appraisal District presents the preliminary tax roll information.

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

Budget Development

Budgetary requests are received from the Department Heads and analyzed to compare totals with revenue estimates. The City Manager and Assistant City Manager meet with the Department Heads to refine budget numbers to accommodate requests.

The City Council is provided a copy of the budget first draft for review and comment. Advisory boards that reviews specific budgets, i.e. Center Economic Development Corporations, Hotel/Motel Advisory Board, etc., provide their input on the budget and then recommend approval by the City Council. The City Council will also hold a number of workshops to review budget development.

Once budgetary figures are finalized, they are entered into the budget book for adoption.

Budget Adoption

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

The new budget goes into effect October 1.

Property Tax Rate Adoption

In mid-July, the Shelby Central Appraisal District releases the Certified Tax Rolls and staff can begin calculating the No-New-Revenue and Voter Approval tax rates. The Voter Approval tax rate is calculated with a growth of 3.5%. The Council is allowed to adopt the No-New-Revenue rate plus a de minimis rate that raises no more than \$500,000 each year. If the Council chooses to adopt a rate greater than the No-New-Revenue rate, they must do so under an accelerated schedule that provides sufficient



time for an election to be held. 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 a public hearing. The Council must then hold the public hearing prior to adopting the tax rate.

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

Utility Rate and User Fee Adoption

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

BUDGET CALENDAR

Budget Pre-Planning

Week of March 23, 2020 – Staff begins development of mid-year estimates and financial forecast

Week of May 11, 2020 –Budget development material presented to Department Heads

Week of May 20, 2020 – Department Heads return completed work budgets to the finance department

June 8, 2020 – City Council reviews Department requests, response to strategic plan goals, capital requests, and initial budget draft

June 8, 2020 – City Council receives update of FY 2020 Budget Estimates and revised FY 2021 Proposed Budget

Budget Development

June 10 through July 17, 2020 – Begin development of budget book.

July 13, 2020 – Council adopts resolution setting maximum tax rate to be considered for FY 2021 Proposed Budget.

July 25, 2020 – Deadline for the Shelby County Appraisal District to submit certified tax rolls.

July 27, 2020 – Council is presented with the proposed tax rate calculations

Budget, Tax Rate, and Utility Rates and Fees Adoption

May 30, 2020 - 4A EDC Board recommends approval of their budget to the City Council.

July 10, 2020 – Notice of Proposed Budget Public Hearing is published.

July 27, 2020 – City Council holds Proposed Budget Hearing

July 31, 2020 – Notice of Hearing on Tax Rate is published.

August 10, 2020 – Council adopts tax rate, proposed budget and the annual utility rate and user fee ordinance

October 1, 2020 – New budget is implemented, new rate schedule goes into effect



BUDGET MANAGEMENT

Department Heads receive monthly expense reports which contain prior years' spending, current budget, amount spent in the particular month, amount spent in the entire year, and amount remaining in the budget. The Department Heads are held accountable for managing their operation within the appropriation levels established by the Budget.

The City's purchase order system assists Department Heads with managing their budget. Please reference the City's Purchasing Policy in Appendix D for more detail on the process. For non-emergency or non-maintenance items over \$1,000, Department Heads are required to secure a purchase order prior to acquisition to ensure budget availability and if adjustments are necessary.

Budget Transfers

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

Budgetary Reporting

Each month, the Finance Department provides the City Council a Financial Dashboard which shows current month spending in relation to prior years to see if spending exceeds historic patterns. Also, summary budget information is presented showing the total budget, spending for the month and year. The amount of revenue is also presented to the Council to show if the City is spending more than it has received.

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

Audit

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

BALANCED BUDGET

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

FOR MORE INFORMATION

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

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



POLICY COMPLIANCE AND VERIFICATION

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

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

Policy Metric	Verification	Status																		
Outstanding principle not to exceed 4% of tax base	FY 2020 outstanding principle - \$9,833,750 FY 2020 tax base - \$291,329,967 Percentage – 3.375%	In Compliance																		
Competitive tax rate with peer communities	FY 2020 property tax rate - \$0.61 Peer community average - \$0.6762	In Compliance																		
Tax rate ratio balance	M&O Rate - \$0.353166 58% I&S Rate - \$0.256834 42% Total - \$0.61	In Compliance																		
Debt instruments not to exceed 20 years	<table border="1"> <thead> <tr> <th>Issue</th><th>Maturity date</th><th>Time Remaining</th></tr> </thead> <tbody> <tr> <td>2011 CO's</td><td>2030</td><td>10</td></tr> <tr> <td>2012 Ref</td><td>2023</td><td>3</td></tr> <tr> <td>2014 Tax</td><td>2020</td><td>1</td></tr> <tr> <td>2016 CO's</td><td>2036</td><td>16</td></tr> <tr> <td>2019 CO's</td><td>2039</td><td>19</td></tr> </tbody> </table>	Issue	Maturity date	Time Remaining	2011 CO's	2030	10	2012 Ref	2023	3	2014 Tax	2020	1	2016 CO's	2036	16	2019 CO's	2039	19	In Compliance
Issue	Maturity date	Time Remaining																		
2011 CO's	2030	10																		
2012 Ref	2023	3																		
2014 Tax	2020	1																		
2016 CO's	2036	16																		
2019 CO's	2039	19																		

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

Policy Metric	Verification	Status
A minimum fund balance of 25% of annual expenditures and an optimum fund balance of 30% of expenditures	FY 2019 expenditures - \$4,927,832 FY 2019 fund balance - \$1,774,351 Percent fund balance to expenditures - 36%	In Compliance

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

Policy Metric	Verification	Status
Reporting. City is to submit three quarterly reports and one annual report to the City Council	Three quarterly Cash & Investment Reports One annual Cash & Investment Report	In Compliance
Bank collateral. Goal is 102% collateralization per Section 9	Collateralization at 109%	In Compliance
Investments are to be compliant with Section 11.B of the Investment Policy. Figures are as of June 30, 2020	95% of investments are in Local Government Pools, allowed under Section 11.B.1.F 0.4% of investments are in Certificates of Deposit, allowed under Section 11.B.1.D 2.4% of investments are in Securities, allowed under Section 11.B.1.B	In Compliance



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

Policy Metric	Verification	Status
Budget where revenues are greater than or equal to expenditures	FY 2020 Budget Revenues \$14,259,100 FY 2020 Budget Expenditures \$13,987,800 FY 2021 Budget Revenues \$ FY 2021 Budget Expenditures \$	In Compliance

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

Policy Metric	Verification	Status
Purchase orders issued	124 PO's issued – FY 2019	In Compliance

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

Policy Metric	Verification	Status
Audit report from independent auditors	Clean FY 2019 audit issued	In Compliance

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

Transfer Policy – Appendix H. The City established a policy to limit the amount of transfers between funds based on a percentage of total revenues

Policy Metric	Verification	Status
Utility Fund transfer to General Fund – FY 2019. Not to exceed 20%	Utility Fund Revenue - \$3,516,136 General Fund Trans - \$520,292 – 14.8%	In Compliance
Utility Fund transfer to Debt Fund – FY 2019. Not to exceed 20%	Utility Fund Revenue - \$3,516,136 Debt Fund Trans - \$350,000 – 10%	
Solid Waste transfer to General Fund – FY 2019. Not to exceed 25%	Solid Waste Revenue - \$1,595,640 Solid Waste Franchise - \$138,141 Solid Waste Transfer - \$200,000 Total - \$338,141 – 21%	
4A EDC admin fee to General Fund – FY 2019. Not to exceed 20%	4A EDC Revenue - \$476,485 General Fund Trans - \$55,000 – 11.5%	
4B EDC admin fee to General Fund – FY 2019. Not to exceed 5%	4B EDC Revenue - \$865,867 General Fund Trans - \$25,000 – 2.9%	



Hotel Occupancy Tax transfer to Debt – FY 2019. Not to exceed 50%	HOT Revenue - \$344,899 Debt Fund Trans - \$138,700 – 40%	
Hotel Occupancy Tax transfer to General Fund – FY 2019. Not to exceed 35%	HOT Revenue - \$344,899 General Fund Trans - \$85,000 – 25%	



**CITY OF CENTER
STRATEGIC PLAN
FY 2018 – FY 2021**

VISION STATEMENT

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

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

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

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

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

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

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



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

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

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

The following sections will explain in detail the strategic imperatives the City wishes to achieve progress on. Particular budgeted items are identified under the appropriate category along with the responsible department or entity.

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

Quarterly industrial breakfasts	\$2,000	Convenes local business owners and managers to network and discuss ways to improve local business environment	4A EDC
HR Roundtable meetings	\$1,200	Convenes local industry HR professionals to discuss workforce issues	4A EDC

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

Incentive policy development	\$30,000	Develop policy update and procedures for City and EDC incentives	4A EDC
Documented site	\$110,000	Fully document a large as-yet-determined site for industrial development	4A EDC
Dynamic virtual spec building	\$15,000	Develop dynamic virtual spec building for prospects	4A EDC
Travel	\$4,000	Portion of travel budget designated for site consultant visits	4A EDC
PC Software	\$1,000	Software required for RFI responses	4A EDC



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)

Travel	\$4,000	Portion of travel budget designated for utility provider visits	4A EDC
Membership	\$3,000	Membership into the Texas Forest Country Partnership and professional organizations	4A EDC

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

1. Work with Center ISD and Panola College to develop workforce skills programs
2. Seek out additional educational alternative opportunities

Workforce development	\$30,000	Funding for a workforce skills gap analysis	4A EDC
	\$30,000	Funding for advanced workforce training feasibility study and program development	4A EDC

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

INNOVA grants	\$40,000	Grant program for building improvements	4A EDC
Downtown Renewal Project	\$1,886,900	Completion of Downtown Renewal Project – FY 2021	CIP
Downtown maintenance	\$30,000	Funds to be used for miscellaneous maintenance items or projects	General Fund

Objective 6. Develop Center as a retail hub.

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

INNOVA grants	\$40,000	Grant program for building improvements	4A EDC
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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 utility system expansions to encourage voluntary annexations
3. Identify areas that are candidates for annexation and pre-emptively secure development agreements

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

Parker Place Subdivision	\$0	Market and sell lots for new home construction	Center Local Government Corporation
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Objective 3. Coordinate efforts with Center ISD regarding population growth rates and direction.**GOAL C. PROACTIVELY ENGAGE IN ACTIONS THAT WILL ENHANCE CENTER'S QUALITY OF LIFE****Objective 1. Engage in creative efforts to aesthetically enhance Center's physical appearance**

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

Community Banner Program	\$5,000	Purchase and install new community banners	HOT Trust Fund
Downtown lights	\$5,000	Installation and maintenance of downtown building lights	HOT Trust Fund
Blight removal	\$2,500	House demolition and blight removal	Solid Waste Fund



Objective 2. Develop Center into a tourist destination

1. Partner with organizations to create and expand 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

State and regional tournaments	\$20,000	Sponsorship amounts for tournament attraction	HOT Trust Fund
Event sponsorship	\$6,000	Community event sponsorship through the Chamber	HOT Trust Fund

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

Perry Sampson Park	\$350,000	Perry Sampson Park renovation	Park Fund
Recreation program	\$168,400	Recreation program enhances local quality of life	Recreation Fund
Parkland feasibility study	\$10,500	Study to determine best use for new parkland	Park Fund

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.

Branding/Marketing study	\$30,000	Complete a full marketing/branding study for Center	4A EDC
Website	\$12,000	Reconstruct the Center EDC website	4A EDC

GOAL E. ENHANCE CORE PUBLIC SERVICE DELIVERY

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

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



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4. Identify those areas of the City that are in need of enhanced pressure or reliability enhancements
 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.

Broadband study	\$40,000	Fund a broadband network assessment and network feasibility study	4A EDC
New elevated water storage	TBD	New elevated water storage facility to regulate system pressure	Utility CIP

Objective 2. Enhance drainage systems to protect property

1. Identify drainage projects for maintenance or enlargement
2. Review FEMA floodplain maps and regulations
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

Street program	\$600,000	Annual street construction program	4B EDC
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The City Council began a review of the Strategic Plan in Summer 2019 focusing on economic development, civic pride, and quality of place development.



CITY OF CENTER
LONG RANGE FINANCIAL FORECAST FY 2021 – FY 2025

In FY 2015, the City of Center developed a formal process of considering a five-year financial forecast. The Financial Forecast's purpose is to look prospectively to anticipate problems and assess opportunities. This exercise allows the City Council to plan future goals. Some issues addressed in this financial forecast and throughout the budget are:

- Fund Balance. Ensuring the City's fund balance and cash reserve position so that it complies with the Fund Balance policy (Appendix B).
- Revenue and Expense Policy. Each year the City reviews the tax and utility rates as well as analyzes how Center compares with other communities. The forecast allows for expenditure issues 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. Orchestrating policy decisions with long term implications.
2. Anticipating future fiscal conditions, so that strategies can be developed and action implemented to correct, minimize or counteract potential difficulties.
3. Assist the City Manager and departments in operational planning.
4. Provide more accurate estimates of revenues and expenditures during the annual budget process.
5. Indicate to bond rating agencies and other interested parties that Center has a systematic financial planning process in place.
6. Help the general public understand long-term costs associated with and implications of current and proposed City decisions.

FORECAST PREPARATION

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

Forecasting Methodology

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

The expert judgment, also known as the "best guess" approach, is used to project some revenues. This method relies on City staff's expertise as well as outside sources. Trend analysis assumes that revenues and expenditures are a function of linear factors, most often time. Once revenues or



expenditures are separated into line item accounts, the City's future activity can be projected based upon trends experienced over the past several years.

Expenditures and revenues are also forecast 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 and Risk Assessment

There are a number of regulatory, economic and policy factors which could significantly impact the City's ability to generate revenue, increase 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 an influx of temporary workers, 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 and volatile. Property tax could see an 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. The TIRZ#1 could be the largest beneficiary in terms of property valuations, as the two hotels could have high valuation increases.

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

2019 saw a pull-back of regional energy industry activity and Hotel taxes started to retreat. However, sales tax receipts showed continued modest strength. 2020 has seen a dramatic contraction of the global energy industry with the introduction of the COVID-19 pandemic.

This goes hand-in-hand with the global recession that started in February 2020. While natural



gas prices have performed well relative to crude oil prices, the fact remains that travel volumes have suffered. It is currently uncertain how long this situation will last.

	Scenarios of Energy Industry Changes – impacts to City	
	Positive changes	Negative changes
Hotel Occupancy Taxes	+100%	-15%
Sales Tax Receipts	+25%	-10%
TIF	+10%	-15%
Public Safety	Need for 1-2 additional personnel for traffic enforcement and criminal investigation	No new service additions

Health Insurance Rate Volatility

The City's health insurance premium jumped 20% in FY 2017 due to a particularly bad loss ratio year and the implementation of Affordable Care Act mandates and regulations.

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. Due to turnover and attrition, the City's average employee age is less than it was a few years ago.

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

Health Insurance Premium Increase Scenarios					
Current		5%	10%	15%	20%
Assumes 80 FTE's - \$7,300 per year	\$584,000	\$613,200	\$642,400	\$671,600	\$700,800
Increase Amount	\$0	\$29,200	\$58,400	\$87,600	\$116,800

Poultry Industry

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

There have been a few isolated incidents of avian flu affecting poultry in other parts of the Country – it has never been detected in Shelby County. In the event of an avian disease



event, many of the exposed birds are culled and are not able to be processed for human consumption. The impact would be two-fold. First, the contract growers may not be paid for culled birds. The growers rely on these payments to meet their needs and repay their loans with local banks. Loan defaults under this scenario could lead to a localized financial crisis. Second, the supply of birds to the Tyson plant would be severely reduced, resulting in less need for water (bought from the City) and reduced production shifts.

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

Along similar lines, with the COVID-19 pandemic and the way that event effected meat plants specifically, there could be an instance of where the virus caused the workforce to stay home and thereby halt production.

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 for an extended period, then they could request a reappraisal of their facility for tax purposes. 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.

Tyson Foods Projected Utility Bill Decline Scenarios				
	Actual – January 2019 to December 2019	25% Decline	50% Decline	75% Decline
Amount	\$1,443,300	(\$360,825)	(\$721,650)	(\$1,082,475)

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



Regulatory

The Texas Legislature could pass potentially harmful legislation expanding upon actions from prior sessions:

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

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

Other Potential Events

- New industry locating in town or existing industry expansion would increase dollars circulating, create jobs, and add value to the tax roll.
- Additional commercial or residential development would further add population and potentially increase service demands.
- Severe weather events (drought, heavy rain, or disaster) could disrupt utility revenues or greatly increase operational expenses.

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

General Fund Revenue Assumptions

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

- The net taxable values for FY 2021 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2021 through 2025 are calculated at 3.5 to 4% annual increases. This is supported by tax abatement expiration, 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 are anticipated to drop 4% in FY 2021 and then increase 2% each following year in the forecast.

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 pay a fee to the City for reimbursement of administrative costs. These costs are projected to slightly increase through the forecast period. Finally, the transfer from Hotel Occupancy Taxes are used to offset the costs of maintenance and operation of the Civic Center and Community House. In FY 2013, the Civic Center transfer was reduced to reflect depressed occupancy tax revenues. The forecast anticipates stabilizing Hotel Occupancy Tax revenues to allow the transfer amount to eventually be restored by 2021.

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

Sales Tax Revenue

For a time, the City became over-reliant on sales tax revenue to fund operations – sales tax receipts would be greater than or equal to 50% of total general fund revenues. As evidenced from FY 2010 to 2014, sales tax revenue can be very elastic and, at times, volatile. Over reliance on this revenue stream is contrary to the Council's stated policy goal of financial stability. In FY 2018, the City began to experience a resurgence in energy industry activity which resulted in a modest sales tax revenue increase (4.7% in FY 2018 and 4.8% in FY 2019). FY 2020 saw the global COVID-19 pandemic negatively effect the City's sales tax receipts. The City's approach is to plan for a -0.2% drop in FY 2020. This small amount is justified due to the strong sales tax receipts earned in the early part of FY 2020. The FY 2021 proposed sales tax figure anticipates a 4% decline in total receipts. Then moving forward, the City will again be on the path of 2% annual growth. City sales tax collections should return back to FY 2019 levels by FY 2024.



Year	Total	Percent Change	City	Prop Tax Relief	Total City Sales Tax	4B EDC	4A EDC
FY 2019 Actual	3,353,326	4.8%	1,676,663	419,166	2,095,829	838,332	419,166
FY 2020 Est.	3,345,600	-0.2%	1,672,800	418,200	2,091,000	836,400	418,200
FY 2021 Proposed	3,265,500	-4.0%	1,648,800	412,200	2,061,000	803,000	401,500
FY 2022 Projected	3,276,200	2.0%	1,638,100	409,500	2,047,600	819,100	409,500
FY 2023 Projected	3,341,700	2.0%	1,670,850	417,700	2,088,550	835,400	417,700
FY 2024 Projected	3,408,500	2.0%	1,704,250	426,100	2,130,350	852,100	426,100
FY 2025 Projected	3,476,700	2.0%	1,738,350	434,600	2,172,950	869,200	434,600

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 \$0.61 to \$0.632 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. This forecast also anticipates the City moving towards a high 60%-low 30% target for the M&O/I&S rate split.

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	298,213,144	0.353166	0.256834	0.610	57.9%	42.1%
2021	290,822,932	0.384509	0.234724	0.619233	62.0%	38.0%
2022	308,285,710	0.408034	0.221966	0.630	64.8%	35.2%
2023	320,617,138	0.407627	0.222373	0.630	64.7%	35.3%
2024	333,441,824	0.417312	0.212688	0.630	66.2%	33.8%
2025	346,779,496	0.422580	0.207420	0.630	67.1%	32.9%

It is possible that the City will need to raise the property tax rate in excess of \$0.63 if the Council desires expanded services.



General Fund Revenue Summary

	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
Property Taxes	944,668	1,003,823	1,051,000	1,050,700	1,121,300	1,207,600	1,254,600	1,335,800	1,406,800
Sales Taxes	2,007,861	2,100,629	2,095,000	2,095,200	2,065,000	2,047,600	2,088,600	2,130,400	2,173,000
Law Enforcement	162,675	177,610	161,000	166,400	225,200	185,000	190,000	190,000	195,000
Franchise Fees	687,494	705,403	676,300	694,600	676,400	676,800	678,900	685,100	685,100
Airport	94,198	98,043	80,100	76,200	80,600	112,000	115,000	115,000	115,000
Permits	13,078	35,685	15,100	10,800	15,700	15,000	15,000	15,000	15,000
Usage Fees	63,453	71,467	62,600	47,700	67,600	80,000	80,000	80,000	80,000
Miscellaneous	19,366	31,125	4,300	11,900	4,200	5,000	5,000	5,000	5,000
Transfers	773,410	688,939	790,000	790,000	790,000	813,000	830,100	845,200	846,000
Interest	23,344	36,471	24,000	24,000	20,000	21,000	20,200	20,000	20,000
Grants	29,391	17,820	3,600	58,100	6,600	4,000	4,000	4,000	4,000
TOTAL	4,818,939	4,967,015	4,963,000	5,025,600	5,072,600	5,167,000	5,281,400	5,425,500	5,544,900

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.

Further, the City considered an altered utility rate structure for the FY 2021 Budget to separate residential from commercial customers and adjusting the rates to target increases to those customer classes driving system demands.

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

- Water revenues will increase 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 2018 Actual	FY 2019 Actual	Adopted FY 2020	FY 2020 Estimate	Proposed FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
Water	2,952,983	2,633,930	2,837,450	2,609,300	2,739,700	2,795,200	2,857,600	2,921,400	2,986,900
Sewer	958,574	880,246	943,000	897,100	918,000	964,500	1,003,000	1,043,000	1,084,600
Miscellaneous	9,499	8,939	3,500	60,600	3,000	2,900	2,900	2,900	3,100
Interest	23,069	31,287	17,300	18,500	12,000	17,000	17,000	17,000	17,000
Fees & Charges	86,692	87,003	77,100	77,600	77,700	70,400	70,400	70,400	70,400
Total	4,030,817	3,641,404	3,878,350	3,663,100	3,750,500	3,850,000	3,950,900	4,054,700	4,162,000

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.

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 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
TOTAL REVENUE	4,818,939	4,967,015	4,963,000	5,025,600	5,072,600	5,167,000	5,281,400	5,425,500	5,544,900
Personnel	3,101,086	3,236,900	3,315,200	3,248,700	3,412,800	3,482,200	3,595,300	3,712,400	3,833,900
Supplies	102,012	104,100	117,700	141,800	129,000	138,000	147,700	158,000	169,100
Contractual	612,513	669,600	762,100	786,250	766,750	810,400	834,700	859,700	885,500
Utilities	235,280	224,700	233,600	251,100	250,000	257,500	265,200	273,200	281,400
Sundry	150,957	171,900	190,600	193,300	186,250	189,800	190,700	191,700	192,700
Maintenance	299,108	300,200	317,300	343,000	303,500	318,700	334,600	351,300	368,900
Capital	151,848	147,600	26,500	70,250	24,300	70,000	70,000	70,000	70,000
Transfers	206,136	0	0	10,000	0	0	0	0	0
TOTAL	4,858,940	4,855,000	4,963,000	5,044,400	5,072,600	5,266,600	5,438,200	5,616,300	5,801,500
Revenues Over/(Under)									
Expenditures	(40,001)	112,015	0	(18,800)	0	(99,600)	(156,800)	(190,800)	(256,600)

The conclusion is that the General Fund is balanced in FY 2021. However, the forecast is projecting revenue deficits for FY 2022 through 2025.

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 2018 Actual	FY 2019 Estimate	Adopted FY 2020	FY 2020 Estimate	Proposed FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
Total Revenue	4,030,817	3,641,404	3,878,350	3,663,100	3,750,400	3,850,000	3,950,900	4,054,700	4,162,000
Personnel	1,239,430	1,190,085	1,234,200	1,164,300	1,175,700	1,263,500	1,304,900	1,347,800	1,391,500
Supplies	286,345	410,284	381,300	379,250	386,100	390,700	396,600	402,500	408,500
Contractual	326,809	327,757	339,250	324,900	376,000	340,100	346,900	353,800	360,900
Utilities	290,302	359,063	333,900	355,000	366,100	376,600	387,900	399,500	411,500
Sundry	38,738	35,804	68,100	65,100	56,400	66,300	67,000	67,700	68,400
Maintenance	403,276	294,789	371,700	365,200	370,200	387,400	399,000	411,000	423,300
Capital	164,047	151,926	150,100	134,100	27,000	150,000	150,000	150,000	150,000
Transfers	1,020,060	950,292	999,800	991,700	992,900	1,052,000	1,054,400	1,057,800	1,059,600
TOTAL	3,769,007	3,720,001	3,878,350	3,779,600	3,750,400	4,026,600	4,106,700	4,190,100	4,273,700
Revenues Over/(Under)									
Expenditures	261,810	(78,597)	(0)	(116,500)	0	(176,600)	(155,800)	(135,400)	(111,700)

The result of this exercise shows that there are some systemic issues with the Utility Fund and that for the long term it appears to be out of balance. Some ways that this can be resolved are through careful



monitoring of expenditure creep – some of the expenses that are projected for constant growth could be adjusted; personnel compression – staffing levels and turnover could help to moderate the growth in personnel costs; capital – capital in this model is assumed to be a constant and could be annually evaluated, and; revenue growth – actual revenues with the new proposed utility rate structure could be very different from the figures presented in the projection.

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.

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

For the forecast period, it appears there are sufficient resources to allow the City to meet its minimum requirements in the Fund Balance Policy until FY 2024.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	Proposed FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
TOTAL GENERAL FUND REVENUE	4,818,939	4,967,015	5,025,600	5,072,600	5,167,000	5,281,400	5,425,500	5,544,900
TOTAL GENERAL FUND EXPENDITURES	4,858,940	4,855,000	5,025,241	5,072,600	5,266,600	5,438,200	5,616,300	5,801,500
Beginning Fund Balance (Audited)	1,583,305	1,543,304	1,655,319	1,655,677	1,658,527	1,558,927	1,402,127	1,211,327
Revenues Over/(Under) Expenditures	(40,001)	112,015	359	0	(99,600)	(156,800)	(190,800)	(256,600)
Ending Fund Balance	1,543,304	1,655,319	1,655,677	1,655,677	1,558,927	1,402,127	1,211,327	954,727
Fund Balance Analysis								
Target - 25%	1,214,735	1,213,750	1,256,310	1,268,150	1,316,650	1,359,550	1,404,075	1,450,375
Target - 30%	1,457,682	1,456,500	1,507,572	1,521,800	1,579,980	1,631,460	1,684,890	1,740,450
Percent Compliance								
Target - 25%	127%	136%	132%	130%	118%	103%	86%	66%
Target - 30%	106%	114%	110%	108%	99%	86%	72%	55%
Actual Percent of Expenditures	32%	34%	33%	33%	30%	26%	22%*	16%*

- *City does not meet its minimum fund balance policy of 25% expenditures in fund balance



The forecast indicates that, given the assumptions, that the City may have to strongly consider staffing levels, revenue policy, and expenditure control measures in order to progress through the forecast period with a compliant fund balance.

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 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	2016 CO's	Police Technology	2019 CO's	Total Debt Payments
2021	281,000	230,425	66,291	77,200	221,800	876,716
2022	281,000	231,125	65,416	77,200	242,550	897,291
2023	281,000	230,625	65,791	0	242,050	819,466
2024	518,000	0	64,891	0	236,300	819,191
2025	516,700	0	66,041	0	235,550	818,291

Year	Annual Total	Park Fund Transfer	Transfer from 4B EDC	Net Debt Payments
2021	876,716	(55,000)	(150,400)	671,316
2022	897,291	(85,000)	(150,000)	662,291
2023	819,466	(30,000)	(150,000)	639,466
2024	819,191	(30,000)	(150,000)	639,191
2025	818,291	(30,000)	(142,000)	646,291

Utility Fund Supported Debt Payments Principal and Interest

Year	TWDB - 2012 CO's	2016 CO's	2019 CO's	Annual Total
2021	127,963	198,872	185,700	512,534
2022	126,658	196,247	191,700	514,604
2023	130,129	197,372	187,200	514,701
2024	128,348	194,672	187,700	510,719
2025	126,400	198,122	187,950	512,472



FY 2021 BUDGET PHILOSOPHY

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

1. To 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.



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FY 2021 BUDGET FISCAL HEALTH ANALYSIS

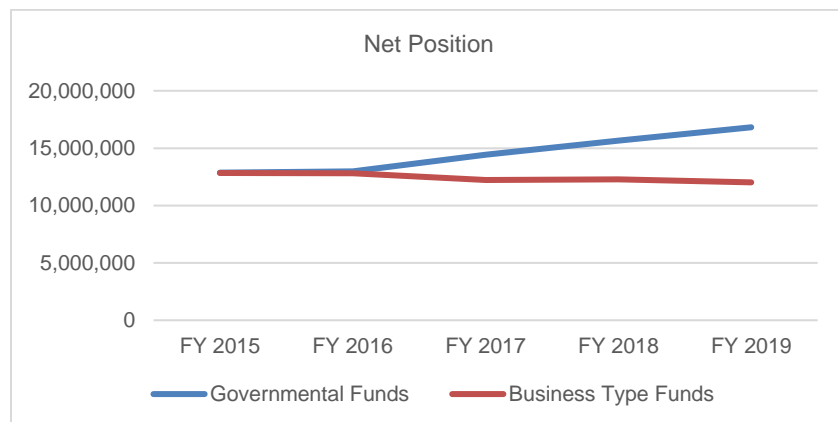
One of the functions of a budget document is to describe the City's financial plan – a component part of that is to conduct an analysis of the City's financial health. The purpose of this section is to provide a sampling of generally accepted metrics of fiscal conditions and then curating the City's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

Even though the City is required by Charter to adopt a balanced budget [See Balanced Budget section] the City should strive for both prudent management and fiscal health. This is further reinforced by the Council's continuing desire for financial sustainability. This section is broken down by the different metrics, a brief description of each, a presentation of the data, and an analysis of the trends. Concluding remarks will be reserved at the end of the section.

Net Position

The City's net position reflects the City's equity (Assets minus Liabilities) on the balance sheet. This is the number that best describes how the City is performing if it were a private business. The trend for the Government Type activities is a substantial increase since 2016, while the Business Type activities are generally down.

City Net Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Governmental Funds	12,866,454	12,988,505	14,425,297	15,667,994	16,819,796
Business Type Funds	12,836,051	12,814,761	12,223,066	12,286,698	12,017,507



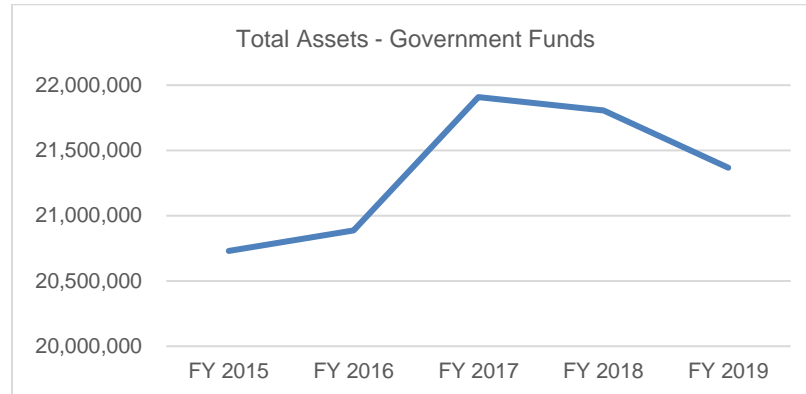
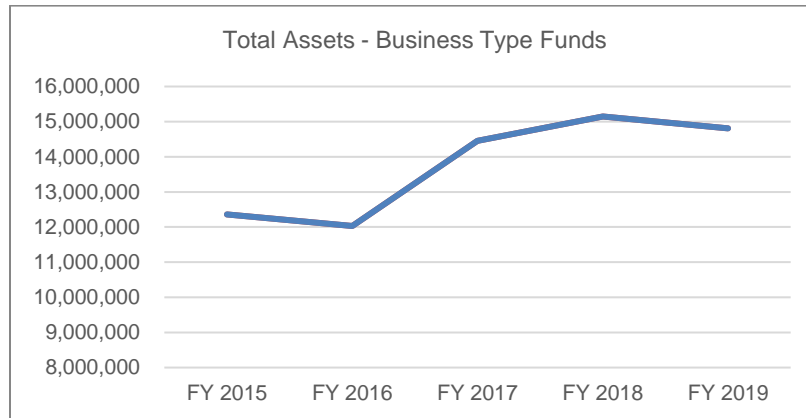
Total Assets

A component part of the City's net position is the amount of assets that the City possesses. These assets are not just cash and investments held by the City, but also includes all infrastructure, facilities, plants, land, and buildings. As far as fiscal matters are concerned, this is the primary indicator for growth. Governmental and Business Type activities show growth from FY 2015 to FY 2019.

Total Assets	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Governmental Funds	20,729,922	20,886,757	21,908,448	21,807,004	21,368,535
Business Type Funds	12,363,299	12,029,788	14,455,700	15,147,133	14,806,696



The amount of total assets presented in the table above is after different assets are depreciated. The visible increase after FY 2016 is a result of the large bond issue from that year.



Cash to Current Liabilities

Comparing the amount of the City's liquidity to its Current Liabilities (Those liabilities that are payable within one year) represents a measure of the City's ability to pay its' outstanding obligations. If this number is low, then the City has a high amount of liquidity. If the number is high, then the City might have a difficult time gathering sufficient cash to meet its obligations. The General Fund, has a high degree of liquidity, where as the Utility Fund has lower degree of liquidity.

General Fund Cash to Liabilities	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
General Fund Cash/Equivalents	1,348,000	1,054,372	1,370,282	1,448,670	1,795,418
General Fund Current Liabilities	337,040	201,106	258,208	235,964	356,809
General Fund Total Liabilities	10,624,038	10,957,814	10,220,162	10,022,688	12,762,752
Cash to Current Liabilities	25%	19%	19%	16%	20%
Utility Fund Cash to Liabilities					
Utility Fund Cash/Equivalents	442,696	500,446	1,202,611	1,062,156	967,854
Utility Fund Current Liabilities	554,133	469,271	1,039,885	526,418	624,086
Utility Fund Total Liabilities	3,258,519	6,094,041	6,350,330	5,224,625	7,283,078
Cash to Current Liabilities	125%	94%	86%	50%	64%



General Fund Balance

One of the most easily identifiable financial metrics is the City's General Fund Balance. This is the amount of funds held in reserve by the City in case of an emergency or economic correction that would affect tax revenue. The City's Fund Balance Policy in Appendix C states that the City should have a certain amount of money held in reserve. The City has exceeded its minimum fund balance policy since FY 2016.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
General Fund Fund Balance	1,464,517	1,082,056	1,583,305	1,543,300	1,774,351
General Fund Expenditures	5,433,290	4,592,325	4,445,060	4,611,076	4,927,832
% FB to Expenditures	27.0%	23.6%	35.6%	33.5%	36.0%
Policy Minimum	25%	25%	25%	25%	25%
Policy Optimum	33%	33%	33%	33%	33%

Debt Levels

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

General Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
City's Taxable Value	263,621,780	280,829,746	280,224,688	279,923,149	282,534,449
Total Principal Outstanding	6,900,000	7,455,000	6,955,000	6,440,000	10,038,750
Debt Policy Limit - 4%	10,544,871	11,233,190	11,208,988	11,196,926	11,301,378
Principal Outstanding to Taxable Value	2.6%	2.7%	2.5%	2.3%	3.6%
Utility Fund Debt Analysis					
Utility Fund Operating Revenues	3,689,121	3,670,280	3,681,385	3,821,141	3,621,018
Non Operating Revenue	(43,288)	(45,116)	119,766	229,752	328,641
Total Revenue	3,645,833	3,625,164	3,801,151	4,050,893	3,949,659
Contribution Limit 20%	729,167	725,033	760,230	810,179	789,932
Annual Fund Debt Transfers	490,500	231,250	390,000	366,000	350,000
Debt Transfer Percentage	13.5%	6.4%	10.3%	9.0%	8.9%

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



Metric	Fund/Type	Condition	Trend
Net Position	Governmental Type	Good	Improving
	Business Type	Good	Needs Improvement
Total Assets	Governmental Type	Good	Needs Improvement **
	Business Type	Good	Stable
Cash to Current Liabilities	General Fund	Good	Stable
	Utility Fund	Fair	Improving
Fund Balance	General Fund	Exceeds	Stable
Debt Limits	General Fund	Fair	Needs Improvement **
	Utility Fund	Good	Stable
** Improvement is expected moving forward following the 2019 projects moving to assets			

Recommendations:

City should try to increase the Business Type activities net position by improving the amount of cash and investments and offset depreciation by adding increased asset values.

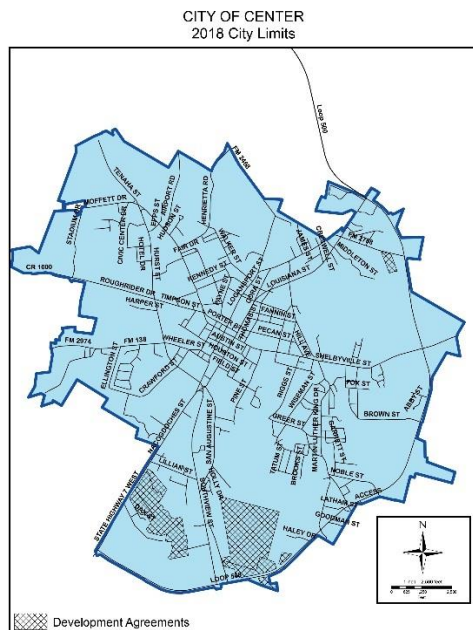
Governmental Type activities' net position will improve once 2019 CO projects are converted to assets.



FY 2021 BUDGET PROFILE OF CENTER, TEXAS



Although the FY 2021 budget is primarily a financial document, it is also an opportunity to acquaint the reader with some of the history, highlights, facilities, and economy of Center, which make it a great place to visit, live, work and do business.

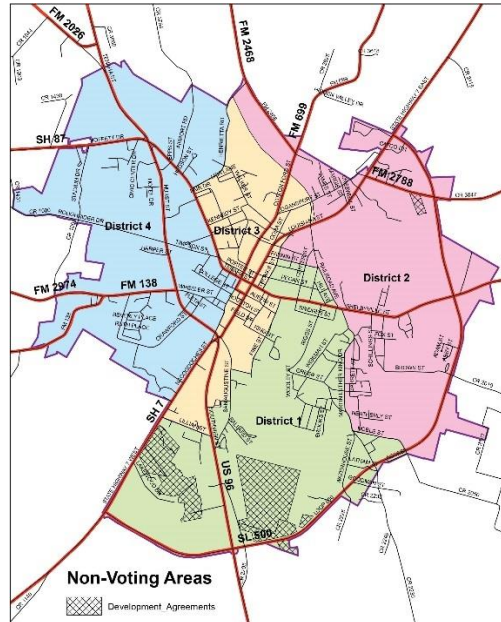


City Government

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



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



History of Center

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

The settlement 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, 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.

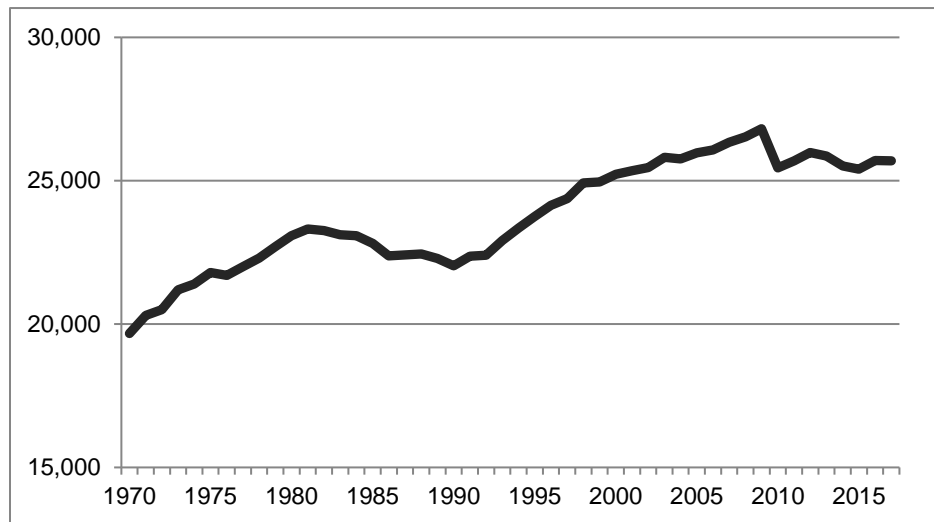
The economy of Center has evolved through four distinct stages. The first stage was cotton; Center boasted a number of cotton gins. Cotton production eventually was superseded by timber production; there were two pulpwood mills located in the city. In the 1950's the poultry industry was introduced in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

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

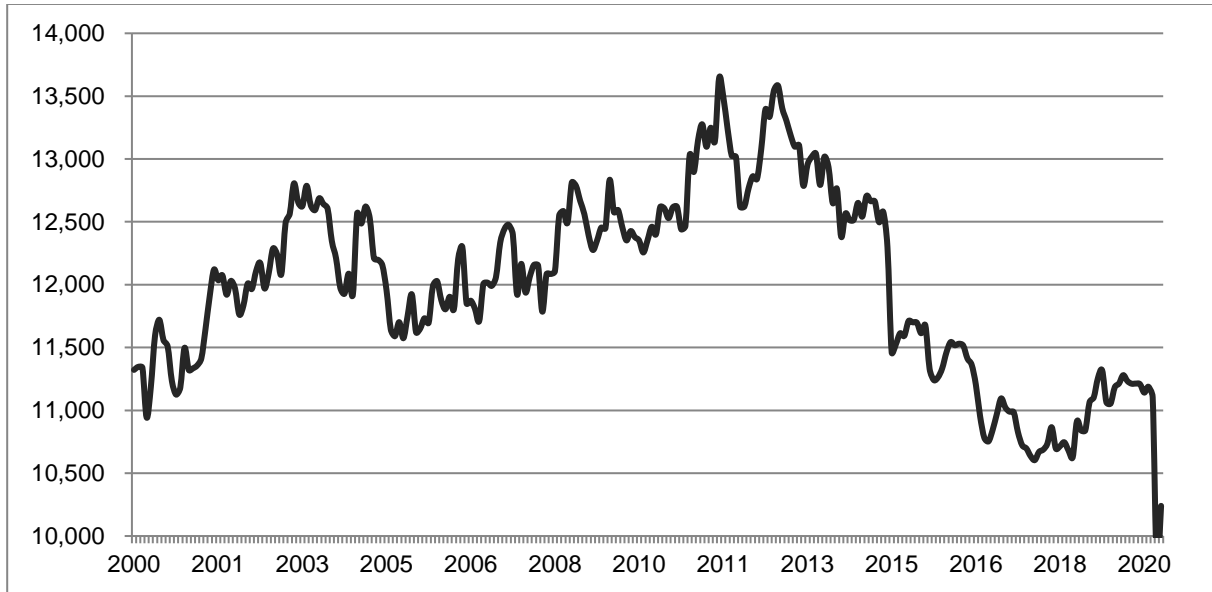


Downtown Center Square at Night



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 9,700 in April 2020 due to the effects of the COVID-19 pandemic. 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 should improve once national and local economic conditions improve.



Graph 2 – Size of the labor force – Shelby County – January 2000 to May 2020
Source: Texas Workforce Commission

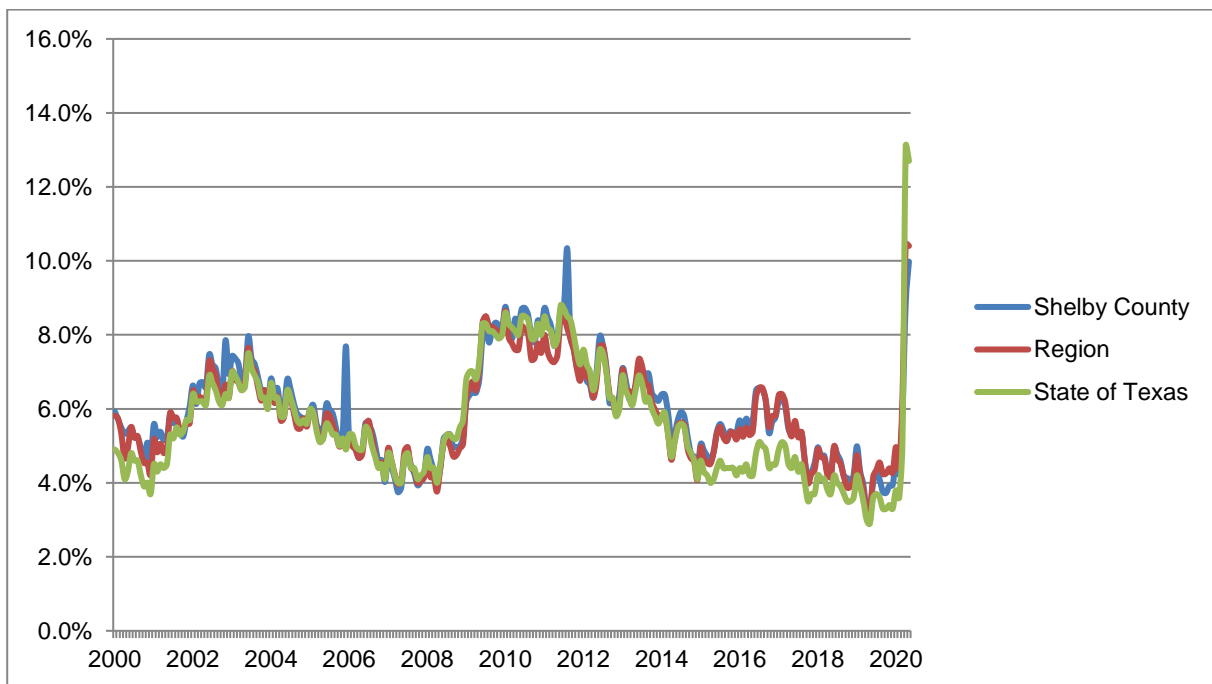


Tyson Foods is the largest employer in Center

Unemployment

The unemployment rate in Shelby County remained stubbornly high following the 2009 recession and has seen another peak following the economic effects of COVID-19. 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. It appears that the trend of convergence has resumed. 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.

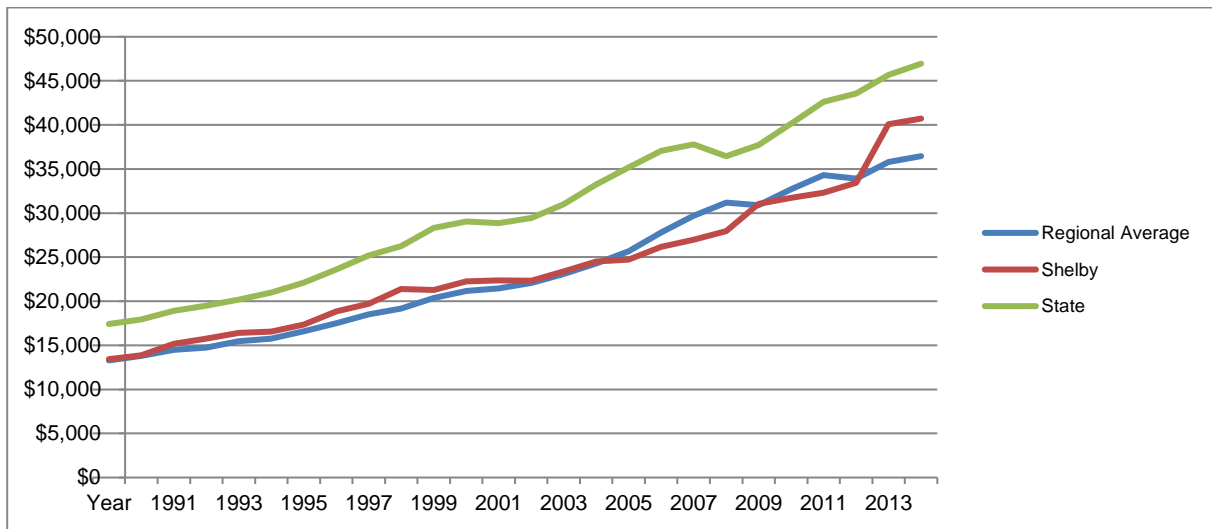
The large unemployment spike is the result of COVID-19 and should return to pre-pandemic levels once the economic landscape improves.



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 May 2020
Source: Texas Workforce Commission

Income

Graph 4 shows the per capita income of Shelby County, the State of Texas and the Region (the five surrounding counties). Unsurprisingly, the State's per capita income far exceeds that of Shelby County and the Region. However, Shelby County's per capita income is the highest of all 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	29	277	7,429
Mining, Gas Extraction	13	177	13,424
Construction	37	249	13,789
Manufacturing	14	2,246	75020
Retail Trade	80	853	21,605
Finance and Information	47	564	22,767
Health Care	42	611	18,263
Total – All Sectors	496	6,407	219,951

Table 1 – Shelby County Industrial Clusters – 2017
Source: County Business Patterns www.census.gov

Major Employers

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

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

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

Location Quotient

The location quotient of a community looks at the proportion of a type of worker in a given area and the percentage of a worker in a comparison area such as the state or nation and divides those two numbers. In other words, a location quotient is a measurement of a particular workforce's specialization. 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	2019	2018	2017	2016	2015	2014
Financial Activities	1.21	1.23	0.97	0.90	0.85	0.72
Manufacturing	2.87	2.88	3.07	2.91	2.85	2.67
Trade, Transportation & Utilities	0.94	0.92	0.91	0.94	0.96	0.94
Natural Resources & Mining	10.53	8.62	6.36	8.27	8.25	9.16

Table 3 – Location Quotients in Shelby County – December 2019
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	2019 Manufacturing Location Quotient
Morris	4.96
Titus	4.08
Calhoun	3.32
Harrison	2.98
Shelby	2.87

Table 4 – Top 5 Texas Counties – Manufacturing Location Quotients – December 2019
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 its' World Headquarters is in Center



Gross Domestic Product

In 2019 the Bureau of Economic Analysis began releasing county-level gross domestic product data, which is meant to represent the total amount of goods and services produced within Shelby County. This is a good measure of the health of the local economy and is helpful in seeing whether or not the economy is growing and which sectors are performing well. This along with the other data sets, confirms the fact that agriculture and mining are the two industries that support the economy. There are also other service-related industries that round out the economy. The 2018 data is the most recent data available, and indicates growth in all but two economic sectors: mining (-2%) and professional/business services (-21%).

Description							
			2017	2018			Percentage of Economy
All industry total			1,187,671	1,309,982	Change		
Private	Industries	Sub Industries	1,092,131	1,211,680	119,549	11%	
	Agriculture, forestry, fishing and hunting		296,459	373,146	76,687	26%	28%
	Mining, quarrying, and oil and gas extraction		196,011	192,726	(3,285)	-2%	15%
	Utilities		642	733	91	14%	0%
	Construction		19,679	25,041	5,362	27%	2%
	Manufacturing		158,586	164,972	6,386	4%	13%
		Durable goods manufacturing	(D)	(D)			
		Nondurable goods manufacturing	(D)	(D)			
	Wholesale trade		35,825	38,008	2,183	6%	3%
	Retail trade		84,667	88,857	4,190	5%	7%
	Transportation and warehousing		29,084	34,653	5,569	19%	3%
	Information		4,357	4,652	295	7%	0%
	Finance, insurance, real estate, rental, and leasing		138,563	158,588	20,025	14%	12%
		Finance and insurance	42,134	56,959			
		Real estate and rental and leasing	96,429	101,629			
	Professional and business services		55,020	43,630	(11,390)	-21%	3%
		Professional and technical services	(D)	(D)			
		Company management	(D)	(D)			
		Administrative and support services	24,950	15,260			
	Educational services, health care, etc.		29,206	30,217	1,011	3%	2%
		Educational services	(D)	300			
		Health care and social	(D)	29,918			
	Arts, entertainment, accommodation, and food		18,416	27,612	9,196	50%	2%
		Arts, entertainment, and recreation	1,890	1,966			
		Accommodation and food services	16,526	25,646			
	Other services		25,616	28,845	3,229	13%	2%
Government and government enterprises			95,540	98,301	2,761	3%	8%

Table 5 – Gross Domestic Product by Industry – Shelby County
Source: Bureau of Economic Analysis <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1>



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.

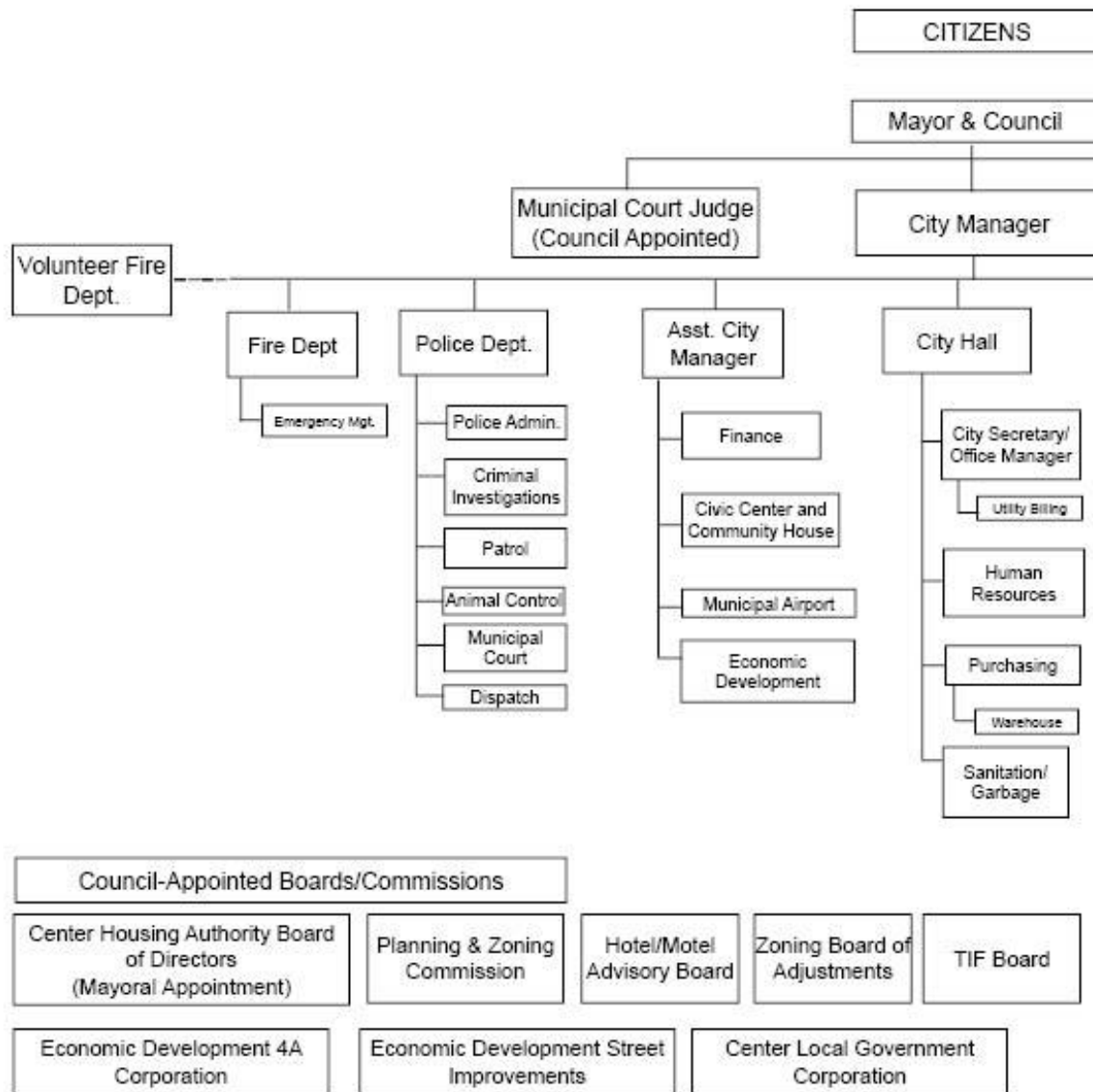
Year	Residential		Commercial/Industrial		Total	
	# Permits	\$ Value	# Permits	\$ Value	# Permits	\$ Value
2002	5	48,000	7	101,970	12	149,970
2003	3	10,150	7	291,100	10	301,250
2004	33	2,811,090	6	8,660,000	39	11,471,090
2005	4	441,710	11	2,311,000	15	2,752,710
2006	3	21,500	7	3,745,754	10	3,767,710
2007	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
2019	16	421,779	33	9,397,905	49	9,819,684
2020	12	367,785	5	232,500	17	600,285

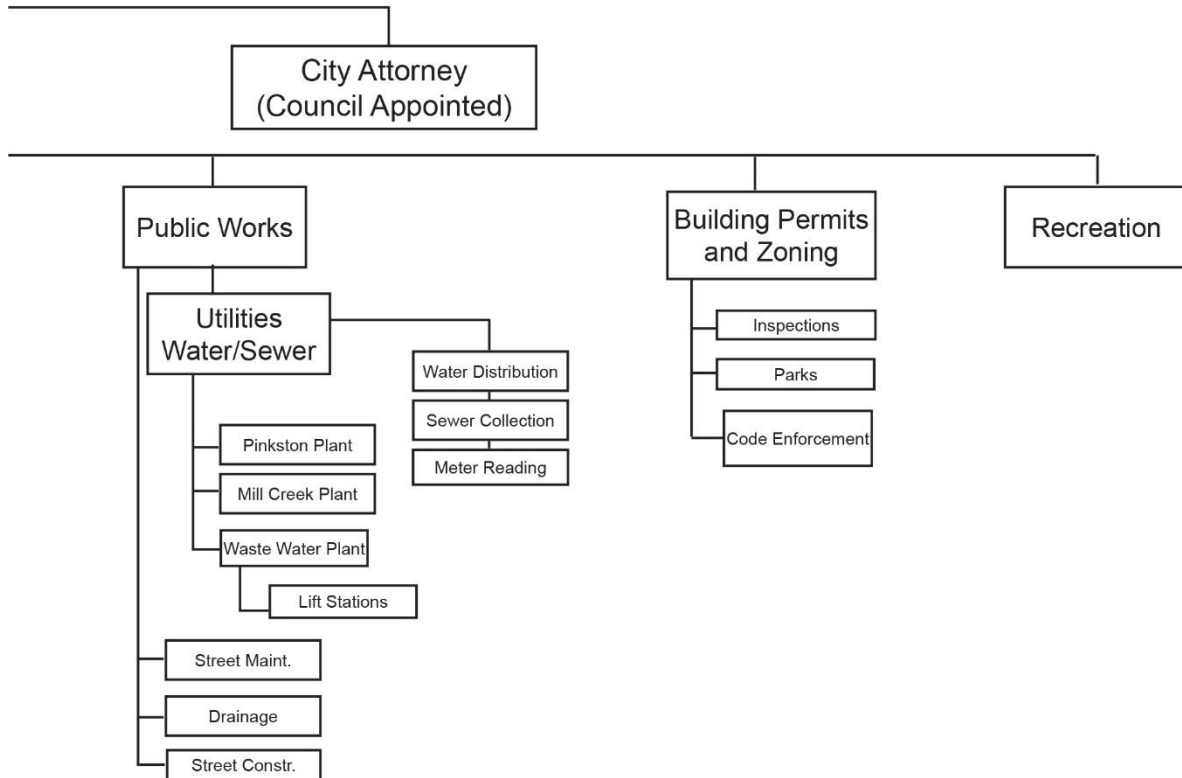
Table 6 – Building permits issued
Source: City of Center

There was marginal increase in building permit activity in 2018 with some major industrial construction and other minor commercial construction. 2019 witnessed a large increase in value with new industrial projects.



City of Center
Organizational Chart







**FY 2021 BUDGET
STAFFING CHART**

Department	Job Title	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2021 Proposed Budget
City Hall (Includes annex and warehouse)	City Manager	1	1	1	1
	Asst. City Manager	1	1	1	1
	City Secretary	1	1	1	1
	Asst. City Secretary	0	0	0	.75
	Purchasing Agent	1	1	1	1
	HR Administrator	1	0.5	1	1
	Accounting Administrator	1	0.5	1	1
	Clerks	3	4.5	3	3
	IT	1	1	1	1
Subtotal - City Hall		10	10.5	10	10.75
Police Department	Police Chief	1	1	1	1
	Lieutenant	1	1	1	1
	Detective (1 Sgt)	4	4	3	3
	Patrol Sergeant	3	3	2	2
	Patrol Corporal	0	0	2	2
	Patrol Officer	7	8	8	8
	Warrant Officer/Bailiff	0	0	0	0
	Dispatchers	6.5	6	7	4.5
	Admin. Assistant	1	1	1	1
	Janitor	1	1	1	1
Subtotal - Police Department		24.5	25	26	23.5
Fire Department	Fire Chief	1	1	1	1
	Fire Fighter	5	5	5	5
	Subtotal - Fire Department	6	6	6	6
Street Department	Foreman	0	1	1	1
	Street Maintenance	4	2	2	3
	Subtotal - Street Department	4	3	3	4
Municipal Airport	Airport Manager	0.5	0.5	0.5	0.5
	Subtotal - Airport	0.5	0.5	0.5	0.5
Parks Department	Parks Maintenance	1.5	1.5	1.5	2
	Parks Supervisor	0	0.5	0.5	0.5
	Subtotal - Parks	1.5	2	2	2.5
Inspection Services	Building Permit Clerk	0	0	0	0.5
	Building Official	0.5	0.25	0.25	0.25
	Code Compliance Officer	0	0.25	0.25	0.25
	Subtotal - Inspection Services	0.5	0.5	0.5	0.5



Municipal Court	Court Clerk	1	1	1	1
	Subtotal – Municipal Court	1	1	1	1
Civic Center	Civic Center Director	1	1	1	1
	Assistant Director	1	1	0	0
	Maintenance PT	0.5	0.5	0.5	0.5
	Subtotal - Civic Center	2.5	2.5	1.5	1.5
TOTAL GENERAL FUND		50.5	51	50.5	50.75
RECREATION FUND					
	Recreation Program Director	1	1	1	1
TOTAL RECREATION FUND		1	1	1	1
UTILITY FUND					
Water Production	Chief Operator	1	1	1	1
	Lead Operator	2	2	1	0
	Plant Operator	4	5	6	7
	Monitoring Technician	2	0	0	0
	Subtotal - Water Production	9	8	8	8
Water Distribution	Equipment Operator	0	0	1	1
	Maintenance	4	3	1	1
	Meter Reader/Maintenance	0	0	1	1
	Monitoring Technician	0	0	0	1
	Subtotal - Water Distribution	4	3	3	4
Sewer Collection	Equipment Operator	1	1	0	0
	Maintenance	2	3	3	2
	Subtotal - Sewer Collection	3	4	3	2
Sewer Treatment	Chief Operator	1	1	1	1
	Plant Operator	2	2	2	2
	Electrician/Plant Operator	1	1	1	1
	Subtotal - Sewer Treatment	4	4	4	4
Public Works	Public Works Director	1	1	1	1
	OIC Relief	0	0	1	1
	Public Works Superintendent	0.5	0	0	0
	Public Works Admin Asst.	0	0	1	0.5
	Public Works Foreman	2	1	0	0
	Monitoring Technicians	0	2	1	0
	Subtotal - Public Works	3.5	4	4	2.5
TOTAL UTILITY FUND		23.5	23	22	20.5
TOTAL CITY EMPLOYEES		75	75	73.5	72.25



**FY 2021 BUDGET
CONSOLIDATED FUND PRESENTATION**

	Governmental Funds							
	General Fund	Debt Service	Court Technology	Building Security	Seizure Fund	Park Fund	Recreation Fund	TIF Fund
ESTIMATED BEGINNING FUND BALANCE	1,708,489	127,118	15,860	12,633	15,485	11,648	0	83,900
REVENUES								
Taxes	3,186,300	633,900	0	0	0	0	0	24,400
Permits and Licenses	15,700	0	0	0	0	0	0	0
Charges for Service	824,600	0	0	0	0	0	149,300	0
Fines and Penalties	225,200	0	4,000	3,500	0	0	0	0
Interest	20,000	2,300	150	150	150	2,000	0	1,000
Miscellaneous Receipts	10,800	0	0	0	0	68,250	20,600	28,000
Transfers	790,000	822,400	0	0	0	0	0	0
Total Revenues	5,072,600	1,458,600	4,150	3,650	150	70,250	169,900	53,400
TOTAL RESOURCES	6,781,089	1,585,718	20,010	16,283	15,635	81,898	169,900	137,390
EXPENDITURES								
Personnel	3,412,800	0	0	0	0	0	78,200	0
Supplies	129,000	0	0	0	0	0	58,600	0
Contractual	766,750	0	0	0	0	10,500	22,400	0
Utilities	250,000	0	0	0	0	0	0	0
Sundry	186,250	0	700	0	2,000	0	4,500	0
Maintenance	303,500	0	0	0	0	0	4,700	0
Capital	24,300	0	0	1,000	0	0	0	0
Fund Transfers	0	0	0	0	0	55,000	0	0
Debt Service	0	1,488,600	0	0	0	0	0	28,250
Total Expenditures	5,072,600	1,488,600	700	1,000	2,000	65,500	168,400	28,250
REVENUE OVER/ (UNDER) EXPENDITURES	0	(30,000)	3,450	2,650	(1,850)	4,750	1,500	25,150
ENDING BALANCE	1,708,489	97,118	19,310	15,283	13,635	16,398	1,500	109,140



	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	
287,80	81,778	179,910	845,000	229,400	2,406,782	1,378,291	7,383,774
240,000	0	0	0	0	401,500	803,000	5,235,500
0	0	0	0	0	0	0	15,700
0	0	0	3,735,400	1,593,600	0	0	6,284,000
0	0	0	0	0	0	0	232,700
3,000	3,500	1,000	12,000	2,400	20,000	7,500	75,150
0	0	0	3,000	0	58,250	0	188,900
0	151,250	215,850	0	0	0	0	1,979,500
243,000	154,750	216,850	3,750,400	1,596,000	479,750	810,500	14,011,450
530,480	236,528	396,760	4,595,400	1,825,400	2,886,532	2,188,791	21,395,224
0	0	71,600	1,175,700	0	0	0	4,665,800
5,000	0	12,500	386,100	2,000	1,000	0	594,200
46,000	0	69,200	376,000	1,390,000	282,200	3,900	2,966,950
0	0	0	366,100	0	0	0	616,100
0	0	3,000	56,400	2,500	76,200	1,000	332,550
0	0	0	370,200	1,500	3,000	0	682,900
0	0	30,000	27,000	0	0	600,000	682,300
227,000	0	0	992,900	200,000	85,000	180,400	1,742,300
0	0	0	0	0	0	0	1,516,850
278,000	0	186,300	3,750,400	1,596,000	447,400	825,300	13,797,950
(22,000)	154,750	30,550	0	0	32,350	(23,200)	213,500
265,480	236,528	210,460	845,000	229,400	2,439,132	1,355,091	7,647,274



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FY 2021 BUDGET GENERAL FUND OVERVIEW

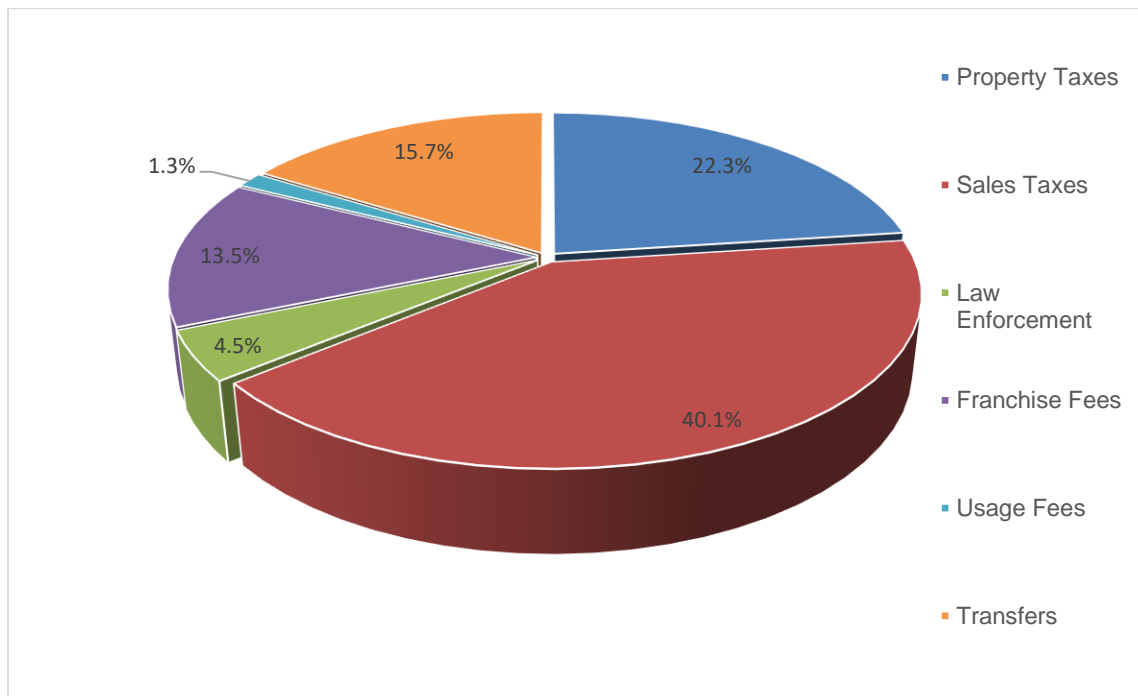
The General Fund provides financing for the City's governmental services, which consist of all public safety functions, including police, animal control, and fire services; community services, including streets, parks, inspections, planning, library, airport and code enforcement; and administrative functions,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

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

GENERAL FUND REVENUE

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

Graph 1 and Table 1 both illustrate how the vast majority, 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 2021 Proposed Budget – Major Revenue Sources

**Top Revenue Sources**

Sales Taxes	2,065,000	41%
Property Tax	1,121,300	22%
Transfers	790,000	16%
Franchise Fees	676,400	14%
Total	4,652,700	

Total Revenue 5,072,600

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 40% of the City's general fund revenue. FY 2021 sales tax revenues are budgeted at \$2,007,400, which is a 4% decrease from the FY 2020 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 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 Actual	3,353,326
FY 2020 Estimate	3,345,600
FY 2021 Proposed	3,265,400

Table 2 – Total City sales tax receipts

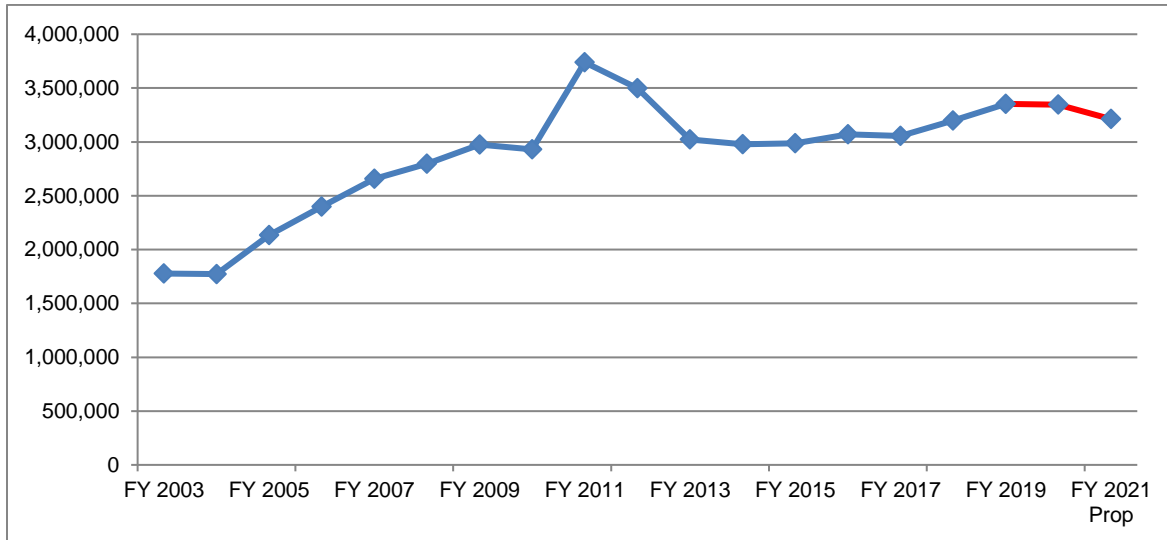
Total City sales tax receipts are split four ways to fund different activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements.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

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

	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Proposed Budget
City Sales Tax – 1 cent	1,599,594	1,676,63	1,672,800	1,648,800
Sales Tax for Property Tax Relief – ¼ cent	399,898	419,166	418,200	412,200
Total Sales Tax to General Fund	1,999,492	2,095,829	2,091,000	2,061,000
4A EDC – ¼ cent	399,898	419,166	418,200	803,000
4B Street EDC – ½ cent	799,797	838,332	836,400	401,500
TOTAL CITY SALES TAX COLLECTIONS	3,199,187	3,353,326	3,345,600	3,265,00



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 was experiencing a modest rebound in sales tax revenue, starting in 2017, as a result of the return of some energy industry activity. This rebound was interrupted in Spring 2020 with the onset of the COVID-19 pandemic which resulted in a revenue correction.



Graph 2 – Total sales tax collection history. FY 2003 – FY 2021 Proposed

However, there are a number of mitigating factors that are supporting sales tax receipts. There were a number of large construction projects in Center in 2020 and consumer spending patterns shifted towards more online sales – where the City still receives the local sales tax share – this pattern is amplified with the federal government stimulus checks that were received in early Summer 2020.

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 2020, 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	FY 2020 YTD
Agriculture, Forestry & Fishing	0.1%	0.1%	0.0%	0.2%	0.0%	0.0%
Mining, Utilities & Construction	5.7%	5.6%	6.0%	5.8%	6.8%	5.5%
Manufacturing	8.3%	8.8%	8.4%	7.5%	7.7%	8.1%
Wholesale and Retail	61.0%	60.6%	60.1%	59.6%	57.9%	60.2%
Information, Financial and Professional Services	10.8%	11.4%	11.6%	12.4%	13.4%	12.4%
Education and Health Care	0.2%	0.3%	0.3%	0.2%	0.2%	0.2%
Accommodations and Food	11.3%	10.6%	10.5%	10.8%	10.6%	10.1%
Other	2.0%	2.1%	2.5%	2.8%	2.7%	2.8%
Public Administration	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%

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



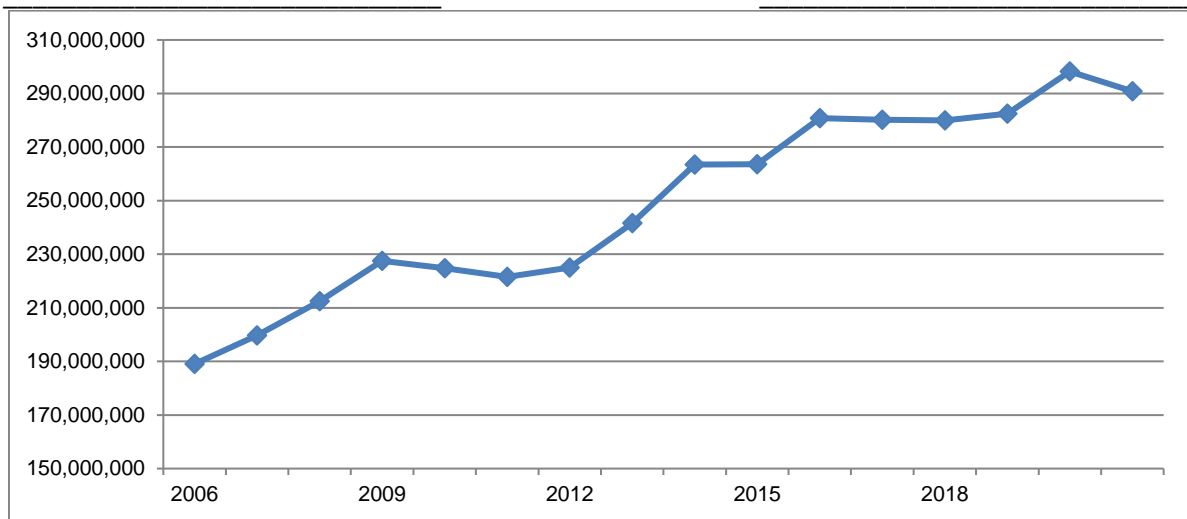
Property Taxes

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

Tax Year	Tax Rate	Appraised Taxable Value
2002	0.622856	140,069,602
2003	0.604100	151,844,181
2004	0.562100	169,059,857
2005	0.536750	183,209,901
2006	0.536000	189,050,972
2007	0.523300	199,725,654
2008	0.508780	212,508,699
2009	0.476000	227,529,570
2010	0.490250	224,839,614
2011	0.490250	221,532,434
2012	0.500000	225,067,201
2013	0.510000	241,616,065
2014	0.500000	263,443,994
2015	0.530000	263,621,780
2016	0.540000	280,829,746
2017	0.560000	280,224,688
2018	0.575000	279,923,149
2019	0.600000	282,534,449
2020	0.610000	298,213,144
2021 Proposed	0.619233	294,829,703

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 2020. 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 more than 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	0.353166	0.256834	0.610000
2021	0.384509	0.234724	0.619233

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

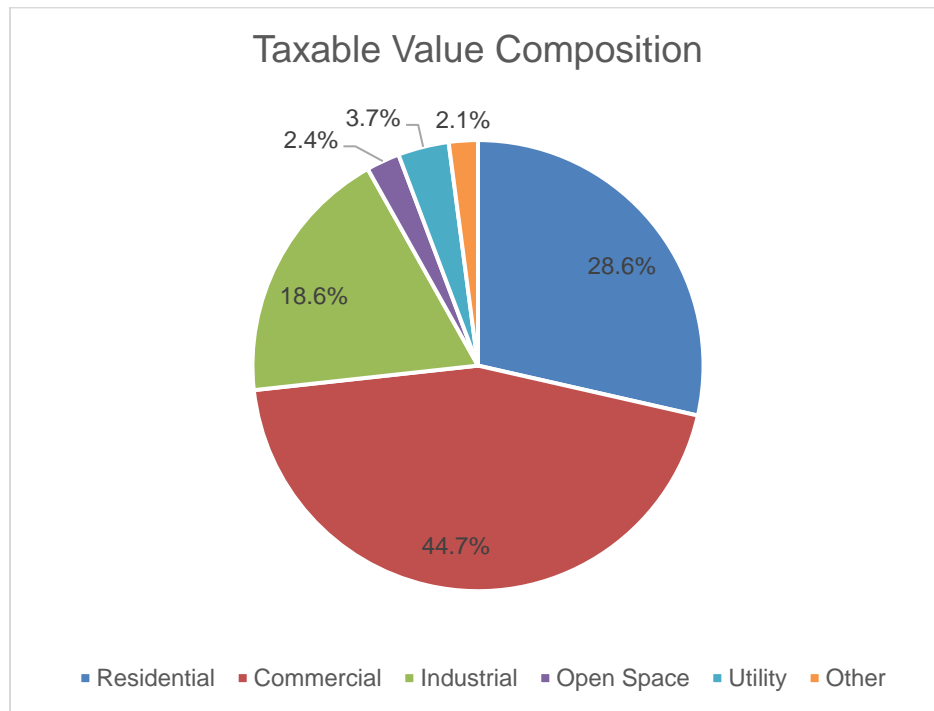


Table 6 below shows how, over time, the composition of the Center tax base has slightly changed. Until the 2012 tax year, the highest single percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial real property. The last few years has seen residential 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	2019
Single family residential	34.2%	29.66%	33.87%	32.4%	33.3%	34.7%	28%	27.7%
Multi-family residential	0.73	0.67	0.59	0.55	0.6%	0.6%	0.6%	0.79%
Vacant lots	0.74	0.68	0.75	0.68	0.7%	0.7%	0.7%	0.72%
Commercial – Real	30.76	33.74	34.94	32.57	33.4%	34.5%	33.8%	33%
Industrial - Real	4.67	4.75	4.54	4.66	5.2%	3.9%	4.0%	4.0%
Personal – commercial	12.12	11.45	12.90	13.19	12.8%	12.5%	11.5%	11.7%
Personal – industrial	8.91	11.59	14.39	16.52	15.6%	13.1%	14.6%	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. Table 7 on the following page provides detail into the changes of tax base.



Graph 4 – 2019 Taxable Value by Category

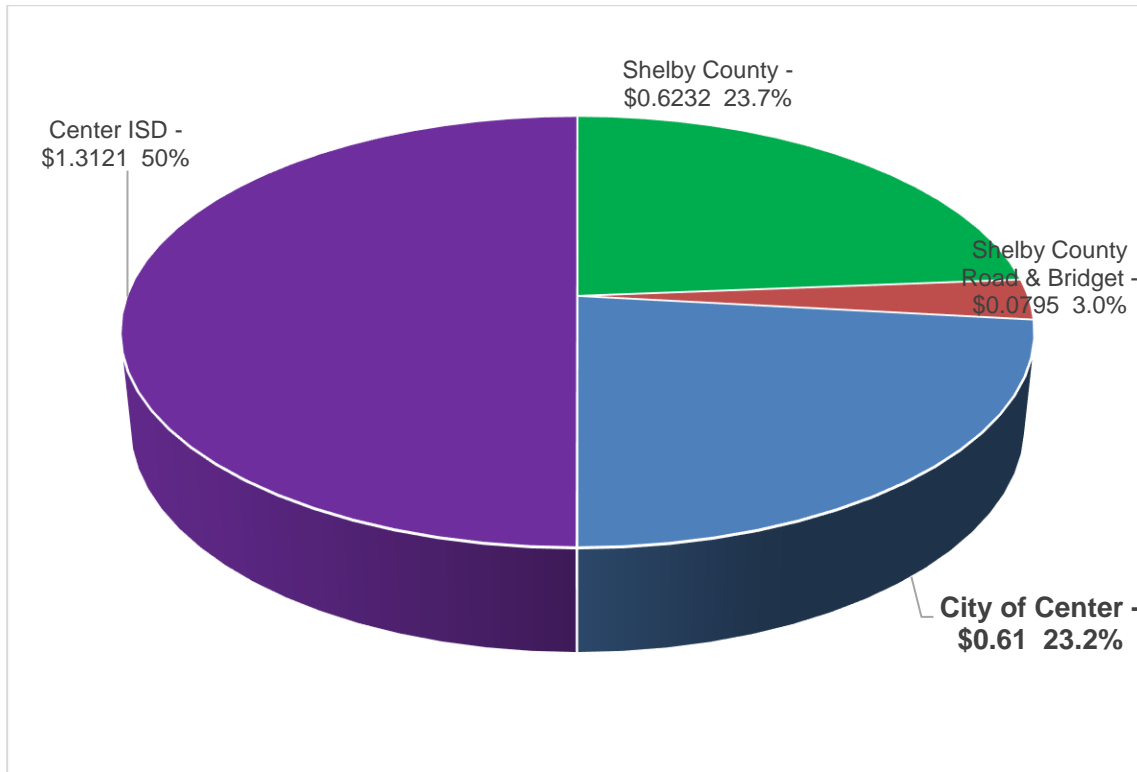


Property Description	2019 Taxable Value	2020 Market Value	2020 Taxable Value	Diff	Percent Change
Single Family	83,563,984	98,884,030	81,855,745	(1,708,239)	
Multi Family	1,681,512	2,345,180	2,335,752	654,240	
Residential	85,245,496	101,229,210	84,191,497	(1,053,999)	-1.2%
Vacant Lots and Land	2,099,661	2,128,540	2,123,690	24,029	
Qualified Open Space	232,444	11,320,950	226,820	(5,624)	
Open Space Improvements	133,271	182,650	182,613	49,342	
Rural Land	3,992,983	5,181,240	4,538,133	545,150	
Open Space	6,458,359	18,813,380	7,071,256	612,897	9.5%
Commercial Real Property	100,758,731	97,970,770	97,117,201	(3,641,530)	
Commercial Personal Property	34,411,010	34,702,530	34,702,530	291,520	
Commercial	135,169,741	132,673,300	131,819,731	(3,350,010)	-2.5%
Industrial Real Property	11,902,640	12,242,440	11,697,890	(204,750)	
Industrial Personal Property	43,395,460	48,576,840	43,142,220	(253,240)	
Industrial	55,298,100	60,819,280	54,840,110	(457,990)	-0.8%
Gas Distribution	501,460	560,170	560,170	58,710	
Electric Company	5,387,240	5,647,370	5,647,370	260,130	
Telephone Company	1,134,380	1,070,550	1,070,550	(63,830)	
Railroad	2,626,670	2,867,670	2,867,670	241,000	
Cable	610,650	625,110	625,110	14,460	
Utility	10,260,400	10,770,870	10,770,870	510,470	5.0%
Other Tangible Property	1,291,258	1,856,230	1,363,039	71,781	
Residential Inventory	30,410	30,710	30,710	300	
Special Inventory	4,459,380	442,490	4,742,490	283,110	
Other	5,781,048	2,329,430	6,136,239	355,191	6.1%
TOTAL	298,213,144	326,635,470	294,829,703	(3,383,441)	-1.13%
TOTALLY EXEMPT PROPERTY	46,585,110	45,945,630		(639,480)	

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 - 2020

The City of Center portion of a property owner's total tax bill is approximately 23% 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. This analysis also shows that Center residents have a similar tax burden placed upon them.



City	Population	Total Net Taxable	Total Tax Rate	% Residential Tax Base	Residential Tax Levy	Residential Tax Levy per Capita	Per Capita Income	RTLpc/Per Capita Income
El Campo	11,766	667,661,601	0.568870	62.6%	2,377,627	202	30,216	0.7%
Farmersville	3,542	233,629,754	0.750000	65.1%	1,140,697	322	28,244	1.1%
Crockett	6,950	268,479,800	0.596791	52.7%	844,393	121	15,722	0.8%
Teague	3,527	119,043,755	0.776732	n/a	n/a	n/a	n/a	n/a
Decatur	6,989	791,013,848	0.649000	46.2%	2,371,760	339	24,731	1.4%
Liberty	9,349	697,627,119	0.585100	49.1%	2,004,172	214	25,039	0.9%
Groesbeck	4,366	122,821,212	0.718900	n/a	n/a	n/a	n/a	n/a
Whitehouse	8,799	392,236,106	0.792891	82.5%	2,565,754	292	25,344	1.2%
Kilgore	14,948	1,286,304,772	0.539000	32.0%	2,218,618	148	23,318	0.6%
Gladewater	6,441	323,869,836	0.749990	66.8%	1,622,566	252	20,363	1.2%
Bullard	3,986	278,765,648	0.605347	74.6%	1,258,875	316	29,059	1.1%
White Oak	6,544	375,038,130	0.602400	72.1%	1,628,905	249	25,167	1.0%
Mexia	7,539	291,820,888	0.850900	50.9%	1,263,900	168	17,159	1.0%
Jacksonville	14,923	703,210,597	0.690000	54.7%	2,654,128	178	17,879	1.0%
Madisonville	4,735	221,072,209	0.658900	46.0%	670,057	142	17,759	0.8%
Gilmer	5,216	321,959,841	0.629523	55.2%	1,118,800	214	22,790	0.9%
Average	7,476	443,409,695	0.672772	57.9%	1,695,732	226	23,056	1.0%
Center	5,401	291,329,967	0.610000	36.6%	650,423	120	14,150	0.9%

Table 8 – Property tax rate by comparison cities. Tax rates – 2020
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-Dpt	3,000	13,200	0	62,000	0	0	1,000	1,000	237,500	5,000	0	322,700
City Hall	112,600	263,500	0	96,500	0	0	2,600	1,000	367,500	15,000	0	858,700
Muni Court	22,000	43,100	52,000	0	0	0	0	0	0	0	0	117,100
Police	730,800	1,207,500	173,200	0	0	0	0	0	0	0	1,600	2,113,100
Fire	171,400	349,700	0	0	0	0	0	0	0	0	0	521,100
Animal Control	9,000	18,300	0	0	0	0	0	0	0	0	0	27,300
Streets	0	2,900	0	310,200	0	0	0	0	100,000	0	0	413,100
Parks	12,000	33,800	0	187,700	0	0	0	0	0	0	0	233,500
Inspection	9,000	19,800	0	20,000	0	15,700	0	2,200	0	0	0	66,700
Airport	2,500	12,200	0	0	80,600	0	0	0	0	0	5,000	100,300
Cemetery	8,000	15,300	0	0	0	0	0	0	0	0	0	23,300
Civic Center	16,000	33,700	0	0	0	0	58,000	0	80,000	0	0	187,700
Comm Facilities	25,000	52,000	0	0	0	0	6,000	0	5,000	0	0	88,000
Total	1,121,300	2,065,000	225,200	676,400	80,600	15,700	67,600	4,200	790,000	20,000	6,600	5,072,600

One penny of the tax rate equates to \$28,009 of revenue. Dividing the department Property Tax allocation by \$28,009 yields the approximate tax rate for each department.

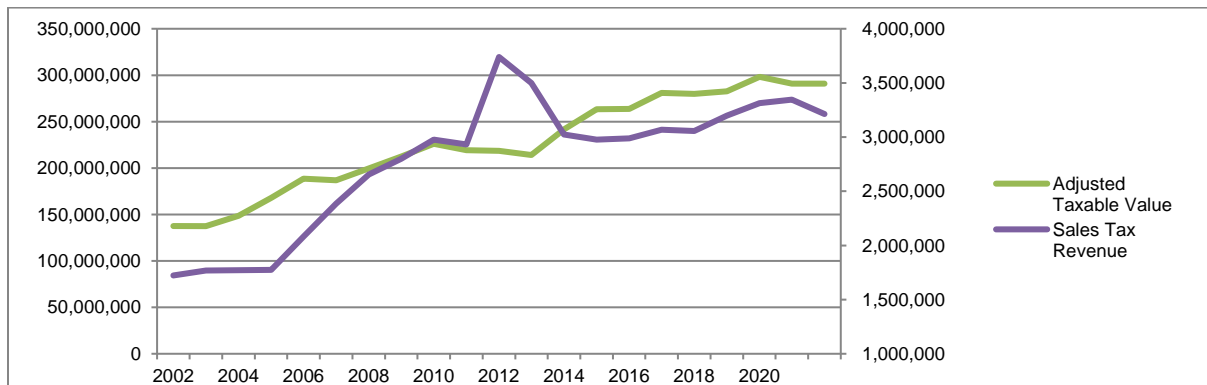
Assuming a home value of \$120,000 and a 20% homestead exemption, the property's taxable value is \$96,000. The approximate annual tax bill per department can also be calculated.

	Pennies of tax rate	Annual Tax bill per department (M&O)
Non-Departmental	0.001	1.03
City Hall	0.030	38.59
Municipal Court	0.008	7.54
Administration	0.039	47.16
Police	0.261	250.48
Fire	0.060	58.75
Animal Control	0.002	3.08
Public Safety	0.322	312.31
Streets	0	0
Parks	0.004	4.11
Inspection	0.003	3.08
Public Works	0.007	7.20
Airport	0.001	0.86
Cemetery	0.001	2.74
Civic Center	0.004	5.48
Community Facilities	0.009	8.57
Facilities	0.015	17.65
Total	0.384	384.32



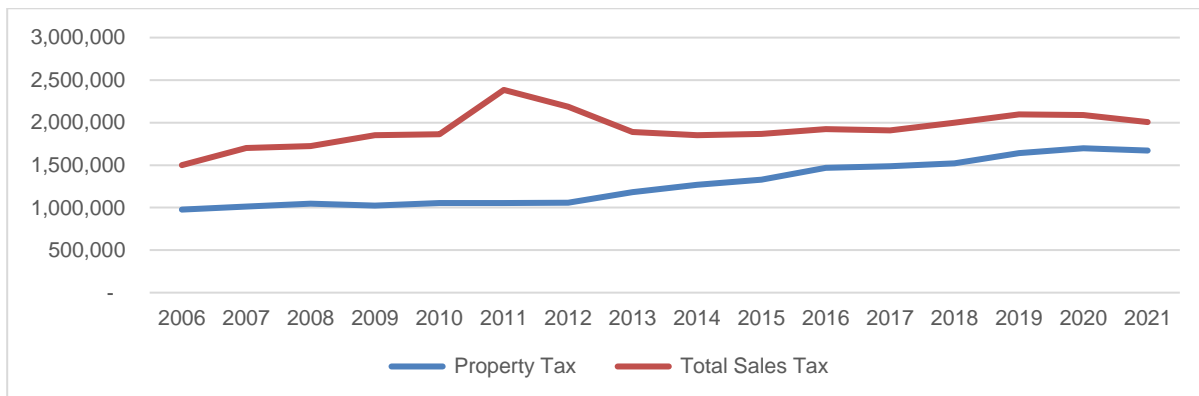
Sales Tax and Property Tax Revenue Relationship

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 2021 Budget looks to raise property tax rates slightly to compensate and provide the same amount of resources for city operations.



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. The top red line represents the City's general fund sales tax allocation and the bottom blue line is total property tax levy. 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



Internal Fund Transfers

The City of Center relies heavily upon invoicing other funds for administrative services or operational expenses to supplement the General Fund. The General Fund is the cost and accounting center for a number of activities that otherwise would be paid directly by other funds. Without creating organizational and accounting mechanisms, the City simply moves funds to cover these costs.

The transfers that come to the General Fund are from the Utility Fund, the Solid Waste Fund, the 4A and 4B Economic Development Corporations, and Hotel/Motel Occupancy Tax-Trust Fund.

Each year, the City updates an allocation study to determine the approximate level of transfer amount. This is done to provide a rationale for the transfer amount. Included in the allocation study is the Franchise Fees paid by the Utility and Solid Waste Funds for the use of City rights-of-way and reimbursement for other expenses.

Utility Fund Transfer

The transfer from the Utility Fund to the General Fund is meant to cover certain costs in Non-Departmental that relate to the costs of the City Council providing overall guidance to the City. The City Hall Department includes the management, finance, billing, cash collection, and purchasing functions of the City that are shared with the Utility Fund.

	FY 2021 Budget	Allocated to Utility Fund
Non Departmental Personnel	2,700	1,350
Non Departmental Supplies	3,500	1,750
Non Departmental Contractual	231,000	88,850
Non Departmental Sundry	85,500	20,100
Total Non Departmental	322,700	112,050
City Hall Personnel	724,100	404,400
City Hall Supplies	17,400	7,100
City Hall Contractual	53,950	15,900
City Hall Utilities	18,700	9,350
City Hall Sundry	26,050	10,850
City Hall Maintenance	6,600	3,300
City Hall Capital	0	0
Total City Hall	846,800	450,900
Total Allocated Expenditure		562,950
FY 2021 Budgeted Transfer		415,000
FY 2021 Budgeted Franchise Fee		106,400
TOTAL TRANSFER TO GENERAL FUND		521,400

Solid Waste Transfer

Similar to the Utility Fund transfer, the Solid Waste transfer amount is meant to cover the Non-Departmental and City Hall costs associated with managing, billing, and executing the Solid



Waste contract. Also included is a provision for the funding a portion of the City's Street Maintenance Department. The Street Department is charged with maintaining all of the City's streets and other rights-of-ways. One of the original purposes of the Solid Waste franchise fee was to fund any repairs necessary to the City streets that would allow for the collection of the City's solid waste.

	FY 2021 Budget	Allocated to Solid Waste Fund
Non Departmental Personnel	2,700	135
Non Departmental Supplies	3,500	290
Non Departmental Contractual	231,000	10,900
Non Departmental Sundry	85,500	3,750
Total Non Departmental	322,700	15,075
City Hall Personnel	724,100	55,300
City Hall Supplies	17,400	2,120
City Hall Contractual	53,950	6,910
City Hall Utilities	18,700	4,675
City Hall Sundry	26,050	5,225
City Hall Maintenance	6,600	1,525
City Hall Capital	0	0
Total City Hall	846,800	75,755
Street Department		
Personnel	216,600	151,620
Supplies	16,000	11,200
Contractual	22,700	15,890
Utilities	83,600	58,520
Sundry	1,500	1,050
Maintenance	68,500	47,950
Capital	1,300	910
Total Street Department	410,200	287,140
Total Allocated Expenditure		377,970
FY 2020 Budgeted Transfer		200,000
FY 2020 Budgeted Franchise Fee		130,000
TOTAL TRANSFER TO GENERAL FUND		330,000

Other Fund Transfers

The City also receives transfers from the Hotel Occupancy Tax-Trust Fund, which is meant to offset costs associated with operating the Windham Civic Center and the Community House. There is no allocation study involved with establishing this funding amount; it is normally determined based on the performance of Hotel Occupancy Tax revenues.

The City also receives administration fees from the 4A and the 4B Economic Development Corporations used to offset the personnel and soft costs of managing the two entities.

Franchise Fees



Franchise fees are essentially access rights or lease payments from utility companies for the use of City owned and maintained rights-of-way. Utility companies locate their service lines along City streets which basically allow them to use City property to provide their services. The franchise fee is paid by the customer on the utility bill but remitted to the City. These revenues are predominately slated towards street repairs and right-of-way maintenance and are relatively stable 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 2021 Proposed Budget
AEP SWEPCO Franchise	265,000
DETEC Franchise	23,000
Centerpoint Franchise	55,000
AT&T Franchise	70,000
Telecommunication Fees	10,000
Suddenlink Franchise	17,000
Utility Fund Franchise Fee	106,400
Solid Waste Franchise Fee	130,000
Franchise Fee	676,400



FY 2021 BUDGET REVENUE SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Property Taxes	944,668	1,004,094	1,051,000	1,050,700	1,121,300
Sales Taxes	2,003,681	2,099,753	2,095,000	2,095,200	2,065,000
Law Enforcement	176,456	177,610	161,000	166,400	225,200
Franchise Fee	687,494	705,403	676,300	694,600	676,400
Airport	94,198	98,043	80,100	76,200	80,600
Permits	13,078	35,860	15,100	10,800	15,700
Usage Fees	63,453	71,117	62,600	47,700	67,600
Solid Waste	0	137	0	0	0
Miscellaneous	19,366	31,124	4,300	11,900	4,200
Transfers	773,410	780,000	790,000	790,000	790,000
Interest	23,344	36,471	24,000	24,000	20,000
Grants	29,391	17,820	3,600	58,100	6,600
TOTAL	4,828,540	5,057,431	4,963,000	5,025,600	5,072,600

FY 2021 BUDGET REVENUE DETAIL

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Taxes - Current Ad Valorem	883,334	938,973	987,000	983,400	1,062,300
Taxes - Delinquent	32,961	37,506	34,000	40,000	32,000
Taxes - Penalty	28,373	27,615	30,000	27,300	27,000
Property Taxes	944,668	1,004,094	1,051,000	1,050,700	1,121,300
Taxes - Sales Tax	1,599,594	1,676,663	1,672,800	1,672,800	1,648,800
Taxes - Sales M&O	399,898	419,166	418,200	418,200	412,200
Taxes - Mixed Beverage	4,189	3,924	4,000	4,200	4,000
Taxes - Discount/Sales	0	0	0	0	0
Sales Taxes	2,003,681	2,099,753	2,095,000	2,095,200	2,065,000
Court Fines	138,795	140,404	125,000	135,000	190,000
Warrant Fees	15,437	16,174	15,000	11,000	15,000
Court Service Fee Discounts	12,813	11,704	12,000	13,300	12,000
Court Administrative Fee	1,489	1,678	1,500	1,500	1,500
Collection Agency Rec	0	85	0	0	0
Judicial Support Fee	584	572	700	500	600
Arrest Fees	4,808	4,863	4,500	4,000	4,000
Court Cost Fees	0	0	0	0	0
Time Payment Fees	2,098	2,042	2,000	1,000	2,000
Police Department Copies	432	76	200	100	100
Misc. Restitution	0	0	0	0	0
Prisoner Phone Commission	0	12	100	0	0
Child Safety Program	0	0	0	0	0
Law Enforcement	176,456	177,610	161,000	166,400	225,200



AEP SWEPCO Franchise	268,100	269,185	265,000	263,300	265,000
DETEC Franchise	25,865	19,210	26,000	23,800	23,000
Centerpoint Franchise	54,810	57,480	50,000	57,600	55,000
AT&T Franchise	77,396	78,807	70,000	77,200	70,000
Telecommunication Fees	12,359	11,957	10,000	10,000	10,000
Suddenlink Franchise	19,972	24,732	17,000	24,500	17,000
PEG Fee	0	0	0	0	0
Solid Waste Franchise	116,932	105,892	125,000	105,200	106,400
Utility Fund Franchise	112,060	138,141	113,300	133,000	130,000
Franchise Fee	687,494	705,403	676,300	694,600	676,400
Airport Fuel	61,302	65,945	50,000	48,000	50,000
Fuel Flow Fee	2,899	4,309	5,000	3,000	3,000
Airport Hangar Lease	29,649	27,400	25,000	25,200	27,500
Donations Airport	4	0	0	0	0
Airport - Msc. Fees	295	318	100	0	100
Airport Gate Entry	50	70	0	0	0
Airport	94,198	98,043	80,100	76,200	80,600
Misc. Garage Sale Permit	206	200	200	200	200
Zoning Variance Permit	0	1,050	200	300	200
Demolition Permits	280	70	100	100	100
Construction Permit	6,410	28,825	10,000	5,500	12,000
Electrical Permits	1,577	3,910	2,000	2,000	2,000
Beer/Wine/Liquor License	3,910	195	1,800	1,800	500
Move Structure Permits	200	300	200	0	200
Misc. Permits	175	990	300	0	100
Carnival/Event Permit	200	225	200	900	300
Vendor Permit	120	95	100	0	100
Permits	13,078	35,860	15,100	10,800	15,700
Suddenlink Lease Riggs St	600	2,700	3,600	3,600	3,600
Rental Senior Center	0	(470)	0	0	0
Rental Community House	12,620	11,905	12,000	8,500	12,000
Community House Sec Officer Fee	0	0	0	0	0
Rental Civic Center	36,538	44,682	40,000	30,000	45,000
Rental Civic Center Caterer Fee	4,545	4,325	2,000	2,000	2,000
Civic Center Security	4,075	2,525	2,000	1,000	2,000
Alcohol Rental Fee	550	2,100	0	2,100	1,000
Civic Center OT Fee	300	75	0	0	0
Equipment Rental	4,225	3300	2,000	500	2,000
Civic Center Addtl Cost	0	(25)	1,000	0	0
Usage Fees	63,453	71,117	62,600	47,700	67,600
Solid Waste	0	137	0	0	0
Reimb. Fire Dept Calls	0	0	0	500	0
Building Demo/Clean Up	0	6530	0	0	0
RR Park Donation	0	0	0	0	0
Returned Check Fee	0	0	0	0	0
Insurance Claims	2,150	18,873	0	5,200	0
Royalties Mineral Rts	0	0	0	0	0
Refunds Return - TML IRP	0	0	0	0	0
Downtown Elect Access	175	25	200	0	100
License & Permit Fees	41	112	0	100	100
Workers Comp Discount	(605)	0	100	0	1,000



Others	134	4,580	2,000	500	1,000
Copies	45	73	1,000	0	0
Vending Machine Income	0	0	0	0	0
Prior Budget Year	0	0	0	0	0
Surplus Equipment/Land	7,339	150	1,000	3,300	1,000
SWEPCO Refunds	0	0	0	0	0
DETEC Capital Refund	625	0	0	2,300	1,000
Donations Police Dept	3,463	0	0	0	0
Donations Fire Dept	6,000	781	0	0	0
Miscellaneous	19,366	31,261	4,300	11,900	4,200
Transfers Interfund Water	462,000	415,000	415,000	415,000	415,000
Transfers Interfund Solid Waste	146,400	200,000	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	80,000	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	30,000	30,000	30,000
Transfer Interfund I&S	0	0	0	0	0
Transfer Interfund Civic Center	10	0	0	0	0
Economic Development Adm Fee	55,000	55,000	60,000	60,000	60,000
Transfers	773,410	780,000	79,000	790,000	790,000
Interest General Fund	23,344	36,471	24,000	24,000	20,000
Interest	23,344	36,471	24,000	24,000	20,000
Police Training Grant	1,610	1,538	1,600	4,600	1,600
Police BVP Grant	0	0	0	0	0
Police JAG Grant	25,025	0	0	0	0
Homeland Security Grant	0	0	0	21,500	0
Arson Investigator Grant	0	0	0	0	0
Airport TXDOT Ramp Grant	2,756	16,282	2,000	32,000	5,000
Solid Waste Grant	0	0	0	0	0
Grants	29,391	17,820	3,600	58,100	6,600
TOTAL	4,828,540	5,057,431	4,936,000	5,025,600	5,072,600



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FY 2021 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.

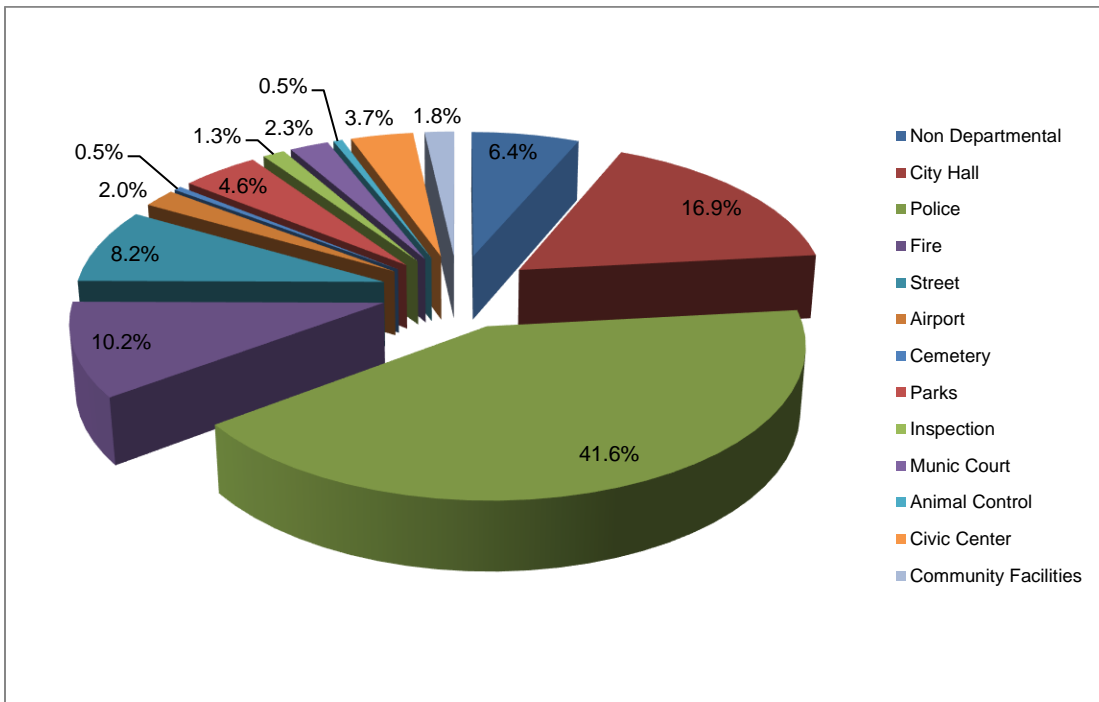
The 2021 Budget also groups the departments into broad functional categories to provide an additional layer of detail for the reader to better understand how the City spends money.

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 denotes differences between the FY 2020 Estimate and the FY 2021 Proposed Budget.

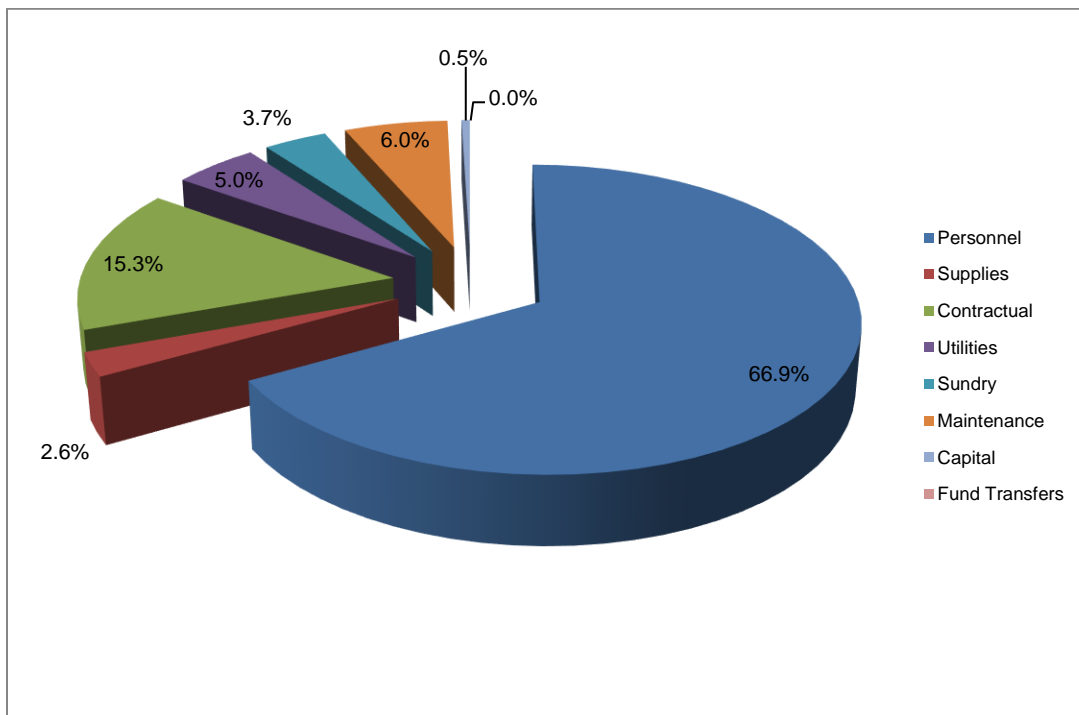
	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
BY DEPARTMENT					
Non Departmental	516,249	403,765	365,800	380,750	332,700
City Hall	754,547	796,794	855,300	829,100	858,700
Police Department	1,961,780	2,034,021	2,092,200	2,047,600	2,113,100
Fire Department	479,719	472,556	516,700	504,900	521,100
Street Department	319,284	334,294	335,100	409,450	413,100
Airport	185,418	123,744	96,000	126,100	100,300
Cemetery	24,068	22,610	22,500	22,500	23,300
Parks	179,907	232,269	193,100	232,900	23,500
Inspection Services	41,577	43,499	57,900	61,400	66,700
Animal Control	98,798	23,926	25,700	113,300	117,100
Municipal Court	22,878	104,934	113,400	27,900	27,300
Civic Center	189,275	206,349	203,600	200,600	187,700
Community Facilities	80,721	89,002	85,700	87,900	88,000
TOTAL	4,854,221	4,887,763	4,963,000	5,044,400	5,072,600
BY ACCOUNT CATEGORY					
Personnel Services	3,094,994	3,154,001	3,315,200	3,248,700	3,412,800
Supplies	102,012	95,545	117,700	141,800	129,000
Contractual	610,447	641,359	762,100	786,250	766,750
Utilities	235,280	246,239	233,600	251,100	250,000
Sundry	154,405	183,015	190,600	193,300	186,250
Maintenance	299,108	324,815	317,300	343,000	303,500
Capital Items	151,848	242,789	26,500	70,250	24,300
Fund Transfers	206,136	0	0	10,000	0
TOTAL	4,854,221	4,887,763	4,963,000	5,044,400	5,072,600



FY 2021 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



FY 2021 GENERAL FUND BUDGET – BY PRIME ACCOUNT

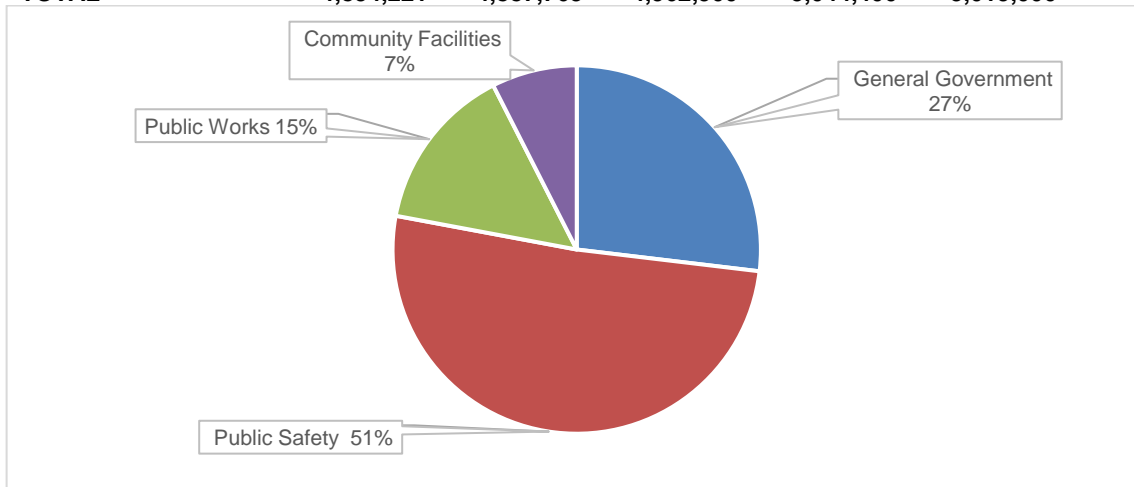




FY 2021 GENERAL FUND BUDGET EXPENDITURES – BY FUNCTION

The FY 2021 Budget also categorizes General Fund expenditures by general function for further analysis on the City's broad functional areas. The functions are grouped into General Government, Public Safety, Public Works, and Community Facilities to correlate with the annual audit. The departmental budgets are also arranged to associate with to this grouping.

Totals	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed
General Government					
Non Departmental	516,249	403,765	365,800	380,750	322,700
City Hall	754,547	796,794	855,200	829,100	846,800
Municipal Court	98,798	104,934	113,400	113,300	116,400
Subtotal	1,369,594	1,305,493	1,334,400	1,323,150	1,285,900
Public Safety					
Police	1,961,780	2,034,021	2,092,200	2,047,600	2,086,200
Fire	479,719	472,556	516,700	504,900	514,200
Animal Control	22,878	23,926	25,700	27,900	27,300
Subtotal	2,464,377	2,530,502	2,634,600	2,580,400	2,627,700
Public Works					
Streets	319,284	334,294	335,100	409,450	410,200
Parks	179,907	232,269	193,100	232,900	231,500
Inspection	41,577	43,499	57,900	61,400	66,200
Cemetery	24,068	22,610	22,500	22,500	23,300
Subtotal	564,836	632,673	608,600	726,250	731,200
Community Facilities					
Airport	185,418	123,744	96,000	126,100	99,000
Civic Center	189,275	206,349	203,600	200,600	186,300
Community Facilities	80,721	89,002	85,700	87,900	88,000
Subtotal	455,414	419,096	385,300	414,600	374,200
TOTAL	4,854,221	4,887,763	4,962,900	5,044,400	5,019,000





**FY 2021 BUDGET
REVENUES OVER/(UNDER) EXPENDITURES**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Property Taxes	944,668	1,004,094	1,051,000	1,050,700	1,121,300
Sales Taxes	2,003,681	2,099,753	2,095,000	2,095,200	2,065,000
Law Enforcement	176,456	177,610	161,000	166,400	225,200
Franchise Fee	687,494	705,403	676,300	694,600	676,400
Airport	94,198	98,043	80,100	76,200	80,600
Permits	13,078	35,860	15,100	10,800	15,700
Usage Fees	63,453	71,117	62,600	47,700	67,600
Solid Waste	0	137	0	0	0
Miscellaneous	19,366	31,124	4,300	11,900	4,200
Transfers	773,410	780,000	790,000	790,000	790,000
Interest	23,344	36,471	24,000	24,000	20,000
Grants	29,391	17,820	3,600	58,100	6,600
TOTAL	4,828,540	5,057,431	4,963,000	5,025,600	5,072,600

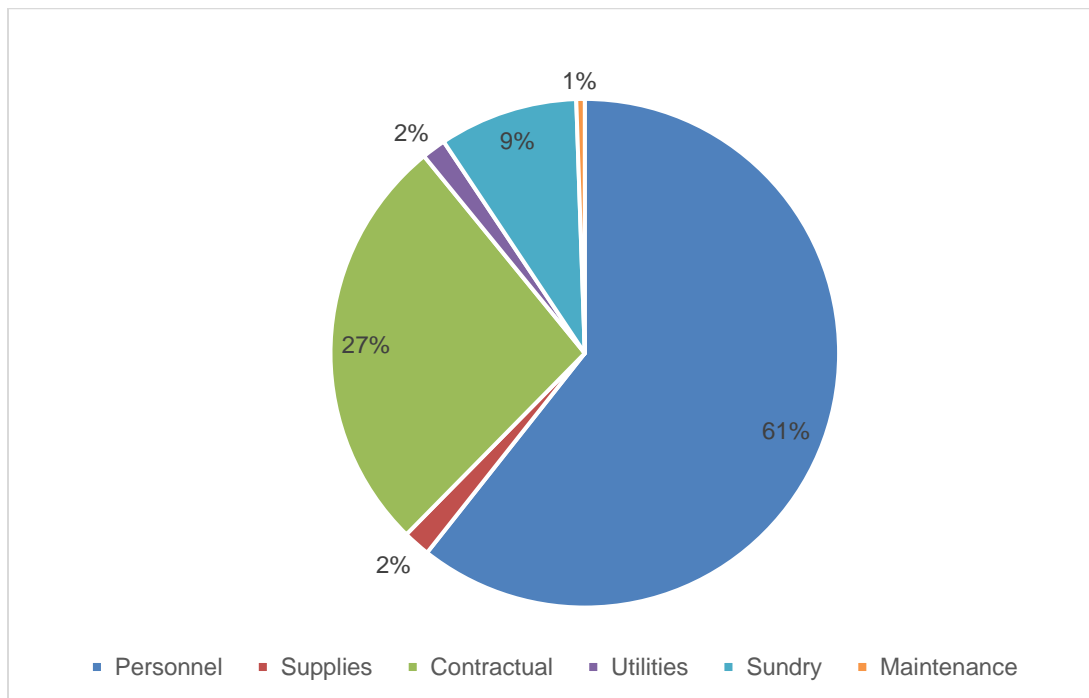
	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
BY DEPARTMENT					
Non Departmental	516,249	403,765	365,800	380,750	322,700
City Hall	754,547	796,794	855,300	829,100	858,700
Police Department	1,961,780	2,034,021	2,092,200	2,047,600	2,113,100
Fire Department	479,719	472,556	516,700	504,900	521,100
Street Department	319,284	334,294	335,100	409,450	413,100
Airport	185,059	123,744	96,000	126,100	100,300
Cemetery	24,068	22,610	22,500	22,500	23,300
Parks	179,907	232,269	193,100	232,900	233,500
Inspection Services	41,577	43,499	57,900	61,400	66,700
Animal Control	22,878	23,926	25,700	27,900	27,300
Municipal Court	98,798	104,934	113,400	113,300	117,100
Civic Center	189,275	206,349	203,600	200,600	187,700
Community Facilities	80,721	89,002	85,700	87,900	88,000
TOTAL	4,854,221	4,887,763	4,963,000	5,044,400	5,072,600

Beginning Fund Balance	1,583,302	1,557,621	1,634,600	1,727,289	1,708,489
Revenues Over/(Under)					
Expenditures	(25,681)	169,668	0	(18,800)	0
Ending Fund Balance	1,557,621	1,727,289	1,634,600	1,708,489	1,708,489



**FY 2021 BUDGET
EXPENDITURE SUMMARY
GENERAL GOVERNMENT**

Totals	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed
Non Departmental	516,249	403,765	365,800	380,750	322,700
City Hall	754,547	754,547	855,200	829,100	858,700
Municipal Court	98,798	104,934	113,400	113,300	117,100
Subtotal	1,369,594	1,305,493	1,334,400	1,323,150	1,298,500
Personnel	707,135	707,135	792,100	763,200	792,500
Supplies	15,819	21,114	20,800	23,900	22,200
Contractual	301,808	294,298	379,000	380,000	343,750
Utilities	21,075	21,637	19,800	20,100	19,700
Sundry	78,711	113,015	115,800	117,600	113,450
Maintenance	6,359	16,574	6,900	8,100	6,900
Capital	32,561	114,980	0	250	0
Transfers	206,126	0	0	10,000	0
Total	1,369,594	1,305,493	1,334,400	1,323,150	1,298,500





**FY 2021 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 2020 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Continued to operate with fund balance above minimum goal	Budget Philosophy #2
Update of long range financial forecast	
Issuance of clean and unqualified audit	
FY 2021 GOALS	
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 2021 BUDGET
NON DEPARTMENTAL**

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	10,304	5,529	2,700	2,800	2,700
Supplies	888	645	3,300	3,300	3,500
Contractual	206,266	193,701	267,600	268,100	231,000
Utilities	0	0	0	0	0
Sundry	62,724	88,909	92,200	96,300	85,500
Maintenance	0	0	0	0	0
Capital Items	29,900	114,980	0	250	0
Fund Transfers	206,136	0	0	10,000	0
Total	516,249	403,765	365,800	380,750	322,700

PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
City Council Meetings	21	21	19	19	20	20
Council Workshops/Special Meetings	5	8	5	6	5	4
Ordinances Passed	16	11	11	10	16	10
Resolutions Passed	40	32	24	14	25	25
Fund Balance as % of Expenses	n/a	n/a	n/a	32%	34%	32%
Area Annexed	n/a	0	0	0	0	0

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Reallocation of Pre-Employment expenses to other departments results in a decline of \$100
- Supplies: Increase in Wearing Apparel (\$200)
- Contractual: An increase in Downtown Maintenance (\$6,000) is balanced with reductions in Council Special Projects (\$39,000) and Legal (\$4,000)
- Sundry: Funding levels are overall reduced in Travel (\$7,000), Publishing (\$3,000), and Subscriptions & Dues (\$500)



**FY 2021 BUDGET
CITY HALL - #602**

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

DESCRIPTION

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

FY 2020 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Completed City Hall landscaping and beautification project	
Internal technology upgrades	
Received the GFOA Distinguished Budget Award	Goal D. Objective 1.4
FY 2021 GOALS	
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	

DEPARTMENT STAFFING	
Title	Current Staffing
City Manager	1
Assistant City Manager/Finance Director	1
City Secretary	1
Purchasing Director	1
Accounting Administrator	1
HR Administrator	1
Clerks	4



**FY 2021 BUDGET
CITY HALL****DEPARTMENT SUMMARY**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	655,765	673,264	739,000	710,300	736,000
Supplies	14,311	19,425	16,000	19,100	17,400
Contractual	40,176	44,130	53,100	53,100	53,950
Utilities	20,741	21,637	18,800	19,100	18,700
Sundry	14,533	21,763	21,700	19,700	26,050
Maintenance	6,359	16,574	6,600	7,800	6,600
Capital Items	2,661	0	0	0	0
Total	754,547	796,794	855,200	829,100	858,700

PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Open Records Requests	5	4	6	4	30	7
Average Number of Utility Accounts	2,470	2,461	2,430	2,416	2,420	2,407
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	0	0
GFOA Budget Award Received	Yes	Yes	Yes	Yes	Yes	Yes
Transparency Award Level	Platinum	n/a	n/a	n/a	n/a	n/a

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Increases in Salaries (\$13,500) is primarily the result of personnel staffing levels and compensation adjustments
- Supplies: Declines in Communications (\$1,000), Computer Equipment (\$900), and Wearing Apparel (\$300) are offset by an increase in Office Supplies (\$500)
- Contractual: New Mowing contract results in expanded budget (\$1,200) with a balanced decrease in Other (\$350)
- Utilities: Downward adjustments in Telephone (\$1,000) and Cell Phone (\$500)
- Sundry: New and expanded specialized personnel duties requires increase in Training (\$6,350)
- Maintenance: Elimination of Gasoline (\$1,200)



**FY 2021 BUDGET
MUNICIPAL COURT - #613**

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

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	41,067	45,080	50,400	50,100	53,800
Supplies	620	1,044	1,500	1,500	1,300
Contractual	55,324	56,467	58,300	58,800	58,800
Utilities	333	0	1,000	1,000	1,000
Sundry	1,454	2,344	1,900	1,600	1,900
Maintenance	0	0	300	300	300
Capital Items	0	0	0	0	0
Total	98,798	104,934	113,400	113,300	117,100

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 2021 Proposed Budget Change From FY 2020 Estimate

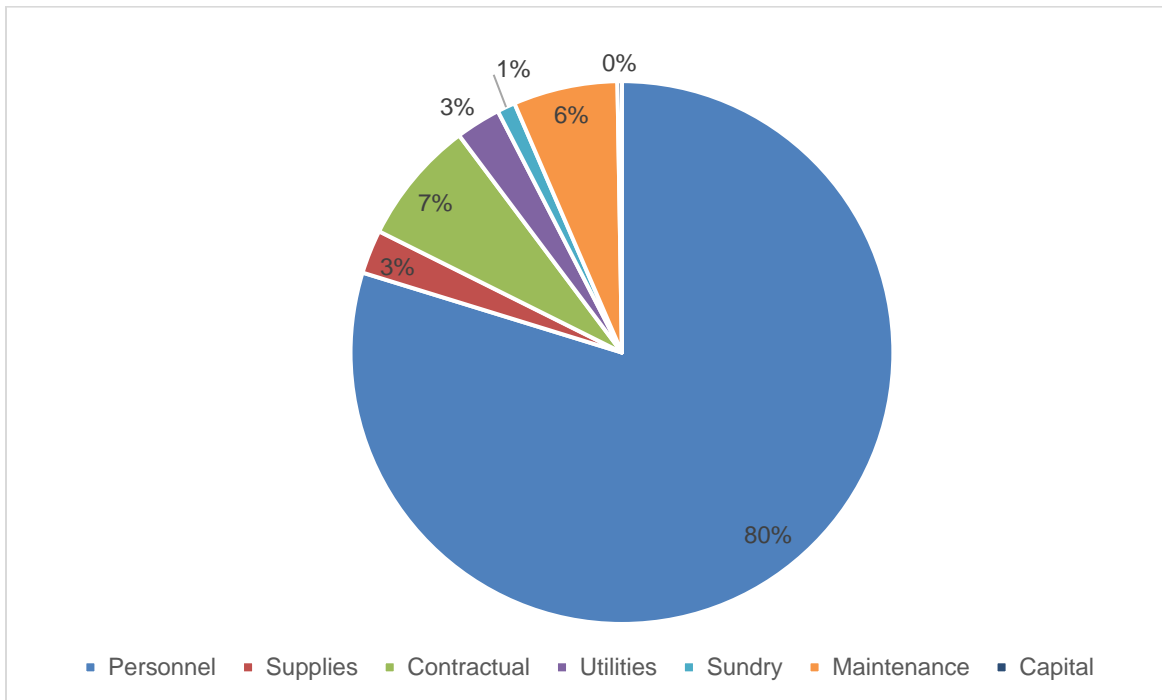
- Personnel Services: Increase in Salaries (\$900), Pension (\$300), and Overtime (\$1,600) driven by compensation adjustments
- Supplies: Slight reduction is the result of an enlargement of Postage (\$200), a decrease in Office (\$200) and elimination of Furniture (\$200)
- Sundry: Increase in Training (\$300) for Court Clerk to maintain certification

DEPARTMENT STAFFING	
Title	Current Staffing
Court Clerk	1



**FY 2021 BUDGET
EXPENDITURE SUMMARY
PUBLIC SAFETY**

Totals	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed
Police	1,961,780	2,034,021	2,092,200	2,047,600	2,113,100
Fire	479,719	472,556	516,700	504,900	521,100
Animal Control	22,878	23,926	25,700	27,900	27,300
Subtotal	2,464,377	2,530,502	2,634,600	2,580,400	2,661,500
Personnel	2,030,698	2,047,662	2,113,200	2,030,800	2,129,600
Supplies	54,997	49,041	67,300	76,200	68,600
Contractual	118,881	159,637	188,300	187,000	194,200
Utilities	54,137	66,347	55,900	68,000	70,500
Sundry	15,144	16,371	27,200	27,800	28,300
Maintenance	155,179	169,396	169,700	171,700	163,300
Capital	35,341	22,049	13,000	18,900	7,000
Total	2,464,377	2,530,502	2,634,600	2,580,400	2,661,500





**FY 2021 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 2020 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Purchased two Tahoe patrol vehicles to complete initiative to modernize police units	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 2021 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	
Expand code enforcement activities	

DEPARTMENT STAFFING	
Title	Current Staffing
Police Chief	1
Lieutenant	1
Sergeants	3
Corporals	2
Patrol Officers	10
Admin. Assistant	1
Dispatchers	4
Janitor	1



**FY 2021 BUDGET
POLICE DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	1,628,341	1,644,187	1,703,000	1,636,400	1,708,100
Supplies	40,359	35,349	43,600	55,000	49,000
Contractual	85,570	124,358	147,000	146,100	153,500
Utilities	44,693	56,621	45,700	56,700	58,700
Sundry	12,193	8,580	16,500	16,800	17,000
Maintenance	123,784	142,876	132,800	128,700	124,800
Capital Items	26,840	22,049	3,000	7,900	2,000
Total	1,961,780	2,034,021	2,092,200	2,047,600	2,113,100

PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Citations Issued	2,594	2,076	2,304	2,103	2,513	1,750
Average Warrants Outstanding	1,506	1,464	1,691	1,713	1,671	1,604
Average Value of Outstanding Warrants	376,428	404,410	525,747	541,594	542,223	538,237
Average Response Time (Minutes)	4.03	3.46	2.41	2.79	1.48	1.04
Calls for Service	5,337	6,075	6,414	8,185	10,113	7,507
Traffic Accidents	159	156	173	129	299	181
UCR Part 1 Crimes per 1,000 population	65.2	58	57.1	54.3	72.3	59.8

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

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: City receiving COPS grant for two new Officer positions combines with personnel compensation adjustments results in increases in Salaries (\$33,000), Pension (\$2,000), Health Insurance (\$2,000), Social Security (\$2,700) and Overtime (\$3,600)
- Supplies: Overall decline in Supplies is result of decreases in Equipment (\$3,500), Materials (\$2,000) and Postage (\$500)
- Contractual: Additional vehicles result in increase in Lease transfer to Vehicle Replacement Fund (\$7,700) with corresponding enlargement of Insurance (\$700) and offsetting reduction in Other (\$1,000)
- Utilities: Increases in Telephone (\$3,000) and Electricity (\$1,000) are balanced with a decrease in Cell Phone (\$2,000)
- Sundry: Enhancement in Investigation Expense (\$500) and paring in Other (\$300)
- Maintenance: Younger vehicles results in reduced maintenance (\$7,900)
- Capital: Elimination of Building (\$3,000), Vehicle (\$4,100) and inclusion of Equipment (\$2,000)



**FY 2021 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 2020 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	
Continued a weekly radio news report to inform the public of Fire Department call volume and activities	
Purchase a 2,000 gallon tanker/pumper apparatus to help improve capabilities and stabilize ISO rating	
Purchase a washer extractor to clean bunker gear due to new Texas Commission on Fire Protection regulations	
FY 2021 GOALS	
Continue to enhance the fire prevention program to decrease fires in the community.	Goal E. Objective 4
Create and implement replacement plans for PPE (bunker gear), station furnishing and apparatus	
Introduce an updated plan for emergency billing to increase funding from non-City calls	
Introduce new SOP's to satisfy new rules and regulations introduced by the Texas Commission on Fire Protection	

DEPARTMENT STAFFING	
Title	Current Staffing
Fire Chief	1
Firefighters	5



**FY 2021 BUDGET
FIRE DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	402,357	403,475	410,200	394,400	421,500
Supplies	8,757	7,491	13,100	14,600	13,600
Contractual	17,379	20,947	24,700	24,900	24,700
Utilities	8,718	8,867	9,500	9,500	10,000
Sundry	2,611	5,257	8,700	9,000	8,800
Maintenance	31,395	26,520	40,500	41,500	37,500
Capital Items	8,501	0	10,000	11,000	5,000
Total	479,719	472,556	516,700	504,900	521,100

PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Number of Calls	268	217	156	211	202	186
Fires and Explosions	135	107	75	117	115	73
Fire Fighter Accidents	0	0	0	0	0	0
Percent Response under 5 Minutes	51.5	52	52.5	52.2	52	53
False Alarm Calls/Rate	37/14%	26/12%	12/8%	18/8%	12/7%	18/10%

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Compensation adjustments result in increases in Salaries (\$4,600), Overtime (\$7,700), Health Insurance (\$4,200), Pension (\$900), and Social Security (\$900)
- Supplies: Special Furniture purchase in FY 2020 allows reduction (\$1,000)
- Contractual: Slight contraction in Volunteer Gas Allowance (\$200)
- Utilities: Increase in Electricity (\$1,000) offset by decrease in Telephone (\$500)
- Sundry: Reduced Volunteer Training (\$200)
- Maintenance: One time radio purchase in FY 2020 allows for reduction in Communications (\$4,000)
- Capital: Elimination of Emergency Equipment (\$5,000) and reduction in Equipment (\$1,000)



**FY 2021 BUDGET
ANIMAL CONTROL - #612**

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

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	5,881	6,201	5,500	6,000	6,000
Contractual	15,932	14,332	16,000	16,000	16,000
Utilities	726	859	700	1,800	1,800
Sundry	340	2,534	2,000	2,000	2,500
Maintenance	0	0	1,500	1,500	1,000
Capital Items	0	0	0	0	0
Total	22,878	23,926	25,700	27,900	27,300

DESCRIPTION

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

PERFORMANCE MEASUREMENTS

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 – YTD
Animal Calls	234	195	204	210	284	171

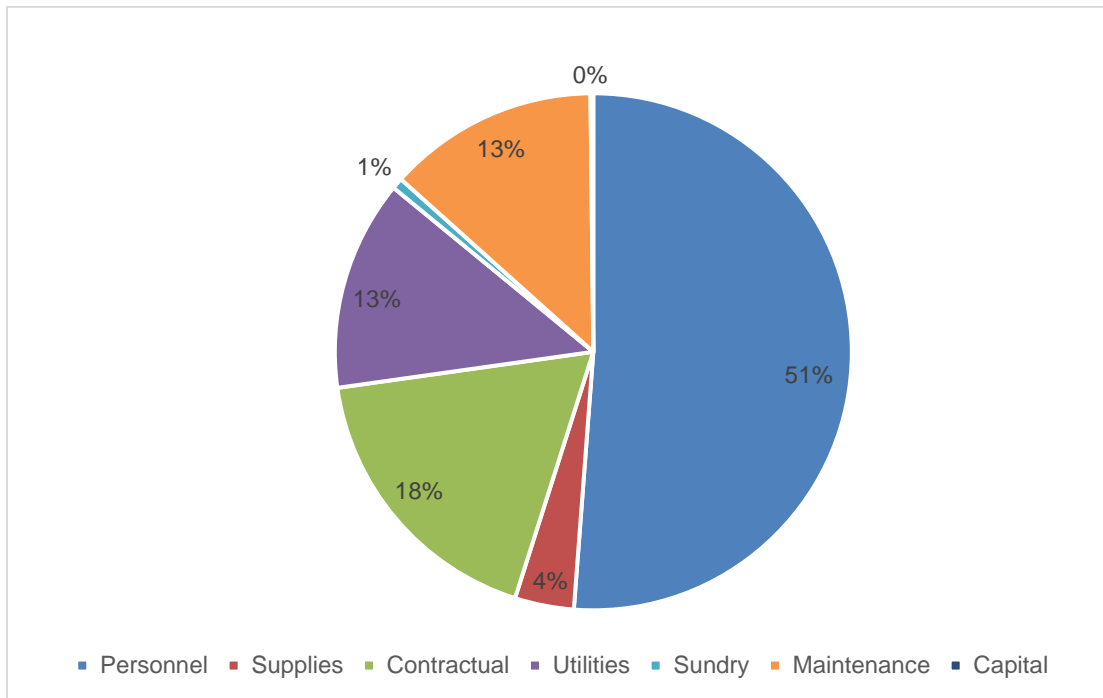
HIGHLIGHTS – FY 2020 Proposed Budget Change From FY 2018 Estimate

- Supplies: Reduction in Equipment (\$500) results in budget closer to historical patterns
- Sundry: Increase in Vet (\$500)
- Maintenance: Reduction in Building Maintenance (\$500)



**FY 2021 BUDGET
EXPENDITURE SUMMARY
PUBLIC WORKS**

Totals	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed
Streets	319,284	334,294	335,100	409,450	413,100
Parks	179,907	232,269	193,100	232,900	233,500
Inspection	41,577	43,499	57,900	61,400	66,700
Cemetery	24,068	22,610	22,500	22,500	23,300
Subtotal	564,836	632,673	608,600	726,250	736,600
Personnel	223,279	244,057	284,800	340,700	379,800
Supplies	23,206	18,093	24,600	29,400	27,000
Contractual	96,231	94,416	97,200	118,850	130,700
Utilities	100,518	93,276	96,700	97,900	96,300
Sundry	1,477	11,158	5,300	5,600	5,100
Maintenance	113,926	106,473	96,500	122,700	96,400
Capital	6,200	65,200	3,500	11,100	1,300
Total	564,836	632,673	608,600	726,250	736,600





FY 2021 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 2020 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 2021 GOALS	
Maintain pedestrian right of ways	
Roadway tree trimming	
Manage annual street reconstruction program	
Update and replace traffic signage	

DEPARTMENT STAFFING	
Title	Current Staffing
Street Foreman	1
Maintenance	3



**FY 2021 BUDGET
STREET DEPARTMENT****DEPARTMENT SUMMARY**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	130,893	135,937	149,100	186,800	219,500
Supplies	12,314	7,193	14,000	16,200	16,000
Contractual	16,517	13,014	12,500	27,350	22,700
Utilities	86,302	82,792	83,600	83,600	83,600
Sundry	70	8,024	1,500	1,800	1,500
Maintenance	72,240	87,334	70,900	90,200	68,500
Capital Items	948	4,500	3,500	3,500	1,300
Total	319,284	338,794	335,100	409,450	413,100

PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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	9.08	9.08	9.08	9.08	9.08	9.08

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Staffing reallocations and compensation adjustments result in enlargement in Salaries (\$13,400), Health Insurance (\$7,500), Workers Comp (\$7,300), and Pension (\$1,400)
- Supplies: Elimination of Communications (\$100) and trimming of Signs (\$100)
- Contractual: Large equipment purchase results in Vehicle Lease increase (\$4,150), elimination of Special Projects (\$5,000), and reduction in Weed Control (\$3,500)
- Sundry: Elimination of Other (\$300)
- Maintenance: Younger vehicles equates to reduced Maintenance (\$5,300) and other reductions in Street Repairs (\$13,500), Culverts (\$1,200), and Equipment (\$7,000). Decorative Street Lighting is included (\$5,000)
- Capital: Purchase of leaf blower in Equipment (\$1,300) and elimination of Building/Structure (\$3,500)



FY 2021 BUDGET
PARKS DEPARTMENT - #609

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

DESCRIPTION

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

FY 2020 ACCOMPLISHMENTS		Council Direction/Strategic Plan
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		
FY 2021 GOALS		
Receive grant funding for Perry Sampson Park renovation		
Complete conversion of Community Park into Soccer Complex		Goal C. Objective 3
Continue to host athletic tournaments		Goal C. Objective 2

DEPARTMENT STAFFING	
Title	Current Staffing
Parks Foreman	0.5
Maintenance	2



**FY 2021 BUDGET
PARKS DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	72,509	92,178	103,500	126,500	127,600
Supplies	10,722	10,229	10,000	12,400	10,200
Contractual	41,393	38,982	43,500	43,500	58,000
Utilities	12,253	8,054	11,500	11,500	11,500
Sundry	517	81	1,000	1,000	800
Maintenance	37,260	17,546	23,600	30,400	25,400
Capital Items	5,252	65,200	0	7,600	0
Total	179,907	232,269	193,100	232,900	233,500

PERFORMANCE MEASUREMENTS

Number of Amenities	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Baseball fields	9	9	9	9	9	9
Softball fields	3	3	3	3	3	3
Playgrounds	4	4	4	4	4	4
Pavilions	4	4	5	5	5	5
Basketball Courts	1	1	3	3	3	3
Sprayground	1	1	1	1	1	1
Trails (Linear Miles)	3.8	3.8	4.3	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 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Parks staffing levels are consistent with FY 2020. Slight net reduction (\$900)
- Supplies: Net reductions result in changes in Minor Tools (\$800), Equipment (\$700), Wearing Apparel (\$600), and Safety (\$100)
- Contractual: New Mowing contract provider results in increase (\$14,500)
- Maintenance: Reduction in Vehicle Maintenance (\$6,600) balanced with increases in Signs (\$500) and Tires (\$600)
- Capital: One time purchase of replacement park equipment for Perry Sampson Park in FY 2020 results in elimination (\$7,600)



FY 2021 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 2020 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Certified personnel – Certified Code Compliance	
Certified personnel – International Electrical Code License	
FY 2021 GOALS	
Staff to obtain required certifications to become a licensed building official	

DEPARTMENT STAFFING	
Title	Current Staffing
Chief Building Official	0.5



**FY 2021 BUDGET
INSPECTION SERVICES**

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	19,876	15,943	32,200	27,400	32,700
Supplies	170	671	600	800	800
Contractual	16,190	19,810	19,200	26,000	27,200
Utilities	1,963	2,429	1,600	2,800	1,200
Sundry	890	3,053	2,800	2,800	2,800
Maintenance	2,488	1,594	1,500	1,600	2,000
Capital Items	0	0	0	0	0
Total	41,577	43,499	57,900	61,400	66,700

PERFORMANCE MEASUREMENTS

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
New Construction Permits Issued	16	22	29	16	4	4
Demolition Permits Issued	6	3	1	7	6	9
Rezone/SUP Cases Considered	3	0	1	0	6	3

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Majority of increase can be explained by one-half of employee Health Insurance (\$3,700) being allocated to this department. Other increase in Worker's Comp (\$1,500)
- Contractual: Contract Inspections/Labor are supplemented (\$1,200)
- Utilities: Inspection Office closing results in elimination of Electricity (\$100), Natural Gas (\$400), and Telephone (\$400). Slight trimming of Cell Phone (\$700)
- Maintenance: Increase in Gasoline (\$500) with offsetting elimination of Building Maintenance (\$100)



**FY 2021 BUDGET
CEMETERY DEPARTMENT - #608**

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

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	22,130	22,610	22,000	22,000	22,800
Utilities	0	0	0	0	0
Sundry	0	0	0	0	0
Maintenance	1,938	0	0	500	500
Capital Items	0	0	0	0	0
Total	24,068	22,610	22,500	22,500	23,300

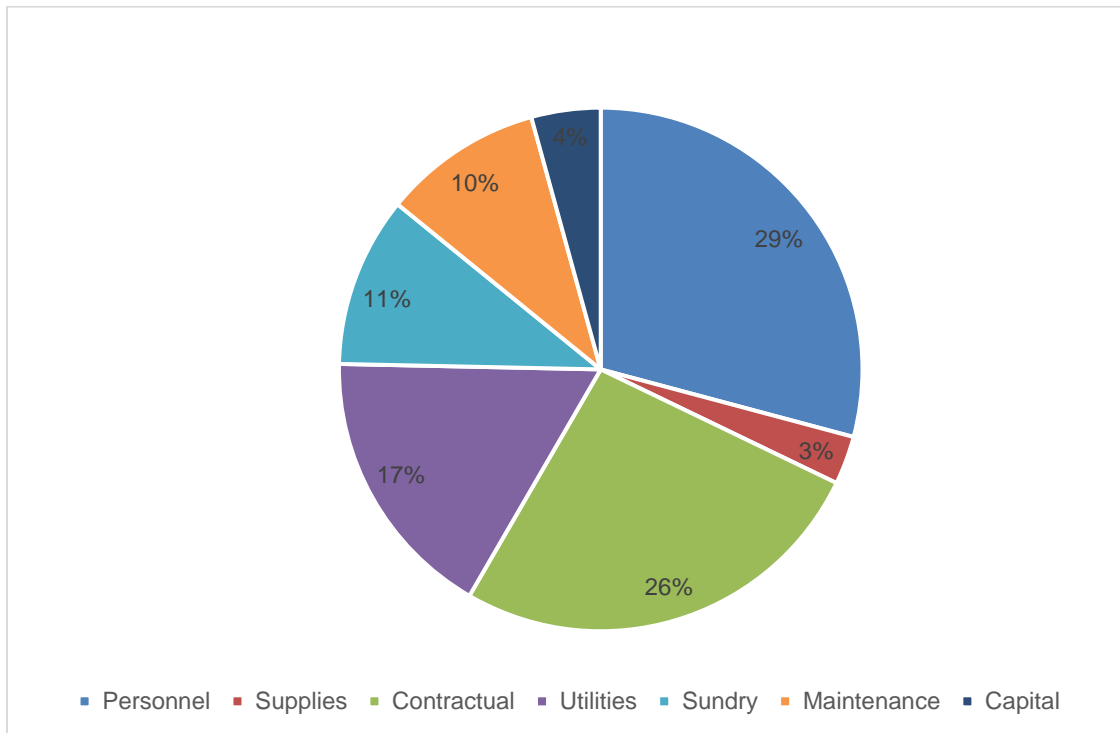
HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Contractual: New Mowing contract provider results in increase (\$800)



**FY 2021 BUDGET
EXPENDITURE SUMMARY
COMMUNITY FACILITIES**

Totals	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed
Airport	185,418	123,744	126,000	126,100	100,300
Civic Center	189,275	206,349	203,600	200,600	187,700
Community Facilities	80,721	89,002	85,700	87,900	88,000
Subtotal	455,414	419,096	385,300	414,600	376,000
Personnel	133,882	138,409	125,100	114,000	110,900
Supplies	7,991	7,297	10,000	12,300	11,200
Contractual	93,527	93,008	97,600	100,400	98,100
Utilities	59,551	64,979	61,200	65,100	63,500
Sundry	59,073	42,471	42,300	42,300	39,400
Maintenance	23,644	32,372	39,100	40,500	36,900
Capital	77,746	40,559	40,000	40,000	16,000
Total	455,414	419,096	415,300	414,600	376,000





FY 2021 BUDGET
CENTER MUNICIPAL AIRPORT - #607

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

DESCRIPTION

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

FY 2020 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Listed hangars available for rent on internet sites	
80% City owned T-Hangar occupancy	
Secured reimbursement from TxDOT RAMP grant program	
Implementation of the FY 2018 TxDOT Airport CIP Project – Taxiway D reconstruction and Runway rehabilitation	Goal E. Objective 3
Purchased new fuel terminal	
FY 2021 GOALS	
Replace airfield electronic gate	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	

DEPARTMENT STAFFING	
Title	Current Staffing
Airport Facility Maintenance	0.5



**FY 2021 BUDGET
CENTER MUNICIPAL AIRPORT**

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	26,180	21,045	23,800	20,000	24,300
Supplies	249	651	1,600	1,800	1,800
Contractual	10,502	10,182	10,700	12,700	10,200
Utilities	14,617	15,538	14,200	15,900	16,000
Sundry	55,256	39,962	33,700	33,700	31,700
Maintenance	6,252	3,701	8,000	8,000	6,300
Capital Items	72,362	32,665	34,000	34,000	10,000
Total	185,418	123,744	126,000	126,100	100,300

PERFORMANCE MEASURES

Fuel Sold	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 -YTD
Fuel Transactions	764	384	377	443	494	284
100 LL (gallons)	16,292.2	9,171	7,756.9	9,596.5	10,582.3	5,636.1
Jet A (gallons)	21,042.0	6,6392	5,755	5,227.2	4,724.2	5,229.6

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Majority of increase explained by reallocation of one-half employees Health Insurance to this department (\$3,700)
- Contractual: Shift of Weed Control (\$2,000) to RAMP Grant and reduction in Other (\$500)
- Sundry: Reduction in Airport Fuel for resale (\$2,000)
- Maintenance: Lessened budgets in Equipment (\$1,000) and Building Maintenance (\$700)
- Capital: FY 2020 one-time expenses in RAMP Grant as a result of TxDOT Aviation CARES Grant results in reduction (\$24,000)



FY 2021 BUDGET
CIVIC CENTER - #616

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

DESCRIPTION

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

FY 2020 ACCOMPLISHMENTS	Council Direction/Strategic Plan
Began systematic replacement of furniture at the Civic Center to rotate used furniture to the Community House	
Began program of repainting the Civic Center	
FY 2021 GOALS	
Review staffing levels for optimization	
Expand the marketing efforts for the facilities and the City including an active social media campaign	
Enhanced maintenance for paint and carpet at the Civic Center	

DEPARTMENT STAFFING	
Title	Current Staffing
Civic Center Director	1
Facility Maintenance – PT Pool Position	4



**FY 2021 BUDGET
CIVIC CENTER****DEPARTMENT SUMMARY**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	107,702	117,364	101,300	94,000	86,600
Supplies	7,724	6,645	7,800	9,900	8,800
Contractual	20,925	21,478	24,000	24,800	24,200
Utilities	28,724	32,299	32,600	32,600	31,600
Sundry	3,816	2,510	7,400	7,400	6,500
Maintenance	14,999	18,159	24,500	25,900	24,000
Capital Items	5,384	7,895	6,000	6,000	6,000
Total	189,275	206,349	203,600	200,600	187,700

PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020- YTD
Event Days Used	240	240	240	224	203	182
Utilization Rate	65%	66%	66%	61%	56%	49%
Approximate Attendance	17,825	17,628	15,754	15,304	14,014	8,730
Cancellations	0	0	0	0	0	0
Total Rental Revenue	\$55,812	\$64,347	\$50,807	\$50,233	\$56,982	\$24,985
Avg. Rental Revenue per Use	\$332	\$368	\$301	\$297	\$281	\$137

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Reductions in part-time staffing level result in decreases in Salaries (\$6,000), Pension (\$2,200), Social Security (\$500), and Worker's Comp (\$100)
- Supplies: Reduction in Materials (\$1,000)
- Contractual: Cancelling of landscaping contract results in net savings in Mowing (\$750) with offsetting increase in Maintenance Agreement (\$150)
- Utilities: Increase in Electricity (\$1,000) balanced with decrease in Telephone (\$2,000)
- Sundry: Trimming in Publishing (\$500), Training, (\$200), and Subscriptions (\$200)
- Maintenance: Decrease in Furniture Maintenance (\$1,000) and Building (\$1,000)



**FY 2021 BUDGET
COMMUNITY FACILITIES - #617**

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

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	17	0	600	600	600
Contractual	62,101	61,349	62,900	62,900	63,700
Utilities	16,210	17,142	14,400	16,600	15,900
Sundry	0	0	1,200	1,200	1,200
Maintenance	2,392	10,511	6,600	6,600	6,600
Capital Items	0	0	0	0	0
Total	80,721	89,002	85,700	87,900	88,000

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Increases in Contractual Senior Center Janitorial (\$500) and Community House Mowing (\$300) are balanced by decreases in Utilities Senior Center Electricity (\$700)



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FY 2021 BUDGET ANALYSIS OF STRUCTURAL BALANCE

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

According to the Government Finance Officers Association (GFOA), a recurring revenue is revenue that the City can reasonably expect to receive each year with a degree of predictability. Property taxes are examples of recurring revenue. Sales taxes are also recurring revenue, however, there is a degree of elasticity and a portion of this revenue stream is considered non-recurring. Examples of non-recurring revenues include building inspection fees, grants, interest earnings, airport fuel sales, etc.

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

Ideally, a City's basic services would be fully funded by recurring revenues. And that non-recurring expenses would be less than or equal to non-recurring revenues.

The table on the following page shows that the recurring revenues exceed recurring expenditures by \$123,200. 92% of the City's General Fund expenditures are recurring, while the remaining non-recurring expenses are only 8% of the budget. This reflects a situation of where the City of Center has achieved a degree of structural balance. These recurring revenues are, therefore, able to supplement the non-recurring revenues which can fund non-recurring expenses.



REVENUES	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed	Recurring	Non- Recurring
Property Taxes	1,051,000	1,050,700	1,121,300	1,121,300	0
Sales Taxes	2,095,000	2,095,200	2,065,000	1,931,600	133,400
Law Enforcement	161,000	166,400	225,200	170,100	55,100
Franchise Fees	676,300	694,600	676,400	676,400	0
Airport	80,100	76,200	80,600	67,000	13,600
Permits	15,100	10,800	15,700	6,500	9,200
Usage Fees	62,600	47,700	67,600	41,300	26,300
Solid Waste	0	0	0	0	0
Miscellaneous	4,300	11,900	4,200	0	4,200
Transfers	790,000	790,000	790,000	790,000	0
Interest	24,000	24,000	20,000	10,000	10,000
Grants	3,600	58,100	6,600	0	6,600
TOTAL	4,963,000	5,025,600	5,072,600	4,814,200	258,400

EXPENDITURES	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed	Recurring	Non- Recurring
Non Departmental	365,800	380,750	322,700	267,450	55,250
City Hall	855,200	829,100	858,700	799,550	59,150
Police	2,092,200	2,047,600	2,113,100	1,971,000	142,100
Fire	516,700	504,900	521,100	492,300	28,800
Street	335,100	409,450	413,100	374,700	38,400
Airport	96,000	126,100	100,300	90,800	9,500
Cemetery	22,500	22,500	23,300	22,800	500
Parks	193,100	232,900	233,500	218,000	15,500
Inspection	57,900	61,400	66,700	64,100	2,600
Municipal Court	113,400	113,300	117,100	113,700	3,400
Animal Control	25,700	27,900	27,300	25,800	1,500
Civic Center	203,600	200,600	187,700	166,600	21,100
Community Facilities	85,700	87,900	88,000	84,200	3,800
TOTAL	4,962,900	5,044,400	5,072,600	4,691,000	381,600

Personnel	3,315,200	3,248,700	3,412,800	3,255,200	157,600
Supplies	122,700	141,800	129,000	83,950	45,050
Contractual	762,100	786,250	766,750	732,050	34,700
Utilities	233,600	251,100	250,000	250,000	0
Sundry	190,600	193,300	186,250	124,900	61,350
Maintenance	312,200	343,000	303,500	239,900	63,600
Capital	26,500	70,250	24,300	5,000	19,300
Fund Transfers	0	10,000	0	0	0
TOTAL	4,962,900	5,044,400	5,072,600	4,691,000	381,600

Structural Balance/ (Deficit) 123,200



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FY 2021 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 investments 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	2020 Total Net Taxable	Total Tax Rate	Total Ad Valorem Debt	Debt Per Capita	Debt per Taxable Value	Taxable Value per Capita	Per Capita Debt
Whitehouse	8,799	392,236,106	0.7928910	23,243,000	2,642	5.9%	44,577	2,642
Bullard	3,986	278,765,648	0.6053470	4,704,000	1,180	1.7%	69,936	1,180
White Oak	6,544	375,038,130	0.6024000	6,260,000	957	1.7%	57,310	957
Gladewater	6,441	323,869,836	0.7499900	10,462,597	1,624	3.2%	50,283	1,624
Farmersville	3,542	233,629,754	0.7500000	14,785,000	4,174	6.3%	65,960	4,174
El Campo	11,766	667,661,601	0.5688700	29,224,000	2,484	4.4%	56,745	2,484
Gilmer	5,216	321,959,841	0.6295230	5,365,000	1,029	1.7%	61,725	1,029
Jacksonville	14,923	703,210,597	0.6900000	11,177,000	749	1.6%	47,123	749
Crockett	6,950	268,479,800	0.5967910	2,777,470	400	1.0%	38,630	400
Mineola	4,769	267,381,267	0.5624100	32,840,000	6,886	12.3%	56,067	6,886
Mexia	7,539	291,820,888	0.8509000	4,290,000	569	1.5%	38,708	569
Liberty	9,349	697,627,119	0.5851000	15,453,413	1,653	2.2%	74,621	1,653
Sulphur Springs	16,162	976,465,783	0.4400000	35,785,000	2,214	3.7%	60,417	2,214
Decatur	6,989	791,013,848	0.6490000	5,474,250	783	0.7%	113,180	783
Madisonville	4,735	221,072,209	0.6589000	4,330,000	914	2.0%	46,689	914
Sealy	6,538	783,305,040	0.3980700	29,755,000	4,551	3.8%	119,808	4,551
Average	7,639	454,203,694	0.624129	13,883,866	1,931	3.2%	60,268	1,931
Center	5,401	291,329,967	0.6100000	9,833,750	1,821	3.4%	53,940	1,821

Table 1 – Peer City Comparison Source: 2020 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 193) 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 \$297,860,589, the City's maximum debt service principal to carry would be \$11,914,400. At the end of FY 2020, the City's outstanding ad valorem principal debt balance will be \$8,738,750 or 2.9% of net taxable value, well below self-imposed debt limits.

Calculation of Legal Debt Margin	
Net Taxable Assessed Value	297,860,589
Debt Limit - Four Percent (4%) of Taxable Assessed Value	11,914,424
Amount of Principal Applicable to Debt Limit - Ad Valorem Debt	8,738,750
Percent Principal to Debt Limit	73%
Percent Principal to Net Taxable Assessed Value	2.9%

DEBT SERVICE FUND HIGHLIGHTS

Revenue

The proposed FY 2021 City tax rate is \$0.619233 per \$100 of taxable value. The interest and sinking rate is projected to decrease to \$0.234724. The projected amount to be raised from ad valorem taxes for debt payments is \$633,900.

The inter-fund transfer from the water utility fund is projected to slightly increase by \$3,500 to \$475,000. 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 to \$142,000.

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 (\$55,000) 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 2021 - 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.

Improving the City's debt position is the fact that in August 2020, the 2014 Tax Notes were fully retired. However, offsetting this development is the fact that the funds received from the Police Technology grant have been fully expensed and the full cost of that note is supported by ad valorem taxes.



	2011 CO's	2012 Refunding	2016 CO's	2019 CO's	PD Technology	Ad Valorem Total
FY 2021	281,000	230,425	66,291	221,800	77,200	876,716
FY 2022	281,000	231,125	65,416	242,550	77,200	897,291
FY 2023	281,000	230,625	65,791	242,050	0	819,466
FY 2024	518,000	0	64,891	236,300	0	819,191
FY 2025	516,700	0	66,041	235,550	0	818,291
FY 2026	514,800	0	65,866	239,550	0	820,216
FY 2027	517,200	0	64,891	234,350	0	816,441
FY 2028	513,900	0	66,294	239,150	0	819,344
FY 2029	514,900	0	66,263	238,550	0	819,713
FY 2030	515,100	0	65,938	237,750	0	818,788
FY 2031	0	0	65,575	349,000	0	414,575
FY 2032	0	0	65,175	352,375	0	417,550
FY 2033	0	0	64,738	350,550	0	415,288
FY 2034	0	0	64,263	352,100	0	416,363
FY 2035	0	0	65,000	353,400	0	418,400
FY 2036	0	0	65,663	349,400	0	415,063
FY 2037	0	0	0	415,250	0	415,250
FY 2038	0	0	0	413,850	0	413,850
FY 2039	0	0	0	417,150	0	417,150
FY 2040	0	0	0	0	0	0

Table 3 – Combined (Principal and Interest) Ad Valorem-supported debt payment schedule

Debt Instruments					
Name	Original Principal Amount	Outstanding Principal	Interest Rate - 2021	Maturity Date	Funding Source
Series 2007 CO's	1,500,000	270,000	4.00%	2/15/2022	HOT Tax
Series 2011 CO's	3,941,314	3,615,000	3.25%	2/15/2030	Ad Valorem
Series 2012 CO's	2,070,000	1,580,000	1.35%	2/15/2035	Revenue
GO Refunding Bonds 2012	1,760,000	660,000	2.00%	8/15/2023	Ad Valorem
Series 2016 CO's	3,960,000	3,330,000	2.00%	8/15/2036	Combination Ad Valorem and Revenue
PD Technology Note	265,117	137,041	3.441%	11/20/2021	Grant and Ad Valorem
Series 2019 CO's	6,220,000	6,160,000	5.00%	8/15/2039	Combination Ad Valorem and Revenue



**FY 2021 BUDGET
DEBT SERVICE FUND**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenue					
Taxes - Current Year	638,478	701,827	718,300	715,000	633,900
Interest - Debt Service	6,429	10,281	3,000	5,000	2,300
Debt Issuance Proceeds	0	0	0	0	0
Interfund Transfers - Water	366,000	350,000	471,500	471,500	475,000
Interfund Transfers - Hotel/Motel	138,400	138,700	138,800	138,800	42,000
Interfund Transfers – Park Fund	70,000	45,000	65,000	65,000	55,000
Transfer from 4B EDC	0	0	159,600	159,600	150,400
CJD Grant	0	132,497	0	0	0
Total - Revenue	1,219,307	1,378,305	1,556,200	1,554,900	1,458,600
Expenditures					
Principal 2007 CO's	115,000	127,900	125,000	125,000	130,000
Principal 2011 Refunding	190,000	190,000	150,000	150,000	155,000
Principal 2012 CO's - TWDB	90,000	90,000	90,000	90,000	90,000
Principal 2012 GO Refunding	170,000	180,000	215,000	215,000	215,000
Principal 2014 Tax Notes	170,000	173,006	190,000	190,000	0
Principal 2016 CO's	160,000	165,000	165,000	165,000	175,000
Principal 2019 CO's	0	0	60,000	60,000	155,000
Police Technology Note	0	72,011	77,200	72,100	77,200
Subtotal Principal	895,000	997,917	1,072,200	1,067,100	997,200
Interest 2007 CO's	22,900	10,300	13,300	13,300	10,800
Interest 2011 Refunding	8,550	2,850	0	0	0
Interest 2011 CO's	126,000	126,000	126,000	126,000	126,000
Interest 2012 CO's - TWDB	40,438	39,875	39,000	39,000	38,000
Interest 2012 GO Refunding	26,725	23,325	19,700	19,700	15,400
Interest 2014 Tax Notes	8,850	3,006	3,200	3,200	0
Interest 2016 CO's	99,963	96,763	93,500	93,500	90,200
Interest 2019 CO's	0	0	246,200	246,200	208,000
Subtotal Interest	333,425	302,119	540,900	540,900	488,400
Debt Issuance Costs					
Tax Repayment	13,165	0	0	0	0
Annual Bank Agent Fees	3,000	2,750	3,500	3,500	3,000
Total - Expenditures	1,244,590	1,302,786	1,616,600	1,611,500	1,488,600
Beginning Fund Balance	133,482	108,199	193,879	183,718	127,118
Difference	(25,283)	75,519	(60,400)	(56,600)	(30,000)
Ending Fund Balance	108,199	183,718	133,479	127,118	97,118



**FY 2021 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. The budget also takes into account increases in operating costs such as a higher price of utilities and chemicals – fuel costs are expected to increase from FY 2020. A marginal rate increase for residential and a rate structure realignment for commercial/industrial customers is included in this year's budget.

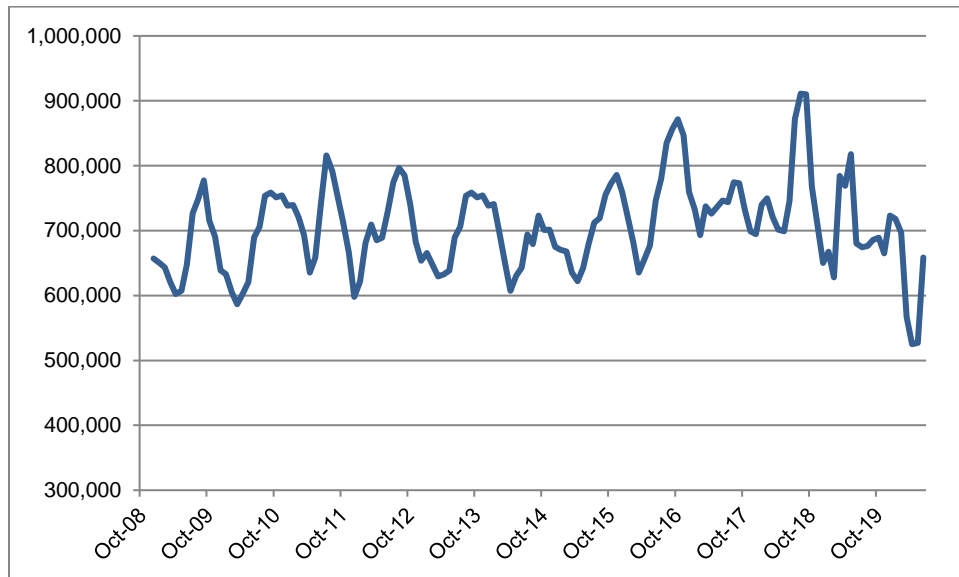
UTILITY FUND REVENUE

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

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



also observe the effects of the severe drought of 2010-2011, where water consumption never dipped to its traditional low. Another factor effecting consumption is the Tyson Foods plant expansion, which was also completed in the summer of 2011. This expansion has created additional demand for the City's water. This information leads to the conclusion that the City's revenue stream from water sales is very stable. The temporary drop in water consumption in FY 2020 can be partially explained with the combination of a very wet Spring 2020 and Tyson closing production for two weeks due to planned capital maintenance. The City also provides water sales to local rural Water Supply Corporations (WSC's). This revenue stream has been greatly reduced because of the WSC's pumping more of their water from wells – when Shelby County experiences a wet year, then the water table is full and the WSC's have sufficient water supply and they purchase less water from the City. This has been the case since FY 2019.



Graph 1 – Monthly Water consumption. October 2008 through June 2020

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.

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



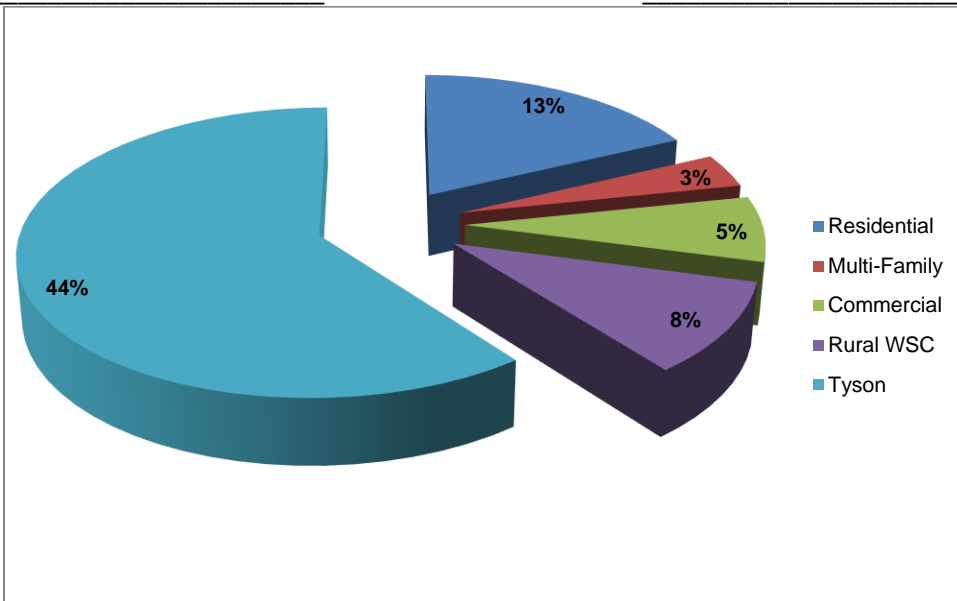
		5000 Gallons - Residential		
City	Population	Water	Wastewater	Total
El Campo	11,766	18.34	134.14	152.48
Farmersville	3,542	40.56	69.79	110.35
Crockett	6,950	49.12	36.77	85.89
Teague	3,527	37.30	47.30	84.60
Decatur	6,989	39.82	42.32	82.14
Athens	13,121	28.72	38.21	66.93
Groesbeck	4,366	48.12	27.21	75.33
Whitehouse	8,799	51.01	23.52	74.53
Kilgore	14,948	34.87	37.86	72.73
Gladewater	6,441	38.00	32.83	70.83
Bullard	3,986	36.45	32.40	68.85
White Oak	6,544	24.00	27.00	51.00
Mineola	4,769	49.40	31.59	80.99
Bowie	5,218	43.61	14.80	58.41
Giddings	5,113	31.00	27.03	58.03
Sulphur Springs	16,162	26.88	30.93	57.81
Henderson	n/a			
Carthage	n/a			
Average	7,640	37.33	40.86	78.18
Center	5,401	31.35	29.68	61.03

Table 1 – 2020 Residential utility rate comparison
Source: Texas Municipal League 2020 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 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Residential	15%	14%	12%	11%	11%	11%	13%
Multi-Family	19%	3%	2%	3%	2%	2%	3%
Commercial	9%	9%	9%	9%	9%	6%	5%
Rural Water Supply	5%	5%	5%	5%	6%	0%	8%
Tyson	67%	69%	64%	61%	59%	68%	44%

Table 2 – Percentage by customer class to total water consumption



Graph 2 - FY 2020 Year to Date Water Consumption by Customer Class

Residential and commercial water sales projections were developed for the FY 2021 Budget that analyzed the number of accounts by meter size and the amount of total consumption by customer class. This method allows the City to be more precise in estimating utility revenues.

Analysis of Base Charges									
Customer Class	Meter Sizes								Total
	0.75	1	1.5	2	3	4	6	8	
Residential	1,821	0	0	0	0	0	0	0	1,821
Proposed Base Rate	\$13.00								
Base Rate Revenue	273,150								273,150
Commercial									
Car Washes	1	0	0	3	0	0	0	0	4
Beauty Shops	10	0	0	0	0	0	0	0	10
Commercial	202	34	2	36	1	0	1	1	277
Small Commercial	7	1	0	0	0	0	0	0	8
Education Facilities	2	4	3	15	0	1	0	0	25
Restaurants	17	4	0	1	0	0	0	0	22
Grocery Stores	2	0	0	2	0	0	0	0	4
Health Care	14	2	1	4	0	0	0	0	21
Churches	29	8	0	3	0	0	0	0	40
Hotels	6	0	0	3	2	0	0	0	11
State Offices	2	1	0	1	0	0	0	0	4
Apartments	6	0	1	1	2	0	0	0	10
Vehicle Shops	13	2	0	4	0	0	0	0	19
Washaterias	0	0	0	3	0	0	0	0	3
Convenience Stores	9	3	0	0	0	0	0	0	12



County Offices	2	1	0	5	0	0	0	0	8
Total Commercial	322	60	7	81	5	1	1	1	478
Proposed Base Rate	13	19	28	38	56	75	112	1,950	
Base Rate Revenue	50,232	13,680	2,352	36,450	3,360	900	1,344	23,400	131,718

Table 3 – Estimate of Revenue – Base Account Charges

Consumption Model						
Customer Class	FY 2017	FY 2018	FY 2019	Average	EST. 2021	Consumption Revenue
Residential	983,274	1,046,348	967,331	998,984	997,000	
Proposed Consumption Rate		\$4/ 1,000 gallons				
Consumption Rate Revenue						398,000
Commercial						
Car Washes	28,790	28,434	28,794	28,673	28,500	12,825
Beauty Shops	3,145	3,062	3,410	3,206	3,200	1,44
Commercial	295,140	157,540	120,789	191,156	175,000	78,750
Small Commercial	7,928	5,298	4,777	6,001	5,500	2,475
Education Facilities	32,315	28,173	26,230	28,906	26,500	11,925
Restaurants	74,563	66,333	67,085	69,327	68,000	30,600
Grocery Stores	2,749	2,555	3,119	2,808	2,800	1,260
Health Care	106,276	72,971	66,339	81,862	68,000	30,600
Churches	43,760	40,896	18,793	34,483	20,000	9,000
Hotels	59,461	67,767	65,973	64,400	60,000	27,000
State Offices	441	345	428	405	400	180
Apartments	14,852	16,226	31,219	20,766	30,000	13,500
Vehicle Shops	9,806	8,586	4,300	7,564	5,000	2,250
Washaterias	27,275	21,884	24,595	24,585	25,000	11,250
Convenience Stores	22,308	16,485	17,090	18,628	18,500	8,325
County Offices	20,363	16,972	22,142	19,826	20,000	9,000
0Proposed Consumption Rate		\$4.50/ 1,000 gallons				
Consumption Rate Revenue						250,380

Table 4 – Estimate of Revenue – Account Consumption Charges

Putting all these data points together is an analysis how the revenue figures for the residential and commercial water customers are calculated.

It should be noted that these revenue estimates are highly dependent upon customer consumption which can be influenced by general economic conditions and the weather.



	Residential	Commercial
Base Charges	\$273,150	\$131,718
Consumption Charges	\$398,000	\$250,380
Total	\$671,150	\$382,098
FY 2021 Proposed Budget	\$672,000	\$382,000

Finally, the total amount of water sales is illustrated in Table 5, which provides historical data on the amount of total water revenue that the City receives.

	Gross Water Sales - \$
FY 2020 - Est	2,609,300
FY 2019	2,633,930
FY 2018	2,952,983
FY 2017	2,859,710
FY 2016	2,743,645
FY 2015	2,640,472
FY 2014	2,534,007
FY 2013	2,701,104
FY 2012	2,276,832
FY 2011	2,418,146
FY 2010	2,252,937

Table 5 – Annual amount of water sales

COST ALLOCATION

Each year the City updates the cost allocation study for the two main Utility Fund cost centers and how these costs compare with revenue derived based on the rate schedule. The direction provided by Council is that each funding stream should be as self-sufficient as possible.

While the Utility Fund overall is in a healthy position, it is clear that the water rate generates enough funding to subsidize the lagging sewer operations. This has occurred due to a number of factors:

- Much of the debt the Utility Fund is carrying is related to sewer projects. When that is allocated to sewer operations, it inflates the sewer total.
- The Tyson plant is not a sewer customer. Therefore, the large water bill they pay does not have the corresponding sewer fee attached to it. However, the profit margin from the large bill certainly subsidizes the remainder of the system, reducing the cost burden on residential customers.



The City has sought to mitigate this situation by raising the sewer rate at a faster pace than the water rate. However, sewer rate increases may be approaching customer tolerance levels.

Prime Account	Non Departmental	Water Production	Water Distribution	Public Works	TOTAL
Personnel	300	361,500	241,800	126,000	729,300
Supplies	6,000	246,500	11,700	7,800	272,000
Contractual	16,950	83,900	20,300	21,500	142,650
Utilities	0	236,700	2,400	10,300	249,400
Sundry	9,250	16,000	2,800	2,500	30,550
Maintenance	0	122,700	72,600	5,800	201,100
Capital	0	7,900	46,200	3,500	57,600
Fund Transfers	390,150	0	0	0	390,150
TOTAL	422,650	1,075,200	397,800	177,400	2,073,050

FY 2020 Estimate Water Revenues	(2,609,300)
Other Revenue	(78,350)
Total Allocated Water Revenue	(2,687,650)
Revenues Over/(Under) Expenditures	614,600

Prime Account	Non Departmental	Sewer Collection	Sewer Treatment	Public Works	TOTAL
Personnel	300	146,000	225,600	63,000	434,900
Supplies	6,000	6,300	91,100	3,900	107,300
Contractual	16,950	22,000	132,600	10,750	182,300
Utilities	0	29,400	71,000	5,150	105,550
Sundry	9,250	3,000	21,000	1,200	34,450
Maintenance	0	102,500	58,700	2,900	164,100
Capital	0	57,700	17,000	1,700	76,400
Fund Transfers	472,925	0	0	0	472,925
TOTAL	505,425	366,900	617,000	88,600	1,577,925

FY 2020 Estimate Sewer Revenues	(897,100)
Other Revenue	(78,350)
Total Allocated Sewer Revenue	(975,450)
Revenues Over/(Under) Expenditures	(602,475)

UTILITY FUND EXPENDITURES

This budget includes increases in operational department budgets relating to personnel services. There are monies included in the operating budget for personnel adjustments to be determined later in the fiscal year. All other notable items are specifically listed on each department's page.

FY 2021 BUDGET UTILITY FUND SUMMARY



	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021
Revenues	Actual	Actual	Adopted Budget	Estimate	Proposed Budget
Water	2,952,983	2,633,930	2,837,450	2,609,300	2,739,700
Sewer	958,574	880,246	943,000	897,100	918,000
Miscellaneous	9,499	8,939	3,500	60,600	3,000
Interest	23,609	31,287	17,300	18,500	12,000
Fees	86,692	87,003	77,100	77,600	77,700
Transfers	0	0	0	0	0
TOTAL	4,030,817	3,641,404	3,878,350	3,663,100	3,750,400

Expenditures

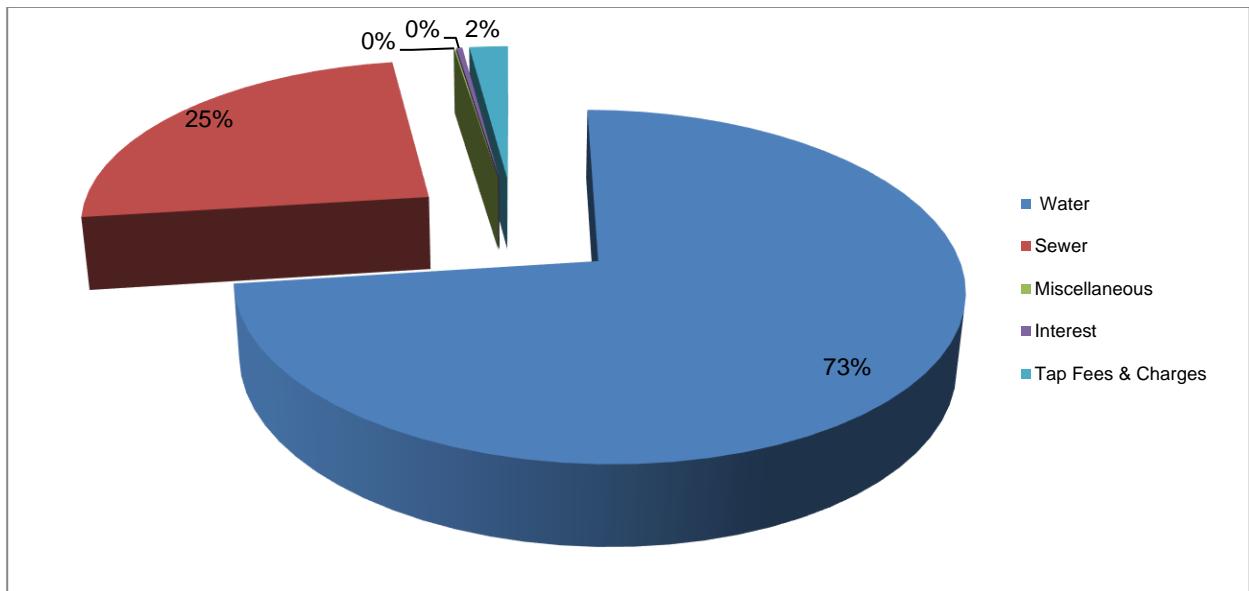
	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021
BY DEPARTMENT	Actual	Actual	Adopted Budget	Estimate	Proposed Budget
Non-Departmental	1,058,057	997,745	1,055,900	1,056,700	1,057,000
Water Production	1,251,071	1,147,564	1,267,700	1,075,200	1,259,600
Water Distribution	401,273	444,787	407,400	397,800	333,900
Sewer Collection	228,157	218,965	312,100	366,900	221,600
Sewer Treatment	588,719	599,182	529,200	617,000	617,000
Public Works	241,731	311,759	306,050	266,000	261,300
TOTAL	3,769,007	3,720,001	3,878,350	3,779,600	3,750,400

BY ACCOUNT CATEGORY

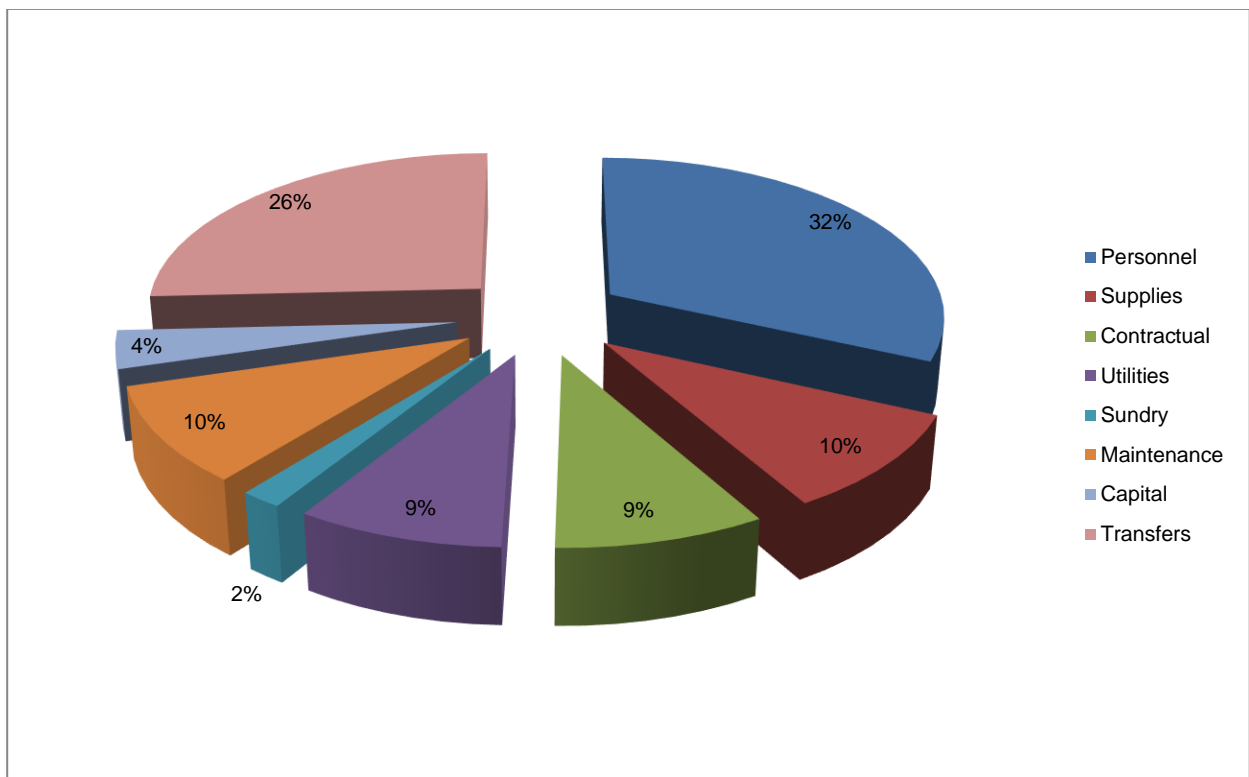
Personnel Services	1,239,430	1,190,085	1,234,200	1,164,300	1,175,700
Supplies	286,345	410,284	381,300	379,300	386,100
Contractual	326,809	327,757	339,250	324,900	376,000
Utilities	290,302	359,063	333,900	355,000	366,100
Sundry	38,738	35,804	68,100	65,100	56,400
Maintenance	403,276	294,789	374,700	365,200	370,200
Capital Items	164,047	151,926	147,100	134,100	27,000
Fund Transfers	1,020,060	950,292	999,800	991,700	992,900
Total	3,769,007	3,720,001	3,878,350	3,779,600	3,750,400



FY 2021 Budget – Utility Revenues



FY 2021 Budget – Utility Expenditures by Prime Account





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FY 2021 BUDGET REVENUE DETAIL

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Water					
Residential Water	770,217	663,465	765,000	683,100	677,000
Bulk Water Sales	4,815	4,410	4,500	1,000	1,000
Commercial Sales	340,319	317,145	345,000	330,200	387,000
Poultry Processing	1,501,793	1,482,231	1,491,450	1,431,600	1,512,700
Rural Water Systems	176,953	18,297	71,500	15,000	12,000
Industrial	0	0	0	0	0
Outside City Limits	158,886	148,382	160,000	148,400	150,000
Total Water	2,952,983	2,633,930	2,837,450	2,609,300	2,739,700
Sewer					
Billed Sewer	955,019	880,299	940,000	895,100	912,000
Contractual Disposal	3,555	(54)	3,000	2,000	1,000
Total Sewer	958,574	880,246	943,000	897,100	918,000
Miscellaneous					
Returned Check Fee	1,431	10	500	1,000	500
Insurance Claims	0	2,625	0	13,000	0
Worker's Comp Discount	(443)	0	0	0	0
Other	1,503	60	0	100	0
DETEC Capital	1568	2,294	0	0	0
Contractor Damages	0	0	0	0	0
Surplus Equipment	2,325	575	0	600	0
Special Project Revenue	0	0	0	43,200	0
Lease Mineral Rights	3,114	2,944	3,000	2,700	2,500
Utility Contractor Dmg	0	431	0	0	0
Sale of Equipment/Land	0	0	0	0	0
Total Miscellaneous	9,499	8,939	3,500	60,600	3,000
Interest					
Interest Water Fund	20,737	27,990	15,000	16,500	10,000
Interest Water Refund	2,332	3,297	2,300	2,000	2,000
Total Interest	23,069	31,287	17,300	18,500	12,000
Fees Taps & Charges					
Administrative Fees	6,835	6,200	5,800	5,000	6,000
10% Charges	49,501	47,316	45,000	42,000	45,000
10% A/R	116	(104)	0	0	0
Reconnect Fees	21,635	21,745	20,000	20,000	20,000
After Hours Fee	25	200	100	500	100
Water Taps	4,515	4,450	3,000	4,000	3,000
Plumbing Insp. Permit	2,300	4,530	2,200	3,800	2,600
Sewer Taps	1,600	1,200	1,000	2,300	1,000
Total Fees	86,692	87,003	77,100	77,600	77,700
TOTAL REVENUE	4,030,817	3,641,404	3,878,350	3,663,100	3,750,400



FY 2021 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 2020 ACCOMPLISHMENTS

- Zero water treatment violations
- Media replaced at Pinkston water plant old train
- 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 2021 GOALS

- Complete installation of new lagoon at Pinkston plant
- Begin program to refurbish elevated and ground storage water tanks
- Upgrade raw and treated flow meters at Pinkston Plant
- Upgrade lab equipment at Mill Creek Plant to current technology

DEPARTMENT STAFFING	
Title	Current Staffing
Chief Operator	1
Operator II	4
Operator I	0
Operator Trainee	3
Total	8



**FY 2021 BUDGET
WATER PRODUCTION**

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	495,158	435,448	449,600	361,500	440,000
Supplies	191,890	258,434	294,000	246,500	265,000
Contractual	155,347	116,312	148,900	83,900	159,100
Utilities	190,911	213,054	232,200	236,700	238,500
Sundry	14,013	12,477	21,500	16,000	14,000
Maintenance	183,113	80,238	121,500	122,700	131,000
Capital Items	20,639	31,600	0	7,900	12,000
Total	1,251,071	1,147,564	1,267,700	1,075,200	1,259,600

PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 YTD
Total Gallons of Treated Water Produced – billion gallons	1.143	1.09	1.106	1.076	0.634
TCEQ Violations	1	2	0	0	0
Treatment Plant Capacity					
Mill Creek	1.4 mgd	1.4 mgd	1.5 mgd	1.5 mgd	1.5 mgd
Pinkston	3.5 mgd	3.5 mgd	4.0 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	\$0.66	\$0.69	\$0.71	\$0.78	\$0.69

HIGHLIGHTS – FY 2021 Amended Budget Change From FY 2020 Estimate

- Personnel Services: Reallocation of personnel results in increases in Salaries (\$53,000), Health Insurance (\$7,900), Pension Fund (\$6,100), and Social Security (\$4,200)
- Supplies: Increase in Chemicals (\$20,000) offset by decreases in Furniture (\$500) and Minor Tools (\$500)
- Contractual: Increase in Sludge Disposal (\$80,000) with corresponding decrease in Other (\$5,000)
- Utilities: Increases in Telephone (\$1,000) and Electricity (\$800)
- Sundry: Reduction in Training (\$2,000)
- Maintenance: Increases in Building Maintenance (\$5,000), Preventative (\$2,000), Chemical Pumping Equipment (\$500), Water Line (\$500), and Chemical Line Repair (\$300)
- Capital: New fence planned for Pinkston water plant (\$12,000)



FY 2021 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 2020 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
- Install 18" valves to isolate smaller sections of the primary transmission line to reduce repair times
- Zero water distribution violations

FY 2021 GOALS

- Repair or replace 15 fire hydrants
- Maintain current infrastructure
- Increase staff development and training

DEPARTMENT STAFFING	
Title	Current Staffing
Monitoring Tech	1
Meter Reader	1
Equipment Operator/Maintenance	1
Maintenance	1
Total	4



**FY 2021 BUDGET
WATER DISTRIBUTION****DEPARTMENT SUMMARY**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	157,494	192,349	154,100	241,800	203,400
Supplies	9,266	9,066	8,000	11,700	10,700
Contractual	13,083	26,801	19,300	20,300	16,300
Utilities	1,350	1,716	3,300	2,400	2,500
Sundry	1,438	1,554	2,000	2,800	2,000
Maintenance	110,385	129,046	107,600	72,600	99,000
Capital Items	108,257	84,254	110,950	46,200	0
Total	401,273	444,787	405,250	397,800	333,900

PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Miles of water lines maintained	94	96	96	96	96
Number of fire hydrants	294	296	296	296	296

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Elimination of one position results in decreases in Salaries (\$37,400), Pension (\$5,500), Overtime (\$3,200), and Social Security (\$3,100). Budget correction from FY 2020 results in increase in Health Insurance (\$7,300)
- Supplies: Reduction in Minor Tools (\$900) and Office Supplies (\$100)
- Contractual: Decreases in Engineering (\$3,500) and Other (\$500)
- Utilities: Increase in Cell Phone (\$100)
- Sundry: Reductions in Training (\$500) and elimination of Mileage (\$300)
- Maintenance: Increase in Fire Hydrants (\$24,000) and Water Meters (\$5,000) brings FY 2021 back to FY 2020 budget levels. Offsetting decrease in Water Lines (\$5,000) and other increases in Fuel (\$1,500) and Preventative (\$500)
- Capital: No capital equipment or system improvements are planned for FY 2021.



FY 2021 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 2020 ACCOMPLISHMENTS

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

FY 2021 GOALS

- Staff training and development to increase the number of certified personnel
- Identify and replace brick manholes
- Complete installation of new sewer main on US 96 South from Roughrider Drive to Southview Circle

DEPARTMENT STAFFING	
Title	Current Staffing
Sewer Maintenance	1
Heavy Equipment Operator – Vac Truck	1
Total	2



**FY 2021 BUDGET
SEWER COLLECTION**

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	143,991	100,576	156,700	146,000	100,600
Supplies	4,467	5,627	5,800	6,300	5,800
Contractual	9,505	14,594	12,500	22,000	12,500
Utilities	30,262	34,897	29,400	29,400	32,400
Sundry	430	175	1,300	3,000	1,000
Maintenance	39,501	43,005	82,400	102,500	69,300
Capital Items	0	20,092	24,000	57,700	0
Total	228,157	218,965	312,100	366,900	221,600

PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Miles of sewer line maintained	75	75	75	75	75
Number of lift stations	14	14	8	8	8

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Elimination of a position results in decreases in Salaries (\$32,600), Pension (\$4,600), Health Insurance (\$2,700), Social Security (\$2,700) and Overtime (\$2,300)
- Supplies: Decrease in Wearing Apparel (\$500)
- Contractual: Reductions in Rental (\$9,000) and Engineering (\$500)
- Utilities: Increase in Electricity (\$3,000)
- Sundry: General reductions in Training (\$500) and Misc. Other (\$300) combined with elimination of Misc. Medical (\$1,100) and Government Fees (\$100)
- Maintenance: Reduction in Vac Truck Maintenance (\$36,000), Equipment (\$1,400) and Vehicle (\$1,000) offset by an increase in Manhole maintenance (\$5,000)
- Capital: No capital equipment or system improvements planned for FY 2021.



FY 2021 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 2020 ACCOMPLISHMENTS

- 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 2021 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

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



**FY 2021 BUDGET
SEWER TREATMENT****DEPARTMENT SUMMARY**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	238,941	229,629	238,900	225,600	238,200
Supplies	64,191	111,506	55,700	91,100	84,500
Contractual	112,856	107,380	94,100	132,600	121,100
Utilities	55,587	97,063	55,000	71,000	77,000
Sundry	18,104	17,905	23,000	21,000	18,500
Maintenance	63,889	35,699	57,500	58,700	62,700
Capital Items	35,151	0	5,000	17,000	15,000
Total	588,719	599,182	529,200	617,000	617,000

PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Wastewater Treated – million gallons	411	420	400	397	293
Sludge Disposed – cubic yards	1,040	1,040	1,175	1,040	1,100
Permitted Plant Capacity	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd
Average Plant Discharge	1.13 mgd	1.20 mgd	1.1 mgd	1.1 mgd	1.12 mgd

HIGHLIGHTS – FY 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Increases in Health Insurance (\$2,200), Overtime (\$4,500), Salaries (\$800) and Workers Comp (\$600)
- Supplies: Elimination of Furniture (\$2,000) and reduction in Chemicals (\$4,200)
- Contractual: Increases in Mowing (\$3,800) and Lab Tests (\$3,000) are offset by decreases in Sludge Disposal (\$8,000), Vehicle Lease (\$5,000) and elimination of Engineering (\$5,500)
- Utilities: Increase in Electricity (\$6,000)
- Sundry: Elimination of Medical Expense (\$300) and Other (\$200) with a reduction in Training (\$2,000)
- Maintenance: Increases in Fuel (\$2,000) and Lift Station maintenance (\$2,000) – all other accounts offset
- Capital: Net decrease from elimination in Capital Equipment (\$12,000) and increase in Building/Grounds (\$10,000)



FY 2021 BUDGET
PUBLIC WORKS ADMINISTRATION - #641

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

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	199,756	230,377	234,300	188,800	193,500
Supplies	4,400	11,661	5,800	11,700	8,100
Contractual	17,238	33,324	37,450	32,200	33,000
Utilities	12,191	12,333	14,000	15,500	15,700
Sundry	1,757	1,283	3,800	3,800	2,800
Maintenance	6,388	6,801	5,700	8,700	8,200
Capital Items	0	15,980	5,000	5,300	0
Total	241,731	311,759	306,050	266,000	261,300

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 2021 Proposed Budget Change From FY 2020 Estimate

- Personnel Services: Increases in Overtime (\$1,000) and Salaries (\$900) are offset by decreases in Workers Comp (\$200), Unemployment Insurance (\$100) and Pension Fund (\$100)
- Supplies: Elimination of Computer Equipment (\$2,300) and reduction in Furniture (\$1,300)
- Contractual: Increases in Mowing (\$600) and Vehicle Lease (\$400) with a decrease in Janitorial (\$200)
- Maintenance: Elimination of Water Lines (\$100) and reductions in Fuel (\$200) and Building/Ground Maintenance (\$200)
- Capital: Elimination of Capital Grounds Maintenance (\$5,300) due to a one time purchase in FY 2020

DEPARTMENT STAFFING	
Title	Current Staffing
Public Works Director	1
Admin. Assistant	1
Utility Superintendent	1
Total	3



**FY 2021 BUDGET
NON-DEPARTMENTAL - #634**

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

DEPARTMENT SUMMARY

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Personnel Services	4,090	1,706	600	600	0
Supplies	12,132	13,990	12,000	12,000	12,000
Contractual	18,779	29,346	27,000	33,900	34,000
Utilities	0	0	0	0	0
Sundry	2,996	2,410	16,500	18,500	18,100
Maintenance	0	0	0	0	0
Capital Items	0	0	0	0	0
Fund Transfers	1,020,060	950,292	999,800	991,700	992,900
Total	1,058,057	997,745	1,055,900	1,056,700	1,057,000

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 2021 Proposed Budget Change From FY 2020 Estimate

- Contractual: Increase in Maintenance Agreement (\$100)
- Sundry: Reductions in Finance Penalties (\$100) and Credit Card Processing Fees (\$200) and the elimination of Subscriptions and Dues (\$100)
- Fund Transfers: Increase in Franchise Fee (\$1,200)



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**CITY OF CENTER
FY 2021 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 1998, 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 services. The Fund is also the cost center for the blight removal program.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Solid Waste Discount Sales	(15)	(162)	200	200	200
SW Collection – Residential	420,632	429,278	422,000	431,300	422,100
SW Collection – Commercial	1,168,256	1,159,934	1,178,100	1,124,700	1,170,100
Garbage Bag Sales	1,520	1,238	1,500	1,000	1,200
Misc. Recycling Receivable	426	12	0	0	0
Other	26	(28)	0	0	0
Interest	2,001	5,338	3,000	2,400	2,400
Total Revenue	1,592,844	1,595,611	1,604,800	1,559,600	1,596,000
Expenditures					
Personnel	0	0	0	0	0
Supplies	400	1,998	2,000	1,500	2,000
Contractual	1,246,814	1,447,906	1,395,300	1,351,900	1,390,000
Utilities	0	0	0	0	0
Sundry	4,426	777	7,500	2,500	2,500
Maintenance	8,350	2,125	0	1,500	1,500
Capital	0	0	0	2,200	0
Fund Transfers	122,000	200,000	200,000	200,000	200,000
Total Expenditures	1,381,990	1,652,806	1,604,800	1,559,600	1,596,000

DESCRIPTION

- This department is responsible for the collection and disposal of municipal solid waste generated in Center.
- The City Council made the decision in FY 2019 to suspend the recycling program due to changing market conditions for recyclable materials.
- The current contract with Republic Services was extended through 2024.



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**CITY OF CENTER
FY 2021 BUDGET
VEHICLE REPLACEMENT FUND**

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

	FY 2018 Actual	FY 2019 Actual	FY 2020 Amended Budget	FY 2020 Estimate	FY 2021 Proposed Budget	FY 2022 Projected
Transfer						
General Fund	0	0	0	0	0	0
Utility Fund	80,000	80,000	66,000	66,000	0	0
Total	80,000	80,000	66,000	66,000	0	0
<u>Revenue</u>						
Lease Payments						
General Fund	28,737	57,950	78,200	80,125	93,250	94,000
Utility Fund	27,744	41,335	57,850	52,890	58,000	59,500
Surplus Vehicle Sales	0	6,680	0	0	0	0
Insurance Payments	0	11,565	0	0	0	0
Interest	2,400	3,164	2,400	2,000	3,500	4,500
TOTAL REVENUE	138,881	200,693	204,450	201,015	154,750	158,000
<u>Vehicle Purchases</u>						
Police	69,389	122,089	84,000	75,400	0	42,000
Fire	31,381	25,000	0	0	0	0
Street	0	0	10,000	10,000	0	30,000
Parks	9,122	0	0	0	0	0
Airport	0	0	0	0	0	0
Inspections	21,688	0	0	0	0	0
Water Production	(2,912)	40,000	25,000	24,900	0	0
Water Distribution	22,970	0	0	0	0	0
Sewer Collection	0	0	66,000	66,000	0	0
Sewer Treatment	57,309	0	0	0	0	25,000
Public Works	0	29,490	0	81,700	0	0
TOTAL PURCHASES	208,948	216,579	67,000	258,000	0	97,000
Beginning Fund Balance	224,716	154,649	127,278	138,764	81,778	236,528
Revenues Over/(Under)						
Expenditures	(70,067)	(15,886)	71,450	(56,985)	154,750	61,000
Ending Fund Balance	154,649	138,764	198,728	81,778	236,528	297,528



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	2019 Tahoe	Police
2020 Tahoe	Police	2019 Truck	Public Works
2019 Truck	Water Production	Jet Rodder	Sewer Collection
Bucket Truck	Street Dept.		

Current Planned Purchases – FY 2021

No vehicles are planned for purchase in FY 2021

Future Planned Purchases – FY 2021 through FY 2022

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



**CITY OF CENTER
FY 2021 BUDGET
TECHNOLOGY FUND**

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

The Fund is the cost center for the City's IT/Network Administrator, all of the City's software maintenance costs, and for the purchase of new office computers.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2020 Estimate	FY 2021 Proposed Budget
Capital Contribution	0	0	0	0	0
Misc.	452	(762)	0	0	0
Dept Allocation	143,773	195,800	215,850	215,850	215,850
Interest	1,179	2,459	1,200	1,500	1,000
TOTAL REVENUE	145,405	197,498	217,050	217,350	216,850
Expenditures					
Personnel	64,266	62,041	73,200	67,900	72,800
Supplies	3,809	35,046	12,500	18,500	12,500
Contractual	35,549	47,058	69,200	43,600	69,200
Sundry	0	0	3,000	1,200	3,000
Maintenance	0	0	0	0	0
Capital	9,587	14,970	30,000	25,000	30,000
Total	113,211	159,114	187,900	156,200	187,500
Beginning Fund Balance	48,182	80,376	114,499	118,760	179,910
Revenues Over Expenditures	32,194	38,384	29,150	61,150	29,350
Ending Fund Balance	80,376	118,760	143,649	179,910	209,260

The fund is accumulating resources to fund the replacement of certain capital equipment	
E Force system replacement/renewal	\$200,000
PD tablets and other equipment	\$50,000
PD phone system	\$25,000
PD server replacement	\$25,000
PD phone recording system	\$25,000
City Hall server	\$40,000
City Hall phone system	\$25,000
Total	\$390,000



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**CITY OF CENTER
FY 2021 BUDGET
RECREATION FUND**

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

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
REVENUE					
Transfer from General Fund	0	11,720	0	10,000	0
Registration	82,100	66,062	86,500	70,800	89,000
Event Proceeds	39,490	25,069	25,000	20,000	23,000
Concession	33,609	27,342	35,100	15,300	32,500
Gate	3,514	4,658	5,200	5,300	4,800
Miscellaneous	15,576	18,200	15,500	16,500	17,000
Merchandise	1,250	3,247	2,000	0	2,000
Donations	1,671	2,118	2,500	1,000	1,600
TOTAL	177,210	158,416	171,800	139,100	169,900
EXPENDITURES					
Personnel	76,024	78,122	80,000	79,600	79,700
Supplies	58,929	48,725	59,000	43,650	58,600
Contractual	22,555	20,131	22,700	12,850	22,400
Utilities	222	0	500	0	0
Sundry	7,583	2,714	4,500	2,500	4,500
Maintenance	15,200	950	5,100	500	4,700
Capital	0	0	0	0	0
TOTAL	180,513	150,642	171,800	139,100	169,900
Beginning Fund Balance	12,883	8,633	0	0	0
Revenues Over/(Under) Expend.	(4,250)	8,633	0	0	0
Ending Fund Balance	8,633	0	0	0	0

PERFORMANCE MEASUREMENTS

Number of Participants	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Baseball	288	245	251	255	237
Soccer (Fall & Spring)	164	300	421	415	359
Football	118	110	112	115	88
Basketball	166	197	204	192	194
Softball	171	162	174	167	131



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**CITY OF CENTER
FY 2021 BUDGET
PARK FUND**

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

The need for a separate fund originally arose in 2014 when the City received pledge donations from the Center Area Softball Association for the new Softball Complex. 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.

In 2020, the City applied for and received a grant from the Laura Jane Musser Foundation to pay for a wildlife/nature preserve feasibility study for land the City acquired from Center ISD.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Donations/Pledges	66,250	8,406	65,250	68,250	68,250
Grants	293,779	10,000	0	8,000	0
Interest	6,788	9,318	3,500	4,000	2,000
Total Revenue	366,817	27,724	68,750	80,250	70,250
Expenditures					
Project Engineering	0	0	0	0	10,500
Parks Maintenance	11,865	0	0	0	0
Transfer to Debt Service	70,000	45,000	65,000	65,000	55,000
Ballard Street Park Soccer Complex	20,899	58,787	215,700	242,793	0
Total Expenditures	102,764	103,787	280,700	307,793	65,500
Beginning Fund Balance	121,451	385,504	305,554	309,441	11,648
Revenues Over/(Under) Expenditures	264,053	(76,063)	(211,950)	(227,543)	4,750
Ending Fund Balance	385,504	309,441	93,604	81,898	16,398
Ending Balance after Perry Sampson Park Set Aside				11,648	



Ballard Street Soccer Complex Budget

Revenues	
Park Fund Proceeds	250,000
Rotary Club Donation	20,000
Lions Club Donation	20,100
Soccer League Donation	30,000
Harris Foundation Grant	10,000
Total	330,100

	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	Total
Expenditures				
Survey	2,950	2,750	0	5,700
Design	11,049	11,510	1,034	23,593
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	90,820	90,820
Irrigation	0	0	25,100	25,100
Concession Building	0	0	118,100	118,100
Park Entrance	0	0	7,739	7,739
TOTAL	20,899	63,497	242,793	327,189

Project Balance 2,911

Items to be scheduled

Parking Improvements TBD

Perry Sampson Park Project

Revenues/Sources of Funds **

Texas Parks and Wildlife Grant	150,000
City of Center Match	115,000
Tyson Foods Contribution	75,000
Harris Foundation Grant	10,000
Total	350,000

Expenditures	
Basketball Court, Shade Cover, and Lighting	230,500
Pavilion Renovations	30,500
Site Amenities	10,000
Misc. Signage	4,500
Playground	30,000
Tree and Grass Plantings	4,500
Site Fencing	10,000
Design and Engineering	30,000
Total	350,000

** City is to receive pledges from the Sampson Family (\$25,000) and the Perry Sampson Park Community Group (\$50,000). Once receipted, these funds will be used for special park projects.



**FY 2021 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.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Court Technology					
Court Tech Fee	3,995	3,906	4,500	3,500	4,000
Interest	91	190	150	150	150
Court Tech Total	4,086	4,096	4,650	3,650	4,150
Expenses					
Supplies	0	0	0	0	0
Contractual	2,255	0	0	0	0
Sundry	589	0	700	0	700
Capital	0	0	2,000	0	0
Total	2,844	0	2,700	0	700
Beginning Fund Balance	6,872	8,114	12,984	12,210	15,860
Revenues Over/(Under) Expenses	1,242	4,096	1,950	3,650	3,450
Ending Fund Balance	8,114	12,210	14,934	15,860	19,310



	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Court Building Security					
Building Security Fee	2,996	2,930	3,800	3,000	3,500
Interest	112	228	200	150	150
Building Security Total	3,108	3,158	4,000	3,150	3,650
Expenses					
Sundry	839	0	700	0	0
Capital	0	0	1,000	700	1,000
Transfer to General Fund	0	0	0	0	0
Total	839	0	1,700	700	1,000
Beginning Fund Balance	4,756	7,025	9,925	10,183	12,633
Revenues Over/(Under) Expenses	2,269	3,158	2,300	2,450	2,650
Ending Fund Balance	7,025	10,183	12,225	12,633	15,283

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Law Enforcement Seizure Fund					
Judgment Forfeiture	9,129	0	0	0	0
Judgment Forfeiture – DOJ	0	0	0	0	0
Surplus Equipment	0	0	0	0	0
Interest	477	519	500	150	150
Seizure Fund Total	9,606	519	500	150	150
Expenses					
Supplies Equipment	3,738	0	1,500	0	0
Cell Phone	427	0	800	0	0
Investigation Expense	1,414	0	2,000	2,000	2,000
Vehicle Maintenance	0	0	0	850	0
Software Maintenance	0	5,990	0	0	0
Capital Equipment	0	9,512	0	1,550	0
Total	5,579	15,502	4,300	4,400	2,000
Beginning Fund Balance	30,691	34,718	26,518	19,735	15,485
Revenues Over/(Under) Expenses	4,027	(14,983)	(3,800)	(4,250)	(1,850)
Ending Fund Balance	34,718	19,735	22,718	15,485	13,635



FY 2021 BUDGET TRUST FUND

FUND NARRATIVE

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

ANIMAL WELFARE FUND

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

CEMETERY FUND

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

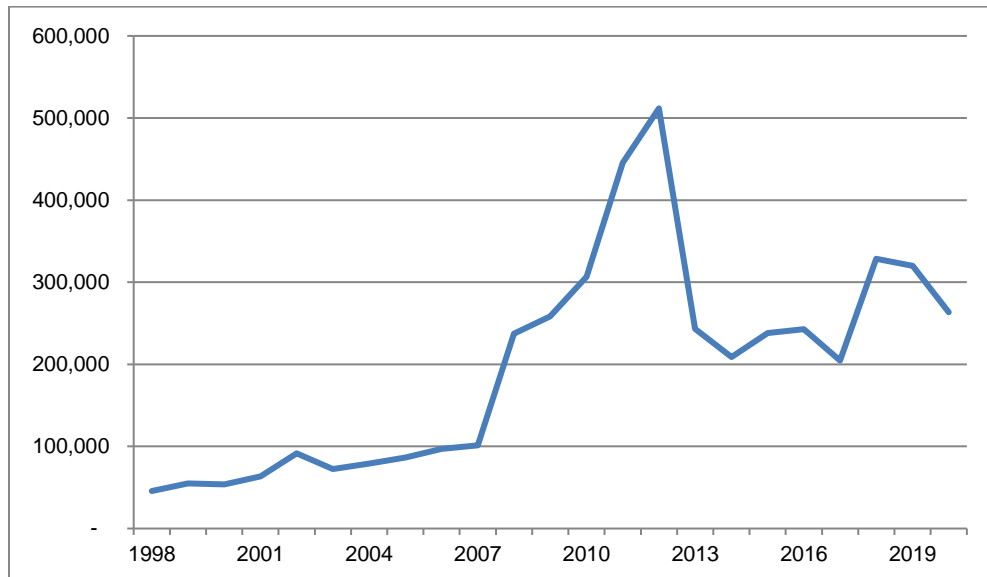
1. The acquisition of sites and the construction and maintenance of convention center facilities and visitor information centers;
2. Expenses associated with the registration of convention delegates;
3. Advertising, solicitations, and promotions that attract tourists and convention delegates to the City;
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 which satisfies the community promotion and tourism activities and advertising allowed under category 3. The fund has also contributed toward community beautification projects and attracting state baseball tournaments to the City, also allowed under category 3.

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 2021
ANIMAL WELFARE FUND**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Donation Animal Welfare	0	0	0	0	
Interest Animal Welfare	2	449	800	1,350	1,250
Total	2	449	800	1,350	1,250
 Ending Balance	 41,564	 42,018	 42,727	 43,368	 44,618



**FY 2021 BUDGET
FAIRVIEW CEMETERY FUND**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Interest Cemetery	2,175	3,075	1,800	1,500	1,500
Total	2,175	3,075	1,800	1,500	1,500
Expenditures					
Capital	0	0	0	0	0
Ending Balance	123,253	126,340	146,815	127,840	129,340

HOTEL OCCUPANCY FUND

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Hotel/Motel Taxes	328,551	344,899	263,600	220,000	240,000
Interest Hotel/Motel	3,577	7,343	3,200	3,000	3,000
Total	332,128	352,242	266,800	223,000	243,000
Expenditures					
Memberships	500	0	1,000	0	1,000
Downtown Banners	6,000	3,275	10,000	10,000	5,000
Athletic Facilities	0	0	0	0	
Baseball Tournaments	20,000	20,000	20,000	20,000	20,000
Community Events	5,050	4,350	6,000	4,350	6,000
Chamber of Commerce	500	1,300	1,000	1,300	1,000
Historical Preservation	2,500	0	0	0	
Downtown Lights	510	458	5,000	1,000	5,000
Civic Center Ops	80,000	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	138,400	138,700	138,800	138,800	142,000
TOTAL - Hotel Motel	258,460	253,083	266,800	260,450	278,000
Beginning Fund Balance	152,113	225,772	304,215	324,930	287,480
Revenue Over/(Under) Expenditures	73,659	99,159	0	(37,450)	(22,000)
Ending Fund Balance	225,772	324,930	304,215	287,480	265,480



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**CITY OF CENTER
FY 2021 BUDGET
CAPITAL IMPROVEMENT PROGRAM**

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

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

Previously Completed Projects

Project	Year Completed	Funding Source
Community House Renovation	2013	2011 CO's
Ladder Truck	2012	2011 CO's
Mini-Park Renovation	2012	2011 CO's
City Hall Expansion	2013	2011 CO's
Softball Complex & Center Park Playground	2013	2011 CO's & 2014 Tax Notes
Hike & Bike Connectivity Trails	2012	TxDOT STEP Grant
Airport Weather Observation System (AWOS)	2013	TxDOT Grant & Donations
Downtown Streetscape Master Plan	2012	2011 CO's
Loop 500 Lift Station Elimination	2013	4A EDC & Local Funds
Lakewood Sewer	2014	2014 Tax Notes & Local Funds
Airport CIP: runway lighting, drainage, pavement	2017	2016 CO's; TxDOT CIP
Portacool Park expansion	2017	2016 CO's; TPWD Grant; Donation
WWTP Solar Project	2017	CFE Grant & Utility Fund match
WWTP Rehab Project	2018	2016 CO's
Southside Sewer System	2018	2012 CO's & 2016 CO's
Police Technology Enhancement	2018	CJD Grant & 2017 debt issue
Airport Taxiway D and Runway Resurfacing	2020	2016 CO's, TxDOT CIP; Donations
US 96 Sewer Line	2020	2019 CO's
Henrietta Tank Rehab	2019	2019 CO's
Pinkston Plant Filter Rehab and Lagoon	2020	2019 CO's

FY 2021 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.

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.

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



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.

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.

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.

Police Technology Enhancement Note – To fund the Police Technology Enhancement Program, the City financed the purchase with a 4 year debt instrument. The Center Police Department was successful in receiving a grant award from the State of Texas which will fund the first 2 years payments of this note.

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

Donations – Portacool, LLC., has generously pledged annual donations which the City has leveraged against a TPWD grant to complete the expansion of Portacool Park. A local foundation also donated \$15,000 for the installation of the City's first entryway sign. The Center Rotary Club, Center Lion's Club, and the Shelby County Youth Soccer League donated \$20,000, \$20,100, and \$30,000 respectively towards the Ballard Street Soccer Complex. The John Harris Foundation gave a \$10,000 grant for an entrance sign at the Soccer Complex. All donations were deposited directly into the Park Fund.

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 and had to make a supplemental contribution of \$47,150. This project is scheduled for completion in Summer 2020.

Council Goal E. Objective 3

Operating Impact: None

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 190 for more information on the street program.

Council Goal E. Objective 5.1

Operating Impact: None



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 the Park Fund section.

Council Goal C. Objective 3

Operating Impact: Utilities increase of \$3,000. Mowing increase of \$2,000

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 January 2021.

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

Operating Impact: Additional landscaping maintenance - \$25,000

Pumper/Tanker Replacement

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

Operating Impact: None, but cost savings by decommissioning older 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 and will be complete in Fall 2020.

Operating Impact: None

Miscellaneous Utility Projects

- 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. The City anticipates leveraging \$275,000 CDBG funds for this project.

City staff will use FY 2021 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 (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 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Bond Proceeds	265,117	4,350,000	0	0	0
Interest	3,655	23,246	10,000	50,000	20,000
Transfer	1,650	0	0	178,100	0
Donations	15,000	0	0	0	0
Grant	(35,402)	0	0	0	350,000
Total	250,020	4,373,246	10,000	228,100	370,000
Projects					
Community House Remodel	0	5,800	0	0	0
Downtown Renewal	17,730	171,514	3,937,600	2,583,700	1,886,900
TDA Downtown Sidewalk	4,500	0	0	0	0
Airport CIP Match	0	0	0	47,150	0
Perry Sampson Park	0	0	0	0	0
Ballard Street Park	0	849	0	0	0
Portacool Park	21,924	831	0	0	0
Entryway Sign	19,550	0	0	0	0
Police Technology	239,377	0	0	0	0
Fire Apparatus	0	0	350,000	280,000	0
Total	303,081	178,994	4,287,600	2,910,850	1,886,900
Beginning Fund Balance	88,827	35,766	4,323,902	4,230,018	1,547,268
Revenues Over/(Under)					
Expenses	(53,061)	4,194,252	(4,277,600)	(2,682,750)	(1,516,900)
Ending Fund Balance	35,766	4,230,018	46,302	1,547,268	30,368



Fund 44 Utility Projects	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Bond Proceeds	0	2,134,108	0	0	0
Interest	17,123	24,441	15,000	30,500	15,000
Transfers	0	0	0	0	0
Grant**	170,429	0	0	0	0
Total	187,552	2,158,549	15,000	30,500	15,000
Projects					
Southside Sewer Project	160	0	0	0	
Water Tank	3,596	5,886	185,400	190,600	0
Lagoon Improvement	0	1,568	703,800	413,000	0
WWTP Rehab	19,692	2,601	55,000	15,400	0
WWTP Solar Project	13,500	0	0	0	0
Elevated Storage Tank	0	0	356,000	3,000	0
Capital Water Lines	0	0	137,100	166,250	0
Capital Sewer Lines	0	0	1,108,700	937,400	0
Total	19,225	10,062	2,546,000	1,725,650	0
Beginning Fund Balance	536,710	705,037	2,656,787	2,853,524	1,158,374
Revenues Over/(Under)					
Expenses	168,327	2,148,486	(2,531,000)	(1,695,150)	15,000
Ending Fund Balance	705,037	2,853,524	125,787	1,158,374	1,188,374

****City anticipates receiving \$275,000 CDBG funds for new elevated storage tank – cost tbd.**



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**FY 2021 BUDGET
TAX INCREMENT REINVESTMENT DISTRICT #1
FUND NARRATIVE**

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

How Does It Work?

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

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



Tax Increment Reinvestment Zone #1 Map



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

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

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

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

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



**FY 2021 BUDGET
TAX INCREMENT FINANCING ZONE #1**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Total Increment Amount	3,131,611	3,655,371	4,892,711	4,892,711	4,006,771
TIF Revenue					
City of Center	16,403	20,258	28,150	28,144	24,400
Shelby County	18,420	25,686	30,500	34,381	24,900
Road & Bridge	2,490	0	3,900	0	3,100
Interest Earnings	450	929	800	1,000	1,000
TOTAL	37,763	46,874	63,350	63,525	53,400
Debt Payments	28,223	28,223	28,250	28,223	28,250
Expenditures Over/(Under)	9,490	18,661	35,100	35,302	25,150
Revenues					
Reserve Amount	30,027	48,688	83,664	83,990	109,140
Loan Balance	261,139	240,750	219,749	219,749	198,118

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

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

Interest Rate: 3%

Cumulative Interest: \$70,546

June 2014 Loan Amendment

Principal Refinanced: 336,926.74

Interest Rate: 3%

Cumulative Interest \$86,421.27



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FY 2021 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.



FY 2021 BUDGET
4A ECONOMIC DEVELOPMENT CORPORATION

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

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

To begin implementation and progress towards these goals, the FY 2021 budget allocates funding for the following activities.

Account	Amount	Description
PC Software	1,000	Annual subscription for Adobe products
Development Assistance	75,000	This amount is included in the FY 2020 Estimate as the reimbursement to the City for the Tyson Shelbyville Street water line. The installation is complete, but Tyson has not connected to the line yet.
Documented Sites	110,000	Fully document an as-yet-identified large tract for future industrial use
Marketing	27,000	Develop dynamic virtual spec building - \$15,000. And \$12,000 to revamp the EDC website
Other	101,000	\$30,000 for City/EDC marketing-branding study. \$30,000 for incentive policy and procedure document. \$40,000 for municipal broadband network business/feasibility study
INNOVA Grants	40,000	Discretionary
Travel	4,000	Currently undefined due to uncertain nature of travel restrictions
Training	3,000	Attendance at IEDC and TEDC conferences
Subscriptions & Dues	3,000	Membership in IEDC, TEDC, and TFCP
Misc.	60,000	\$30,000 for local workforce skills gap analysis. \$30,000 for advanced training feasibility study and program development
Meeting Meals	4,200	\$2,000 for industrial breakfasts, \$1,200 for HR Roundtables, and \$1,000 for Board meetings



**FY 2021 BUDGET
4A ECONOMIC DEVELOPMENT CORPORATION**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
REVENUE					
Sales Tax	400,734	434,229	418,200	418,200	401,500
Interest	18,876	34,816	24,000	20,000	20,000
Sale of Land	25,652	0	0	0	0
Viatic Payment	15,000	20,000	25,000	28,875	30,000
TIF Note Payments - Principal	19,795	20,389	21,000	21,000	21,650
TIF Note Payments - Interest	8,428	7,440	7,250	7,250	6,600
Other	0	0	0	0	0
Total Revenue	488,485	516,874	495,450	495,325	479,750
EXPENDITURES					
Supplies	0	1,943	0	0	1,000
Contractual	56,622	31,474	216,100	97,700	282,200
Sundry	8,332	13,621	16,000	10,400	76,200
Maintenance	2,983	2,983	3,000	3,000	3,000
Capital	0	0	0	0	0
Fund Transfers	55,000	55,000	60,000	60,000	85,000
Total Expenditures	122,937	105,020	295,100	171,100	447,400
Beginning Fund Balance	1,305,718	1,671,267	2,136,472	2,082,527	2,406,782
Revenues Over/(Under)					
Expenditures	365,549	411,260	200,350	324,255	32,350
Ending Fund Balance	1,671,267	2,082,527	2,336,822	2,406,782	2,439,132
Due from City - TIF Balance	261,136	240,750	219,755	219,755	198,118
Due from Viatic - Industrial Loan	175,000	155,000	130,000	130,000	100,000
Net Liquid Fund Balance	1,298,786	1,686,777	1,987,067	2,057,027	2,166,014

GOALS

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



**FY 2021 BUDGET
4B ECONOMIC DEVELOPMENT CORPORATION**

	FY 2018 Actual	FY 2019 Actual	FY 2020 Proposed Budget	FY 2020 Estimate	FY 2021 Proposed Budget
REVENUE					
Sales Tax	801,469	838,681	836,400	836,400	803,000
Other	0	0	0	0	0
Interest	15,123	27,184	7,500	15,000	7,500
TOTAL REVENUE	816,592	865,867	843,900	851,400	810,500
EXPENDITURES					
Administration	25,000	25,000	30,000	30,000	30,000
Supplies	0	111	0	0	0
Contractual	3,900	3,910	3,900	3,900	3,900
Sundry	76	0	1,000	1,000	1,000
<u>Projects & Commitments</u>					
Annual Street Program	641,765	507,785	600,000	581,600	600,000
New Sidewalk Development	0	0	0	0	0
New Street Construction	0	0	0	0	0
Transfer to Debt	0	0	159,600	159,600	150,400
Engineering	0	0	40,000	40,000	0
TOTAL EXPENDITURES	670,741	536,805	834,500	821,600	825,300
BEGINNING FUND BALANCE	873,580	1,019,431	1,130,568	1,348,491	1,378,291
REVENUES OVER/(UNDER)					
EXPENDITURES	145,851	329,060	9,400	29,800	(23,200)
ENDING FUND BALANCE	1,019,431	1,348,491	1,139,968	1,378,291	1,355,091



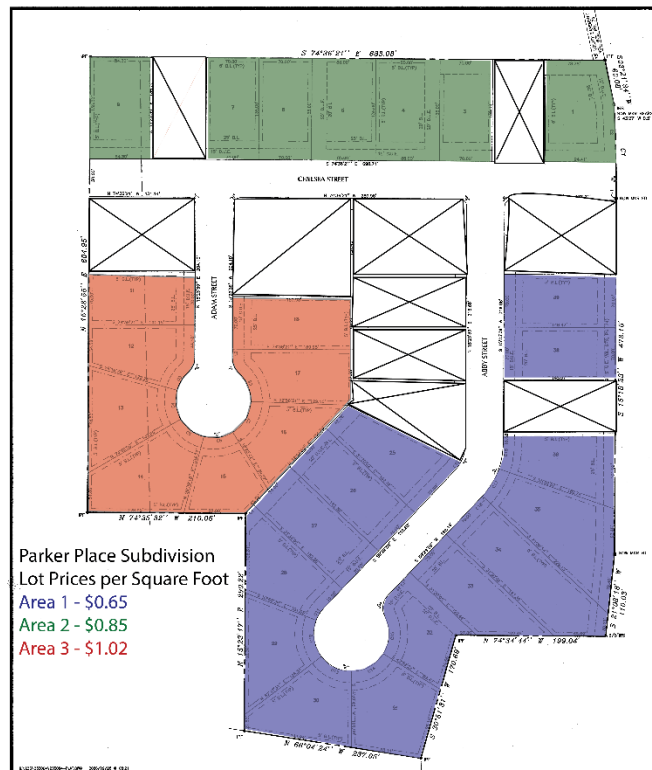
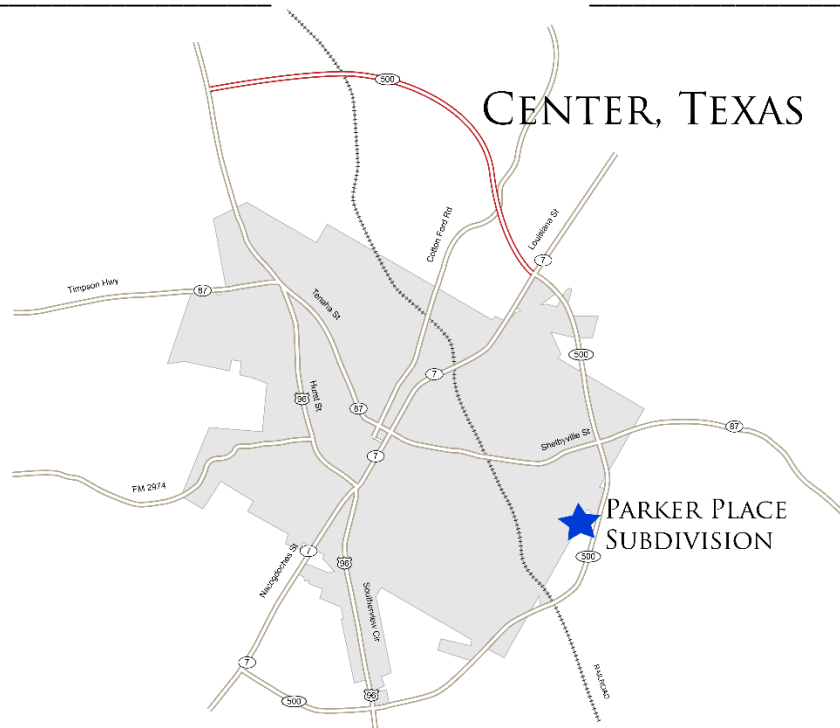
**FY 2021 BUDGET
CENTER LOCAL GOVERNMENT CORPORATION**

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.

The graphics on the following page shows the approximate location of the property and the number, layout, and price points of the available lots.

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Revenues					
Contribution from City	0	36,076	0	0	0
Lot Sales	0	0	15,000	0	15,000
Interest	0	0	0	0	0
Total Revenue	0	36,076	15,000	0	15,000
Expenditures					
Personnel	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	0	562	4,500	1,800	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	562	4,500	1,800	4,500
BEGINNING FUND BALANCE	0	0	35,476	35,514	33,714
REVENUES OVER/(UNDER) EXPENDITURES	0	35,514	10,500	(1,800)	10,500
ENDING FUND BALANCE	0	35,514	45,976	33,714	44,214





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:



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

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

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

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

Tax Rate

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

Debt Structuring

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

Bond Insurance

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

Disclosure

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

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

Debt Refinancing

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

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



Capital Projects

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

Federal Requirements

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



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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 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
Fund Balance as of October 1 (includes receivables)	1,583,305	1,543,304	1,634,600	1,655,319	1,636,519
Revenues	4,818,939	4,967,015	4,963,000	5,025,600	5,019,000
Expenditures	4,858,940	4,855,000	4,963,000	5,044,400	5,019,000
Fund Balance as of September 30	1,543,304	1,655,319	1,634,600	1,636,519	1,636,519
Fund Balance Goal					
Minimum (25%)	1,214,735	1,213,750	1,240,750	1,261,100	1,254,750
Optimal (30%)	1,457,682	1,456,500	1,488,900	1,513,320	1,505,700
Goal Attainment					
Minimum (25%)	126%	136%	132%	130%	130%
Optimal (30%)	104%	114%	110%	108%	109%
Percent Liquid Fund Balance at Year End	95%	94%	90%	95%	95%



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APPENDIX C INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is the investment policy and strategy for the City of Center 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
- Capital Project Fund



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

IV. OBJECTIVES

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

A. SAFETY

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

B. LIQUIDITY

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

C. YIELD

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

D. PUBLIC TRUST

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

V. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS

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

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



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

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

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

VI. RESPONSIBILITY AND CONTROL

A. FINANCE COMMITTEE

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

B. DELEGATION OF AUTHORITY AND TRAINING

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

C. INTERNAL CONTROLS

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

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

- A. Control of collusion.
- B. Separation of transaction authority from accounting to record keeping.



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- 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 probably safety of their capital as well as the probable income to be derived.” In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration.

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

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

E. ETHICS AND CONFLICTS OF INTEREST

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

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

VII. **COMPETITIVE TRANSACTIONS**

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



VIII. SAFEKEEPING AND CUSTODY

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

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

IX. COLLATERAL

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

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

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

X. REPORTING

A. QUARTERLY REPORTING

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

B. ANNUAL REPORT

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

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



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

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

XI. INVESTMENT PORTFOLIO

A. ACTIVE PORTFOLIO MANAGEMENT

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

B. INVESTMENTS

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

- 1. Authorized
 - A. Obligations of the United States of America, its agencies and instrumentalities with a maximum maturity of two years.
 - B. Direct obligations of the State of Texas and agencies thereof with a maximum maturity of 3 years.
 - C. Obligations of the States, agencies thereof, counties, cities and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than an "A" or its equivalent with a maximum maturity of 1 year.



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

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

All securities will be obtained on a competitive bid basis.

2. Not Authorized

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

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

C. HOLDING PERIOD

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

D. RISK AND DIVERSIFICATION



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

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

E. DOWNGRADED SECURITIES

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



APPENDIX D PURCHASING POLICY

I. Purpose

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

II. Bid Procedures

A. Purchases less than \$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 \$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.



Purchases Greater than \$25,000

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

IV. Signature Authority

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

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

V. Conflict of Interest

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

Disclosure of Relationship to Vendor is Required:

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

Employees will complete a Conflict of Interest Form where applicable.

All City employees are to avoid accepting any kind of gratuities, tips, or gifts for himself/herself or for any member of his or her family. This includes merchandise, cash, services, entertainment, and other courtesies. It is essential to both the City and its supplies that all decisions and actions regarding purchasing are based upon proper business considerations and are not influenced in any way by



personal obligations. Most offers of this kind are made in the spirit of good business relations without the intent to obligate the recipient in any way. However, it is extremely difficult to differentiate between minor gratuities or courtesies and those which will cause some feeling of obligation or create any unfavorable impression in the minds of other vendors. Because of this difficulty, employees must refrain from accepting any gratuity regardless of its magnitude or the manner in which it is presented.

Exceptions:

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

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

VI. Professional Services

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

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

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

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

VII. Grant Funding

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

VIII. Cooperative Purchasing

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



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

IX. General Exemptions

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

Emergency Purchases

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

Sole Source Purchases

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

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

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

X. Insurance Requirements

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

XI. Progressive Payments

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

XII. Definition of Capital Purchases

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

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

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



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

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

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



APPENDIX E FINANCIAL POLICIES

I. Internal Controls

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

The broad definition can be subdivided into two components: accounting and administrative, as follows:

Accounting controls comprise the plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records.

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

Objectives

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

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

Responsibilities

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

Written Procedures

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

II. Financial Reporting and Auditing

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

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



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

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

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

III. Expenditures and Accounts Payable

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

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

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

IV. Accounts Receivable

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

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

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

The City will use proper internal controls in the handling of monies and make timely deposit of monies.

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



Collection Policy

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

30 days -- statement mailed by Billing Department

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

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

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



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APPENDIX F CITY ECONOMIC DEVELOPMENT POLICY

**Adopted August 25, 1997, by Resolution Number 97-7
Ratified and Amended August 10, 2009, by Resolution Number 2009-12
Amended October 25, 2010 by Resolution Number 2010-28**

Section I. Introduction

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

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

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

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

Section II. Tax Abatement General Criteria

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

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

The project must not have any of the following objections:

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



compliance with any public nuisance laws, generally Chapter 30 of Center Code of Ordinances, or the Center Zoning Ordinance, as in effect at time of application.

Section III. Specific Criteria for Projects

Section A. Policy A.

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

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

Section B. Policy B.

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

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

Section C. Policy C.

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

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

Section IV. Applications for Reinvestment Zones and Tax Abatement.

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

- A. A general description of the project including purpose and explanation of the improvements as how the project will meet the criteria established by this document.



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

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

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

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

Section V. Designation of a Reinvestment Zone

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

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

Section VI. Tax Abatement Agreement

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

- 1. All appropriate stipulations included in the application, as outlined by this document, for a reinvestment zone and tax abatement agreement.
- 2. The amount and duration of the tax abatement.



-
3. A method for determining the qualifications of meeting the criteria and a promise to meet and maintain these qualifications over the term of the agreement, the City will be allowed to inspect and audit records to substantiate the meeting of criteria of qualifications.
 4. A provision that in the event the agreement is not kept, the tax abatement agreement will be determined null and void and all abated taxes will be paid immediately to the City and all other taxing units participating in the agreement.

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

Section VII. Sales Tax Revenue Sharing

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

A. Development Criteria and Qualifications

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

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

B. Incentive & Guidelines

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

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

C. Reporting and Compliance

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



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

Section VIII. Other Incentives

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



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APPENDIX G ECONOMIC CORRECTION POLICY

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

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

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

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

Short Term Adjustments				
Fund balance resources above the 30% optimum level may be used to meet short term financial needs.				
Sales tax drop of	General fund revenue drop of	Utility fund revenue drop of	Measure	Action Initiated by:
2%	1%	2%	Situational awareness	Finance officer via monthly financial reports
5%	5%	5%	Manage vacant positions. If there happen to be vacant positions, then those will be reevaluated to determine if immediate filling of the position is in the best interest of the City. Vacant positions can either have a hiring delay, or a re-evaluation to determine if existing staff can manage the workload, or if the work can be contracted out.	City Manager
10%		10%	Defer capital or discretionary purchases. Capital purchases can be evaluated to determine if the expenditure of non-bond fund related monies are in the best interest of the City. Capital purchases will be examined based on cost, potential long-term savings, service enhancements, or increased operational cost. Those capital purchases that will not negatively impact the City's fund balance, provide operational efficiencies, or result in net cost savings, may be approved to proceed. Those purchases or projects that will be a drain on City resources, provide non-essential service enhancements, or result in increased operational costs will be heavily scrutinized.	City Manager



			Reduce expenditures. The third step in this policy is for department heads to carefully review their budgets and seek ways to trim operational expenditures. Some examples include, but are not limited to: reductions in training and travel, office supplies, fuel, etc.	City Manager with possible Council approval
10%	10%	10%	Increase transfers. If one fund is not as adversely affected over another, then that fund (e.g. utility fund) can either expedite the annual transfer amount or increase the transfer amount. This may or may not be done as a due to/due from.	City Manager
Long Term Organizational Adjustments				
Fund balance resources above the 25% minimum level may be used to meet select financial needs.				
15%	15%	15%	Hiring freezes. The fourth step in this policy is to place a total freeze on hiring for any new or replacement non-essential open position. Essential positions include those in the police and fire departments, water production, and sewer treatment.	City Council
18%	18%	18%	Adjust or expand fees. The City can look to adjust the amount of fees that it charges. The City will examine all rates and fees that are at its' discretion and determine which can be raised to generate sufficient revenue. This can include, and not be limited to: water and sewer rates, garbage rates, recreation fee rates, and municipal court fines and fees. The City can explore the feasibility of creating new fees to ensure continued City operations. Some possibilities include and are not limited to: monthly street, fire protection, and park assessments. These would be adopted by Council by ordinance and then added to each utility customer account.	City Council
			Service level adjustments. The Council could consider the measure of adjusting City service levels in order to reduce costs, up to and including the elimination of services that could either be temporary or permanent.	City Council
			Use of fund balance below 25% minimum level. One of the purposes of a healthy	City Council



			fund balance is to prepare for emergencies that result in a temporary loss of revenue. Per the City's fund balance policy, fund balance can be used to help the City manage through a crisis, and once over, the fund balance is to be replenished as soon as possible. It is expected that if the City were at this point then fund balance resources would be allowed to go below the 25% minimum threshold established by policy.	
20%	20%	20%	Temporary reduction in pay. An option for the Council to consider would be to temporarily reduce the employee's pay amounts.	City Council
			Reduction in force. As a final option effort to ensure the City's financial sustainability, the City may require a reduction in force/layoffs. This is the least desirable alternative for the City to adopt and must be done only when all other alternatives have been used. Personnel who are retirement eligible may be asked to take early retirement. Or, the City may evaluate positions for potential layoffs. If the City engages in layoffs, it will follow established procedures from the personnel manual.	City Council



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APPENDIX H FUND TRANSFER POLICY

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

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

Utility Fund

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

Solid Waste

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

Hotel Occupancy Tax

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

4A and 4B EDC's

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



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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.

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



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

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

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

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

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

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

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

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

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

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

Enterprise fund: See proprietary fund.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property taxes: See Ad Valorem taxes.

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



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

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

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

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

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

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

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

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

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

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

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



Acronyms Used in the Budget Document

A/R	Account Receivable
AWOS	Automated Weather Observing System
BVP	Bulletproof Vest Partnership
CATE	Career and Technical Education
CCN	Certificate of Convenience and Necessity
CFE	Certified Fraud Examiner
CIP	Capital Improvement Plans
CJD	Criminal Justice Division
CO	Certificate of Obligations
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CFVD	Center Volunteer Fire Department
DIR	Department of Information Respurces
DOJ	Department of Justice
EDC	Economic Development Corporation
ETJ	Extra Territorial Jurisdiction
FEMA	Federal Emergency Management Administration
FY	Fiscal Year
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officer's Association
GO	General Obligations
HGAC	Houston- Galveston Area Council
HIF	Housing Infrastructure Fund
HOME	Home Investment Partnerships (CPD program)
I&S	Interest & Sinking
ISO	Insurance Services Office
JAG	Justice Assistance Grant
LGC	Local Government Corporations
LPV	Localized Performance with Vertical Guidance
M&O	Maintenance & Operation
PEG	Public, Education, & Government
PILOT	Payment in Lieu of Taxes
PPE	Personal protective Equipment
RAMP	Routine Airport Maintenance Program
RFB	Request For Bid
RFP	Request For Proposals
RFQ	Request For Quotations.



ROW	Right Of Way
SCAD	Shelby County Appraisal District
SCADA	Supervisory Control and Data Acquisition
STEP	State Trade Expansion Program
SUP	Specific Use Permit
TCDP	Texas Community Development Program
TCEQ	Texas Commission on Environmental Quality
TDA	Texas Department of Agriculture
TIF	Tax Increment Financing
TIRZ	Tax Increment Reinvestment Zone
TML	Texas Municipal League
TMRS	Texas Municipal Retirement System
TPWD	Texas Parks and Wildlife Department
TWDB	Texas Water Development Board
TXDOT	Texas Department of Transportation
WAAS	Wide Area Augmentation System
WAM	Weighted Average Maturity
WSC	Water Supply Corporation
WWTP	Wastewater Treatment Plant