



City of Center

Fiscal Year 2021-2022

Budget Cover Page

August 23, 2021

This tax rate will raise more revenue from property taxes than last year's budget by an amount of \$97,200, which is a 5.5 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$86,904.

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

Jerry Lathan, Dist. 2
Randy Collard, Dist. 4

AGAINST:

PRESENT and not voting:

ABSENT:

Terry Scull, At Large

Property Tax Rate Comparison

	2021-2022	2020-2021
Property Tax Rate:	\$0.619233	\$0.619233
No New Revenue/ Effective Tax Rate:	\$0.619345	\$0.619233
No New Revenue/ Effective M&O Tax Rate	\$0.382571	\$0.366063
Voter Approval/ Rollback Tax Rate:	\$0.620625	\$0.627480
Debt Rate:	\$0.211083	\$0.234724

Total debt obligation for City of Center secured by property taxes:
\$839,466.





**FY 2022 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

Brianna Suell

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

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 01, 2020

Christopher P. Morill

Executive Director



FY 2022 BUDGET
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August 18, 2021

The following is the City of Center financial plan and budget for Fiscal Year 2022. 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 generate this budget. 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 weighs different needs and requests from our community. This budget expresses 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 goals and prioritizing the use of our resources. The budget is a control tool; providing the legal authority for our staff to ensure continuity of operations. Finally, the budget is a management tool; demonstrating the methods of service delivery and monitoring service value and efficiency.

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 funds 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 18, 2020

To: Mayor, City Council Members and Residents of Center

From: Chad D. Nehring, City Manager

Subject: FY 2022 Budget Transmittal Letter

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2021-2022 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.

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

COVID-19

The COVID-19 pandemic continues to be a factor effecting budget development. The City has made a number of alterations and changes to the budget as a result of the pandemic's effects to date and anticipated continued impacts.

- Sales tax revenue is projected to be up 2% in FY 2022 after some adjustments for stimulus income and significant construction activity in 2021.
- Civic Center revenue is down with expectation that revenues will recover in FY 2022.
- The City received grant funds in FY 2020 and FY 2021 to offset COVID-related expenses, including funding dedicated to the Center Municipal Airport.
- Current federal funding from the ARPA through the Texas CLFRF program will provide further reimbursements and resources for broadband/utilities capital projects.

Property Tax

The existing tax base contracted in FY 2021 where economic conditions warranted property reappraisals. While that impacts the No New Revenue Rate for the FY 2022 budget, additional new value added to the tax roll as industrial projects are completed will provide increase revenues.

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 roughly similar to the new 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, adjusting for Debt Rate changes and several other factors. 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 \$0.75705/\$100 valuation because Center has a population less than 30,000 and additional can utilize up to three years of increment, which is the difference between the adopted rate and the Voter Approval Rate.

Because of the overall environment, the Council decided to stay at the same tax rate as the prior year, which is lower than both the No-New-Revenue/Effective tax rate and the Voter Approval Rate.

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 2022, while completing the capital projects underway from the 2019 bond issue and subsequent grant awards.

Capital Project Completion

FY 2021 saw completion of several planned capital projects. The Downtown Renewal project, Center Soccer Park – former Ballard Street Community Park and acquisition of new fire tanker/pumper despite interruptions and confusion from the COVID pandemic, unusually high annual rainfall, one hurricane and two winter storms.

Quality of Life Projects

The City has received 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 including local match from Tyson Foods.

The completion of Phase II of Downtown Renewal will be completed as we proceed into FY 2022, consisting of the two, mid-block alleys and three corner extensions which was partially funded by Texas Department of Agriculture Downtown Revitalization Grant.

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 but focus on highway entryways, downtown enhancement and general cleanliness.

Comprehensive Personnel Assessment

Effecting the recommendations of the City's personnel compensation survey, benefits comparison which developed job classification structure and merit-based compensation system to attract and retain quality employees.

Economic Development



The Center Economic Development Corporation continues to be aggressive in assisting all aspects to enhance the City's ability to attract outside investment, capitalize on local business operations and secure the economic conditions of the community.

Public Safety

The City is a recipient of a COPS Grant which has allowed the City to hire two additional police officers enhancing patrol and response capabilities.

Utility Projects

The City's new elevated storage tank was a project in the 2019 CO package and is subsidized by a 2019 TCDP grant award. This project will begin construction in FY 2022 upon the completion of the City's distribution system model.

Long Range Financial Situation

The City is Center heads into the FY 2022 Budget in a healthy financial position. With revenues projecting to slightly increase, allowing expenditure growth where directed and necessary for desired service levels and some enhanced priorities. 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 2022 Budget was not the most difficult but did present its share of challenges. Continued COVID-19 pandemic, federal policy changes, state legislative mandates and external stimuli inject an undesirable degree of uncertainty and variability into financial forecasts as well as creating localized economic challenges and impacts. New laws and economic conditions will consistently present pressure on the City's ability to raise additional funds for service enhancements, new programs or capital projects.

However, there is positive momentum in the completion of capital projects, rejuvenated downtown, growth in commercial activities, and significant industrial development. With all the uncertainty experienced worldwide, these positive actions and activities continue to further the vision the Council has for the community.

This Budget exemplifies a City striving to enhance both its physical infrastructure and service delivery and desire for improved quality of place in hopes of attracting additional investment and community spirit. 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 dedicated to pursuing these goals.



FY 2022 BUDGET EXECUTIVE SUMMARY

This section of the FY 2022 Budget 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 2022 Budget are:

- Stabilization of property tax rate and corresponding revenue relative to sales tax income;
- Completion of 2016 -2020 Capital Improvements Program projects and planning for future needs;
- Maintaining personnel benefits to attract and retain qualified employees;
- 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 32.

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

Sales Tax

Understanding the City's sales tax revenue stream is the starting point for comprehending the overall budget. Sales taxes represent approximately 42% of the City's 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 2021. While this has definitely been unexpected but welcome news that reflects a healthy, growing economy, a part of this sales tax growth is a result of non-recurring payments. In FY 2022, the City is anticipating sales taxes to increase 2% from 2021 less the construction related non-recurring receipts and accounting for inflationary economic conditions, this could be a conservative projection.

For more information on Sales Taxes, visit Pg. 70.

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 effectively utilizing it to reduce demands for property tax revenues. Consequently, the Council made the policy decision to start to shift operational reliance to prior levels of property tax revenue.



While sales tax revenue is high and growing, there is less pressure to consider property tax revenue 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 decline, the City must look for other ways to overcome revenue gaps placing pressure on the property tax rate.

The City must include the Sales Tax for Property Tax Relief when calculating the No-New-Revenue/Effective property tax rate. If total property values decrease and provide 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 from taxes.

For more on the relationship between Sales and Property Tax, look on Pg 77.

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.

Tax base

The City's property tax base was projected to grow by 2% each year in the City's financial forecast. This budget year is a contrast in current and new value however. The adjusted values for 2021 experienced a decline by 1.7%. While not a large number, it generates a higher tax rate to generate the same amount of levy. Most of the decline can be explained in Commercial properties. New value added from new construction and annexation added over \$14,000,000 to the rolls and generates increased revenue while maintain the same tax rate.

For more information on the Property Tax base, visit Pg. 72.

Transfer to debt fund

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

Overall expenditure growth

While the City's FY 2022 operational budget increases 4% compared to the FY 2021 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 and Police. Since 2013, an additional one and a half positions are now funded in Parks department and three positions have been reinstated in Police. The City has also added new park facilities and downtown enhancements, 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 cost increase	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Budget	Average Annual Increase
Police	1,776,959	1,782,288	1,877,258	1,961,780	2,034,021	2,059,062	2,227,050	2,288,050	3.6%
City Hall	727,194	741,882	783,115	754,547	796,794	831,163	892,350	885,300	2.7%
Parks	118,771	140,514	124,189	179,907	232,269	226,993	292,800	259,300	14.8%
Fire	467,374	446,990	447,084	479,719	472,556	497,977	580,500	550,600	2.2%
Streets	380,784	417,400	365,949	319,284	334,294	392,847	399,650	462,100	2.7%

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 mechanism. This approach also allows the City to make lower payments and regulate the budget as compared to enduring substantial, one time expenditures. Properly 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 75.

	Property Taxes	Sales Taxes	Law Enforcement	Franchise Fees	Airport	Permits	Usage Fees	Miscellaneous	Transfers	Interest	Grants
Non-Dept	54,450	103,800	-	70,000	-	-	1,000	1,000	180,000	-	-
City Hall	112,400	214,273	-	125,000	-	-	2,600	1,000	425,000	5,000	-
Police	695,500	1,325,860	190,000	-	-	-	-	-	-	-	76,700
Fire	189,450	361,156	-	-	-	-	-	-	-	-	-
Streets	10,150	19,349	-	327,500	-	-	-	-	105,000	-	-
Airport	5,400	10,294	-	-	78,000	-	-	-	-	-	5,000
Cemetery	7,850	14,965	-	-	-	-	-	-	-	-	-
Parks	37,600	71,678	-	150,000	-	-	-	-	-	-	-
Inspection	17,700	33,742	-	20,000	-	15,300	-	2,200	-	-	-
Muni Court	28,100	53,568	35,700	-	-	-	-	-	-	-	-
Animal Control	10,000	19,063	-	-	-	-	-	-	-	-	-
Civic Center	17,900	34,123	-	-	-	-	51,600	-	90,000	-	-
Comm Facilities	26,400	50,327	-	-	-	-	9,000	-	5,000	-	-

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 since 2011. The result is that 16.5 cents of the debt rate can be attributed to these projects. This is over three quarters of the total debt rate; the remaining portion can be attributed to interest and bond issuance costs.

For more detail on the City's debt structure, start on Pg. 115.

The overall conclusion is that previous City Council decisions for infrastructure construction and enhancement have a direct fiscal impact that relies on annual property tax revenue.

Personnel

Personnel represents the City budget's largest cost category. The FY 2022 Budget does not have a cost of living adjustment (COLA) directly identified as historically instituted. Resources are budgeted for personnel adjustments related to the recommendation of the payroll scale and pay grade system study. The City did have 3% health insurance premium adjustment and a slight decrease in the retirement (TMRS) actuarial contribution rate. One new half-time position was added in the



Recreation Fund to accommodate for service and revenue enhancement. The City is the recipient of a COPS grant which is funding two police officer positions added last year as filled.

Structural Balance

An analysis of the General Fund's structural balance was begun last year. 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. 113.

Fiscal Health

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. 49.

Capital

- The City is expecting to complete the 2020 Tx Dept of Ag - Downtown Revitalization Project by December 2021.
- The City has initiated the construction phase with grant funding for the Perry Sampson Park Rehabilitation project and anticipate construction completion by Spring 2022.
- The City also is currently developing plans for construction of an elevated water storage tank on the South side of Center with grant funds from Texas Dept of Ag – CDBG program.

The City's goal for FY 2022 is to complete all the projects funded in the 2019 CO's.

Visit the Capital Improvements Section on Pg. 157.

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 143.

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 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 and decreased regional energy industry activity, HOT revenue was expected to decline in FY 2021. Fortunately, with 2021 baseball tournaments and more energy sector activity, revenues actually increased slightly and are projected flat into FY 2022.

The City utilizes the majority of these funds in two ways: debt service payments for the Windham Civic Center and Civic Center and Community House operations. A portion of funds is annually geared toward activities to bolster the local tourism industry, the City sponsors annual summer state baseball tournaments. The 2021 tournaments are slightly smaller than in previous years due to COVID. It is anticipated that regular travel will resume by Summer 2022. Chamber event sponsorships and downtown amenities are also budgeted annually.

For more information on HOT please visit Pg. 153.



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	Expenditures
General	\$ 5,496,700
Debt - I&S Fund	\$ 1,455,900
Utility	\$ 3,837,900
Solid Waste	\$ 1,662,700
Vehicle Replacement	\$ 97,000
Technology Fund	\$ 197,200
Hotel Motel Fund	\$ 291,300
Recreation	\$ 142,000
Park Fund	\$ 380,000
Court Tech	\$ 3,900
Building Security	\$ 1,000
Seizure Fund	\$ 2,000
Animal Welfare Fund	\$ -
Cemetery Fund	\$ -
Capital Improvement	\$ 200,000
Utility Capital Improvement	\$ 750,000
Type A CEDC	\$ 352,100
Type B Street EDC	\$ 824,900
TIF Fund	\$ 28,250
Local Government Corp	\$ 5,000
TOTAL	\$ 15,727,850

Looking Forward

FY 2022 is going to be an intriguing year based on the variety of external influences. The City will need to monitor the situation regarding the projected economic effects of the COVID-19 pandemic, especially as it relates to sales tax revenue and grant opportunities. FY 2022 will be a year of completing capital projects while planning the refinement of City operations and the next phase of community growth and improvement projects.



FY 2022 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.



-
- 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:

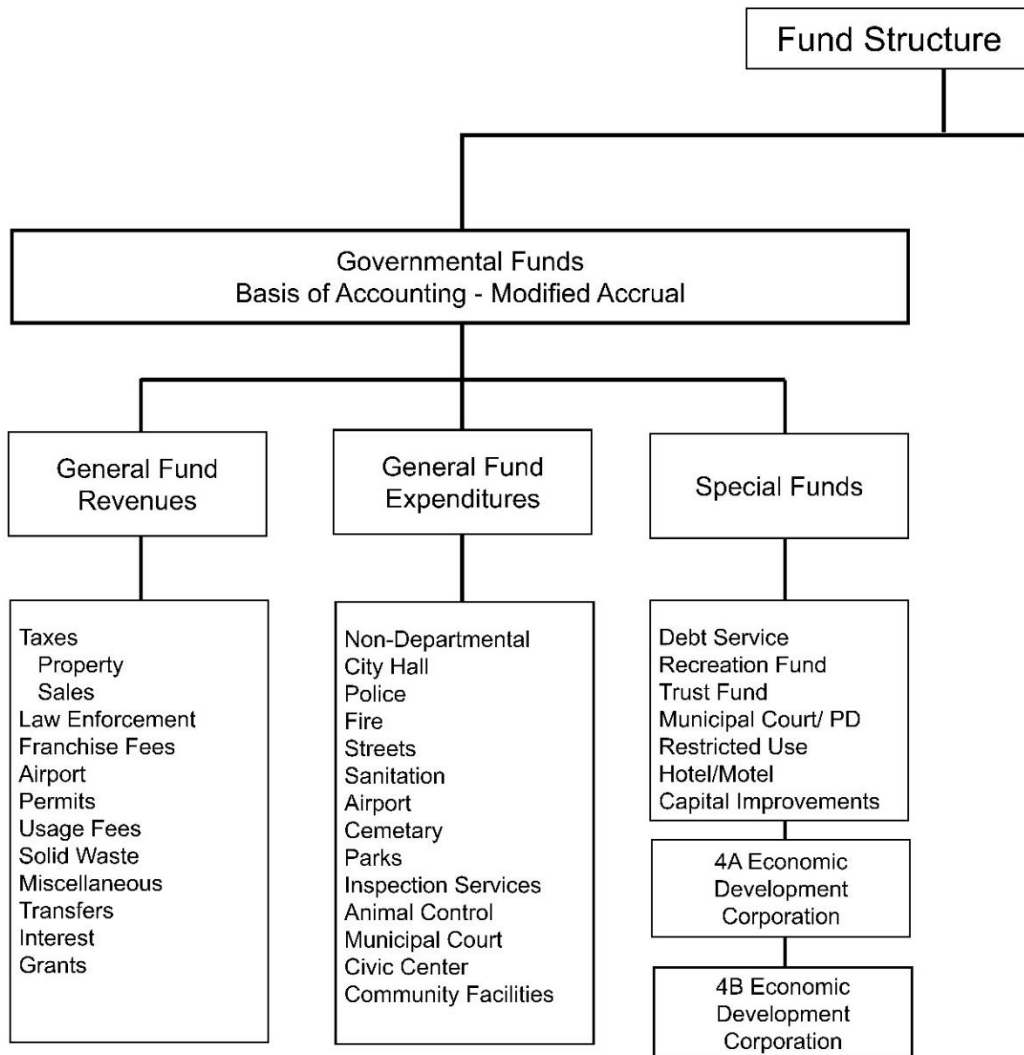
- General Fund – This fund includes the major financial resources of the City except those required to be accounted for in another fund. Major funding sources include sales tax, property taxes, franchise fees, and designated use of resources from other funds
- Special Revenue Funds – These funds are 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.



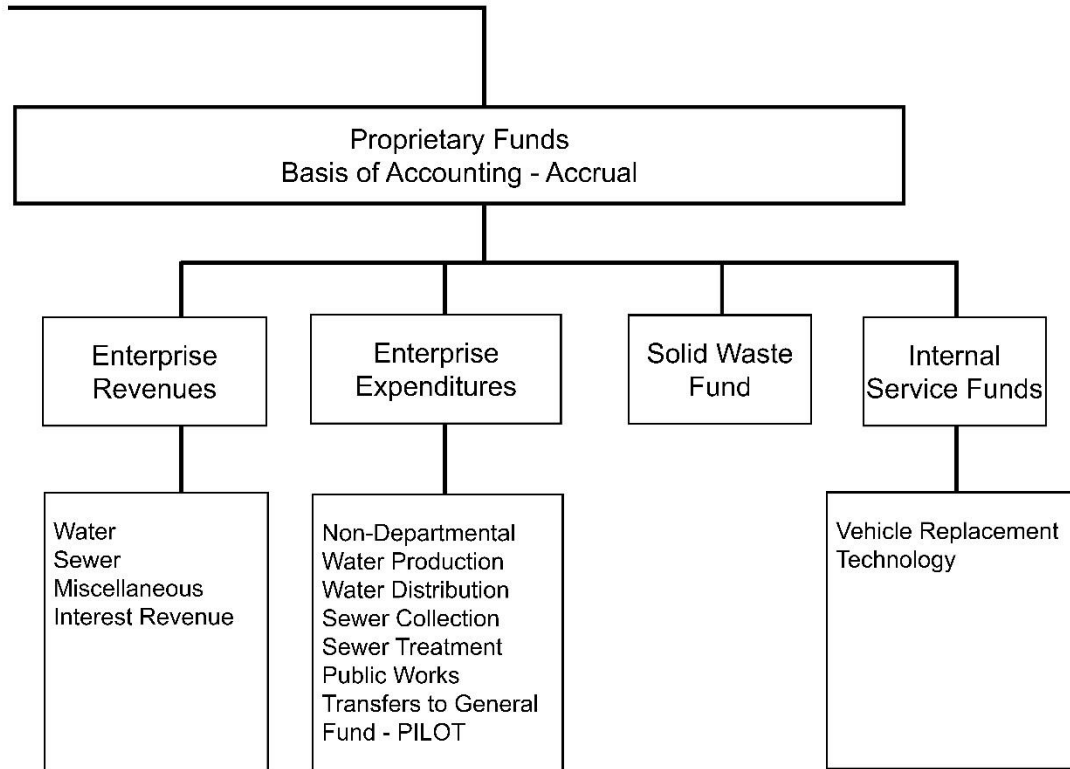
**CITY OF CENTER
FUND STRUCTURE**



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 2022 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 2019 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2019.

FY 2020 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2020.

FY 2021 Adopted Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2021, including revenues, expenditures, and fund balances.

FY 2021 Estimate – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2021. The estimate is calculated as of July 2021.

FY 2022 Proposed– Budgeted amounts for each category for the fiscal year ending September 30, 2022.

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 such that revenues are greater than or equal to authorized expenditures. The City's budget serves as direction 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 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 Comprehensive and Strategic Plans, accomplishments, aspects of the plans that need review or alteration, and desires for new initiatives. Feedback from the City Council is transmitted to Department Heads responsible for developing their operational budgets. City staff begin work creating the annual revenue budgets in mid-April after the Shelby County Appraisal District presents the preliminary tax roll information.

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

Budget Development

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

The City Council is provided a copy of the budget draft for review and comment. Advisory boards that review specific budgets, i.e. Center Economic Development Corporations, Hotel/Motel Advisory Board, etc., provide input and recommendations to the City Council. The City Council will also hold 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 Council adoption.

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

Property Tax Rate Adoption

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



Utility Rate and User Fee Adoption

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

BUDGET CALENDAR

Budget Pre-Planning

Week of March 31, 2021 – Staff begins development of mid-year estimates and financial forecast

Week of May 15, 2021 –Budget development material presented to Department Heads

Week of June 5, 2021 – Department Heads return completed work budgets to the finance department

June 14, 2021 – City Council reviews Department requests, response to strategic plan goals, capital requests, and initial budget draft

June 28, 2021 – City Council receives update of FY 2021 Budget Estimates and revised FY 2022 Proposed Budget

Budget Development

June 1 through July 23, 2021 – Begin development of budget book.

July 12, 2021 – Council adopts resolution setting maximum tax rate to be considered for FY 2022 Proposed Budget.

July 25, 2021 – Deadline for the Shelby County Appraisal District to submit certified tax rolls.

July 26, 2021 – Council is presented with the proposed tax rate calculations

Budget, Tax Rate, and Utility Rates and Fees Adoption

July, 2021 - 4A EDC & 4B EDC Boards recommend approval of their budget to the City Council.

July 23, 2021 – Notice of Proposed Budget Public Hearing is published.

August 9, 2021 – City Council holds Proposed Budget Hearing

August 13, 2021 – Notice of Hearing on Tax Rate is published.

August 23, 2021 – Council adopts tax rate, proposed budget and the annual utility rate and user fee ordinance

October 1, 2021 – 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 expensed in the particular month, amount expensed in the entire year, and amount remaining in the budget. Department Heads are responsible for managing their operation within the appropriation levels established by the Budget.

The City's purchase order system assists Department Heads with oversight of 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 or 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 total tax base	FY 2022 outstanding principle - \$8,738,750 FY 2022 tax base - \$310,820,719 Percentage – 2.8%	In Compliance
Competitive tax rate with peer communities	FY 2022 property tax rate - \$0.619233 Peer community average - \$0.6762	In Compliance
Tax rate ratio balance	M&O Rate - \$0.408150 66% I&S Rate - \$0.211083 34% Total - \$0.619233	In Compliance
Debt instruments not to exceed 20 years	Issue Maturity date Time Remaining 2011 CO's 2023 2 2012 Ref 2023 2 2016 CO's 2036 15 2019 CO's 2039 18 2021 Ref 2030 9	In Compliance

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 2020 audited expenditures - \$4,844,339 FY 2020 audited end fund bal - \$2,118,612 Percent fund balance/expenditures – 43.7%	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.	77.5% of investments are in Local Government Pools, allowed under Section 11.B.1.F 0.5% of investments are in Certificates of Deposit, allowed under Section 11.B.1.D 19.7.% of investments are in Securities, allowed under Section 11.B.1.B/C	In Compliance
Figures are as of June 30, 2021		



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 revenues are greater than or equal to current expenditures, exclusive of Capital Improvement Fund activities.

Policy Metric	Verification	Status
Budget where revenues are greater than or equal to expenditures	FY 2021 Budget Revenues \$13,918,250	In Compliance
	FY 2021 Budget Expenditures \$13,819,150	
	FY 2022 Budget Revenues \$15,043,660	
	FY 2022 Budget Expenditures \$14,777,850	

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	141 PO's issued – FY 2020	In Compliance
	78 PO's issued YTD(July) – FY 2021	

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, Unqualified Opinion - FY 2020 audit	In Compliance

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

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

Policy Metric	Verification	Status
Utility Fund transfer to General Fund – FY 2020. Not exceed 20% Utility Fund transfer to Debt Fund – FY 2020. Not to exceed 20% Solid Waste transfer to General Fund – FY 2020. Not exceed 25%	Utility Fund Revenue - \$3,612,738	In Compliance
	General Fund Trans - \$545,000 – 15.1%	
	Utility Fund Revenue - \$3,612,738	
	Debt Fund Trans - \$471,500 – 13.1%	
	Solid Waste Revenue - \$1,560,464	
	Solid Waste Franchise - \$108,400	
	Solid Waste Transfer - \$200,000	
	Total - \$308,400 – 19.8%	
	4A EDC Revenue - \$440,130	
	General Fund Trans - \$60,000 – 13.6%	
4A EDC admin fee to General Fund – FY 2020. Not exceed 20% 4B EDC admin fee to General Fund – FY 2020. Not exceed 5% Hotel Occupancy Tax transfer to Debt – FY 2020. Not exceed 50% Hotel Occupancy Tax transfer to General Fund – FY 2020. Not to exceed 35%	4B EDC Revenue - \$880,260	
	General Fund Trans - \$30,000 – 3.4%	
	HOT Revenue - \$305,707	
	Debt Fund Trans - \$142,000 – 45.4%	
	HOT Revenue - \$305,707	
	General Fund Trans - \$85,000 – 27.8%	



**CITY OF CENTER
STRATEGIC PLAN
FY 2018 – FY 2022**

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.

Strengths

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

Opportunities

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

Weaknesses

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

Threats

Loss of industry/employers
Continuing 'run down' appearance



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

Objective 2. Expand and diversify the local industrial base.

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

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

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

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



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

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

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

Objective 6. Develop Center as a retail hub.

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

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

Objective 1. Grow the physical boundaries of the City

1. Review the Future Land Use Maps and revise the City's zoning map to reflect Future Land Uses.
2. Identify utility extension projects which will allow for system growth; Coordinate 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

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	\$10,000	Purchase and install new community banners	HOT Trust Fund
Downtown lights	\$10,000	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	\$142,000	Recreation program enhances local quality of life	Recreation 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.

GOAL E. ENHANCE CORE PUBLIC SERVICE DELIVERY

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

1. Develop plant improvement programs (i.e. water production and sewer treatment plants)
2. Implement the water master plan to address future needs
3. Explore long term water needs
4. Identify those areas of the City that are in need of enhanced pressure or 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.

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

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 2022 – FY 2026

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 volatile and temporary. 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 would need to be enhanced to accommodate the larger in-town population. Requests for City building permits and inspections could necessitate the City reevaluating staffing in the Inspection department.



2019 saw a pull-back of regional energy industry activity and Hotel taxes started to decline. However, sales tax receipts showed continued modest strength. 2021 has seen a dramatic contraction of the global energy industry with the impacts of COVID-19 and shifting federal policies. 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 continue.

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

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	3%	6%	10%	15%
Assumes 80 FTE's - \$7,500 per year	\$566,500	\$583,495	\$600,490	\$623,150	\$651,475
Increase Amount	\$0	\$16,995	\$33,990	\$56,650	\$84,975

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, limiting production at the local plant. 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 reaction by Health Departments effected meat plants specifically, there could be potential of a situation causing the workforce to stay home and thereby halting 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 40% of the City's Utility Fund revenue. If Tyson payroll dollars are not circulating in the local economy, the City is not receiving sales tax revenue. Further, local grower losses and payroll declines would place local banks under operational stress. This could, in turn, prevent local businesses from receiving financing and deter consumers from making large purchases.

Tyson Foods Projected Utility Bill Decline Scenarios				
	Actual – January 2020 to December 2020	10% Decline	25% Decline	50% Decline
Amount	\$1,346,646	(\$134,665)	(\$336,662)	(\$673,323)

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 would be terribly detrimental to annual revenues.

Unfunded Mandates – 2021 legislative session generated several mandated actions by cities specific to public safety payroll, budgets and leave that increase the potential costs of operations and limit the City's ability to control its law enforcement budget.

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 2022 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2022 through 2025 are calculated at 3% to 4% annual increases.
- 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.

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 an overall decline. This is due to the fact customers continue 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 \$420,000 in FY 2022 and \$425,000 beginning FY 2024. A similar transfer/administration fee is assessed to the Solid Waste Fund. For FY2018, a 3% franchise fee was assessed to the Utility Fund was established in FY 2018 similar and 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 2025.

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

Sales Tax Revenue

For a time, the City became over-reliant on sales tax revenue to fund operations – sales tax receipts would be greater than or equal to 50% of total general fund revenues. As evidenced from FY 2010 to 2014, sales tax revenue can be 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). COVID-19 pandemic effect on the City's sales tax receipts was positive rather than the projected negative primarily due to continued construction activity but also less travel resulting in increased local retail activity. The FY2022 budget projects a slight decrease of 1.5% from current year estimate. This includes 2% retail growth but net of the identifiable non-recurring construction-related receipts specific to May and June, 2021. Moving forward, the City will again be on the path projecting 3% annual growth.

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 Actual	3,517,648	4.9%	1,758,824	439,700	2,198,524	879,412	439,706
FY 2021 Estimated	3,750,000	6.6%	1,875,000	468,800	2,343,800	937,500	468,800
FY 2022 Proposed	3,693,750	-1.5%	1,846,875	461,700	2,308,575	923,400	461,700
FY 2023 Projected	3,804,600	3.0%	1,902,300	475,600	2,377,900	951,200	475,600
FY 2024 Projected	3,918,700	3.0%	1,959,350	489,800	2,449,150	979,700	489,800
FY 2025 Projected	4,036,300	3.0%	2,018,150	504,500	2,522,650	1,009,100	504,500
FY 2026 Projected	4,157,400	3.0%	2,078,700	519,700	2,598,400	1,039,400	519,700



Property Tax Rate

The Forecast anticipates that the property tax rate will remain stable over the forecast period.

Revenue sources that are under the City's control, such as the property tax rate, will need to be evaluated as the rising costs of personnel services exceeds the City's ability to generate revenue from sales taxes and valuation increase. The current year appraised values will be revised as almost 4% of taxable value (\$11,719,840) which is a substantial deviation, is currently under protest. This forecast also anticipates the City moving towards 70%-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	0.600000	57.2%	42.8%
2020	298,213,144	0.353166	0.256834	0.610000	57.9%	42.1%
2021	294,829,703	0.384509	0.234724	0.619233	62.1%	37.9%
2022	298,820,719	0.408150	0.211083	0.619233	65.9%	34.1%
2023	307,785,341	0.425448	0.193785	0.619233	68.7%	31.3%
2024	320,096,754	0.431832	0.187401	0.619233	69.7%	30.3%
2025	332,900,624	0.440369	0.178864	0.619233	71.1%	28.9%
2026	346,216,649	0.436819	0.182414	0.619233	70.5%	29.5%

*** The FY2022 taxable value does not include the total amounts under protest

It is possible that the City will need to raise the property tax rate in excess of \$0.62 if the Council desires expanded services or if valuation increases do not trend as projected.

General Fund Revenue Summary

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2021 Estimate	FY 2022 Proposed	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026
Property Taxes	1,004,094	1,084,782	1,121,300	1,142,500	1,212,900	1,243,038	1,287,943	1,357,103	1,427,118
Sales Taxes	2,099,753	2,202,454	2,065,000	2,347,400	2,312,200	2,308,600	2,377,900	2,449,200	2,522,700
Law Enforcement	177,610	189,468	225,200	233,500	225,700	185,000	190,000	190,000	195,000
Franchise Fees	705,403	676,984	676,400	681,500	692,500	692,500	700,300	709,200	718,200
Airport	98,043	82,024	80,600	75,500	78,000	85,800	94,380	103,818	114,200
Permits	35,860	13,553	15,700	18,800	15,300	15,000	15,000	15,000	15,000
Usage Fees	71,117	40,045	67,600	51,200	64,200	80,000	80,000	80,000	80,000
Solid Waste	137	-	-	-	-	-	-	-	-
Miscellaneous	31,124	28,963	4,200	83,400	4,200	5,000	5,000	5,000	5,000
Transfers	780,000	790,000	790,000	790,000	805,000	809,000	838,100	847,300	851,500
Interest	36,471	20,417	20,000	5,000	5,000	21,000	20,200	20,000	20,000
Grants	17,820	64,524	6,600	401,375	81,700	86,600	86,600	4,000	4,000
TOTAL	5,057,431	5,193,214	5,072,600	5,830,175	5,496,700	5,531,538	5,695,423	5,780,621	5,952,718



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 2019 Actual	FY 2020 Actual	Adopted FY 2021	FY 2021 Estimate	Proposed FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026
Water	2,639,399	2,571,019	2,763,300	2,763,000	2,774,400	2,842,300	2,905,600	2,970,400	3,036,800
Sewer	876,736	915,018	918,000	971,000	976,000	1,016,500	1,057,100	1,099,200	1,143,100
Miscellaneous	8,939	147,629	3,000	900	1,900	2,900	2,900	2,900	3,100
Interest	31,287	12,418	12,000	6,200	5,200	17,000	17,000	17,000	17,000
Tap Fees & Charges	87,002	92,679	77,700	77,300	80,400	68,400	68,400	68,400	68,400
Total	3,643,363	3,738,763	3,774,000	3,818,400	3,837,900	3,947,100	4,051,000	4,157,900	4,268,400

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 adjustments by 3% each year. Increases in salaries translate into proportionate increases in Social Security and Pension contribution. While rate



is not projected to change now that the City is funding the full contribution rate. Health insurance premiums are projected to rise an additional 6% each year. 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 demand on services or elected 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 estimated.

General Fund Summary

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2021 Estimate	FY 2022 Proposed	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026
TOTAL REVENUE	5,057,431	5,193,214	5,072,600	5,830,175	5,496,700	5,531,538	5,695,423	5,780,621	5,952,718
Personnel	3,154,001	3,386,563	3,412,800	3,511,200	3,741,200	3,825,000	3,949,900	4,079,300	4,213,400
Supplies	95,545	123,216	129,000	135,950	144,000	142,700	149,800	160,300	171,500
Contractual	641,359	777,312	766,750	751,905	809,900	774,500	797,700	821,600	846,200
Utilities	246,239	221,424	250,000	244,700	257,100	252,000	259,600	267,400	275,400
Sundry	183,015	109,361	186,250	184,050	195,450	185,000	185,900	186,800	187,700
Maintenance	324,815	241,573	303,500	299,650	310,900	314,600	330,300	346,800	364,100
Capital	247,289	73,621	24,300	137,100	31,000	50,000	50,000	50,000	50,000
Transfers	-	-	-	10,300	7,150	-	-	-	-
TOTAL	4,892,263	4,933,069	5,072,600	5,274,855	5,496,700	5,543,800	5,723,200	5,912,200	6,108,300
Revenues Over/ (Under) Expenditures	165,168		-	555,320	-	(12,262)	(27,777)	(131,579)	(155,582)

The conclusion is that the General Fund is balanced in FY 2022 and projects well into FY 2024. However, the forecast does expose the potential of notable revenue deficits starting in FY 2025.

Utility Fund Summary

	FY 2019 Actual	FY 2020 Actual	Adopted FY 2021	FY 2021 Estimate	Proposed FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026
Total Revenue	3,643,363	3,738,763	3,774,000	3,818,400	3,837,900	3,947,100	4,051,000	4,157,900	4,268,400
Personnel	1,190,085	1,206,463	1,175,700	1,165,500	1,249,100	1,316,900	1,360,600	1,405,700	1,451,900
Supplies	410,284	303,857	386,100	367,300	385,600	397,200	409,100	421,400	434,000
Contractual	327,757	342,401	376,000	352,100	387,500	395,300	403,200	411,300	419,500
Utilities	359,063	305,783	366,100	345,400	368,200	375,600	383,100	390,800	398,600
Sundry	35,804	47,229	56,400	59,700	63,300	63,900	64,500	65,100	65,800
Maintenance	294,789	347,520	370,200	407,000	360,300	371,100	382,200	393,700	405,500
Capital	151,926	153,713	27,000	27,000	-	100,000	100,000	100,000	150,000
Transfers	950,292	1,057,094	992,900	992,500	1,004,100	1,009,326	1,014,345	1,020,197	1,021,850
TOTAL	3,720,001	3,764,060	3,750,400	3,716,500	3,818,100	4,029,326	4,117,045	4,208,197	4,347,150
Revenues Over/ (Under) Expenditures	(76,638)	(25,297)	23,600	101,900	19,800	(82,226)	(66,045)	(50,297)	(78,750)

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.



The result of this exercise shows that there are some issues with the Utility Fund and that for the long term it does not adequately support non-debt supported capital asset improvements to the systems. Some ways that this can be resolved are through careful monitoring of expenses projected for constant growth; personnel compression – staffing levels and turnover could help to moderate the growth in personnel costs; capital – 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.

	FY 2019 Actual	FY 2020 Actual	Adopted FY 2021	FY 2021 Estimate	Proposed FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026
TOTAL GENERAL FUND REVENUE	5,057,431	5,193,214	5,072,600	5,830,175	5,496,700	5,531,538	5,695,423	5,780,621	5,952,718
TOTAL GENERAL FUND EXPENDITURES	4,892,263	4,933,069	5,072,600	5,274,855	5,496,700	5,543,800	5,723,200	5,912,200	6,108,300
Beginning Fund Balance (Audited)	1,609,183	1,774,351	1,708,489	2,034,495	2,589,815	2,589,815	2,577,554	2,549,777	2,418,199
Revenues Over/(Under) Expenditures	165,168	260,145	-	555,320	-	(12,262)	(27,777)	(131,579)	(155,582)
Ending Fund Balance	1,774,351	2,034,495	1,708,489	2,589,815	2,589,815	2,577,554	2,549,777	2,418,199	2,262,617
Fund Balance Analysis									
Target - 25%	1,223,066	1,233,267	1,268,150	1,318,714	1,374,175	1,385,950	1,430,800	1,478,050	1,527,075
Target - 30%	1,467,679	1,479,921	1,521,780	1,582,457	1,649,010	1,663,140	1,716,960	1,773,660	1,832,490
Percent Compliance									
Target - 25%	145%	165%	135%	196%	188%	186%	178%	164%	148%
Target - 30%	121%	137%	112%	164%	157%	155%	149%	136%	123%
Actual Percent of Expenditures	36%	41%	34%	49%	47%	46%	45%	41%	37%

For the forecast period, it appears there are sufficient resources to allow the City to meet its minimum requirements in the Fund Balance Policy through FY 2026. It does warrant notation that the FY 2021 estimate is prior to Council allocation of receipts related to COVID Relief Funds and also does not reflect appropriations for the TDA Downtown Grant match and Perry Sampson Park project totaling roughly \$350,000 that will be booked upon Council amendment of the current FY 2021 budget.

The forecast indicates, given the assumptions, that the City should monitor 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 sustained through 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. The 2021 Refunding of the callable amounts of the 2011 COs resulted in annual savings. Other resources will be transferred to the Debt Fund to further reduce tax levy required for debt obligations. 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	2021 Refunding	Total Debt Service	Park Fund Transfer	Transfer from 4B EDC	Annual Total
2022	155,000	231,125	65,416	72,100	242,550	73,275	839,466	(50,000)	(150,000)	639,466
2023	155,000	230,625	65,791	-	242,050	72,975	766,441	(20,000)	(150,000)	596,441
2024	-	-	64,891		236,300	468,675	769,866	(20,000)	(150,000)	599,866
2025	-	-	66,041		235,550	465,850	767,441	(30,000)	(142,000)	595,441
2026	-	-	65,866		239,550	463,988	769,403	(50,000)	(100,000)	619,403

Utility Fund Supported Debt Payments				
Year	2016 CO's	2019 CO's	2012 TWDB Bonds	Annual Total
2022	196,247	147,725	126,658	470,630
2023	197,372	143,725	130,129	471,226
2024	194,672	144,725	128,348	467,745
2025	198,122	145,475	126,400	469,997
2026	197,597	140,975	129,278	467,850

Finally, FY 2022 is the last obligation for debt payments from the Hotel Occupancy Tax Fund toward the 2007 COs that funded the construction of the John D. Windham Civic Center. This year's payoff to retire that debt instrument is \$140,000.



FY 2022 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.



FY 2022 BUDGET FISCAL HEALTH ANALYSIS

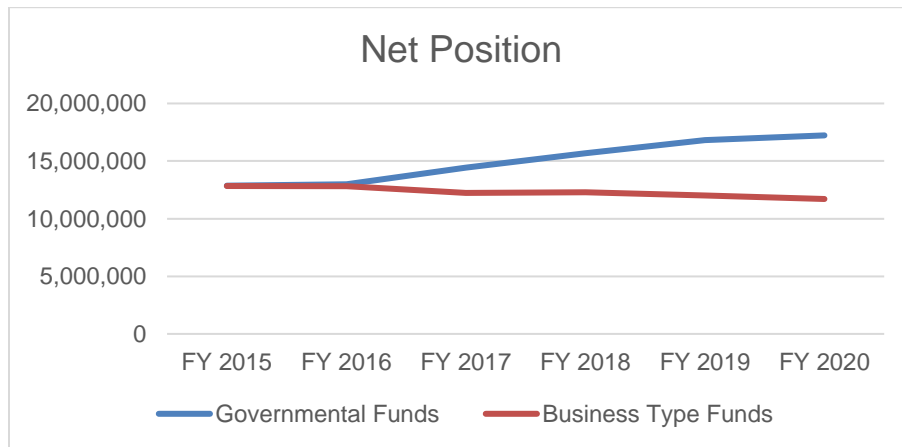
One of the functions of a budget document is to describe the City's financial plan – a component part of that is to conduct an analysis of the City's financial health. The purpose of this section is to provide a sampling of generally accepted metrics of fiscal conditions and then curating the City's 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 relatively stable although slightly decreasing.

City Net Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Governmental Funds	12,866,454	12,988,505	14,425,297	15,667,994	16,819,796	17,229,019
Business Type Funds	12,836,051	12,814,761	12,223,066	12,286,698	12,017,507	11,709,522



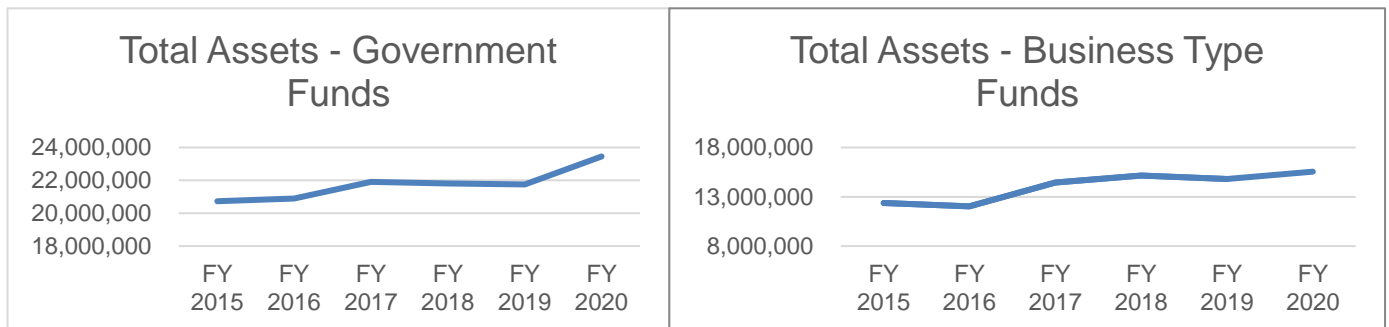


Total Assets

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	FY 2020
Governmental Funds	20,729,922	20,886,757	21,908,448	21,807,004	21,748,038	13,452,834
Business Type Funds	12,363,299	12,029,788	14,455,700	15,147,133	14,806,696	15,549,271

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, whereas the Utility Fund has lower degree of liquidity.

General Fund Cash to Liabilities	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
General Fund Cash/Equivalents	1,348,000	1,054,372	1,370,282	1,448,670	1,795,418	1,991,507
General Fund Total Liabilities	10,624,038	10,957,814	10,220,162	10,022,688	12,762,752	12,015,461
General Fund Current Liabilities	337,040	201,106	258,208	235,964	356,809	212,440
Cash to Current Liabilities	25%	19%	19%	16%	20%	11%

Utility Fund Cash to Liabilities	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Utility Fund Cash/Equivalents	442,696	500,446	1,202,611	1,062,156	967,854	1,067,397
Utility Fund Current Liabilities	554,133	469,271	1,039,885	526,418	624,086	934,587
Utility Fund Total Liabilities	3,258,519	6,094,041	6,350,330	5,224,625	7,283,078	7,027,218
Cash to Current Liabilities	125%	94%	86%	50%	64%	88%

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.

AUDITED FIGURES	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
General Fund Fund Balance	1,464,517	1,082,056	1,583,305	1,543,300	1,774,351	2,118,612
General Fund Expenditures	5,433,290	4,592,325	4,445,060	4,611,076	4,927,832	4,844,339
% FB to Expenditures	27.0%	23.6%	35.6%	33.5%	36.0%	43.7%
Policy Minimum	25%	25%	25%	25%	25%	25%
Policy Optimum	33%	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	FY 2020
City's Taxable Value	263,621,780	280,829,746	280,224,688	279,923,149	282,534,449	298,213,144
Total Principal Outstanding	6,900,000	7,455,000	6,955,000	6,440,000	10,038,750	9833750
Debt Policy Limit - 4%	10,544,871	11,233,190	11,208,988	11,196,926	11,301,378	11,928,526
Principal Outstanding to Taxable	2.6%	2.7%	2.5%	2.3%	3.6%	3.3%
Utility Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Utility Fund Operating Revenues	3,689,121	3,670,280	3,681,385	3,821,141	3,621,018	3,768,299
Non Operating Revenue	(43,288)	(45,116)	119,766	229,752	328,641	(155,561)
Total Revenue	3,645,833	3,625,164	3,801,151	4,050,893	3,949,659	3,612,738
Contribution Limit 20%	729,167	725,033	760,230	810,179	789,932	722,548
Annual Fund Debt Transfers	490,500	231,250	390,000	366,000	350,000	471,500
Debt Transfer Percentage	13.5%	6.4%	10.3%	9.0%	8.9%	13.1%

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

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

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.



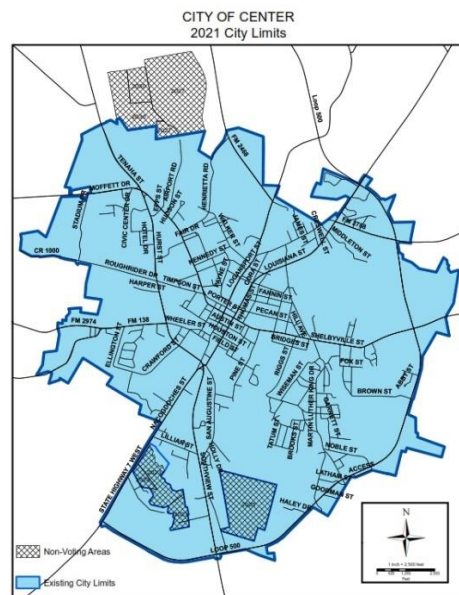
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FY 2022 BUDGET PROFILE OF CENTER, TEXAS



Although the FY 2022 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.

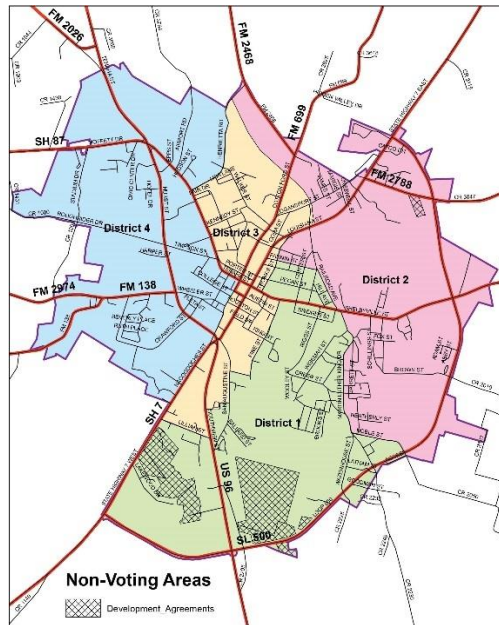


City Government

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.



Center, Texas
Current Voting District Map

History of Center

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

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

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

The Center post office opened in October 1866. In 1869, 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.

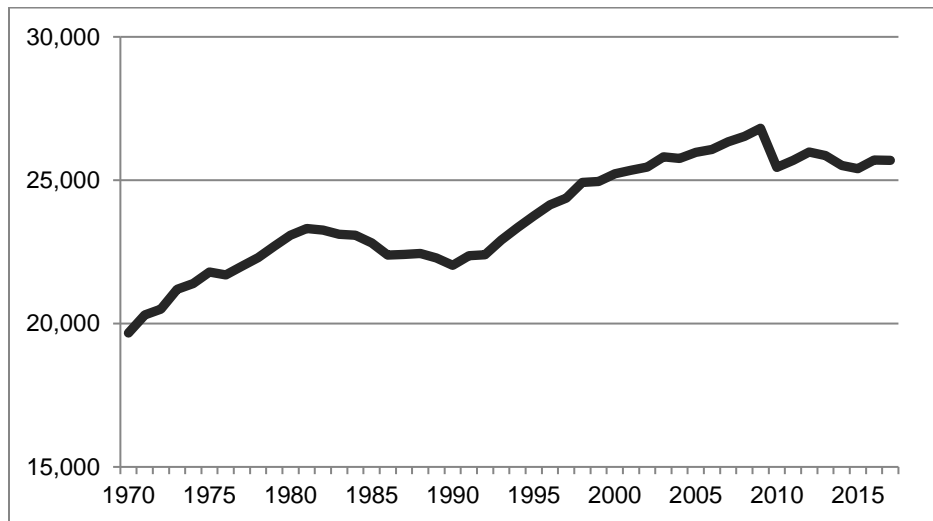
The economy of Center has evolved through four distinct stages. The first stage was cotton; Center boasted a number of cotton gins. Cotton production eventually was superseded by timber production; there were two pulpwood mills located in the city. In the 1950's the poultry industry was introduced in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



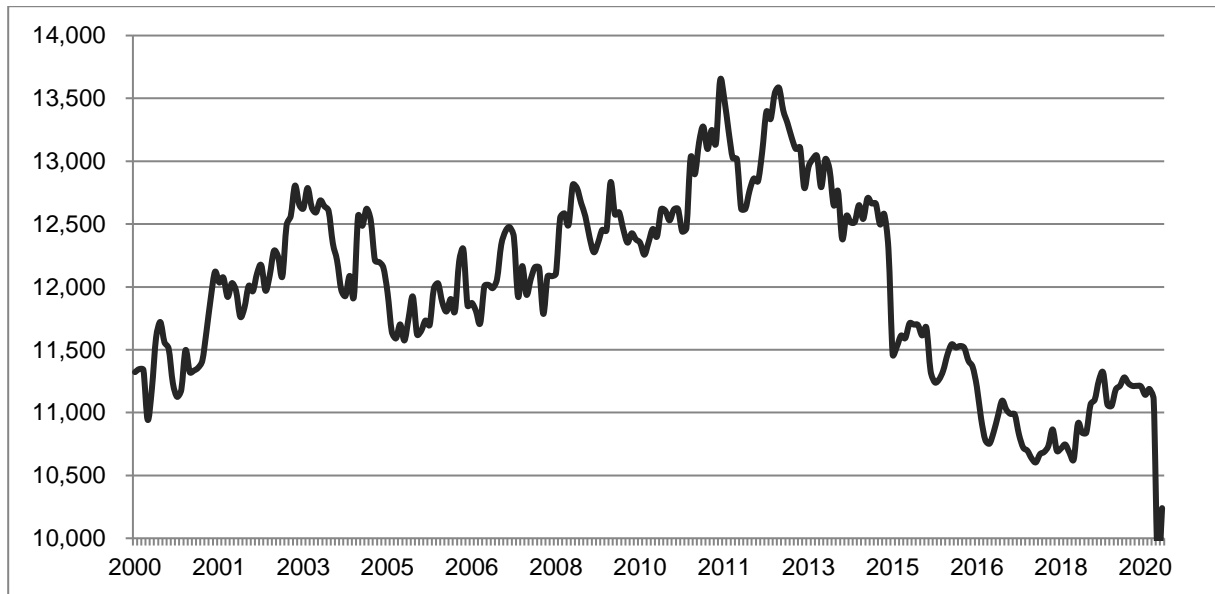
Graph 1 – Population trends in Shelby County 1970-2017
Source: Texas Workforce Commission



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

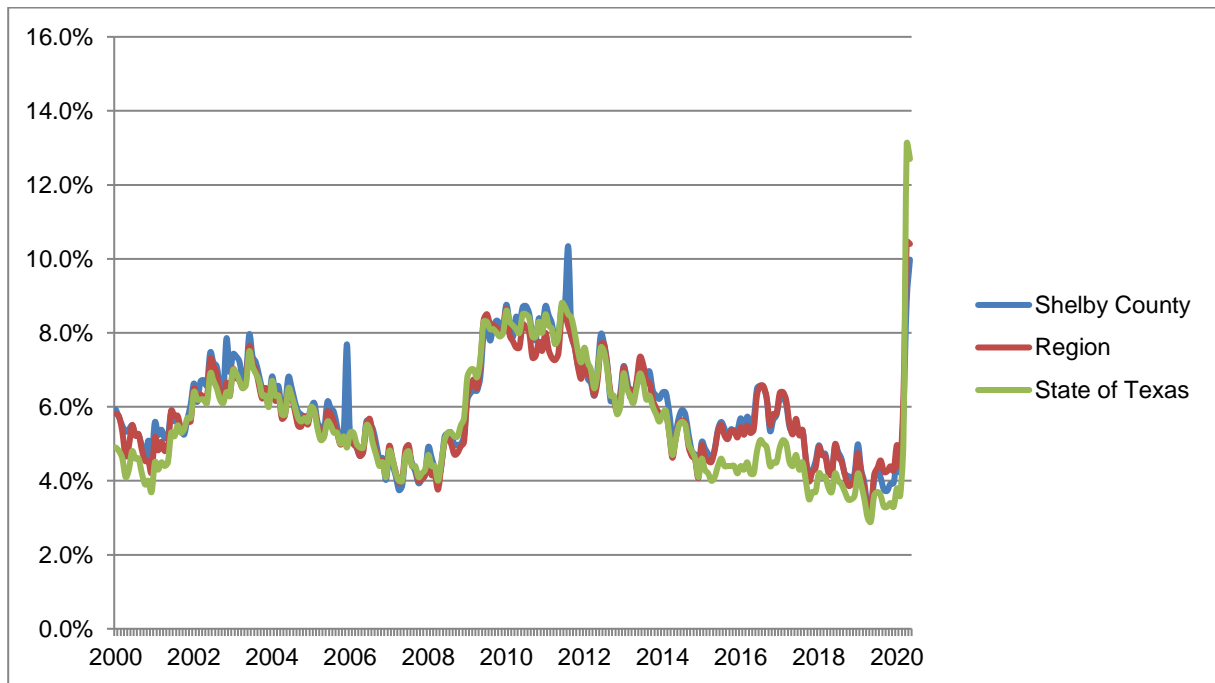


Tyson Foods is the largest employer in Center

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.

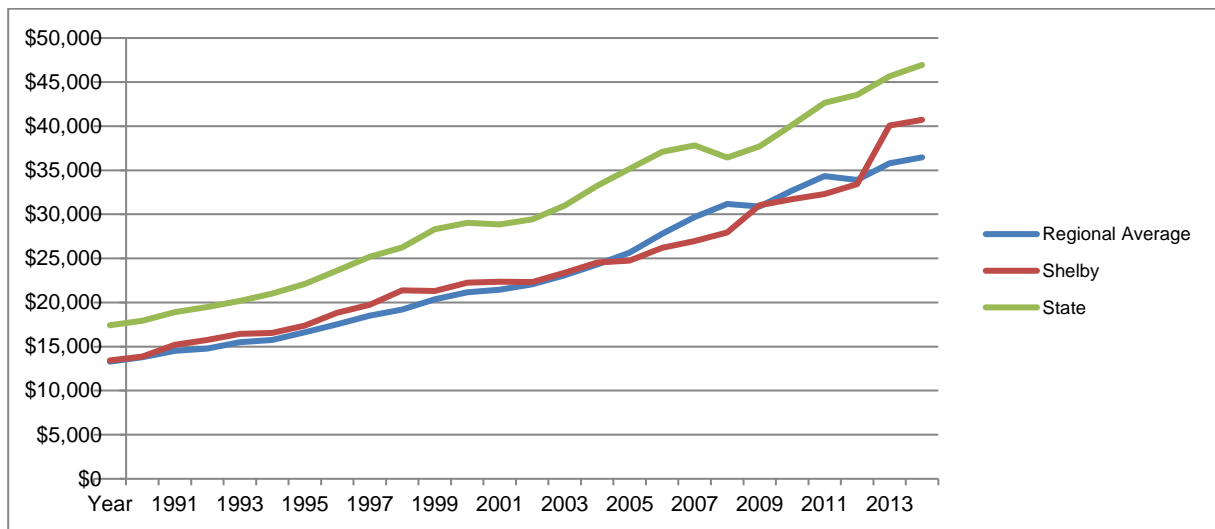
The large unemployment spike is the result of COVID-19 and should return to pre-pandemic levels once the economic landscape improves.



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 Empl oyees
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 with its' World Headquarters is in Center



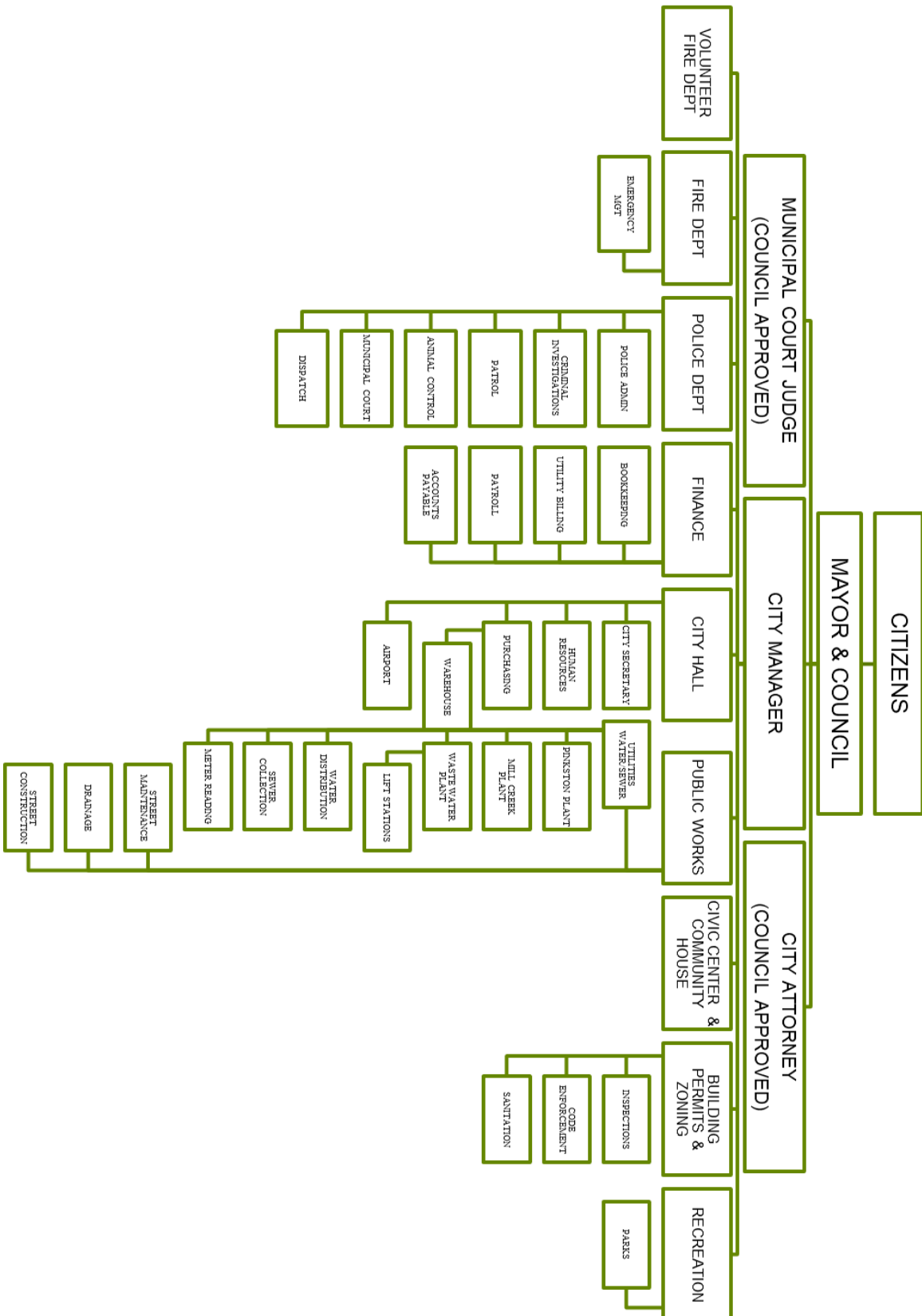
Building Permits as an Indicator

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

Year	Residential		Commercial/Industrial		Total	
	# Permits	\$ Value	# Permits	\$ Value	# Permits	\$ Value
2002	5	48,000	7	101,970	12	149,970
2003	3	10,150	7	291,100	10	301,250
2004	33	2,811,090	6	8,660,000	39	11,471,090
2005	4	441,710	11	2,311,000	15	2,752,710
2006	3	21,500	7	3,745,754	10	3,767,710
2007	15	738,800	11	535,160	26	1,273,960
2008	11	686,513	23	13,104,921	34	12,781,434
2009	10	499,359	25	13,989,157	35	14,488,516
2010	10	2,005,614	16	2,233,795	26	4,239,409
2011	10	470,000	18	22,774,492	28	23,244,492
2012	19	1,269,866	12	4,205,686	31	5,475,552
2013	13	803,350	4	854,000	17	1,657,350
2014	9	376,445	9	4,741,266	18	5,117,711
2015	13	60,419	3	1,294,900	16	1,355,319
2016	20	227,051	11	2,810,851	31	3,037,902
2017	15	312,659	14	874,034	29	1,186,693
2018	12	70,135	6	2,188,800	18	2,258,935
2019	16	421,779	33	9,397,905	49	9,819,684
2020	23	601,566	18	11,178,359	41	11,779,925
2021	8	130,577	18	2,549,165	26	2,679,742

Table 6 – Building permits issued
Source: City of Center

There was large increase in building permit activity in 2019 with some major industrial construction and other minor commercial construction. 2020 witnessed a second round of increase in value with new industrial projects.





**FY 2022 BUDGET
STAFFING CHART**

Department	Job Title	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2021 Proposed Budget	FY 2022 Proposed Budget
City Hall (Includes annex and warehouse)	City Manager	1	1	1	1
	Asst. City Manager	1	1	1	0
	City Secretary	1	1	1	1
	Finance/Budget Manager	0	0	1	1
	Purchasing Agent	1	1	1	1
	HR Administrator	0.5	1	1	1
	Finance Assistant	0.5	1	.75	1
	Clerks	4.5	4	4	4.5
	IT	1	1	1	1
Subtotal - City Hall		10.5	11	11.75	11.5
Police Department	Police Chief	1	1	1	1
	Lieutenant	1	1	1	1
	Sergeant	3	3	3	3
	Detective	4	3	3	3
	Patrol Corporal	0	2	2	2
	Patrol Officer	8	7	7	9
	Warrant Officer/Bailiff	0	0	0	0
	Dispatchers	6	6	5.5	5.5
	Admin. Assistant	1	1	1	1
	Janitor	1	1	1	1
Subtotal - Police Department		25	25	24.5	26.5
Fire Department	Fire Chief	1	1	1	1
	Fire Fighter/Investigator	0	0	0	1
	Fire Fighter	5	5	5	4
	Subtotal - Fire Department	6	6	6	6
Street Department	Foreman/Superintendent	1	1	1	0.5
	Street Maintenance	2	3	4	4.25
	Subtotal - Street Department	3	4	4	4.75
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	2	2
	Parks Supervisor	0.5	0.5	0.5	0.5
	Subtotal - Parks	2	2	2.5	2.5
Inspection Services	Building Permit Clerk	0	0	0	0
	Building Official	0.25	0.25	0.25	0.5
	Code Compliance Officer	0.25	0.25	0.25	0.5
	Subtotal - Inspection Services	0.5	0.5	0.5	1



Municipal Court	Court Clerk	1	1	1	1
	Subtotal – Municipal Court	1	1	1	1
Civic Center	Civic Center Director	1	1	1	1
	Assistant Director	1	0	0	0
	Maintenance PT	0.5	0.5	0.5	0.5
	Subtotal - Civic Center	2.5	1.5	1.5	1.5
TOTAL GENERAL FUND		51	52.5	54.5	56.5
RECREATION FUND					
	Recreation Program Director	1	1	1	0.5
	Recreation Program Coordinator				0.5
TOTAL RECREATION FUND		1	1	1	1
UTILITY FUND					
Water Production	Chief Operator	1	1	1	1
	Lead Operator	2	1	0	0
	Plant Operator	5	6	7	7
	Monitoring Technician	0	0	0	0
	Subtotal - Water Production	8	8	8	8
Water Distribution	Equipment Operator	0	1	1	1
	Maintenance	3	1	1	1
	Meter Reader/Maintenance	0	1	1	1
	Monitoring Technician	0	0	1	0
	Subtotal - Water Distribution	3	3	4	3
Sewer Collection	Equipment Operator	1	0	0	1
	Maintenance	3	3	2	3
	Subtotal - Sewer Collection	4	3	2	3
Sewer Treatment	Chief Operator	1	1	1	1
	Plant Operator	2	2	2	2
	Electrician/Plant Operator	1	1	1	1
	Subtotal - Sewer Treatment	4	4	4	4
Public Works	Public Works Director	1	1	1	1
	Plumbing Inspector/Compliance	0	1	1	1
	Public Works Superintendent	1	0	0	0.5
	Public Works Admin Asst.	0	1	0.5	0
	Monitoring Technicians	2	1	0	0
	Subtotal - Public Works	4	4	2.5	2.5
TOTAL UTILITY FUND		23	22	20.5	20.5
TOTAL CITY EMPLOYEES		75	75.5	77	78



**FY 2022 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	2,034,495	171,465	16,010	19,118	17,451	211,991	0	109,140
REVENUES								
Taxes	3,525,100	639,500	0	0	0	0	0	25,500
Permits and Licenses	15,300	0	0	0	0	0	0	0
Charges for Service	834,700	0	0	0	0	0	119,000	0
Fines and Penalties	225,700	0	4,500	3,500	1,950	0	0	0
Interest	5,000	400	100	150	50	200	0	1,000
Miscellaneous Receipts	6,700	0	0	0	0	215,250	15,850	29,400
Transfers	695,000	816,000	0	0	0	0	7,150	0
Total Revenues	5,496,700	1,455,900	4,600	3,650	2,000	215,450	142,000	55,900
TOTAL RESOURCES	7,531,195	1,627,365	20,610	22,768	19,451	427,441	142,000	165,040
EXPENDITURES								
Personnel	3,741,200	0	0	0	0	0	58,500	0
Supplies	144,000	0	0	0	0	0	56,000	0
Contractual	809,900	0	0	0	0	0	21,900	0
Utilities	257,100	0	0	0	0	0	0	0
Sundry	195,450	0	0	0	2,000	0	2,500	0
Maintenance	310,900	0	0	0	0	0	3,100	0
Capital	31,000	0	3,900	1,000	0	330,000	0	0
Fund Transfers	7,150	0	0	0	0	50,000	0	0
Debt Service	0	1,455,900	0	0	0	0	0	28,250
Total Expenditures	5,496,700	1,455,900	3,900	1,000	2,000	380,000	142,000	28,250
REVENUE OVER/ (UNDER) EXPENDITURES	0	0	700	2,650	0	(164,550)	0	27,650
ENDING BALANCE	2,589,815	171,465	16,710	21,768	17,451	47,441	0	136,790



	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	
439,015	121,069	243,031	946,000	254,000	2,242,926	950,899	7,776,610
300,000	0	0	0	0	478,100	951,200	5,919,400
0	0	0	0	0	0	0	15,300
0	0	0	3,830,800	1,662,450	0	0	6,446,950
0	0	0	0	0	0	0	224,650
500	300	500	5,200	250	10,000	2,000	25,650
0	0	0	1,900	0	28,200	0	297,300
0	151,250	215,950	0	0	0	0	1,885,350
300,500	151,550	216,450	3,837,900	1,662,700	516,300	935,400	14,480,700
739,515	236,528	396,760	4,783,900	1,916,700	2,759,226	1,904,099	22,692,598
0	0	75,200	1,268,900	0	0	0	5,143,800
12,000	0	18,500	385,600	1,200	500	0	617,800
41,300	0	61,000	387,500	1,450,000	215,600	3,900	2,991,100
0	0	0	368,200	0	0	0	625,300
0	0	2,500	63,300	10,000	73,000	1,000	349,750
0	0	0	360,300	1,500	3,000	0	678,800
0	97,000	40,000	27,000	0	0	640,000	1,169,900
238,000	0	0	1,004,100	200,000	62,000	180,000	1,741,250
0	0	0	0	0	0	0	1,484,150
291,300	97,000	197,200	3,837,900	1,662,700	352,100	824,900	14,772,850
9,200	87,400	19,250	0	0	164,200	128,300	274,800
448,215	305,669	262,281	946,000	254,000	2,407,126	1,079,199	8,703,930



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FY 2022 BUDGET GENERAL FUND OVERVIEW

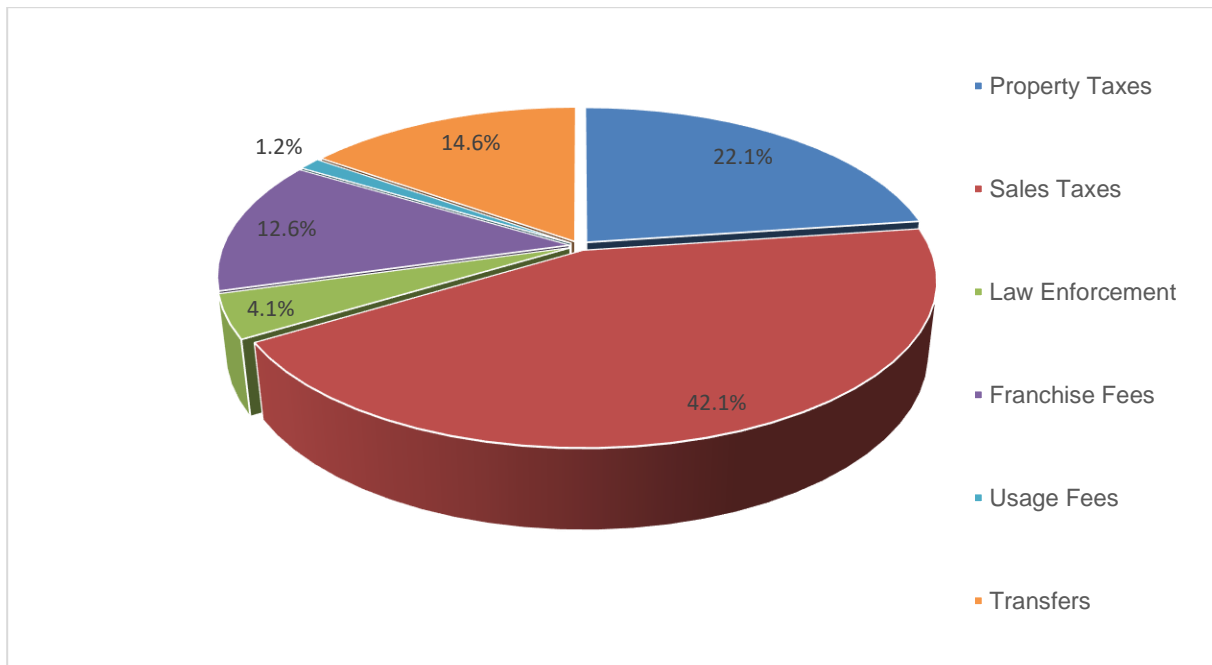
The General Fund provides financing for the City's governmental services, which consist of all public safety functions, including police, animal control, and fire services; community services, including streets, parks, inspections, planning, library, airport and code enforcement; and administrative functions, 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 91%, of general fund revenues are collected from four categories: sales tax receipts, property tax payments, fund transfers, and franchise fees.



Graph 1 - FY 2022 Proposed Budget – Major Revenue Sources



Top Revenue Sources

Sales Taxes	2,312,200	42%
Property Tax	1,212,900	22%
Transfers	805,000	15%
Franchise Fees	692,500	14%
Total	5,022,600	

Total Revenue 5,496,700

Table – 1 - Top City Revenue Sources

Sales Taxes

The largest source of City revenues is from sales tax receipts, which are projected to account for 40% of the City's general fund revenue. FY 2022 sales tax revenues are budgeted at \$2,312,200, which is a 1.5% decrease from the FY 2021 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 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 Actual	3,517,648
FY 2021 Estimate	3,750,000
FY 2022 Proposed	3,693,750

Table 2 – Total City sales tax receipts

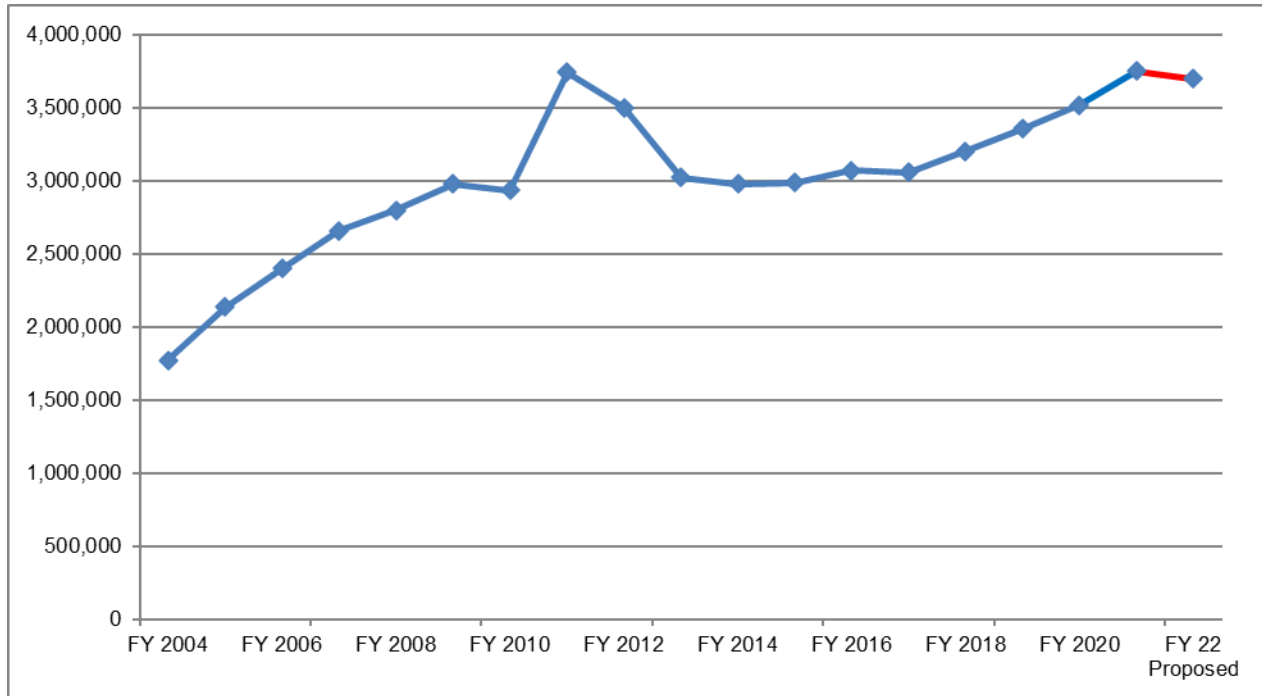
Total City sales tax receipts are split four ways to fund different activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements. 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 \$0.13 from the City's property tax rate.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Proposed Budget
City Sales Tax – 1 cent	1,676,63	1,758,824	1,875,000	1,846,875
Sales Tax for Property Tax Relief – ¼ cent	419,166	439,706	468,750	461,719
Total Sales Tax to General Fund	2,095,829	2,198,530	2,091,000	2,308,594
4A EDC – ¼ cent	419,166	439,706	468,750	461,719
4B Street EDC – ½ cent	838,332	879,412	937,500	923,438
TOTAL CITY SALES TAX COLLECTIONS	3,353,326	3,517,648	3,750,000	3,693,750



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 2004 – FY 2022 Proposed

However, there are a number of mitigating factors that are supporting sales tax receipts. There were a number of large construction projects in Center in 2020-2021 and consumer spending patterns shifted towards more online sales – where the City still receives the local sales tax share – this pattern is amplified with the federal government stimulus checks that were received in early Summer 2020 and repeated throughout 2021.

Property Taxes

Table 3 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.

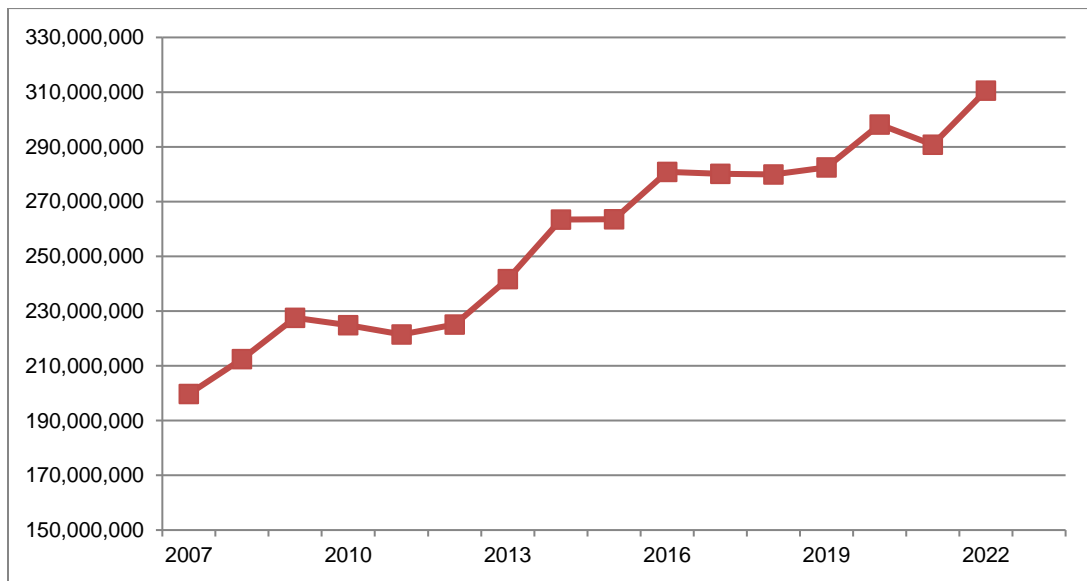


Tax Year	Tax Rate	Appraised Taxable Value
2002	0.622856	140,069,602
2003	0.604100	151,844,181
2004	0.562100	169,059,857
2005	0.536750	183,209,901
2006	0.536000	189,050,972
2007	0.523300	199,725,654
2008	0.508780	212,508,699
2009	0.476000	227,529,570
2010	0.490250	224,839,614
2011	0.490250	221,532,434
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	0.619233	294,829,703
2022 Proposed	0.619233	*310,540,559

* 2022 Taxable Value includes \$11,719,840 under protest at certification

Table 3 – City tax rate history

Expanding upon the data from Table 3, Graph 3 visually depicts the rise in the City's taxable value from 2007 to 2022. Essentially, through such factors as annexation, development, and property appreciation, the taxable value of the City has risen 55% over the past 15 years and has more than doubled over the past twenty years.



Graph 3 – Certified Taxable Value History – 2007 - 2022



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 4 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
2022	0.408150	0.211083	0.619233

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

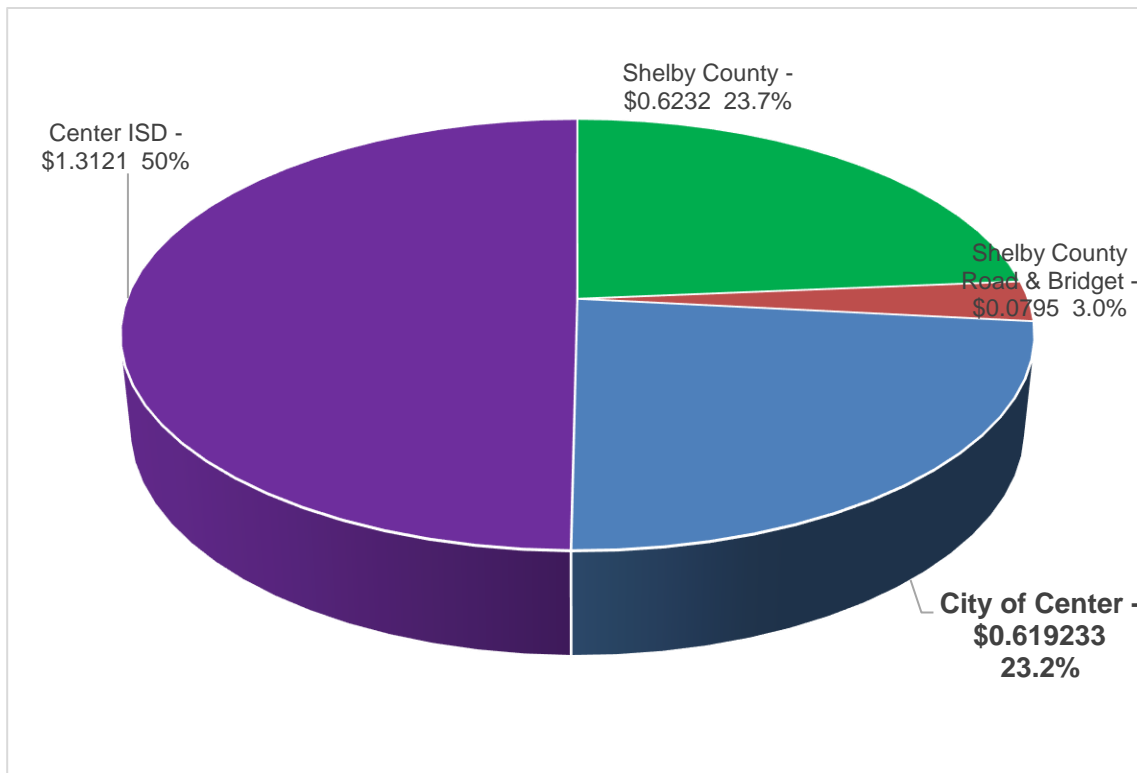
Table 5 below shows how, over time, the composition of the Center tax base has slightly changed. Until the 2012 tax year, the highest single percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial real property. The last few years has seen residential 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 6.

	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 5 – Composition of Center tax base – Taxable Values

Many citizens are often unclear as to how much of their total tax bill represents City taxes compared to other taxing entities. For those property taxpayers in the City, there are three property tax entities: the City, the Center Independent School District, and Shelby County, which also includes a separate Road and Bridge Tax. Graph 5 provides a 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 - 2021

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 7 – 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 Enforce	Franchise Fc	Airport	Permits	Usage Fees	Miscellaneous	Transfers	Interest	Grants	Total
Non-Dept	54,450	103,800	-	70,000	-	-	1,000	1,000	180,000	-	-	410,250
City Hall	112,400	214,273	-	125,000	-	-	2,600	1,000	425,000	5,000	-	885,273
Police	695,500	1,325,860	190,000	-	-	-	-	-	-	-	76,700	2,288,060
Fire	189,450	361,156	-	-	-	-	-	-	-	-	-	550,606
Streets	10,150	19,349	-	327,500	-	-	-	-	105,000	-	-	461,999
Airport	5,400	10,294	-	-	78,000	-	-	-	-	-	5,000	98,694
Cemetery	7,850	14,965	-	-	-	-	-	-	-	-	-	22,815
Parks	37,600	71,678	-	150,000	-	-	-	-	-	-	-	259,278
Inspection	17,700	33,742	-	20,000	-	15,300	-	2,200	-	-	-	88,942
Muni Court	28,100	53,568	35,700	-	-	-	-	-	-	-	-	117,368
Animal Control	10,000	19,063	-	-	-	-	-	-	-	-	-	29,063
Civic Center	17,900	34,123	-	-	-	-	51,600	-	90,000	-	-	193,623
Comm Facilities	26,400	50,327	-	-	-	-	9,000	-	5,000	-	-	90,727
Total	1,212,900	2,312,200	225,700	692,500	78,000	15,300	64,200	4,200	805,000	5,000	81,700	5,496,700



One penny of the tax rate equates to \$29,625 of revenue. Dividing the department Property Tax allocation by \$29,625 yields the approximate tax rate for each department.

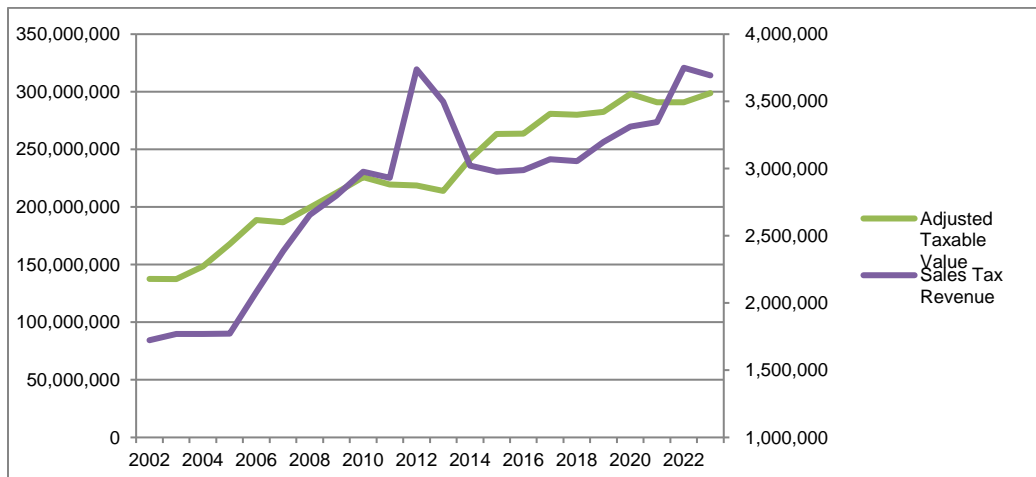
Assuming the average homestead value of \$79,470 and a 20% homestead exemption, the property's taxable value is \$63,576. The approximate annual tax bill per department can also be calculated.

	Pennies of tax rate	Annual Tax bill per department (M&O)
Non-Departmental	0.018	11.69
City Hall	0.038	24.12
Municipal Court	0.009	6.03
Administration	0.066	41.84
Police	0.235	149.26
Fire	0.062	40.66
Animal Control	0.003	2.15
Public Safety	0.301	192.06
Streets	0.004	2.18
Parks	0.013	8.16
Inspection	0.006	3.80
Public Works	0.022	14.14
Airport	0.002	1.16
Cemetery	0.003	1.68
Civic Center	0.006	3.84
Community Facilities	0.009	5.67
Facilities	0.019	12.35
Total	0.40815	260.39



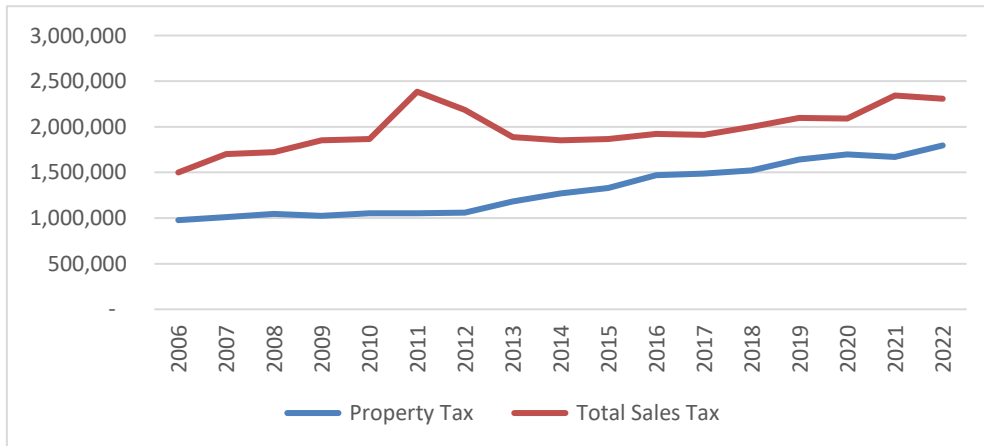
Sales Tax and Property Tax Revenue Relationship

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 City reduced its property tax rate (Reference Table 4) providing a form of enhanced property tax reduction even beyond that provided by the dedicated sales tax for property tax relief. Further, due to annexations, new development and general property appreciation, the adjusted taxable values also increased which places further downward pressure on tax rates. 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 utilize property tax revenue to solidify overall funding. The FY 2022 Budget raises property tax revenue from new values to provide increased resources for city operations.



Graph 5 – Relationship between sales tax and property tax revenues

Graph 6 presents this information by a different approach with actual revenue streams 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 50% to date, reflecting the City's increased reliance upon property tax revenues as a foundation for governmental services. 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 to provide rationale for the amounts. 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 2022 Budget	Allocated to Utility Fund
Total Non-Departmental	410,350	112,050
Total City Hall	885,300	450,900
Total Allocated Expenditure		562,950
 FY 2022 Budgeted Transfer		420,000
FY 2022 Budgeted Franchise Fee		112,500
TOTAL TRANSFER TO GENERAL FUND		532,500

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 2022 Budget	Allocated to Solid Waste Fund
Total Non-Departmental	410,350	15,075
Total City Hall	885,300	75,755
Total Street Department	462,100	287,140
Total Allocated Expenditure		377,970
 FY 2022 Budgeted Transfer		200,000
FY 2022 Budgeted Franchise Fee		138,500
TOTAL TRANSFER TO GENERAL FUND		338,500



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 2022 Proposed Budget
AEP SWEPCO Franchise	262,000
DETEC Franchise	25,500
Centerpoint Franchise	55,000
AT&T Franchise	75,000
Telecommunication Fees	7,500
Suddenlink Franchise	16,500
Utility Fund Franchise Fee	112,500
Solid Waste Franchise Fee	138,500
Franchise Fee	692,500



**FY 2022 BUDGET
REVENUE SUMMARY**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Property Taxes	1,004,094	1,084,782	1,121,300	1,142,500	1,212,900
Sales Taxes	2,099,753	2,202,454	2,065,000	2,347,400	2,312,200
Law Enforcement	177,610	189,468	225,200	233,500	225,700
Franchise Fee	705,403	676,984	676,400	681,500	692,500
Airport	98,043	82,024	80,600	75,500	78,000
Permits	35,860	13,553	15,700	18,800	15,300
Usage Fees	71,117	40,045	67,600	51,200	64,200
Solid Waste	137	-	-	-	-
Miscellaneous	31,124	28,963	4,200	83,400	4,200
Transfers	780,000	790,000	790,000	790,000	805,000
Interest	36,471	20,417	20,000	5,000	5,000
Grants	17,820	64,524	6,600	401,375	81,700
TOTAL	5,057,431	5,193,214	5,072,600	5,830,175	5,496,700



FY 2022 BUDGET REVENUE DETAIL

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2021 Estimate	FY 2022 Proposed
Taxes - Current Ad Valorem	938,973	1,004,254	1,062,300	1,085,000	1,156,500
Taxes - Delinquent	37,506	45,433	32,000	32,500	31,400
Taxes - Penalty	27,615	35,095	27,000	25,000	25,000
Property Taxes	1,004,094	1,084,782	1,121,300	1,142,500	1,212,900
Taxes - Sales Tax	1,676,663	1,758,824	1,648,800	1,875,000	1,846,900
Taxes - Sales M&O	419,166	439,706	412,200	468,800	461,700
Taxes - Mixed Beverage	3,924	3,608	4,000	3,600	3,600
Sales Taxes	2,099,753	2,202,454	2,065,000	2,347,400	2,312,200
Court Fines	140,404	153,111	190,000	195,000	190,000
Warrant Fees	16,174	15,384	15,000	15,000	15,000
Court Service Fee Discounts	11,704	10,089	12,000	11,000	11,000
Court Administrative Fee	1,678	1,627	1,500	3,500	2,000
Judicial Support Fee	572	303	600	100	300
Arrest Fees	4,863	4,808	4,000	6,500	5,000
Time Payment Fees	2,042	1,614	2,000	2,000	2,000
OMNI Retainage	-	55	-	400	400
Law Enforcement	177,610	189,468	225,200	233,500	225,700
AEP SWEPCO Franchise	269,185	257,071	265,000	262,000	262,000
DETEC Franchise	19,210	23,393	23,000	27,000	25,500
Centerpoint Franchise	57,480	51,944	55,000	55,000	55,000
AT&T Franchise	78,807	71,893	70,000	81,000	75,000
Telecommunication Fees	11,957	13,217	10,000	5,500	7,500
Suddenlink Franchise	24,732	24,047	17,000	16,500	16,500
PEG Fee					
Solid Waste - Franchise Fee (10%)	138,141	130,824	130,000	129,500	138,500
Utility Fund Franchise Fee (3%)	105,892	104,594	106,400	105,000	112,500
Franchise Fee	705,403	676,984	676,400	681,500	692,500
Airport Fuel	65,945	53,092	50,000	48,000	50,000
Fuel Flow Fee	4,309	751	3,000	500	500
Airport Hangar Lease	27,400	28,179	27,500	27,000	27,500
Airport - Misc. Fees	318	(8)	100		
Airport Gate Entry	70	10			
Airport	98,043	82,024	80,600	75,500	78,000
Misc. Garage Sale Permit	200	118	200	150	150
Zoning Variance Permit	1,050	450	200	300	500
Demolition Permits	70	600	100	600	500
Construction Permit	28,825	6,340	12,000	12,500	11,000
Electrical Permits	3,910	2,730	2,000	1,600	1,800
Beer/Wine/Liquor License	195	1,765	500	2,850	500
Move Structure Permits	300		200		100
Misc. Permits	50	35	100		100
Parks 5K Run Permit	940	815	200	250	250
Carnival/Event Permit	225	700	100		100
Vendor Permit	95		100	550	300
Permits	35,860	13,553	15,700	18,800	15,300



	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2021 Estimate	FY 2022 Proposed
Suddenlink Lease Riggs St	2,700	2,400	3,600	3,600	3,600
Rental Community House	11,905	9,630	12,000	8,000	9,000
Rental Civic Center	44,682	22,935	45,000	32,000	44,000
Rental Civic Center Caterer Fee	4,325	1,700	2,000	1,800	2,000
Civic Center Security	2,525	910	2,000	2,200	2,000
Civic Center Alcohol Fee	2,100	2,100	1,000	2,600	2,600
Civic Center OT Fee	75				
Equipment Rental	3300	220	2000	1000	1000
Usage Fees	71,117	40,045	67,600	51,200	64,200
Reimb. Fire Dept Calls	-	476		400	
Insurance Claims	18,873	12,324		82,200	
Refunds Return - TML IRP		830			
Downtown Elect Access	25		100		100
Licenses & Permit Fees	112	229	100		100
Workers Comp Discount		(5,135)	1,000		1,000
Others	4,580	32	1,000	700	1,000
Copies	73	144			
Surplus Equipment	150	16,226	1,000		1,000
DETEC Capital Refund		2,337	1,000		1,000
Donations Fire Dept	781	1,500		100	
Miscellaneous	31,124	28,963	4,200	83,400	4,200
Transfers Interfund Water	415,000	415,000	415,000	415,000	420,000
Transfers Intrafund	-	-	-		
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	90,000
EDC Street Admin Fees	25,000	30,000	30,000	30,000	30,000
Economic Development Adm Fee	55,000	60,000	60,000	60,000	60,000
Transfers Interfund Solid Waste	200,000	200,000	200,000	200,000	200,000
Transfers	780,000	790,000	790,000	790,000	805,000
Interest General Fund	36,471	20,417	20,000	5,000	5,000
Interest	36,471	20,417	20,000	5,000	5,000
COPS Hiring Grant	0	0	0	49000	75,000
Police Training Grant	1,538	4,577	1,600	1,700	1,700
Police JAG Grant	-	-	-		
Arson Investigator Grant					
Homeland Security Grant		21,463		32,100	-
Airport TXDOT Ramp Grant	16,282	22,452	5,000	11,900	5,000
TxDOT CARES Grant		16,032		12,700	-
CRF - TDEM				293,975	
Grants	17,820	64,524	6,600	401,375	81,700
TOTAL	5,057,431	5,193,214	5,072,600	5,830,175	5,496,700



FY 2022 BUDGET EXPENDITURE OVERVIEW

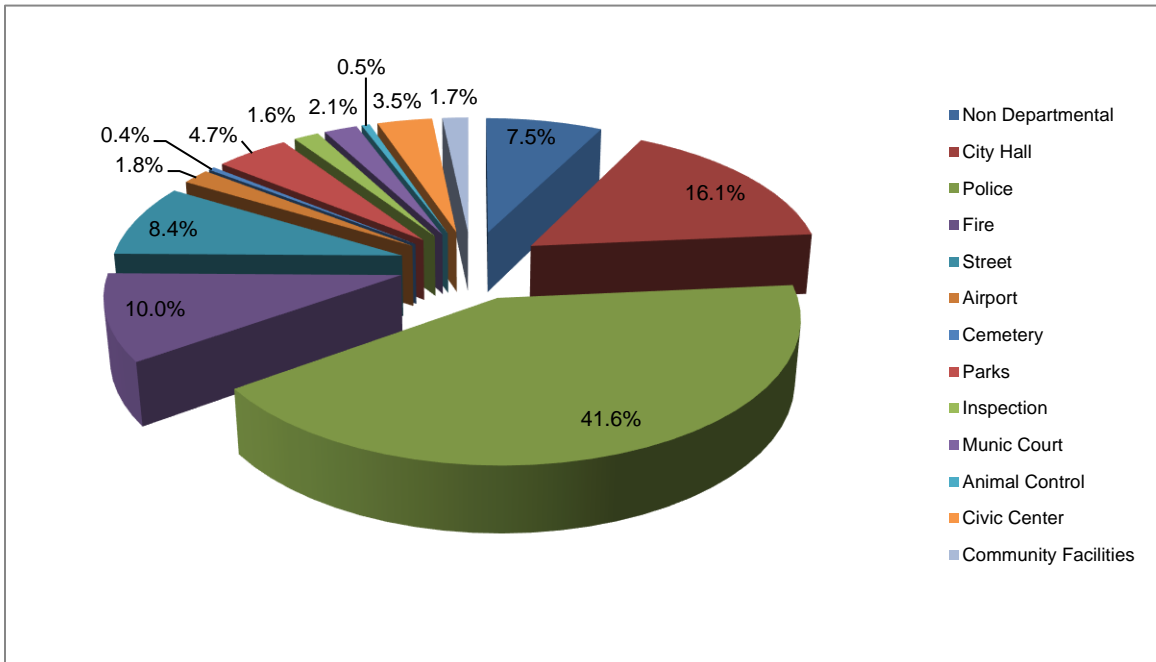
The City of Center general fund is organized into fourteen different departments. For the purposes of this document, each department will have its own section describing its mission statement, what their function is within the organization, some of their achievements for the past fiscal year, and department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

The 2022 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.

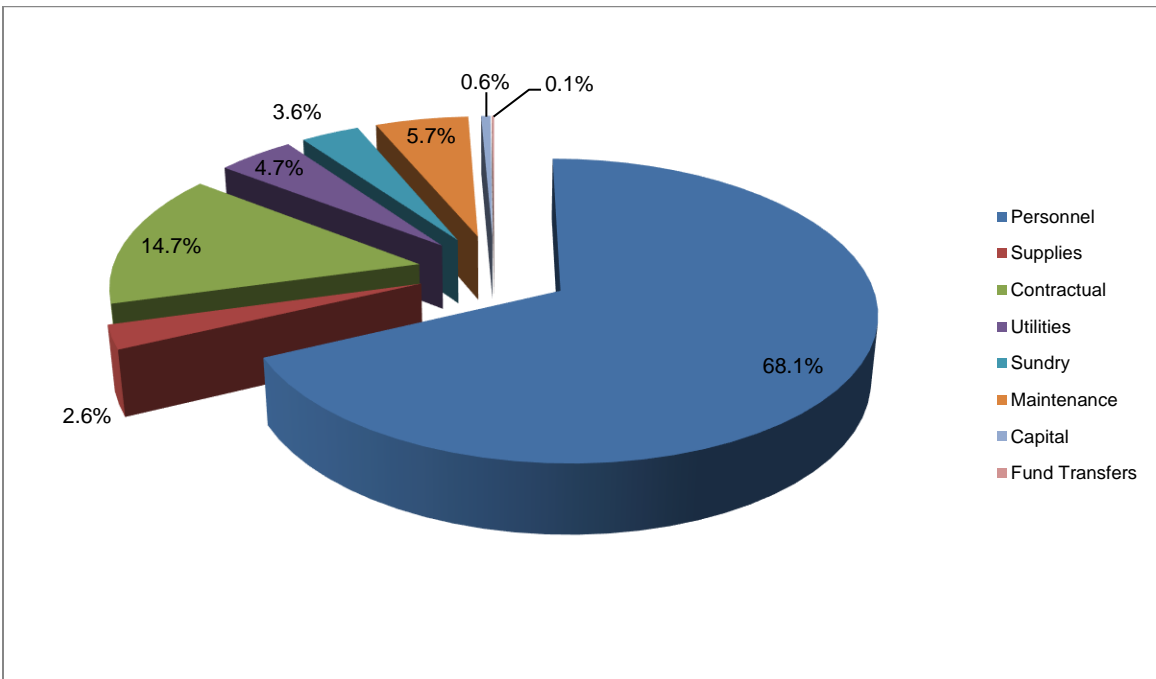
Each department's page will provide financial data on each prime account. There is also a description of the capital purchases within each department and denotes differences between the FY 2021 Estimate and the FY 2022 Proposed Budget.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
BY DEPARTMENT					
Non-Departmental	403,765	314,250	322,700	337,255	410,350
City Hall	796,794	831,163	858,700	892,350	885,300
Police Department	2,034,021	2,059,062	2,113,100	2,227,050	2,288,050
Fire Department	472,556	497,977	521,100	580,500	550,600
Street Department	338,794	392,847	413,100	399,650	462,100
Airport	123,744	130,517	100,300	90,750	98,700
Cemetery	22,610	23,356	23,300	22,800	22,800
Parks	232,269	226,993	233,500	292,800	259,300
Inspection Services	43,499	55,148	66,700	46,700	88,900
Municipal Court	104,934	113,054	117,100	112,700	117,300
Animal Control	23,926	23,053	27,300	25,700	28,900
Civic Center	206,349	183,280	187,700	162,300	193,700
Community Facilities	89,002	82,369	88,000	84,300	90,700
TOTAL	4,892,263	4,933,069	5,072,600	5,274,855	5,496,700
BY ACCOUNT CATEGORY					
Personnel Services	3,154,001	3,386,563	3,412,800	3,511,200	3,741,200
Supplies	95,545	123,216	129,000	135,950	144,000
Contractual	641,359	777,312	766,750	751,905	809,900
Utilities	246,239	221,424	250,000	244,700	257,100
Sundry	183,015	109,361	186,250	184,050	195,450
Maintenance	324,815	241,573	303,500	299,650	310,900
Capital Items	247,289	73,621	24,300	137,100	31,000
Fund Transfers	-	-	-	10,300	7,150
TOTAL	4,892,263	4,933,069	5,072,600	5,274,855	5,496,700

FY 2022 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



FY 2022 GENERAL FUND BUDGET – BY PRIME ACCOUNT

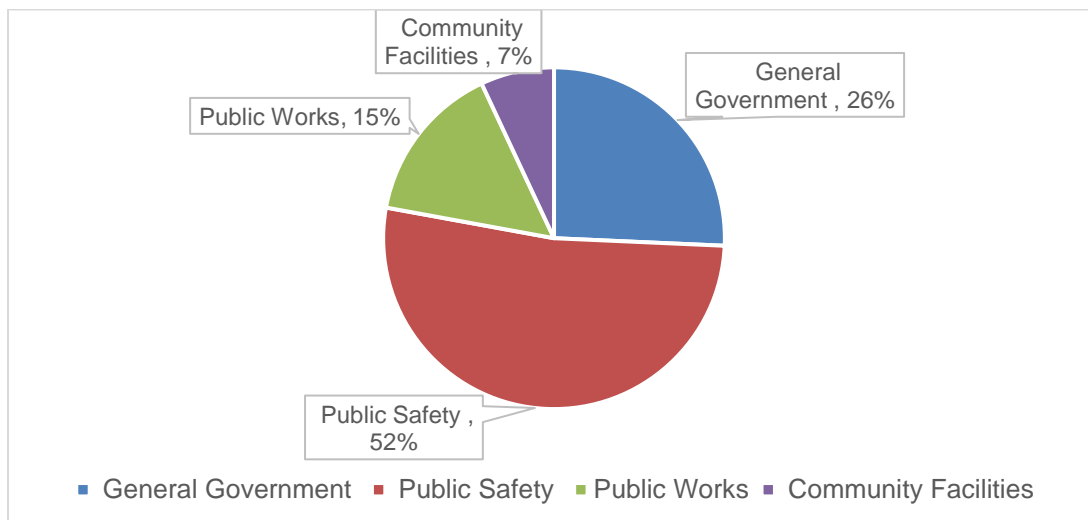




FY 2022 GENERAL FUND BUDGET EXPENDITURES – BY FUNCTION

The FY 2022 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 Budget
General Government					
Non-Departmental	403,765	314,250	322,700	337,255	410,350
City Hall	796,794	831,163	858,700	892,350	885,300
Municipal Court	104,934	113,054	117,100	112,700	117,300
Subtotal	1,305,493	1,258,466	1,298,500	1,342,305	1,412,950
Public Safety					
Police	2,034,021	2,059,062	2,113,100	2,227,050	2,288,050
Fire	472,556	497,977	521,100	580,500	550,600
Animal Control	23,926	23,053	27,300	25,700	28,900
Subtotal	2,530,502	2,580,093	2,661,500	2,833,250	2,867,550
Public Works					
Streets	338,794	392,847	413,100	399,650	462,100
Parks	232,269	226,993	233,500	292,800	259,300
Inspection	43,499	55,148	66,700	46,700	88,900
Cemetery	22,610	23,356	23,300	22,800	22,800
Subtotal	637,173	698,344	736,600	761,950	833,100
Community Facilities					
Airport	123,744	130,517	100,300	90,750	98,700
Civic Center	206,349	183,280	187,700	162,300	193,700
Community Facilities	89,002	82,369	88,000	84,300	90,700
Subtotal	419,096	396,166	376,000	337,350	383,100
TOTAL	4,892,263	4,933,069	5,072,600	5,274,855	5,496,700





**FY 2022 BUDGET
REVENUES OVER/(UNDER) EXPENDITURES**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Property Taxes	1,004,094	1,084,782	1,121,300	1,142,500	1,212,900
Sales Taxes	2,099,753	2,202,454	2,065,000	2,347,400	2,312,200
Law Enforcement	177,610	189,468	225,200	233,500	225,700
Franchise Fee	705,403	676,984	676,400	681,500	692,500
Airport	98,043	82,024	80,600	75,500	78,000
Permits	35,860	13,553	15,700	18,800	15,300
Usage Fees	71,117	40,045	67,600	51,200	64,200
Solid Waste	137	-	-	-	-
Miscellaneous	31,124	28,963	4,200	83,400	4,200
Transfers	780,000	790,000	790,000	790,000	805,000
Interest	36,471	20,417	20,000	5,000	5,000
Grants	17,820	64,524	6,600	401,375	81,700
TOTAL	5,057,431	5,193,214	5,072,600	5,830,175	5,496,700

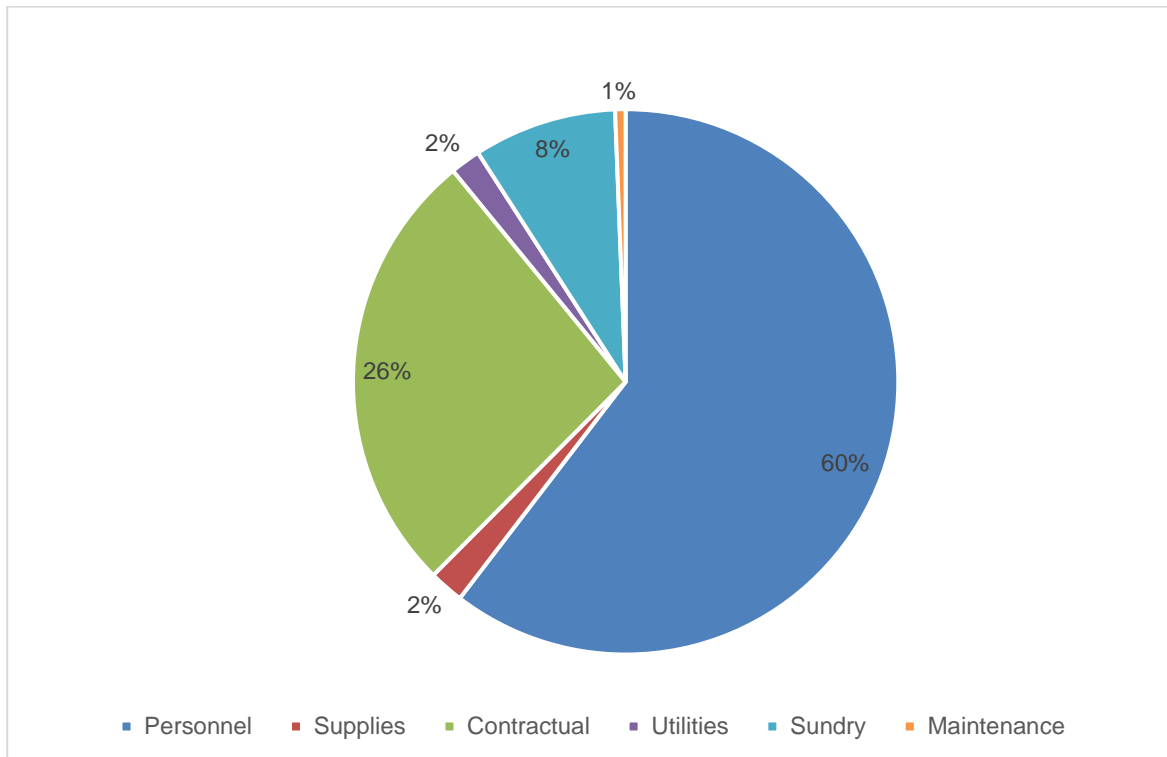
	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
BY DEPARTMENT					
Non-Departmental	403,765	314,250	322,700	337,255	410,350
City Hall	796,794	831,163	858,700	892,350	885,300
Police Department	2,034,021	2,059,062	2,113,100	2,227,050	2,288,050
Fire Department	472,556	497,977	521,100	580,500	550,600
Street Department	338,794	392,847	413,100	399,650	462,100
Airport	123,744	130,517	100,300	90,750	98,700
Cemetery	22,610	23,356	23,300	22,800	22,800
Parks	232,269	226,993	233,500	292,800	259,300
Inspection Services	43,499	55,148	66,700	46,700	88,900
Municipal Court	104,934	113,054	117,100	112,700	117,300
Animal Control	23,926	23,053	27,300	25,700	28,900
Civic Center	206,349	183,280	187,700	162,300	193,700
Community Facilities	89,002	82,369	88,000	84,300	90,700
TOTAL	4,892,263	4,933,069	5,072,600	5,274,855	5,496,700

Beginning Fund Balance	1,609,183	1,774,351	1,708,489	2,034,495	2,589,815
Revenues Over/(Under)					
Expenditures	165,168	260,145	-	555,320	-
Ending Fund Balance	1,774,351	2,034,495	1,708,489	2,589,815	2,589,815



**FY 2022 BUDGET
EXPENDITURE SUMMARY
GENERAL GOVERNMENT**

Totals	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Non-Departmental	403,765	314,250	322,700	337,255	410,350
City Hall	796,794	831,163	858,700	892,350	885,300
Municipal Court	104,934	113,054	117,100	112,700	117,300
Subtotal	1,305,493	1,258,466	1,298,500	1,342,305	1,412,950
Personnel	723,873	781,404	792,500	788,800	848,600
Supplies	21,114	18,152	22,200	31,700	28,800
Contractual	294,298	376,836	343,750	354,405	374,200
Utilities	21,637	13,776	19,700	27,800	25,200
Sundry	113,015	64,769	113,450	116,100	119,300
Maintenance	16,574	2,548	6,900	12,200	8,700
Capital	114,980	980	-	1,000	1,000
Transfers	-	-	-	10,300	7,150
Total	1,305,493	1,258,466	1,298,500	1,342,305	1,412,950





FY 2022 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 2021 ACCOMPLISHMENTS

Continued to operate with fund balance above minimum goal
Update of long range financial forecast
Issuance of unqualified audit

Council Direction/Strategic Plan

Budget Philosophy #2

FY 2022 GOALS

Update Strategic Plan
General community beautification programs and projects
Utility expansion planning and project implementation
Plan and design directional/entryway signage around the City

Goal C. Objective 1
Goal B. Objective 1.2
Goal C. Objective 1.3



**FY 2022 BUDGET
NON-DEPARTMENTAL**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	5,529	508	2,700	2,700	37,700
Supplies	645	223	3,500	2,300	3,300
Contractual	193,701	267,256	231,000	243,155	267,500
Utilities	-	-	-	3,000	-
Sundry	88,909	45,283	85,500	74,800	93,700
Maintenance	-	-	-	-	-
Capital Items	114,980	980	-	1,000	1,000
Fund Transfers	-	-	-	10,300	7,150
Total	403,765	314,250	322,700	337,255	410,350

PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY2020	FY 2021
City Council Meetings	21	19	19	20	20	20
Council Workshops/Special Meetings	8	5	6	5	4	7
Ordinances Passed	11	11	10	16	16	15
Resolutions Passed	32	24	14	25	28	20
Fund Balance as % of Expenses	n/a	n/a	32%	36%	41%	49%

HIGHLIGHTS – FY 2022 Proposed Budget Change From FY 2021 Estimate

- Supplies: Increase in Office Materials (\$500)
- Contractual: An increase in Insurance/Property & Liability (\$4,495) and Council Special Projects (\$20,000)
- Sundry: Funding levels are overall increased with reinstating Travel (\$5,000), Employee Recognition/Banquet (\$6,000), Publishing (\$3,000), and Other (\$3,000)
- Transfers: Estimate (\$10,300) and Budget (\$7,150) include transfers to balance the Recreation Fund budget due to reductions in participation



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 2021 ACCOMPLISHMENTS

Completed City Hall landscaping repairs and internal renovations
Internal technology upgrades
Manage the Downtown Renewal Project & TDA Grant
Completed Payroll Survey and Establish Pay Grade System
Received the GFOA Distinguished Budget Award

Council Direction/Strategic Plan

Goal D. Objective 1.4

FY 2022 GOALS

Apply for TML Excellence Award
Successfully complete the TDA Downtown project
Increase housing units in Parker Place subdivision through the Local Government Corporation
Institute and Complete Merit Pay System

Goal D. Objective 1.4

Goal B. Objective 2

DEPARTMENT STAFFING

Title	Current Staffing
City Manager	1
Finance Manager	1
City Secretary	1
Purchasing Director	1
Accounting Administrator	1
HR Administrator	1
Clerks	4



**FY 2022 BUDGET
CITY HALL**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	673,264	728,917	736,000	735,000	756,100
Supplies	19,425	17,260	17,400	28,400	24,200
Contractual	44,130	49,934	53,950	52,950	48,400
Utilities	21,637	13,776	18,700	23,800	24,200
Sundry	21,763	18,727	26,050	40,000	23,700
Maintenance	16,574	2,548	6,600	12,200	8,700
Capital Items	-	-	-	-	-
Total	796,794	831,163	858,700	892,350	885,300

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

HIGHLIGHTS – FY 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Increases in Salaries (\$4,300) is primarily the result of personnel staffing levels and compensation adjustments
- Supplies: Declines in Materials (\$4,000), Computer Equipment (\$500), and Wearing Apparel (\$200) are offset by an increase in Postage (\$300)
- Contractual: Decrease in Car Allowance (\$3,600)
- Sundry: New Staff needs reinstituted prior Training (\$5,000) allocations more than offset by reductions from Personnel Study/Payroll Plan (\$21,500)
- Maintenance: Reducing Bldg Structure/Grounds (\$1,500)



**FY 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	45,080	51,980	53,800	51,100	54,800
Supplies	1,044	669	1,300	1,000	1,300
Contractual	56,467	59,646	58,800	58,300	58,300
Utilities	-	-	1,000	1,000	1,000
Sundry	2,344	759	1,900	1,300	1,900
Maintenance	-	-	300	-	-
Capital Items	-	-	-	-	-
Total	104,934	113,054	117,100	112,700	117,300

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Increase in Salaries (\$800), Pension (\$200) by compensation adjustments
- Supplies: Increase is the result of an enlargement of Postage (\$300)
- Sundry: Increase in Training (\$400) for Court Clerk to maintain certification

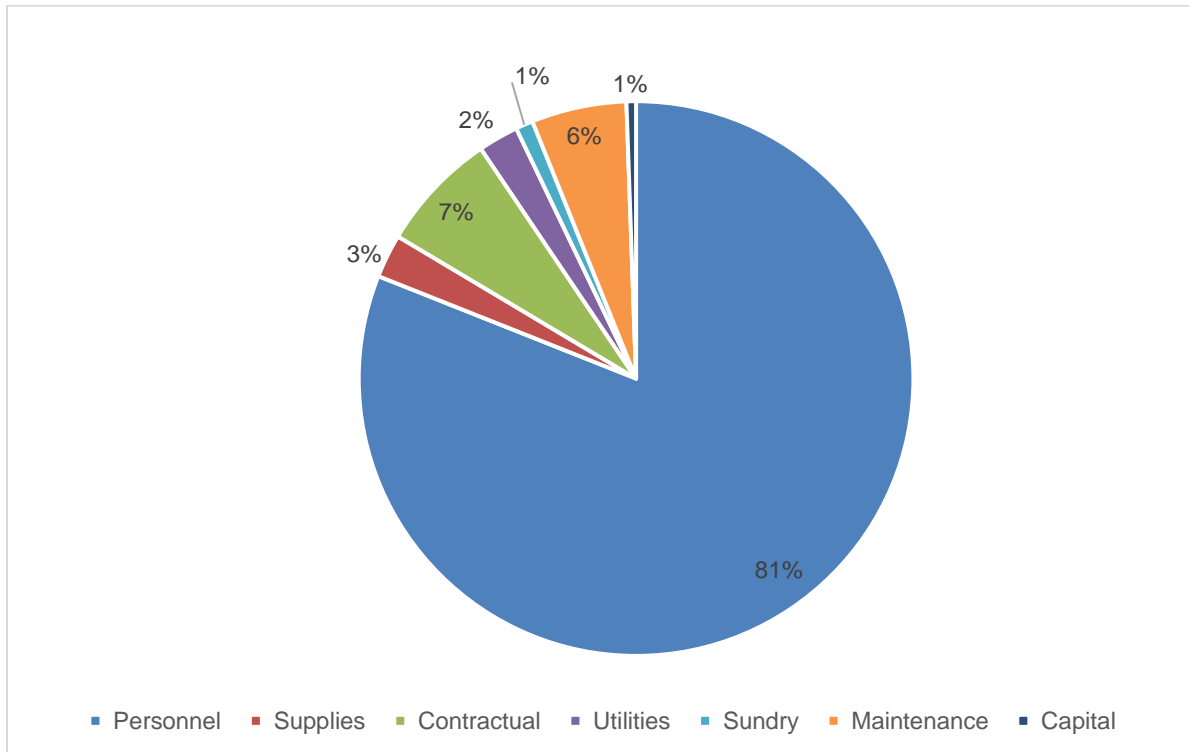
DEPARTMENT STAFFING

Title	Current Staffing
Court Clerk	1



**FY 2022 BUDGET
EXPENDITURE SUMMARY
PUBLIC SAFETY**

Totals	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Police	2,034,021	2,059,062	2,113,100	2,227,050	2,288,050
Fire	472,556	497,977	521,100	580,500	550,600
Animal Control	23,926	23,053	27,300	25,700	28,900
Subtotal	2,530,502	2,580,093	2,661,500	2,833,250	2,867,550
Personnel	2,047,662	2,132,412	2,129,600	2,253,000	2,323,300
Supplies	49,041	68,328	68,600	72,100	72,800
Contractual	159,637	173,115	194,200	189,300	200,400
Utilities	66,347	59,124	70,500	61,800	67,200
Sundry	16,371	16,151	28,300	32,450	28,950
Maintenance	169,396	122,302	163,300	162,800	158,900
Capital	22,049	8,661	7,000	61,800	16,000
Total	2,530,502	2,580,093	2,661,500	2,833,250	2,867,550





FY 2022 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 2021 ACCOMPLISHMENTS

Unit upgrades to continue initiative to modernize police units
Conducted "Threat Assessment" reviews
Received grant from US DoJ to add two additional patrol officers
Performed community outreach with K-9 units
Cooperated with area agencies and the District Attorney's office to help prosecute cases

Council Direction/Strategic Plan

Goal E. Objective 4

FY 2022 GOALS

Conduct Warrant Roundup
Perform maintenance on Police Station physical plant
Expand code enforcement activities
Monitor Complaint Areas for Traffic Enforcement

Goal E. Objective 4

DEPARTMENT STAFFING

Title	Current Staffing
Police Chief	1
Lieutenant	1
Sergeants	3
Corporals	2
Patrol Officers	12
Admin. Assistant	1
Dispatchers	5.5
Janitor	1



**FY 2022 BUDGET
POLICE DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	1,644,187	1,713,988	1,708,100	1,816,200	1,881,000
Supplies	35,349	54,347	49,000	54,900	51,400
Contractual	124,358	134,791	153,500	146,600	156,500
Utilities	56,621	49,696	58,700	51,500	56,200
Sundry	8,580	8,842	17,000	15,850	16,150
Maintenance	142,876	94,468	124,800	136,300	121,800
Capital Items	22,049	2,930	2,000	5,700	5,000
Total	2,034,021	2,059,062	2,113,100	2,227,050	2,288,050

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: City receiving COPS grant for two new Officer positions combines with personnel compensation adjustments results in increases in Salaries (\$40,200), Health Insurance (\$11,300), Pension (\$4,700), Social Security (\$3,100), and Worker's Comp (\$5,800)
- Supplies: Overall decline in Supplies is result of decreases in Ammunition (\$400), and Equipment (\$6,500) due to non-repetitive Grant purchases
- Contractual: Additional vehicles result in increase in Lease transfer to Vehicle Replacement Fund (\$8,400) with corresponding enlargement of Insurance (\$500)
- Utilities: Increases in Telephone (\$4,000) and Electricity (\$500)
- Maintenance: Reduction in Bldg/Grounds Maintenance (\$27,500) from expected completion of rehabilitation work, expanded fleet and increasing prices enhance Gas/Fuel (\$12,500)



FY 2022 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 2021 ACCOMPLISHMENTS

**Council
Direction/Strategic Plan**

Reduced the number of fire calls by increasing fire prevention programs
Increased fire inspections and pre-fire surveys
Upgraded staff certification through hiring for Inspection, Fire Code and Arson Investigator/Fire Marshal
Maintained vehicles and equipment by regular maintenance and daily inspections
Purchased new PPE (bunker gear) for Personnel & Volunteers through Emergency Grant Funding

Goal E. Objective 4

FY 2022 GOALS

Continue to enhance the fire prevention program to decrease fires in the community.
Continue replacement plans for PPE (bunker gear), station furnishing and apparatus
Expand 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

Goal E. Objective 4

DEPARTMENT STAFFING

	Title	Current Staffing
Fire Chief		1
Firefighters		5



**FY 2022 BUDGET
FIRE DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	403,475	418,424	421,500	436,800	442,300
Supplies	7,491	9,110	13,600	12,600	14,800
Contractual	20,947	23,754	24,700	25,700	26,900
Utilities	8,867	7,754	10,000	8,700	9,200
Sundry	5,257	5,370	8,800	14,100	10,300
Maintenance	26,520	27,834	37,500	26,500	36,100
Capital Items	-	5,731	5,000	56,100	11,000
Total	472,556	497,977	521,100	580,500	550,600

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Compensation adjustments result in increases in Salaries (\$1,600), Health Insurance (\$1,200)
- Supplies: Increases in Wearing Apparel (\$300) and Equipment (\$1,000)
- Utilities: Increase in Electricity (\$500)
- Sundry: Reduced Subscriptions/Dues from 1-time Volunteer Pension Increase (\$6,300)
- Maintenance: Enlarged Gas//Fuel (\$2,000) for price increases and Vehicle Maintenance (\$7,000) with less than normal repairs in FY 2021
- Capital: Elimination of Emergency Equipment (\$56,100) that was Grant purchased Bunker Gear and Equipment



FY 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	-	-	-	-	-
Supplies	6,201	4,871	6,000	4,600	6,600
Contractual	14,332	14,570	16,000	17,000	17,000
Utilities	859	1,673	1,800	1,600	1,800
Sundry	2,534	1,939	2,500	2,500	2,500
Maintenance	-	-	1,000	-	1,000
Capital Items	-	-	-	-	-
Total	23,926	23,053	27,300	25,700	28,900

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
Animal Calls	234	195	204	210	284	171

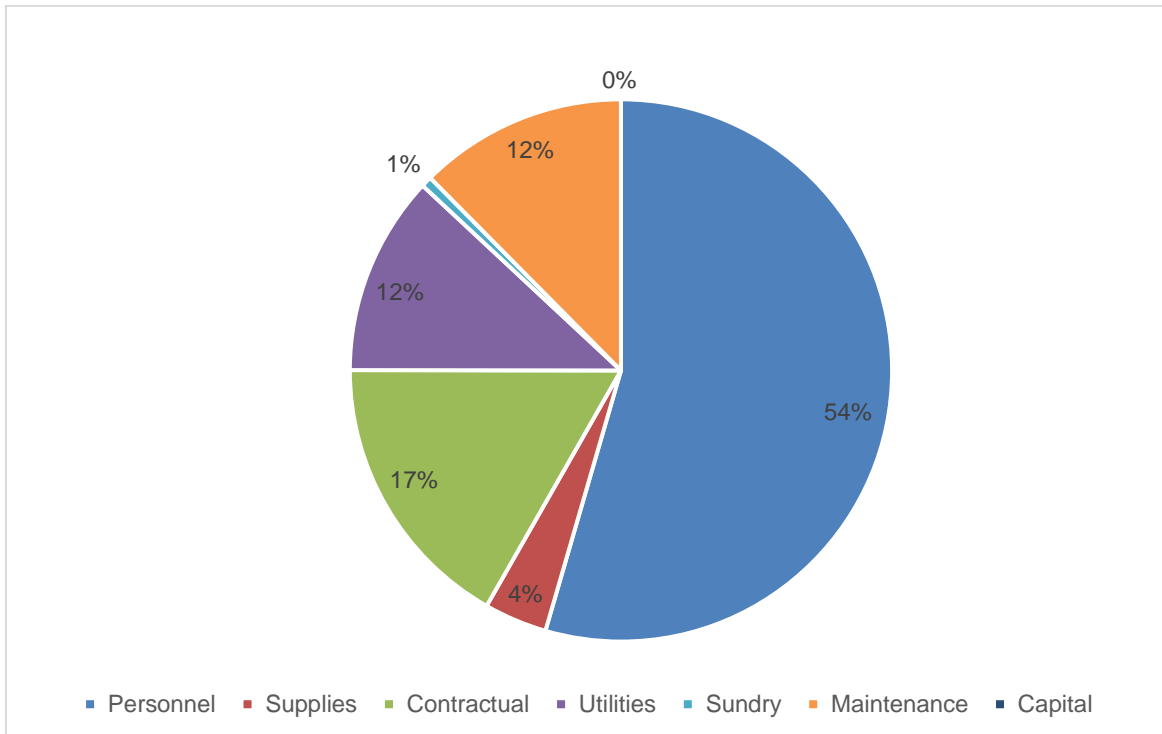
HIGHLIGHTS – FY 2022 Proposed Budget Change From FY 2021 Estimate

- Supplies: Increase in Equipment (\$1,000)



**FY 2022 BUDGET
EXPENDITURE SUMMARY
PUBLIC WORKS**

Totals	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Streets	338,794	392,847	413,100	399,650	462,100
Parks	232,269	226,993	233,500	292,800	259,300
Inspection	43,499	55,148	66,700	46,700	88,900
Cemetery	22,610	23,356	23,300	22,800	22,800
Subtotal	637,173	698,344	736,600	761,950	833,100
Personnel	244,057	357,098	379,800	365,300	454,000
Supplies	18,093	29,124	27,000	26,650	31,300
Contractual	94,416	115,399	130,700	116,700	139,700
Utilities	93,276	94,954	96,300	98,300	99,300
Sundry	11,158	3,272	5,100	700	5,300
Maintenance	106,473	98,497	96,400	94,000	103,500
Capital	69,700	-	1,300	60,300	-
Total	637,173	698,344	736,600	761,950	833,100





FY 2022 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 of the 4B EDC
- Herbicide and Pesticide Programs for Right of Way vegetation control and Mosquito spraying
- Install and maintains traffic control signs and paving markers.
- Mow rights-of-way and maintain street and alley shoulders.
- Maintain storm drains

FY 2021 ACCOMPLISHMENTS

Council Direction/Strategic Plan

Managed the annual street reconstruction program, a 4B EDC funded program, including drainage work
Staff obtained herbicide & pesticide application license
Continued the community banner decoration and Downtown building lights programs
Acquired gutter broom for Street/gutter cleaning
Assisted the Utility Departments with repairs from major water and wastewater leaks

FY 2022 GOALS

Maintain pedestrian right of ways and downtown area
Complete Downtown Bldg light replacement
Expand gutter cleaning/sweeping program
Roadway tree trimming
Manage annual street reconstruction program
Update, clean and replace traffic signage

DEPARTMENT STAFFING

Title	Current Staffing
Public Works Supt	0.5
Maintenance	4.75



**FY 2022 BUDGET
STREET DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	135,937	194,082	219,500	203,900	243,800
Supplies	7,193	12,060	16,000	13,150	14,800
Contractual	13,014	30,044	22,700	23,400	43,400
Utilities	82,792	83,560	83,600	84,600	85,600
Sundry	8,024	935	1,500	300	800
Maintenance	87,334	72,166	68,500	73,000	73,700
Capital Items	4,500	-	1,300	1,300	-
Total	338,794	392,847	413,100	399,650	462,100

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Staffing reallocations, filled vacancies and compensation adjustments result in enlargement in Salaries (\$31,300), Health Insurance (\$800), Workers Comp (\$300), Social Security (\$2,400) and Pension (\$4,600)
- Supplies: Chemicals for Mosquito Spraying (\$1,500)
- Contractual: Large equipment purchase results in Vehicle Lease increase (\$15,000), reinstitution of Special Projects (\$5,000)
- Utilities: Projected increase in Electricity (\$1,000) from added lights/downtown



FY 2022 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 2021 ACCOMPLISHMENTS

Completed construction of Ballard St. Soccer Complex
Provided assistance for State baseball tournament and youth athletic leagues
Secured grants to leverage funding for Soccer Complex
Obtained grant funding to progress Perry Sampson Park renovation project
Major effort to enhance park facility maintenance-playgrounds

Council Direction/Strategic Plan
Goal C. Objective 3

FY 2022 GOALS

Complete Perry Sampson Park renovation project
Enhanced maintenance standards for all park facilities
Continue to host and expand athletic tournaments

Goal C. Objective 3
Goal C. Objective 2

DEPARTMENT STAFFING

Title	Current Staffing
Parks Foreman	0.5
Maintenance	2



**FY 2022 BUDGET
PARKS DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	92,178	135,426	127,600	136,300	146,600
Supplies	10,229	16,353	10,200	13,500	15,500
Contractual	38,982	40,697	58,000	51,100	54,100
Utilities	8,054	9,092	11,500	12,500	12,500
Sundry	81	633	800	400	1,800
Maintenance	17,546	24,792	25,400	20,000	28,800
Capital Items	65,200	-	-	59,000	-
Total	232,269	226,993	233,500	292,800	259,300

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Increases from staff changes and payroll adjustments Salaries (\$12,200), Pension (\$1,200), Social Security (\$800) and Worker's Comp (\$400) with reduction of Health Insurance (\$3,100),
- Supplies: Net increases from Materials (\$1,500), Chemicals (\$300) and Equipment (\$300)
- Contractual: Increase for Insect Control (\$2,000) for monthly spraying of fields & parks
- Sundry: Increase in Travel/Training (\$1,400)
- Maintenance: Increases in Bldg/Grounds (\$5,000) and Gas/Fuel (\$1,500)
- Capital: Replacement of Batting Cages in FY 2021 from Insured damages from the Ice Storm results in elimination (\$59,000)



FY 2022 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 2021 ACCOMPLISHMENTS

Certified personnel – Certified Code Compliance
Certified personnel – International Electrical Code License

Council Direction/Strategic Plan

FY 2022 GOALS

Staff to obtain required certifications to become a licensed building official

DEPARTMENT STAFFING

Title	Current Staffing
Code Officer/Building Official	1



**FY 2022 BUDGET
INSPECTION SERVICES**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	15,943	27,590	32,700	25,100	63,600
Supplies	671	711	800	-	1,000
Contractual	19,810	21,688	27,200	19,400	19,400
Utilities	2,429	2,302	1,200	1,200	1,200
Sundry	3,053	1,704	2,800	-	2,700
Maintenance	1,594	1,153	2,000	1,000	1,000
Capital Items	-	-	-	-	-
Total	43,499	55,148	66,700	46,700	88,900

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Shifting one-half of employee dedicated completely to this cost center increases Salaries (\$19,900), Health Insurance (\$7,300), Social Security (\$1,900), Pension (\$2,800) and Worker's Comp (\$2,000)
- Sundry: Enhanced Training/Travel (\$2,000) and Subscriptions/Dues (\$500)
- Maintenance: Increase in Gasoline (\$500)



FY 2022 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

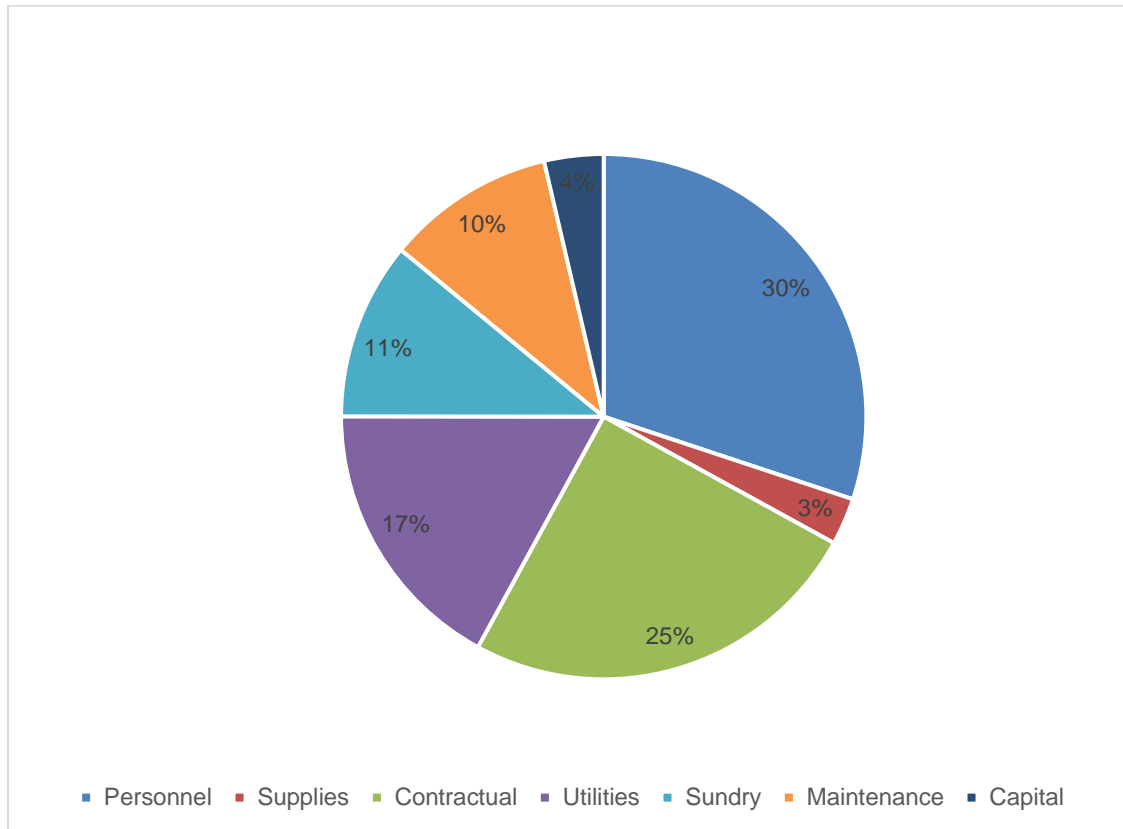
	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	0	0	0	0	0
Supplies	-	-	-	-	-
Contractual	22,610	22,970	22,800	22,800	22,800
Utilities					
Sundry					
Maintenance	-	386	500	-	-
Capital Items					
Total	22,610	23,356	23,300	22,800	22,800

HIGHLIGHTS – FY 2022 Proposed Budget Change From FY 2021 Estimate



**FY 2022 BUDGET
EXPENDITURE SUMMARY
COMMUNITY FACILITIES**

Totals	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Airport	123,744	130,517	100,300	90,750	98,700
Civic Center	206,349	183,280	187,700	162,300	193,700
Community Facilities	89,002	82,369	88,000	84,300	90,700
Subtotal	419,096	396,166	376,000	337,350	383,100
Personnel	138,409	115,649	110,900	104,100	115,300
Supplies	7,297	7,612	11,200	5,500	11,100
Contractual	93,008	111,961	98,100	91,500	95,600
Utilities	64,979	53,570	63,500	56,800	65,400
Sundry	42,471	25,169	39,400	34,800	41,900
Maintenance	32,372	18,225	36,900	30,650	39,800
Capital	40,559	63,980	16,000	14,000	14,000
Total	419,096	396,166	376,000	337,350	383,100





FY 2022 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 2021 ACCOMPLISHMENTS

Listed hangars available for rent on internet sites
Maintained City owned T-Hangar occupancy
Reinstituted the Airport Advisory Board
Secured reimbursement from TxDOT RAMP grant program
Utilized Special Federal funds with RAMP for AWOS, gate and fuel maintenance items

Council Direction/Strategic Plan

Goal E. Objective 3

FY 2022 GOALS

Enhance Pilots' Lounge
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

Goal E. Objective 3

DEPARTMENT STAFFING

Title	Current Staffing
Airport Facility Maintenance	0.5



**FY 2022 BUDGET
CENTER MUNICIPAL AIRPORT**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	21,045	20,664	24,300	20,500	25,600
Supplies	651	963	1,800	1,400	1,400
Contractual	10,182	10,266	10,200	6,900	8,400
Utilities	15,538	14,836	16,000	14,400	15,300
Sundry	39,962	22,499	31,700	31,500	31,700
Maintenance	3,701	2,983	6,300	6,050	6,300
Capital Items	32,665	58,306	10,000	10,000	10,000
Total	123,744	130,517	100,300	90,750	98,700

PERFORMANCE MEASURES

Fuel Sold	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Payroll adjustments totaling (\$5,100), majority is shift of Health Insurance (\$3,800) into this cost center for the employee designated as half-funded
- Contractual: Enhanced Weed Control (\$1,000) and Janitorial (\$500)



FY 2022 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 2021 ACCOMPLISHMENTS

Continued systematic replacement of furniture at the Civic Center to rotate used furniture to the Community House
Repainting the Civic Center and other cleaning and maintenance

Council Direction/Strategic Plan

FY 2022 GOALS

Review staffing levels for optimization
Expand the marketing efforts for the facilities
Maintenance and/or replacement programs for carpet and HVAC

DEPARTMENT STAFFING

Title	Current Staffing
Civic Center Director	1
Facility Maintenance – PT Pool Position	2



**FY 2022 BUDGET
CIVIC CENTER**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	117,364	94,984	86,600	83,600	89,700
Supplies	6,645	6,648	8,800	4,100	8,600
Contractual	21,478	34,803	24,200	21,300	23,700
Utilities	32,299	24,471	31,600	27,800	30,800
Sundry	2,510	2,525	6,500	3,300	10,000
Maintenance	18,159	14,173	24,000	18,200	26,900
Capital Items	7,895	5,674	6,000	4,000	4,000
Total	206,349	183,280	187,700	162,300	193,700

PERFORMANCE MEASURES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Reinstating part-time staffing levels result in increases in Salaries (\$5,700), Social Security (\$500), and Worker's Comp (\$200)
- Supplies: Reinstalling items removed during COVID reduced usage include Materials (\$200), Furniture (\$1,000), and Office Supplies (\$1,500)
- Contractual: Reactivating potential expenses for Insect Control (\$400) and Janitorial (\$1,500)
- Utilities: More likely use requires Increase in Electricity (\$3,000)
- Sundry: Publishing (\$3,000), Training, (\$600), and Promotional Events (\$2,400) for enhanced advertising and business promotion
- Maintenance: Increase in and Building/Grounds (\$8,000) for further repairs



FY 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	-	-	-	-	-
Supplies	-	-	600	-	1,100
Contractual	61,349	66,892	63,700	63,300	63,500
Utilities	17,142	14,263	15,900	14,600	19,300
Sundry	-	145	1,200	-	200
Maintenance	10,511	1,069	6,600	6,400	6,600
Capital Items	-	-	-	-	-
Total	89,002	82,369	88,000	84,300	90,700

HIGHLIGHTS – FY 2022 Proposed Budget Change From FY 2021 Estimate

- Supplies: Increases for Community House Furnishings (\$500) and Senior Center (\$600)
- Utilities: Increases in Electricity Senior Center (\$3,500) and Electricity Community House (\$800) and Utilities Senior Center Gas (\$400)



FY 2022 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	1,121,300	1,142,500	1,212,900	1,211,500	1,400
Sales Taxes	2,065,000	2,347,400	2,312,200	2,152,000	160,200
Law Enforcement	225,200	233,500	225,700	175,100	50,600
Franchise Fees	676,400	681,500	692,500	641,000	51,500
Airport	80,600	75,500	78,000	65,500	12,500
Permits	15,700	18,800	15,300	8,400	6,900
Usage Fees	67,600	51,200	64,200	41,100	23,100
Solid Waste	-	-	-	-	-
Miscellaneous	4,200	83,400	4,200	-	4,200
Transfers	790,000	790,000	805,000	795,000	10,000
Interest	20,000	5,000	5,000	5,000	-
Grants	6,600	401,375	81,700	6,700	75,000
TOTAL	5,072,600	5,830,175	5,496,700	5,101,300	395,400

EXPENDITURES	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed	Recurring	Non- Recurring
Non Departmental	322,700	337,255	410,350	327,950	82,400
City Hall	858,700	892,350	885,300	822,800	62,500
Police	2,113,100	2,227,050	2,288,050	2,142,450	145,600
Fire	521,100	580,500	550,600	516,100	34,500
Street	413,100	399,650	462,100	424,600	37,500
Airport	100,300	90,750	98,700	92,200	6,500
Cemetery	23,300	22,800	22,800	20,300	2,500
Parks	233,500	292,800	259,300	232,800	26,500
Inspection	66,700	46,700	88,900	86,400	2,500
Municipal Court	117,100	112,700	117,300	114,050	3,250
Animal Control	27,300	25,700	28,900	27,400	1,500
Civic Center	187,700	162,300	193,700	166,200	27,500
Community Facilities	88,000	84,300	90,700	86,100	4,600
TOTAL	5,072,600	5,274,855	5,496,700	5,059,350	437,350

Personnel	3,412,800	3,511,200	3,741,200	3,574,050	167,150
Supplies	129,000	135,950	144,000	78,750	65,250
Contractual	766,750	751,905	809,900	776,700	33,200
Utilities	250,000	244,700	257,100	256,100	1,000
Sundry	186,250	184,050	195,450	127,950	67,500
Maintenance	303,500	299,650	310,900	241,300	69,600
Capital	24,300	137,100	31,000	4,500	26,500
Fund Transfers	-	10,300	7,150	-	7,150
TOTAL	5,072,600	5,274,855	5,496,700	5,059,350	437,350

Structural Balance/ (Deficit) **41,950**



FY 2022 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 173) 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 \$310,540,559, the City's maximum debt service principal to carry would be \$12,421,622. At the end of FY 2021, the City's outstanding ad valorem principal debt balance will be \$8,573,512 or 2.8% of net taxable value, well below self-imposed debt limits.

Calculation of Legal Debt Margin	
Net Taxable Assessed Value	310,540,559
Debt Limit - Four Percent (4%) of Taxable Assessed Value	12,421,622
Amount of Principal Applicable to Debt Limit - Ad Valorem Debt	8,573,512
Percent Principal to Debt Limit	69%
Percent Principal to Net Taxable Assessed Value	2.8%

DEBT SERVICE FUND HIGHLIGHTS

Revenue

The proposed FY 2022 City tax rate is \$0.619233 per \$100 of taxable value. The interest and sinking rate is projected to decrease to \$0.211083. The projected amount to be raised from ad valorem taxes for debt payments is \$639,500.

The inter-fund transfer from the water utility fund is projected to slightly decrease by \$2,000 to \$473,000. 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 \$143,000 as principal is completely paid on this debt instrument.

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 (\$50,000) 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 2022 - 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.

City's debt position has improved with retirement of the 2014 Tax Notes and 2021 refunding of callable amounts of the 2011 COs for annual savings. 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	2021 Refunding	PD Technology	Ad Valorem Total
FY 2022	155,000	231,125	65,416	242,550	73,275	72,100	839,466
FY 2023	155,000	230,625	65,791	242,050	72,975		766,441
FY 2024	-	-	64,891	236,300	468,675		769,866
FY 2025	-	-	66,041	235,550	465,850		767,441
FY 2026	-	-	65,866	239,550	463,988		769,403
FY 2027	-	-	64,891	234,350	471,400		770,641
FY 2028	-	-	66,294	239,150	462,600		768,044
FY 2029	-	-	66,263	238,550	463,700		768,513
FY 2030	-	-	65,938	237,750	464,600		768,288
FY 2031	-	-	65,575	349,000	-		414,575
FY 2032	-	-	65,175	352,375	-		417,550
FY 2033	-	-	64,738	350,550	-		415,288
FY 2034	-	-	64,263	352,100	-		416,363
FY 2035	-	-	65,000	353,400	-		418,400
FY 2036	-	-	65,663	349,400	-		415,063
FY 2037				415,250	-		415,250
FY 2038				413,850	-		413,850
FY 2039				417,150	-		417,150
FY 2040							-

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	140,000	4.00%	2/15/2022	HOT Tax
Series 2011 CO's	3,941,314	214,762	3.25%	2/15/2030	Ad Valorem
Series 2012 CO's	2,070,000	1,490,000	1.35%	2/15/2035	Revenue
GO Refunding Bonds 2012	1,760,000	445,000	2.00%	8/15/2023	Ad Valorem
Series 2016 CO's	3,960,000	788,750	2.00%	8/15/2036	Combination Ad Valorem and Revenue
PD Technology Note	265,117	72,41	3.441%	11/20/2021	Grant and Ad Valorem
Series 2019 CO's	6,220,000	4,045,000	5.00%	8/15/2039	Combination Ad Valorem and Revenue
Series 2021 GO Refunding	3,080,000	3,080,000	0.98%	2/15/2030	Ad Valorem



**FY 2022 BUDGET
DEBT SERVICE FUND**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenue					
Taxes - Current Year	701,827	727,897	633,900	658,500	639,500
Interest - Debt Service	10,281	4,023	2,300	250	400
Debt Issuance Proceeds	18,715	-	-	-	-
Interfund Transfers - Water	350,000	471,500	475,000	475,000	473,000
Interfund Transfers - Hotel/Motel	138,700	138,800	142,000	142,000	143,000
Interfund Transfers - Park Fund	45,000	65,000	55,000	55,000	50,000
Transfer - 4A EDC (Airport)	-	-	25,000	25,000	-
Transfer from 4B EDC	-	159,600	150,400	150,400	150,000
CJD Grant	132,497	-	-	-	-
Total - Revenue	1,397,021	1,566,820	1,483,600	1,506,150	1,455,900
Expenditures					
Principal 2007 CO's	127,900	125,000	130,000	130,000	140,000
Principal 2011 CO's	190,000	150,000	155,000	115,105	109,783
Principal 2012 CO's - TWDB	90,000	90,000	90,000	90,000	90,000
Principal 2012 GO Refunding	180,000	215,000	215,000	222,750	220,000
Principal 2014 Tax Notes	173,006	191,587	-	-	-
Principal 2016 CO's	165,000	165,000	175,000	175,000	175,000
Principal 2019 CO's	-	60,000	155,000	155,000	190,000
2021 GO Refunding	-	-	-	-	15,000
Police Technology Note	72,011	72,011	77,200	72,100	72,100
Subtotal Principal	997,917	1,068,597	997,200	959,955	1,011,883
Interest 2007 CO's	10,300	13,300	10,800	8,200	2,800
Interest 2011 Refunding	2,850	-	-	-	-
Interest 2011 CO's	126,000	126,000	126,000	146,425	45,220
Interest 2012 CO's - TWDB	39,875	39,043	38,000	37,965	36,660
Interest 2012 GO Refunding	23,325	19,725	15,400	7,975	11,125
Interest 2014 Tax Notes	3,006	1,587	-	-	-
Interest 2016 CO's	96,763	93,463	90,200	90,165	86,663
Interest 2019 CO's	-	246,196	208,000	208,025	200,275
Interest 2021 GO Refunding	-	-	-	19,475	58,275
Subtotal Interest	302,119	539,312	488,400	518,230	441,017
Debt Issuance Costs					
Tax Repayment	-	-	-	-	-
Annual Bank Agent Fees	2,750	2,800	3,000	3,500	3,000
Total - Expenditures	1,302,785	1,610,710	1,488,600	1,481,685	1,455,900
Beginning Fund Balance	96,654	190,890	127,118	147,000	171,465
Difference	94,236	(43,890)	(5,000)	24,465	-
Ending Fund Balance	190,890	147,000	122,118	171,465	171,465



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FY 2022 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 2022. A marginal rate increase for commercial is included in this year's budget.

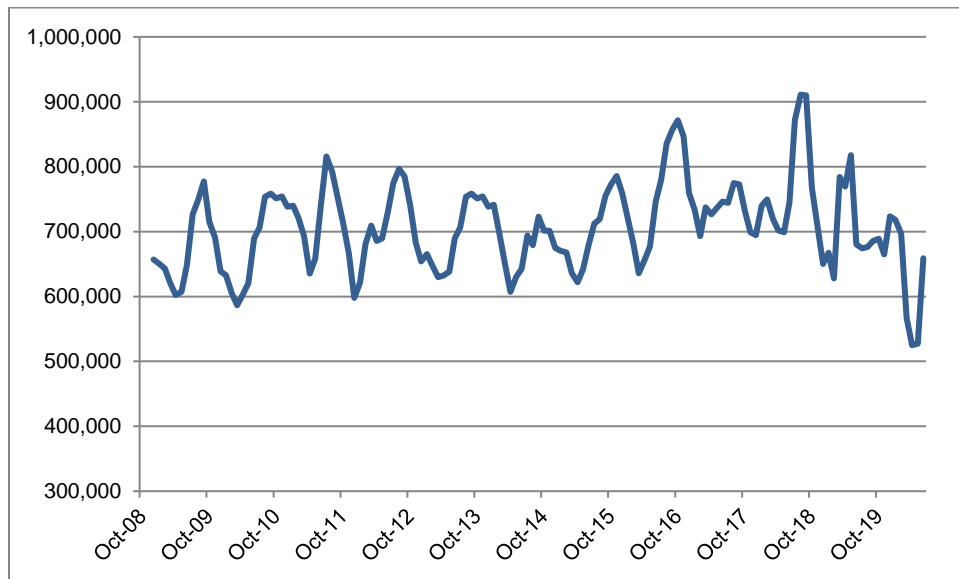
UTILITY FUND REVENUE

Utility revenue is collected by the City as a result of water sales to customers and fees for wastewater (sewer) collection and treatment. Approximately 97% of total revenues into this fund originate from water sales and wastewater fees of which water sales alone account for 72%.

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 alongside the COVID work restrictions. 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%	1%	8%
Tyson	67%	69%	64%	61%	59%	68%	64%

Table 2 – Percentage by customer class to total water consumption

Residential and commercial water sales projections were developed for the FY 2022 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.



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.

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

	Gross Water Sales - \$
FY 2021 - est	2,763,000
FY 2020	2,571,018
FY 2019	2,633,930
FY 2018	2,952,983
FY 2017	2,859,710
FY 2016	2,743,645
FY 2015	2,640,472
FY 2014	2,534,007
FY 2013	2,701,104
FY 2012	2,276,832
FY 2011	2,418,146
FY 2010	2,252,937

Table 3 – Annual 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.



	Non Departmental	Water Production	Water Distribution	Public Works	TOTAL
Personnel	-	337,000	257,200	112,500	706,700
Supplies	6,900	244,400	13,600	4,600	269,500
Contractual	16,000	91,600	14,800	33,400	155,800
Utilities	0	217,000	1,500	8,500	227,000
Sundry	11,050	12,700	1,500	1,100	26,350
Maintenance		143,800	87,800	7,400	239,000
Capital		12,000	-	-	12,000
Fund Transfers	462,600				462,600
TOTAL	496,550	1,058,500	376,400	167,500	2,098,950

FY 2021 Estimate Water Revenues	2,763,000
Other Revenue	42,200
Total Allocated Water Revenue	2,805,200
Revenues Over/(Under) Expenditures	706,250

	Non Departmental	Sewer Collection	Sewer Treatment	Public Works	TOTAL
Personnel	-	160,800	241,900	56,100	458,800
Supplies	6,900	5,000	83,600	2,300	97,800
Contractual	16,000	12,500	151,200	16,700	196,400
Utilities	0	35,100	79,100	4,250	118,450
Sundry	11,050	500	21,200	550	33,300
Maintenance		47,800	116,500	3,700	168,000
Capital		-	15,000	-	15,000
Fund Transfers	1,043,741				1,043,741
TOTAL	1,077,691	261,700	708,500	83,600	2,131,491

FY 2021 Estimate Sewer Revenues	971,000
Other Revenue	42,200
Total Allocated Sewer Revenue	1,013,200
Revenues Over/(Under) Expenditures	(1,118,291)

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 complete the salary study and pay scale system implementation completed during FY 2021. All other notable items are specifically listed on each department's page.



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**FY 2022 BUDGET
UTILITY FUND SUMMARY**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Water	2,633,930	2,571,018	2,739,700	2,763,000	2,774,400
Sewer	880,246	915,017	918,000	971,000	976,000
Miscellaneous	8,939	147,628	3,000	900	1,900
Interest	31,287	12,418	12,000	6,200	5,200
Fees	87,003	92,678	77,700	77,300	80,400
Transfers					
TOTAL	3,641,404	3,738,760	3,750,400	3,818,400	3,837,900

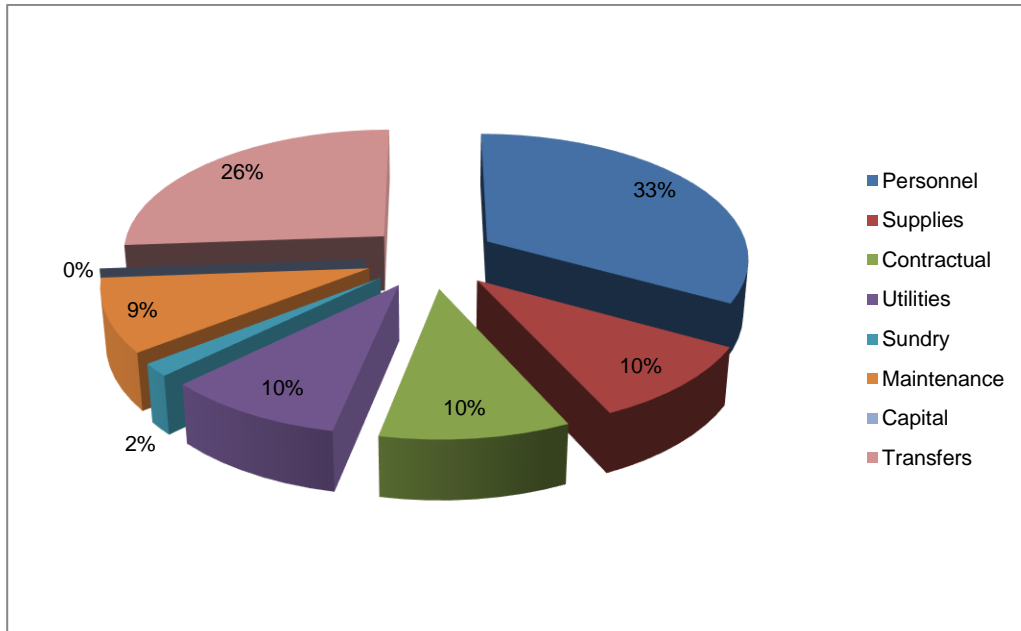
Expenditures

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
BY DEPARTMENT					
Non-Departmental	647,745	1,110,900	1,057,000	1,060,300	1,094,800
Water Production	1,147,564	993,830	1,259,600	1,058,500	1,266,300
Water Distribution	444,787	459,268	333,900	376,400	300,300
Sewer Collection	218,965	354,499	221,600	261,700	266,100
Sewer Treatment	599,182	576,428	617,000	708,500	637,300
Public Works	311,759	269,136	261,300	251,100	273,100
TOTAL	3,370,001	3,764,060	3,750,400	3,716,500	3,837,900

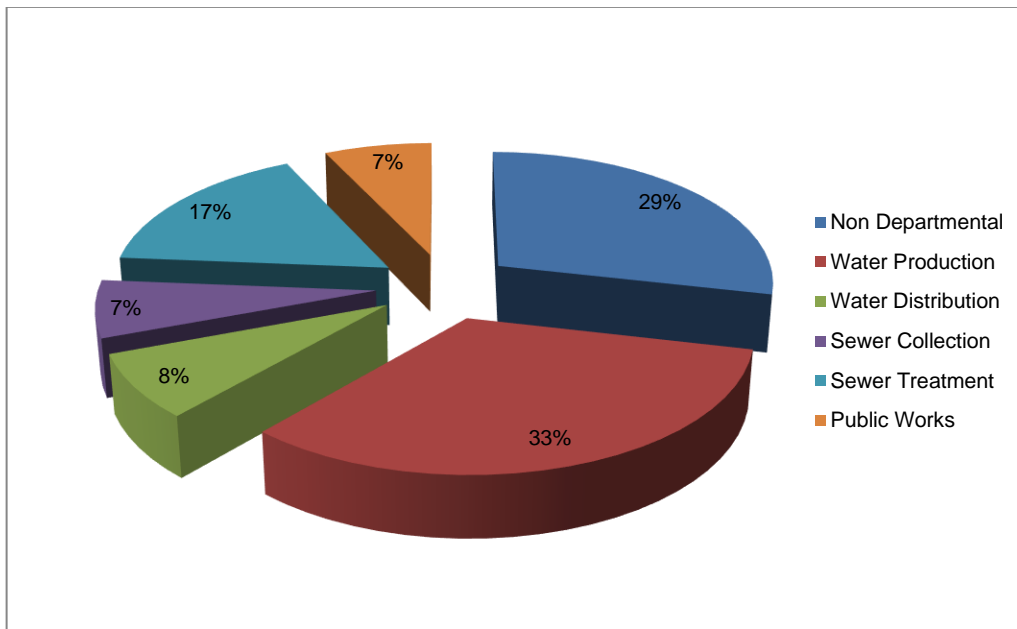
BY ACCOUNT CATEGORY

Personnel Services	1,190,085	1,206,463	1,175,700	1,165,500	1,268,900
Supplies	410,284	303,857	386,100	367,300	385,600
Contractual	327,757	342,401	376,000	352,100	387,500
Utilities	359,063	305,783	366,100	345,400	368,200
Sundry	35,804	47,229	56,400	59,700	63,300
Maintenance	294,789	347,520	370,200	407,000	360,300
Capital Items	151,926	153,713	27,000	27,000	-
Fund Transfers	600,292	1,057,094	992,900	992,500	1,004,100
Total	3,370,001	3,764,060	3,750,400	3,716,500	3,837,900

FY 2022 Budget – Utility Revenues



FY 2022 Budget – Utility Expenditures by Prime Account





**FY 2022 BUDGET
REVENUE DETAIL**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Water					
Residential Water	663,465	687,123	677,000	720,000	720,000
Bulk Water Sales	4,410	3,293	1,000	1,000	1,000
Commercial Sales	317,145	321,811	387,000	360,000	360,900
Poultry Processing	1,482,231	1,397,245	1,512,700	1,520,000	1,530,500
Rural Water Systems	18,297	14,395	12,000	12,000	12,000
Industrial					
Outside City Limits	148,382	147,152	150,000	150,000	150,000
Total Water	2,633,930	2,571,018	2,739,700	2,763,000	2,774,400
Sewer					
Billed Sewer	880,299	910,813	917,000	970,000	975,000
Contractual Disposal	(54)	4,205	1,000	1,000	1,000
Total Sewer	880,246	915,017	918,000	971,000	976,000
Miscellaneous					
Returned Check Fee	10	860	500	700	700
Insurance Claims	2,625	13,000			
Worker's Comp Discount					
Other		(1,499)		(900)	
DETEC Capital	60	(2,235)		(100)	
Contractor Damages	575	17,836			
Surplus Equipment	2,294				
Special Project Revenue		118,190			
Lease Mineral Rights	430.86				
Utility Contractor Dmg	2,944	1,477	2,500	1,200	1,200
Sale of Equipment/Land					
Total Miscellaneous	8,939	147,628	3,000	900	1,900
Interest					
Interest Water Fund	27,990	10,808	10,000	6,000	5,000
Interest Water Refund	3,297	1,610	2,000	200	200
Total Interest	31,287	12,418	12,000	6,200	5,200
Fees Taps & Charges					
Administrative Fees	6,200	6,179	6,000	6,000	6,000
10% Penalty	47,316	47,460	45,000	45,000	45,000
10% Penalty A/R	(104)				
Reconnection Fee	21,745	20,240	20,000	20,000	20,000
Plumbing Permits	4,530	5,285	2,500	2,900	4,500
Plumbing Inspection	350	105	100	100	100
After Hours Call Out	200	750	100	300	100
Meter Tampering	380	605			
Water Taps	4,450	8,150	3,000	2,000	3,500
Sewer Taps	1,200	2,400	1,000	600	1,200
Meter Set Fee	735	1,505		400	
Tap Fees & Charges	87,003	92,678	77,700	77,300	80,400
TOTAL REVENUE	3,641,404	3,738,760	3,750,400	3,818,400	3,837,900



FY 2022 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 2021 ACCOMPLISHMENTS

- Zero water treatment violations
- Variable Frequency Drive for High Service Pumps
- Effluent, drain and backwash valves & actuators replaced at Pinkston Old Train
- Completed installation of new lagoon at Pinkston plant
- Continued sludge lagoon cleaning program
- Updated EPA's Risk Management Program to be in compliance

FY 2022 GOALS

- Complete cleaning of elevated and ground storage water tanks
- Upgrade raw and treated flow meters at Pinkston Plant
- Upgrade lab equipment at Mill Creek Plant

DEPARTMENT STAFFING

Title	Current Staffing
Chief Operator	1
Operator II	4
Operator I	1
Operator Trainee	2
Total	8



**FY 2022 BUDGET
WATER PRODUCTION****DEPARTMENT SUMMARY**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	435,448	376,338	440,000	337,000	465,600
Supplies	258,434	232,123	265,000	244,400	263,400
Contractual	116,312	87,925	159,100	91,600	156,800
Utilities	213,054	186,041	238,500	217,000	238,500
Sundry	12,477	11,564	14,000	12,700	14,000
Maintenance	80,238	91,948	131,000	143,800	128,000
Capital Items	31,600	7,892	12,000	12,000	-
Total	1,147,564	993,830	1,259,600	1,058,500	1,266,300

PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total Gallons of Treated Water Produced					0.634
– billion gallons	1.143	1.09	1.106	1.076	
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 2022 Amended Budget Change From FY 2021 Estimate

- Personnel Services: Personnel adjustments result in increases in Salaries (\$21,600), Pension Fund (\$12,900), and Social Security (\$8,100) and Worker's Comp (\$1,900)
- Supplies: Increase in Chemicals (\$20,000)
- Contractual: Decrease in Sludge Disposal (\$10,000)
- Utilities: Increases in Electricity (\$21,000)



FY 2022 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 2021 ACCOMPLISHMENTS

- Continued electronic meter replacement program – less than 50 analog meters remain
- Performed numerous water leak repairs, including four to the 18" water line
- Refined system testing and monitoring, including installing automatic flushing assemblies
- Install 18" valves to isolate smaller sections of the primary transmission line to reduce repair times
- Zero water distribution violations

FY 2022 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	0
Total	3



**FY 2022 BUDGET
WATER DISTRIBUTION**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	192,349	251,618	203,400	257,200	171,800
Supplies	9,066	8,150	10,700	13,600	12,400
Contractual	26,801	15,837	16,300	14,800	14,300
Utilities	1,716	1,871	2,500	1,500	2,500
Sundry	1,554	2,236	2,000	1,500	1,500
Maintenance	129,046	114,162	99,000	87,800	97,800
Capital Items	84,254	65,394	-	-	-
Total	444,787	459,268	333,900	376,400	300,300

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Correction of budget for allocation of personnel from prior year results in decreases in Salaries (\$84,500), Pension (\$9,400), and Social Security (\$6,900).
- Contractual: Decreases in Other (\$500)
- Utilities: Increase in Electricity (\$500) and Cell Phone (\$500)
- Maintenance: Slight decrease in Fire Hydrants (\$3,000) but increase in Water Meters (\$5,000), Fuel (\$1,500) and Pumping Equipment (\$5,000)
- Capital: No capital equipment or system improvements are planned for FY 2022.



FY 2022 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 2021 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 2022 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	2
Heavy Equipment Operator – Vac Truck	1
Total	3



**FY 2022 BUDGET
SEWER COLLECTION**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	100,576	147,603	100,600	160,800	154,500
Supplies	5,627	4,138	5,800	5,000	6,000
Contractual	14,594	22,120	12,500	12,500	11,500
Utilities	34,897	27,173	32,400	35,100	34,400
Sundry	175	2,193	1,000	500	1,000
Maintenance	43,005	94,135	69,300	47,800	58,700
Capital Items	20,092	57,137	-	-	-
Total	218,965	354,499	221,600	261,700	266,100

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 2022 Proposed Budget Change From FY 2021 Estimate

- Supplies: Increase in Chemicals (\$700)
- Contractual: Reductions in Rental (\$1,000)
- Utilities: Decrease in Electricity (\$1,000)
- Sundry: Reinstating Training (\$500) funds
- Maintenance: Reduction in Equipment (\$1,000) and Vehicle (\$1,000) overshadowed by an increase in Fuel (\$1,000), Sewer Lines (\$5,000) and Manholes (\$5,000)
- Capital: No capital equipment or system improvements planned for FY 2022.



FY 2022 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 2021 ACCOMPLISHMENTS

- Refined operations of treatment in the orbital basin with air blowers
- Monitored overall electricity consumption via new solar power system
- Met discharge parameters and had no exceedances of specific permit limits

FY 2022 GOALS

- Work to consistently meet all discharge permit limitations, especially metals
- Continue industrial pretreatment monitoring and enforcement
- Expand SCADA monitoring for treatment enhancement and efficiency
- Operate withing permit parameters and avoid violations and enforcement

DEPARTMENT STAFFING

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



**FY 2022 BUDGET
SEWER TREATMENT**

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	229,629	235,377	238,200	241,900	248,800
Supplies	111,506	37,406	84,500	83,600	84,200
Contractual	107,380	151,316	121,100	151,200	136,300
Utilities	97,063	76,366	77,000	79,100	80,000
Sundry	17,905	18,741	18,500	21,200	21,000
Maintenance	35,699	39,227	62,700	116,500	67,000
Capital Items	-	17,994	15,000	15,000	-
Total	599,182	576,428	617,000	708,500	637,300

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Increases for personnel adjustments totaling (\$10,600)
- Contractual: Decrease in Sludge Disposal (\$20,000), with increase in Vehicle Lease (\$3,100), Rental (\$1,000) and Engineering (\$1,000)
- Utilities: Increase in Electricity (\$1,000)
- Maintenance: Increases in Fuel (\$1,000) but major reductions in Lift Station (\$60,000) from emergency replacement of two large pumps winter, 2021
- Capital: Net decrease from elimination in Capital Bldg/Grounds (\$15,000)

**FY 2022 BUDGET****PUBLIC WORKS ADMINISTRATION - #641**

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

DEPARTMENT SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	230,377	196,301	193,500	168,700	207,300
Supplies	11,661	10,135	8,100	6,900	7,600
Contractual	33,324	33,715	33,000	50,000	34,600
Utilities	12,333	14,332	15,700	12,700	12,800
Sundry	1,283	1,309	2,800	1,700	2,000
Maintenance	6,801	8,048	8,200	11,100	8,800
Capital Items	15,980	5,297	-	-	-
Total	311,759	269,136	261,300	251,100	273,100

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel Services: Increases in personnel including reallocation to department cost center mid-year (\$26,600)
- Contractual: Increases in Vehicle Lease (\$2,000)
- Maintenance: Decrease in Bldg/Grounds maintenance (\$3,500) but increase in Fuel (\$500) and Vehicle Maintenance (\$400)

DEPARTMENT STAFFING

Title	Current Staffing
Public Works Director	1
Plumbing Inspector	1
Utility Superintendent	0.5
Total	2.5



FY 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Personnel Services	1,706	(775)	-	(100)	20,900
Supplies	13,990	11,907	12,000	13,800	12,000
Contractual	29,346	31,488	34,000	32,000	34,000
Utilities	-	-	-	-	-
Sundry	2,410	11,186	18,100	22,100	23,800
Maintenance	-	-	-	-	-
Capital Items	-	-	-	-	-
Fund Transfers	600,292	1,057,094	992,900	992,500	1,004,100
Total	647,745	1,110,900	1,057,000	1,060,300	1,094,800

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 2022 Proposed Budget Change From FY 2021 Estimate

- Personnel: Fund-wide payroll adjustment increase (\$21,000) to effect Salary Survey, Pay Grade System and Merit Based Pay Program
- Contractual: Increase in Legal (\$2,000)
- Fund Transfers: Increase in Franchise Fee (\$6,500)



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**CITY OF CENTER
FY 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Solid Waste Discount Sales	(162)	37	200	400	250
SW Collection – Residential	429,278	435,037	422,100	433,500	447,500
SW Collection – Commercial	1,159,934	1,118,335	1,170,100	1,175,000	1,213,500
Garbage Bag Sales	1,230	1,468	1,200	1,400	1,200
Misc. Recycling Receivable	12				
Other	9	1			
Interest	5,338	2,790	2400	250	250
Total Revenue	1,595,640	1,557,666	1,596,000	1,610,550	1,662,700
Expenditures					
Personnel	-	-	-	-	-
Supplies	1,998	1,224	2000	1,500	1,200
Contractual	1,447,906	1,355,981	1,390,000	1,354,500	1,450,000
Utilities	-				
Sundry	777	14,829	2,500	3,000	10,000
Maintenance	2,125	2,105	1,500	1,500	1,500
Capital		2,133			
Fund Transfers	200,000	200,000	200,000	200,000	200,000
Total Expenditures	1,652,806	1,576,271	1,596,000	1,560,500	1,662,700

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.
- The FY 2022 budget includes a 3% increase for all customer classes to ensure rates remain in line with the cost of the disposal service agreement and CPI increases



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**CITY OF CENTER
FY 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget	FY 2023 Projected
Transfer						
General Fund	-	-	-	-	-	-
Utility Fund	80,000	66,000	-	-	-	-
Total	80,000	66,000	-		-	-
<u>Revenue</u>						
Lease Payments						
General Fund	57,950	81,425	93,250	93,250	119,300	136,100
Utility Fund	41,335	52,890	58,000	58,000	64,800	69,800
Surplus Vehicle Sales	6,680	-	-			
Insurance Payments	11,565	-	-		-	
Interest	3,164	1,392	3,500	300	300	300
TOTAL REVENUE	200,693	201,706	154,750	151,550	184,400	206,200
<u>Vehicle Purchases</u>						
Police	122,089	71,221	-	9,050	42,000	84,000
Fire	25,000		-			
Street		10,000	-	99,900	30,000	
Parks			-			
Airport			-			
Inspections			-			
Water Production	40,000	24,815	-		-	25,000
Water Distribution			-			
Sewer Collection		65,999	-			
Sewer Treatment			-		25,000	
Public Works	29,490	81,665	-	8,300		
TOTAL PURCHASES	216,579	253,700	-	117,250	97,000	109,000
Beginning Fund Balance	154,649	138,764		86,769	121,069	208,469
Revenues Over/(Under)						
Expenditures	(15,886)	(51,994)	154,750	34,300	87,400	97,200
Ending Fund Balance	138,764	86,769	154,750	121,069	208,469	305,669



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.	2020 Tahoe	Police
Mini Excavator	Public Works	2020 Ford F150	Water
2020 Ford F150	Water	Gutter Clean Attachment	Street Dept.
2021 Tahoe	Police	2021 Backhoe	Street Dept.

Current Planned Purchases – FY 2022

2022 Tahoe	Police	2022 Truck	Sewer Treatment
2022 Tahoe	Police	2022 Truck	Street Department

Future Planned Purchases – FY 2022 through FY 2023

Vehicle	Department	Vehicle	Department
2023 Tahoe	Police	2023 Truck	Water Production
2023 Tahoe	Police		



**CITY OF CENTER
FY 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Capital Contribution	-	-	-	-	-
Misc.	(27)	-	-	-	0
Dept Allocation	195,800	215,850	215,850	215,850	215,950
Interest	2,459	1,585	1,000	200	500
TOTAL REVENUE	197,497	217,408	216,850	216,050	216,450
Expenditures					
Personnel	62,041	66,227	72,800	67,700	75,200
Supplies	35,046	19,635	12,500	20,750	18,500
Contractual	47,057	44,696	69,200	60,500	61,000
Sundry	-	332	3,000	500	2,500
Maintenance	0	-	-	0	0
Capital	14,970	8,846	30,000	20,000	40,000
Total	159,114	139,736	187,500	169,450	197,200
Beginning Fund Balance	80,376	118,759	114,499	196,431	243,031
Revenues Over					
Expenditures	38,383	77,672	29,350	46,600	19,250
Ending Fund Balance	118,759	196,431	143,849	243,031	262,281

**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 2022 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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
REVENUE					
Transfer from General Fund	11,720	-	-	10,300	7,150
Registration	67,098	68,543	89,000	57,000	66,500
Event Proceeds	25,069	25,104	23,000	26,000	25,000
Concession	27,342	13,137	32,500	21,100	22,000
Gate	4,658	4,081	4,800	3,800	5,500
Miscellaneous	18,200	16,451	17,000	15,250	15,100
Merchandise	3,247	-	2,000	-	-
Donations	2,118	724	1,600	1,300	750
TOTAL	159,452	128,039	169,900	134,750	142,000
EXPENDITURES					
Personnel	78,122	82,183	79,700	79,650	58,500
Supplies	48,725	38,295	58,600	43,750	56,000
Contractual	20,131	11,754	22,400	8,600	21,900
Utilities	-	-	-	-	-
Sundry	2,714	1,902	4,500	1,400	2,500
Maintenance	1,037	4,200	4,700	1,350	3,100
Capital	-	-	-	-	-
TOTAL	150,729	138,333	169,900	134,750	142,000
Beginning Fund Balance	12,883	8,633	0	0	0
Revenues Over/(Under) Expend.	8,723	(10,294)	-	-	-
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 2022 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 complete a wildlife/nature preserve feasibility study for land the City acquired from Center ISD.

In FY 2021, the City received notice of award of a Local Park Grant from Texas Parks & Wildlife in the amount of \$150,000 to equal the local funds from the City (\$75,000) and Community Donations. Fortunately, Tyson Foods desired to participate and insure the remaining local match of \$75,000 which was to increase local pledges and donations to enhance the project.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Donations/Pledges	8,406	165,397	68,250	68,250	64,250
Grants	10,000	8,000	-	1,000	151,000
Interest	9,318	3,779	2,000	250	200
Total Revenue	27,724	177,176	70,250	69,500	215,450
Expenditures					
Project Engineering			10,500	40,000	
Perry Sampson Park Project					330,000
Transfer to Debt Service	45,000	65,000	55,000		50,000
Ballard Street Park Soccer Complex	58,787	234,126		31,500	0
Total Expenditures	103,787	299,126	65,500	71,500	380,000
Beginning Fund Balance	412,004	335,941	11,648	213,991	211,991
Revenues Over/(Under) Expenditures	(76,063)	(121,950)	4,750	(2,000)	(164,550)
Ending Fund Balance	335,941	213,991	16,398	211,991	47,441



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 2019 Actual	FY 2020 Actual	FY 2021 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	0
Total	340,000

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	340,000

** City received pledges from the Sampson Family (\$25,000) and the Perry Sampson Park Community Group (\$50,000). Upon receipt, these funds will be added to the construction.



**FY 2022 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. Any excess funds can be utilized for equipment or special resources for the Police Department.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Court Technology					
Court Tech Fee	3,906	3,807	3,500	4,400	4,500
Interest	190	128	150	100	100
Court Tech Total	4,096	3,935	3,650	4,500	4,600
Expenses					
Supplies	0	0	0	0	0
Contractual	0	0	0	0	0
Sundry	0	0	0	0	0
Capital	0	0	0	700	3,900
Total	0	0	0	700	3,900
Beginning Fund Balance	8,114	9,509	12,210	12,210	16,010
Revenues Over/(Under) Expenses	4,096	3,935	3,650	3,800	700
Ending Fund Balance	12,210	17,943	15,860	16,010	16,710



	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Court Building Security					
Building Security Fee	2,930	6,066	3,000	3,500	3,500
Interest	228	138	150	150	150
Building Security Total	3,158	6,204	3,150	3,650	3,650
Expenses					
Sundry	0	0	0	0	0
Capital	0	662	700	700	1,000
Transfer to General Fund	0	0	0	0	0
Total	0	0	700	700	1,000
Beginning Fund Balance	7,025	10,626	10,183	16,168	19,118
Revenues Over/(Under) Expenses	3,158	5,542	2,450	2,950	2,650
Ending Fund Balance	10,183	16,168	12,633	19,118	21,768

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Law Enforcement Seizure Fund					
Judgment Forfeiture	0	8,563	0	1,900	1,950
Judgment Forfeiture – DOJ	0	1,000	0	0	0
Surplus Equipment	0	0	0	0	0
Interest	519	155	500	100	50
Seizure Fund Total	519	9,718	500	2,000	2,000
Expenses					
Supplies Equipment	0	0	1,500	0	0
Cell Phone	0	0	800	0	0
Investigation Expense	0	0	2,000	0	2,000
Vehicle Maintenance	0	0	0	0	0
Software Maintenance	5,990	4,354	0	0	0
Capital Equipment	9,512	0	0	0	0
Total	15,502	4,354	4,300	0	2,000
Beginning Fund Balance	26,070	11,087	26,518	16,451	17,451
Revenues Over/(Under) Expenses	(14,983)	5,364	(3,800)	2,000	0
Ending Fund Balance	11,087	16,451	22,718	17,451	17,451



FY 2022 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:

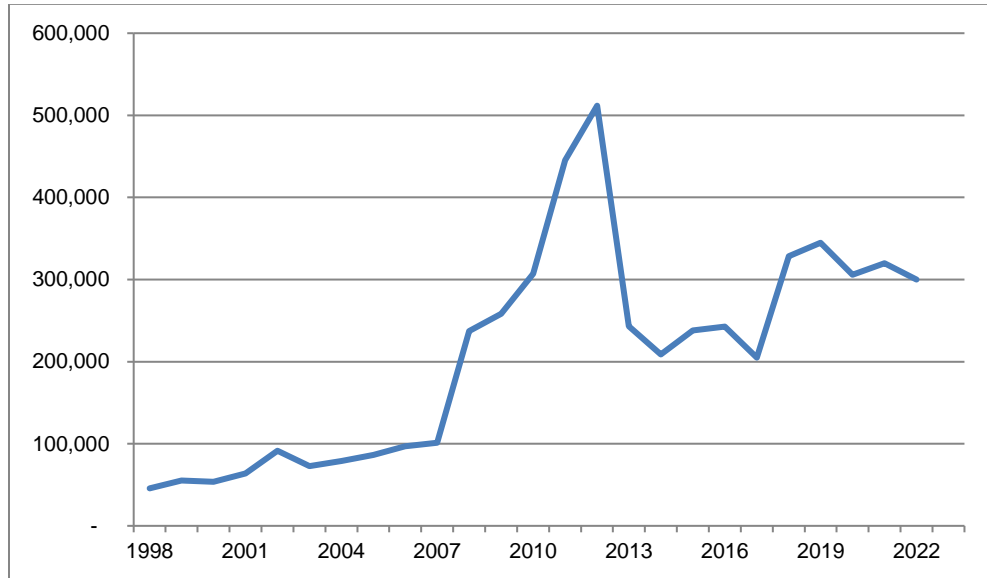
1. The acquisition of sites and the construction and maintenance of convention center facilities and visitor information centers;
2. Expenses associated with the registration of convention delegates;
3. Advertising, solicitations, and promotions that attract tourists and convention delegates to the City;
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 was projected to return to below \$300,000 for the foreseeable future but FY 2020 and FY 2021 both showed resiliency in spite of COVID exceeding \$300,000 slightly both years.



Graph 1 – Hotel Occupancy Tax Revenues
FY 1998 – FY 2022

**FY 2022
ANIMAL WELFARE FUND**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Donation Animal Welfare	0	0	0	0	0
Interest Animal Welfare	449	276	1,350	100	100
Total	449	276	1,350	100	100
Ending Balance	41,564	41,840	42,727	41,940	41,040



**FY 2022 BUDGET
FAIRVIEW CEMETERY FUND**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Interest Cemetery	3,075	3,228	1,500	250	200
Total	3,075	3,228	1,500	250	200
Expenditures					
Capital	0	0	0	0	0
Ending Balance	123,253	126,481	126,815	126,731	126,931

HOTEL OCCUPANCY FUND

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Hotel/Motel Taxes	344,899	305,707	240,000	320,000	300,000
Interest Hotel/Motel					
Total	7,343	4,257	3,000	500	500
	352,242	309,964	243,000	320,500	300,500
Expenditures					
Memberships					
Downtown Banners	3,275	-	5,000	5,000	12,000
Baseball Tournaments	20,000	20,000	20,000	20,000	20,000
Community Events	4,350	4,350	6,000	3,550	4,000
Membership & Dues	-	-	1,000	1,000	1,000
Chamber of Commerce	1,300	1,300	1,000	1,300	1,300
Historical Preservation	-	-	-	-	-
Downtown Lights	458	1,090	5,000	5,000	15,000
Civic Center Ops	80,000	80,000	80,000	80,000	90,000
Community House Ops	5,000	5,000	5,000	5,000	5,000
Transfer - Civic Center Debt	138,700	138,800	142,000	142,000	143,000
TOTAL - Hotel Motel	253,083	250,540	265,000	262,850	291,300
Beginning Fund Balance	222,782	321,941	287,480	381,365	439,015
Revenue Over/(Under) Expenditures	99,159	59,424	(22,000)	57,650	9,200
Ending Fund Balance	321,941	381,365	265,480	439,015	448,215



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**CITY OF CENTER
FY 2022 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
Downtown Renewal Project	2020	2019 CO's

FY 2022 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 projects 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

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

South Loop Elevated Storage Tank

New elevated storage tank at the South Loop and Hwy 7 that will increase storage capacity and help to regulate water pressure into the City. The City anticipates leveraging \$275,000 CDBG funds for this project and use of 2019 CO's for increasing tank size.

Perry Sampson Park

Renovation of park with new playground equipment and basketball court surface and cover. The City has received local matching funds from Tyson Foods to match the City's dedicated funding from the Park Fund to leverage a \$150,000 grant from Texas Parks & Wildlife to complete this project.

Council Goal E. Objective 3

Operating Impact: Increase Maintenance estimated at \$5,000/year

City staff will use FY 2022 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	Center nature trail/amphitheater	Enhancement to Center existing nature trail including amphitheater & lighting installation	175,000	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	250,000	
	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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Bond Proceeds	4,350,000	(45)	0	0	0
Interest	23,246	45,521	20,000	1,142	0
Transfer	0	178,116	0	248,514	0
Donations	0	0	0	0	0
Grant	0	8,750	350,000	15,750	0
Total	4,373,246	232,387	370,000	265,406	0
Projects					
Community House Remodel	5,800	0	0	0	0
Downtown Renewal	171,514	2,438,536	1,886,900	1,884,877	0
TDA Downtown Sidewalk	0	8,750	0	15,750	200,000
Airport CIP Match	0	47,150	0	0	0
Perry Sampson Park	0	0	0	48,222	0
Ballard Street Park	849	0	0	0	0
Portacool Park	831	0	0	0	0
Entryway Sign	0	0	0	0	0
Police Technology	0	0	0	0	0
Fire Apparatus	0	279,899	0	0	0
Total	178,994	2,774,450	1,886,900	1,718,987	1,886,900
Beginning Fund Balance	35,766	4,230,018	1,547,268	1,687,955	234,374
Revenues Over/(Under)					
Expenses	4,194,252	2,542,063	(1,516,900)	(1,453,581)	(200,000)
Ending Fund Balance	4,230,018	1,687,955	30,368	234,374	34,374



Fund 44 Utility Projects	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Bond Proceeds	2,134,108	0	0	0	0
Interest	24,441	26,278	15,000	879	500
Transfers	0	0	0	0	0
Grant**	0	0	0	0	275,000
Total	2,158,549	26,278	15,000	879	275,500
Projects					
Water System Model	0	2,966		0	0
Water Tank	5,886	190,525	0	0	0
Lagoon Improvement	1,568	424,622	0	257,262	0
WWTP Rehab	2,600	15,402	0	0	0
Elevated Storage Tank	0	0	0	29,880	749,500
Downtown Utilities		178,116			
Capital Water Lines	0	166,216	0	17,748	0
Capital Sewer Lines	0	408,796	0	274,462	0
Total	10,062	1,386,643	0	322,120	749,500
Beginning Fund Balance	634,609	2,783,102	1,158,374	1,422,737	1,101,496
Revenues Over/(Under)					
Expenses	2,148,486	(1,360,365)	15,000	(321,241)	(475,000)
Ending Fund Balance	2,783,095	1,422,737	1,188,374	1,101,496	626,496

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

**FY 2022 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 2022 BUDGET
TAX INCREMENT FINANCING ZONE #1**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 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 2022 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 2022 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 2022 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 2022 BUDGET
4A ECONOMIC DEVELOPMENT CORPORATION**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
REVENUE					
Sales Tax	434,229	439,706	401,500	468,800	478,100
Interest	34,816	20,609	20,000	10,000	10,000
Sale of Land					
Viatic Payment				18,000	
TIF Note Payments - Principal	-	28,875	30,000	30,000	-
TIF Note Payments - Interest	7,440	7,222	6,600	7,200	5,900
Other	-	21,001	21,650	21,000	22,300
Total Revenue	476,485	517,414	479,750	555,000	516,300
EXPENDITURES					
Supplies	1,942	-	1,000	-	500
Contractual	31,474	93,791	282,200	97,400	215,600
Sundry	13,621	6,815	76,200	37,500	73,000
Maintenance	2,983	2,983	3,000	3,000	3,000
Capital	-	-	-	-	-
Fund Transfers	55,000	60,000	60,000	85,000	60,000
Total Expenditures	105,020	163,589	422,400	222,900	352,100
Beginning Fund Balance	1,185,537	1,557,002	2,108,664	1,910,826	2,242,926
Revenues Over/(Under)					
Expenditures	371,465	353,824	57,350	332,100	164,200
Ending Fund Balance	1,557,002	1,910,826	2,166,014	2,242,926	2,407,126
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 2022 BUDGET
4B ECONOMIC DEVELOPMENT CORPORATION**

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
REVENUE					
Sales Tax	838,681	880,260	803,000	923,400	951,200
Other	-	-	-	-	-
Interest	27,184	17,176	7,500	12,000	2,000
TOTAL REVENUE	865,865	897,436	810,500	935,400	953,200
EXPENDITURES					
Administration	25,000	30,000	30,000	30,000	30,000
Supplies	110				
Contractual	3,910	4,000	3,900	3,900	3,900
Sundry	-	45	1,000	1,000	1,000
<u>Projects & Commitments</u>					
Annual Street Program	507,785	191,483	600,000	1,620,000	600,000
New Sidewalk Development					
Transfer to Debt		159,600	150,400	150,400	150,000
Engineering			40,000	40,000	40,000
TOTAL EXPENDITURES	536,805	385,128	825,300	1,845,300	824,900
BEGINNING FUND BALANCE	1,019,431	1,348,491	1,377,942	1,860,799	950,899
REVENUES OVER/(UNDER)					
EXPENDITURES	329,060	512,308	(14,800)	(909,900)	128,300
ENDING FUND BALANCE	1,348,491	1,860,799	1,363,142	950,899	1,079,199



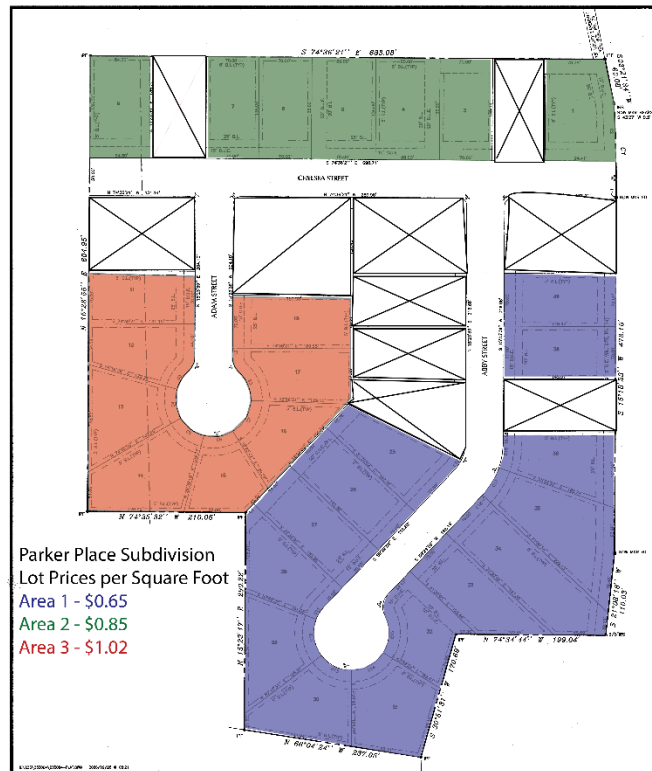
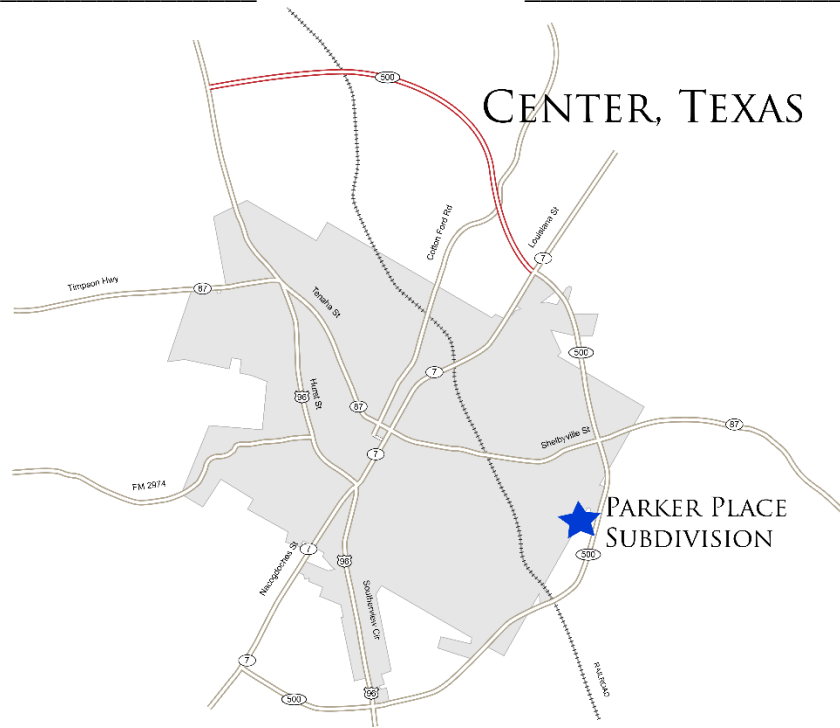
**FY 2022 BUDGET
CENTER LOCAL GOVERNMENT CORPORATION**

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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Revenues					
Contribution from City	36076	0	0	0	0
Lot Sales	0	0	15,000	0	5,000
Interest	26	27	0	10	10
Total Revenue	36,102	27	15,000	10	5,010
Expenditures					
Personnel	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	562	3,796	4,500	6,292	5,000
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	562	3,796	4,500	6,292	5,000
BEGINNING FUND BALANCE	-	35,540	31,771	31,771	25,489
REVENUES OVER/(UNDER) EXPENDITURES	35,540	(3,769)	10,500	(6,282)	10
ENDING FUND BALANCE	35,540	31,771	42,271	25,489	25,499





APPENDIX A

DEBT MANAGEMENT POLICY

INTRODUCTION

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

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

POLICY

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

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

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

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

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

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

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

Debt Limitations

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

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



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

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

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

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

Tax Rate

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

Debt Structuring

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

Bond Insurance

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

Disclosure

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

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

Debt Refinancing

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

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



Capital Projects

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

Federal Requirements

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



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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 2019 Actual	FY 2020 Actual	FY 2021 Adopted Budget	FY 2021 Estimate	FY 2022 Proposed Budget
Fund Balance as of October 1 (includes receivables)	1,774,351	2,034,495	1,708,489	2,589,815	2,589,815
Revenues	5,057,431	5,193,214	5,072,600	5,830,175	5,496,700
Expenditures	4,892,263	4,933,069	5,072,600	5,274,855	5,496,700
Fund Balance as of September 30	1,774,351	2,034,495	1,708,489	2,589,815	2,589,815
Fund Balance Goal					
Minimum (25%)	1,223,066	1,233,267	1,268,150	1,318,714	1,374,175
Optimal (30%)	1,467,679	1,479,921	1,521,780	1,582,457	1,649,010
Goal Attainment					
Minimum (25%)	145%	165%	135%	196%	188%
Optimal (30%)	121%	137%	112%	164%	157%
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
- Enterprise Funds
- Trust and Agency Funds
- Other funds as created from time to time



IV. OBJECTIVES

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

A. SAFETY

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

B. LIQUIDITY

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

C. YIELD

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

D. PUBLIC TRUST

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

V. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS

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

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

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



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

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

VI. RESPONSIBILITY AND CONTROL

A. FINANCE COMMITTEE

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

B. DELEGATION OF AUTHORITY AND TRAINING

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

C. INTERNAL CONTROLS

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

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

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



D. PRUDENCE

The standard of prudence to be applied by the investment officer shall be the “prudent investor” rule, which states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the 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:

- A. A listing of individual securities held at the end of the reporting period.
- B. The beginning and ending amortized book and market value of securities for the period.
- C. Average weighted yield to maturity of portfolio on investments as compared to the benchmark for the overall portfolio, which shall be the period coverage yield of the three month U.S. Treasury Bill.
- D. Additions and changes to the market value during the period.
- E. Listing of investments by market sector and maturity date.



- F. The percentage of the total portfolio which each type of investment represents.
- G. Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
- H. Unrealized gain/loss on the portfolio (market value vs. book value).
- I. Diversification by maturity and market sector.

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

XI. INVESTMENT PORTFOLIO

A. ACTIVE PORTFOLIO MANAGEMENT

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

B. INVESTMENTS

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

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



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

All securities will be obtained on a competitive bid basis.

2. Not Authorized

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

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



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APPENDIX D PURCHASING POLICY

I. Purpose

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

II. Bid Procedures

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

B. Purchases between \$500 and \$10,000

1. Not less than three (3) **written** quotes. Quotes shall be submitted to Purchasing and shall be attached to the purchase order request. **Any purchase of \$500.00 or more requires an issued purchase order.**

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

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

D. Purchases of greater than \$50,000

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

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

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



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.
- 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.



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%	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
	5%		Defer capital or discretionary purchases. Capital purchases can be evaluated to determine of 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
10%		10%		



			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
			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
18%	18%	18%	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 fund balance is to prepare for	City Council



			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.	
			Temporary reduction in pay. An option for the Council to consider would be to temporarily reduce the employee's pay amounts.	City Council
20%	20%	20%	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



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.



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 Resources
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