

# FY 2024 BUDGET



September 11, 2023



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# City of Center

## Fiscal Year 2023-2024

### Budget Cover Page

### September 11, 2023

This budget will raise more revenue from property taxes than last year's budget by \$101,980, a 5.04 percent increase from last year's budget and of that amount, \$29,952 is tax revenue to be raised from new property added to the tax roll this year.

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

**FOR:** David Chadwick, Mayor Terry Scull, At Large  
Leigh Porterfield, Mayor Pro Tem Marlene Hernandez, Dist. 2  
Randy Collard, Dist. 4 Howell Howard, Dist. 3

**AGAINST:**

**PRESENT** and not voting:

**ABSENT:** Joyce Johnson, Dist. 1

### Property Tax Rate Comparison

	2023-2024	2022-2023
Property Tax Rate:	\$0.589100	\$0.602640
No New Revenue Tax Rate:	\$0.556364	\$0.571980
No New Revenue M&O Tax Rate	\$0.367284	\$0.375408
Voter Approval Rate:	\$0.588755	\$0.593005
Voter Approval Rate w/unused increment:	\$0.589103	\$0.602987
Debt Rate:	\$0.213695	\$0.202567

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

FY 2023 only: \$766,441 Total Principal: \$8,074,978

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

Description	Adopted FY 2023	Proposed FY 2024
Public Notices required by law	\$7,000	\$6,750
Lobbying Services	\$0	\$0



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Center  
Texas**

For the Fiscal Year Beginning

**October 01, 2022**

*Christopher P. Morill*

Executive Director



**FY 2024 BUDGET  
CITY OF CENTER, TEXAS  
PRINCIPAL OFFICIALS**

**MAYOR**

David Chadwick

**CITY COUNCIL**

Leigh Porterfield – Mayor Pro Tem

Terry Scull – At Large

Joyce Johnson – District 1

Marlene Hernandez – District 2

Howell Howard – District 3

Dr. Randy Collard – District 4

**CITY MANAGER**

Chad D. Nehring

**CITY SECRETARY**

Esther Elizondo

**CITY ATTORNEY**

Seth Elmore



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## **ACKNOWLEDGEMENTS**

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

### **CENTER ECONOMIC DEVELOPMENT CORPORATION**

John Snider, Corporation Board President

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

Buster Bounds, Corporation Board President

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

Fred Wulf, Board Chairman

### **PLANNING AND ZONING COMMISSION**

Stephen Shires, Board Chairman

### **FINANCE ADMINISTRATOR**

Amanda Willey

### **POLICE CHIEF**

Jim Albers

### **FIRE CHIEF**

Keith Byndom

### **PUBLIC WORKS DIRECTOR**

Marcus Cameron

### **PARKS & RECREATION DIRECTOR**

Jason Mitchell

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

Tommy Hughes

### **PURCHASING MANAGER**

Michael Boyd

### **BUILDING OFFICIAL/CODE OFFICER**

Joseph Mitchell

### **HUMAN RESOURCES MANAGER**

Paola Hernandez

### **WASTEWATER PLANT SUPERINTENDENT**

Larry Weaver



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**FY 2024 BUDGET**

**TABLE OF CONTENTS**

Cover Page – required by State law .....	<a href="#">1</a>
GFOA Distinguished Budget Award .....	<a href="#">2</a>
Principal Officials .....	<a href="#">3</a>
Acknowledgements .....	<a href="#">4</a>
Letter from the Mayor .....	<a href="#">9</a>
City Manager Transmittal .....	<a href="#">11</a>
<i>A summary of services, priorities, and economic circumstances influencing the development of the current Budget and discussion of the City's financial strategies and goals.</i>	
Budget Overview & Executive Summary .....	<a href="#">15</a>
<i>An overview of items specific to this year's Budget including short-term factors that influence budget development and strategic goals implementation.</i>	
<b><u>Budget User Guide</u></b>	
<b>Basis of Budgeting/Accounting.</b> .....	<a href="#">21</a>
<i>Description of the City's different funds and basis of accounting.</i>	
	<a href="#">23</a>
<b>Fund Structure/Functional Use Diagram.</b> .....	
<i>Depiction of City's fund types and functional use within the organization.</i>	
<b>Budget Format</b> .....	<a href="#">25</a>
<i>General layout of the budget book, information included, and presentation for the reader.</i>	
<b>Budget Formulation and Development Process</b> .....	<a href="#">26</a>
<i>The process utilized to create the current FY Budget</i>	
<b>Budget Calendar.</b> .....	<a href="#">27</a>
<i>The milestones achieved for budget development, review and consideration. And for budget approval, tax rate adoption and determination of rates and fees.</i>	
<b>Budget Management.</b> .....	<a href="#">28</a>
<i>Methods the City uses to manage the budget after City Council adoption.</i>	
<b>Balanced Budget.</b> .....	<a href="#">28</a>
<i>The City Charter's definition of a balanced budget.</i>	
<b>Policy Compliance and Verification.</b> .....	<a href="#">29</a>
<i>Examines the financial and management policies and key performance indicators to analyze policy compliance status.</i>	



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## Strategic Budget Considerations

<b>Strategic Plan</b> . . . . .	<a href="#"><u>31</u></a>
<i>Annually reviewed strategic plan document that provides overall direction for the City and its' operations.</i>	
<b>Long Range Financial Forecast</b> . . . . .	<a href="#"><u>35</u></a>
<i>Analyzes the City's current revenue streams and expenditures to project trends and identify any potential issues.</i>	
<b>Budget Philosophy</b> . . . . .	<a href="#"><u>44</u></a>
<i>Guiding principles used to make decisions throughout the budget development process.</i>	
<b>Fiscal Health Analysis</b> . . . . .	<a href="#"><u>45</u></a>
<i>Analysis of certain key performance indicators that reflect the City's financial health.</i>	

## Organization and Community Information

<b>Profile of Center, Texas</b> . . . . .	<a href="#"><u>48</u></a>
<i>History of Center and economic characteristics that influence the budget.</i>	
<b>Organizational Chart</b> . . . . .	<a href="#"><u>55</u></a>
<i>Relationships between the Citizens of Center, the City Council, and City departmental structure.</i>	
<b>Staffing Chart</b> . . . . .	<a href="#"><u>56</u></a>
<i>Information showing the number of authorized positions in each department by job title.</i>	
<b>Consolidated Fund Overview</b> . . . . .	<a href="#"><u>58</u></a>
<i>Estimated reserves, anticipated revenues and budgeted expenditures with ending projected reserves.</i>	

## **GOVERNMENTAL FUNDS**

### General Fund (Major Fund)

<b>Revenue Overview</b> . . . . .	<a href="#"><u>61</u></a>
<i>An analysis and detailed description of the City's General Fund revenue sources.</i>	
<b>Expenditure Overview</b> . . . . .	<a href="#"><u>75</u></a>
<u>General Government</u>	
Non-Departmental . . . . .	<a href="#"><u>79</u></a>
City Hall . . . . .	<a href="#"><u>81</u></a>
Municipal Court . . . . .	<a href="#"><u>83</u></a>
<u>Public Safety</u>	
Police Department . . . . .	<a href="#"><u>85</u></a>
Fire Department . . . . .	<a href="#"><u>87</u></a>
Animal Control . . . . .	<a href="#"><u>89</u></a>
<u>Public Works</u>	
Street Department . . . . .	<a href="#"><u>91</u></a>
Parks . . . . .	<a href="#"><u>93</u></a>
Inspection Services . . . . .	<a href="#"><u>95</u></a>
Cemetery . . . . .	<a href="#"><u>97</u></a>





<b><u>Community Facilities</u></b>	
Center Municipal Airport . . . . .	<a href="#">99</a>
John D. Windham Civic Center . . . . .	<a href="#">101</a>
Community Facilities . . . . .	<a href="#">103</a>
<b>Structurally Balanced Budget</b> . . . . .	<a href="#">105</a>
<i>Explanation of structurally balanced budget using recurring and non-recurring revenues and expenditures. Plus a presentation of the General Fund's structural balance.</i>	
<b><u>Debt Service Fund (Nonmajor Fund)</u></b> . . . . .	<a href="#">107</a>
<i>The City's debt structure and debt levels, comparative debt levels, revenue estimates, current and projected debt payments.</i>	
<b>ENTERPRISE FUNDS</b>	
<b><u>Water/Sewer Utility Fund (Major Fund)</u></b>	
<b>Fund Narrative</b> . . . . .	<a href="#">111</a>
<i>The City's water/sewer enterprise fund detail including utility system operational information.</i>	
<b>Revenue Detail</b> . . . . .	<a href="#">113</a>
<i>Utility fund revenue including water consumption, comparative utility rates, and historic revenue totals.</i>	
<b>Expenditure Detail.</b> . . . . .	
<i>Utility fund expenditures by function and department</i>	
Water Production . . . . .	<a href="#">119</a>
Water Distribution . . . . .	<a href="#">121</a>
Sewer Collection . . . . .	<a href="#">123</a>
Sewer Treatment . . . . .	<a href="#">125</a>
Public Works Administration . . . . .	<a href="#">126</a>
Non-Departmental . . . . .	<a href="#">128</a>
<b><u>Solid Waste Fund (Major Fund)</u></b> . . . . .	<a href="#">129</a>
<i>Operational information plus revenue and expenditure detail on the City's solid waste fund.</i>	
<b><u>Internal Service Funds (Nonmajor Funds)</u></b>	
<b>Vehicle Replacement Fund</b> . . . . .	<a href="#">131</a>
<i>The City's vehicle replacement fund, the sources and uses of these funds, and a projection of how many vehicles the City will acquire through this fund.</i>	
<b>Technology Fund</b> . . . . .	<a href="#">133</a>
<i>An internal service fund for technology-related items and a dedicated staff position to meet the City's technology needs.</i>	
<b>SPECIAL GOVERNMENTAL FUNDS (Nonmajor Funds)</b>	
<b><u>Hotel/Motel Fund</u></b> . . . . .	<a href="#">135</a>
<i>Information on the City's Hotel Occupancy Tax including collection history and current revenues and expenditures.</i>	
<b><u>Recreation Fund</u></b> . . . . .	<a href="#">137</a>
<i>Operational information plus revenue and expenditure detail on the City's recreation program.</i>	
<b><u>Park Fund</u></b> . . . . .	<a href="#">139</a>
<i>Operational information plus revenue and expenditure detail on the City's Park Fund, including a current and future project details.</i>	





<b><u>Law Enforcement Special Funds</u></b> .....	<b><u>141</u></b>
<i>The revenues and expenditures of the City's four special fees collected by the Municipal Court that are to be used exclusively for law enforcement purposes, in addition to dedicated use funds: Seizure Fund and Opioid Fund.</i>	
<b><u>Permanent Fund</u></b>	
Animal Welfare Fund .....	<u>145</u>
Fairview Cemetery Endowment Fund .....	<u>146</u>
<b>CAPITAL IMPROVEMENTS AND COMPONENT UNITS</b>	
<b><u>Capital Improvements Program (CIP)</u></b> .....	<b><u>147</u></b>
<i>The City's recent capital improvement projects, project funding structure, how project expenditures are planned for the current year and a description of future projects.</i>	
<b><u>Economic Development Corporations</u></b>	
<b>Fund Narratives</b> .....	<b><u>153</u></b>
<b>Center 4A Economic Development Corporation</b> .....	
<i>The CEDC's current economic development plan, operational information and how it is going to work with stakeholders to implement its plan. A presentation of current revenues, expenditures and financial position.</i>	
	<u>154</u>
<b>Center 4B Street Improvement</b> .....	<u>155</u>
<i>The Center 4B EDC for Street Improvement is a dedicated funding source for street infrastructure improvements. This section describes the current sales tax revenue stream, investment levels, and a projection of future street improvements.</i>	
<b><u>Tax Increment Re-Investment District #1</u></b> .....	<b><u>156</u></b>
<i>The operational background of TIRZ#1, the financing plan and how it is going to meet its' current obligations and presentation of the District's financial position.</i>	
<b><u>Center Local Government Corporation</u></b> .....	<b><u>159</u></b>
<i>The mission of the Local Government Corporation is to sell lots for new home construction and manage the Parker Place subdivision.</i>	
<b><u>Appendixes - City Policies</u></b>	
Debt Management Policy – Appendix A .....	<u>161</u>
City Fund Balance Policy – Appendix B .....	<u>163</u>
City Investment Policy – Appendix C .....	<u>165</u>
City Purchasing Policy – Appendix D .....	<u>173</u>
City Financial Policies – Appendix E .....	<u>179</u>
City Economic Development Policy – Appendix F .....	<u>181</u>
City Economic Correction Policy – Appendix G .....	<u>185</u>
City Transfer Policy – Appendix H .....	<u>188</u>
<b>Glossary and Acronyms</b> .....	<b><u>189</u></b>



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September 11, 2023

The following is the City of Center financial plan and budget for Fiscal Year 2024. We expect this document will provide significant information in an understandable format that is easy to read. City staff, corporation officers, and advisory board volunteers have worked hard to generate this presentation of our budget. The Council and I express our gratitude to those that have participated in this process.

A budget serves many purposes. It is a statement of priorities; each year the Council weighs different needs and requests from our community. This budget expresses services the people of Center can expect to receive with use of their tax dollars. The budget is a strategic planning tool; offering a roadmap for achieving our goals and prioritizing the use of our limited resources. The budget is a control tool; providing 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 Nehring, at 936/598-2941.

Sincerely,

David Chadwick  
Mayor, City of Center



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Date: August 11, 2023

To: Mayor, City Council Members and Residents of Center

From: Chad D. Nehring, City Manager

Subject: FY 2024 Budget Transmittal

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2023-2024 Budget. This budget book is intended to provide a significant level of detail of the City's financial plan in a transparent manner and accomplish the four recognized purposes of a budget.

- Financial Document – 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 activities through financial control.
- Communication Tool - summarize information in an understandable format for public consumption and explanation of choices and alternatives made by the City.

### **Beyond COVID-19, Inflation & New Challenges**

The COVID-19 pandemic, while becoming a memory as a health emergency, 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 over the prior three years. While continued impacts are now indirect, the subsequent changes to both workforce and local/regional/national economy continue to create new dynamics that must be addressed in the budgetary process. Also, this budget attempts to accommodate potential impacts of the Portacool fire of June 17<sup>th</sup> which will have economic impacts beyond those directly related to the loss of property value, direct sales tax generation, utility billing and franchise fees from utility consumption.

- Continued increases to Employee health benefit premiums resulting in modification of plan and policy coverage during this budget to moderate what would have been a 20% renewal increase.
- Workforce, specifically reduced unemployment rate, increased in transient employment, and wage demands for quality employees. Overall, increases in costs have been noted with training due to turnover/vacancies, creation of entry/retention programs, and growing competitive wages.
- Sales tax revenue is projected to increase 3% in FY 2024 above current year receipts, primarily related to continued inflationary price increases moderated for likely decreased purchasing power/percent income on taxable goods and moderated slightly due to Portacool operations.
- All grant funds in prior years related to COVID-expenses, including those dedicated to the Center Municipal Airport and Federal funding from the ARPA through the Texas CLFRF program has been allocated by Council to provide resources for broadband development and utility capital projects and is no longer available.
- Reductions for property tax calculations include estimated loss of value from Portacool, utility and franchise fees are slightly reduced and EDC budget includes anticipated incentive package.



## Property Tax

The existing tax base contracted in FY 2021 where economic conditions warranted property reappraisals but subsequent market sales along with the State Comptrollers' local Property Value Study (PVS) deficiency has generated significant growth in appraisals again this year. While that impacts the No New Revenue Rate for the FY 2024 budget, additional new construction value (\$5,084,336) on the tax roll provides increased revenue beyond the voter-approval rate cap. The City is required to calculate the No-New-Revenue tax rate and the Voter Approval Rate from a formula designed to generate a levy 3.5% greater than that of the No-New-Revenue rate, adjusting for changes in Debt levels, sales tax growth and several other factors. An election is mandatory if the City wishes to adopt a rate greater than the Voter Approval Rate, however, SB 2 created a De Minimis Rate, which allows the City to levy up to an additional \$500,000 without triggering an election. The City is eligible to use a De Minimis Rate because Center has a population less than 30,000. Additionally, Center can utilize up to three years of accrued increment, which presently totals \$0.000348, defined as the cumulative difference in the adopted rate from the Voter Approval Rate for each year.

No New Revenue (NNR) tax rate	\$0.556364
Voter approval (VAR) tax rate	\$0.588755
Voter approval tax rate w/increments	\$0.589103
De minimis rate	\$0.718378

Because of the overall economic environment, a rate of \$0.589100, which is lower than the current year tax rate of \$0.602640, below the eligible voter-approval rate with increments, is used this year.

## Utility Rates

The Council was presented alterations to the Utility rate structure with adjustments to all customer classes of 3% after intentionally maintaining rates with no impact to residential customers over the last three years to moderate impacts of COVID and inflation. Commercial development has necessitated new and expanded sewer lines while Industrial customers require discharge monitoring to prevent treatment issues or permit exceedances and total water demand combined with drought conditions in 2022 exposed the need to expediate plans for water treatment efficiency and increases water supply for production. Garbage rates were presented to increase monthly service charges for residential (3%) and commercial/industrial (3%) to accommodate a portion of the CPI-guaranteed increase for the commercial waste hauler contract of 4.0% this year.

## Strategic Development and Service Enhancement

There are a number of initiatives the City is planning for FY 2024, while completing the capital projects underway from the 2019 bond issue and subsequent grant projects awards.

### Capital Project Completion

FY 2023 saw completion of several planned capital projects. The Perry Sampson Park Renovation funded through a Texas Parks & Wildlife grant and a donation from Tyson Foods was completed with additional appropriations by Council from the Parks Fund; The South Elevated Storage Tank from the CIP/2019 CO package and subsidized by a TCDP grant award (\$275,000) and allocated ARPA/CLFRF funds (\$1,200,000); and interior, HVAC and roof of 301 Nacogdoches site allowing usage for climate-controlled storage of recreation program supplies and downtown equipment/materials as well as provide lease space for ETEX broadband.



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#### Quality of Life Projects

FY 2023 saw a major emphasis on availability of broadband access and service level, including the finalization of a public-private partnership agreement between the Center EDC, City and ETEX to provide better services for businesses and citizens, after failure of a larger collaboration effort with Shelby County and local school districts. Council has appropriated \$1,050,000 of dedicated fund balance to this initiative in conjunction with \$3,150,000 from the Center EDC. Current project schedule has installation complete and ETEX service available in first quarter 2024.

#### Community Beautification/Service Enhancement

The Council has expressed desire to continue expansion of beautification programs/projects. These remain undefined as to a policy or regulatory approach, but some specific projects to meet this goal focus on highway entryways, downtown enhancement, and general cleanliness. This year's budget includes funds for undesignated Council priority projects in the amount of \$79,500 and prioritizes uncompleted projects within the CIP: entryway signs at US 96N and TX 7E/Airport and a facility façade plan for coordination and enhancements to City-owned properties.

#### Comprehensive Employee Benefit Assessment

Priorities include resources toward attracting and retaining quality, qualified employees. This year's budget addresses that goal through continuation of the evaluation-based merit pay adjustments, inclusion of a COLA of 3% to offset continued inflation, alteration of employee health plan to reduce the increase of premiums, and including vision coverage in provided benefits.

#### Economic Development

The Center Economic Development Corporation continues to be aggressive in assisting all aspects to enhance the City's ability to attract outside investment and capitalize on local business entrepreneurship. The damages of facilities at the Portacool plant and subsequent layoffs are the highest priority with the goal of assisting the company through transitional operations, interim manufacturing rejuvenation and reconstruction of facilities to allow for resumption of prior production capability and employment. In addition to two economic development agreements, the INNOVA grant program continues to be marketed to small businesses and the broadband initiative will be monitored through completion of construction and initiation of services.

#### Internal Service Funds – Planning and Allocation of Expenses

This budget continues funding fleet replacement through the Vehicle (Equipment) Replacement Fund. This year the VeRF includes all vehicles and mobile equipment excepting only major Fire Department apparatus. The VeRF has been refined to include annual lease and insurance costs for every unit allocated to each department. With dramatic increases in costs of vehicles over the last two years, staff has modified the schedule and estimates for future replacements to minimize immediate operational allocations but also to maintain fund balance to cash flow these acquisitions for a six-year planning period. The Technology Fund will be similarly expanded to include all technology equipment and software replacements in the coming year.

#### Utility Projects

This budget continues funding toward major water plant upgrade of aging infrastructure. Most notably, the Capital Improvement Plan includes funding priority for design of the Aiken water plant



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renovation to ensure treatment capacity and planning/permitting for a water reuse project to increase daily production capacity. Both are the result of the Council desired approaches as evaluated from the recent water production alternatives study and under engineering contracts for development of permitting and creation of design documents for construction.

#### Public Safety

The City has been the recipient of a COPS Grant which allowed the City two additional police officer positions for the enhancement of patrol and response capabilities. Through much of FY22 and FY23, those positions were unstaffed due attrition, applicant shortages and hiring challenges. This budget anticipates the completion of this financial award as all positions have been filled since June due to the success of the police cadet incentive program, three of which will be commissioned before the end of current fiscal year. This budget includes the addition of a full time CID-secretary for criminal reports and court materials and additionally includes the elevation of senior law enforcement positions by one additional pay grade at evaluation, based on continued wage comparison studies.

#### **Long Range Financial Perspective**

The City begins the FY 2024 Budget in a healthy financial position that has been maintained for the last several years. Revenues are projected to increase, allowing expenditure growth where directed and necessary to maintain desired service levels, plan sustainable equipment and facilities as well as allow for dedication of resources toward Council priorities. The City's fund balance is at a sustainable level that will provide security through emergency situations, insulate the tax rate volatility from major economic situations and serves as the primary metric to secure the City's reaffirmed, A2 bond rating. 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 as well as 40-year highs in inflation which appear to be subsiding slightly, reducing the risk of severe recession. This provides additional reliability of financial projections for operations and anticipated resources for necessary capital reinvestments as capital projects require bond capacity.

#### **Summary**

Development of the FY 2024 Budget was not the most difficult but presented its share of challenges. Continuing inflation, changing workforce dynamics, federal policy changes, state legislative mandates and other external stimuli inject an undesirable degree variability into financial forecasts. New laws, particularly valuation caps and economic fluctuation will consistently place pressure on the City's ability to generate funds for service enhancements and capital projects. Complicating this budget are the direct and indirect impacts from losses at the Portacool manufacturing plant and making industrial development likely the highest priority in the present and upcoming fiscal year.

Positive momentum continues with the completion of capital projects by the City and Center ISD, enthusiasm from the rejuvenated downtown streetscape, sustained growth of commercial investment, and potential for industrial redevelopment and expansion.

This Budget exemplifies a City striving to enhance its physical infrastructure, service delivery and desire for improved quality of place in hopes of attracting additional investment and improving community spirit. Center is a great place to live, work, visit, and do business because of a cooperative 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.





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## FY 2024 BUDGET OVERVIEW & EXECUTIVE SUMMARY

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

The Council's goals for the FY 2024 Budget are:

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

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

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

### Sales Tax

Understanding the City's sales tax revenue stream is the starting point for comprehending the overall budget. Sales taxes represent approximately 44% of the City's total revenue – One cent, or 50% of the total two cent local option, goes directly to the City for maintenance and operations. Another ¼ cent, or 12.5% of the total, reverts to the City for Property Tax Relief. The other ¼ cent funds the Type A Center Economic Development Corporation, and the remaining ½ cent is available to the Type B Center Street Improvements for Economic Development Corporation.

After growth during the COVID-19 pandemic, City sales taxes have continued to increase through FY 2023, linked strongly to the inflation impacting taxable commodities. While not unexpected, the ratio of sales tax increase (7.6%) to CPI/inflation (June 2023 - 4.6%) reflects a healthy economy and does not indicate personal spending priorities are changing dramatically. In FY 2024, the City is anticipating sales taxes to increase 3% from 2023 primarily resulting from continued inflationary conditions. For more detailed information on Sales Taxes, visit [Pg. 62](#).

### Relationship of Sales Taxes and Property Taxes

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

While sales tax revenue is high and growing, there is less pressure to consider increasing property tax revenues. The historical patterns indicate the City has routinely prioritized sales tax revenue growth toward reductions in the property tax rate. Property tax is one of the few areas that the City can maintain revenue entirely through its own decisions. When sales tax declines, the City must look



for other ways to overcome revenue gaps placing pressure on increasing the property tax rate or eliminating costs and related services.

The City must include the Sales Tax for Property Tax Relief when calculating the No-New-Revenue tax rate. If total property values decrease and provide less relief, then the No-New-Revenue rate must increase to generate the same amount of revenue from the levy of taxes.

For more on the relationship between Sales and Property Tax, refer to [Pg 68](#).

## **Property Tax**

Slightly less than 23% of the City's General Fund comes from property tax levy. There are numerous factors considered when developing the property tax budget. Property tax is critical for operations where other revenue sources are not operationally generated or appropriate. For information on allocation of property tax revenue to specific operations and services visit [Pg 67](#).

### Tax Base

The City's property tax base was projected to grow by 3% each year in the City's financial forecast. For a second year, this budget year presents a larger contrast in current and new value than projected. The adjusted taxable value for 2023 experienced an increase of 4.5%, over current supplemental taxable rolls, which generates a lower tax rate to generate the same amount of revenue from the levy. Most of the value increase can be explained in market sales and pressure from State on the school district PVS. New value added from new construction added \$5,084,336 of value onto the rolls. For information on the Property Tax base, visit [Pg. 64](#).

### Component Portions of Tax Rate

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

### Overall Growth

The City's FY 2024 revenues project increase of 1.1% compared to the FY 2023 estimate. This growth continues to trail inflation measures relative to Consumer Price Index (CPI). The City's budget has increased over the long term as service costs rise and programs are expanded. One of the issues identified in the City's financial forecast is that expenses typically rise at a faster rate than revenues. Explanations for this include: personnel costs, direct correlation to payroll taxes and pension contributions; health insurance costs 7-8% average annual increase; enhanced service levels and programs to meet expectations; and, the creation of internal service funds to plan for replacement equipment and maintain service standards.

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



The following table shows five major governmental departments and how their total budgets have grown since FY 2015 for a variety of the decisions outlined.

Dept	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Budget	Average Annual Increase
Police	1,776,959	1,782,288	1,877,258	1,961,780	2,034,021	2,004,811	2,153,751	2,065,769	2,282,110	2,614,660	4.7%
City Hall	727,194	741,882	783,115	754,547	796,794	806,571	898,367	855,637	1,008,275	1,070,050	4.7%
Parks	118,771	140,514	124,189	179,907	232,269	223,070	332,563	285,818	336,865	358,700	20.2%
Fire	467,374	446,990	447,084	479,719	472,556	484,650	522,360	508,521	577,380	645,840	3.8%
Streets	380,784	417,400	365,949	319,284	334,294	386,701	411,755	453,555	515,480	571,900	5.0%

#### Internal Service Funds

The Council consensus has consistently been that its primary goal is financial sustainability of quality facilities and services. The use of internal service funds has been one method of planning with this goal in mind since FY 2016. These funds allow the City to self-finance capital purchases through dedicated annual funding. This allows the City to make lower payments and regulate budget volatility compared to experiencing unique purchases that can substantially impact a department's expenses during a single year. Properly managing and adequately funding the city's two internal service funds results in slightly larger operational budgets but reduces fluctuations and department budget volatility. The table below illustrates the use of these internal service funds to stabilize annual contributions from departmental operations while preparing for intermittent asset acquisition/replacement. Further detail on each fund is located on [pgs 131-133](#).

	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Budget
<b>Technology Fund</b>									
- Revenue		\$ 52,004	\$ 145,405	\$ 182,722	\$ 217,437	\$ 216,058	\$ 218,421	\$ 245,126	\$ 260,900
- Expenses		\$ 3,822	\$ 113,211	\$ 158,992	\$ 137,829	\$ 159,734	\$ 144,641	\$ 229,150	\$ 249,450
- Fund Balance		\$ 48,182	\$ 80,376	\$ 104,106	\$ 198,818	\$ 255,142	\$ 328,922	\$ 344,897	\$ 356,347
<b>Vehicle Replacement Fund</b>									
- Revenue	\$ 305,046	\$ 96,017	\$ 138,881	\$ 200,693	\$ 201,706	\$ 171,143	\$ 644,561	\$ 418,613	\$ 388,700
- Expenses	\$ -	\$ 185,468	\$ 208,948	\$ 216,579	\$ 253,700	\$ 117,157	\$ 241,175	\$ 188,764	\$ 403,454
- Fund Balance	\$ 305,046	\$ 215,594	\$ 145,528	\$ 138,764	\$ 86,769	\$ 140,756	\$ 319,142	\$ 472,156	\$ 368,421

#### Council Priorities

Lastly, the Council has made consist investments in projects to enhance the local quality of place (physical enhancements) at levels requiring financing through debt mechanisms. The result is well over three quarters of the I&S rate can be attributed to these enhancement projects. The remaining portion is attributable to fire department apparatus, major maintenance of depreciated assets and bond issuance costs. For more detail in the City's Debt Fund section, on [Pg. 107](#).

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



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## **Personnel**

Employees represent the City budget's largest cost category which has been significantly impacted by recent national economic issues and policy. The economic challenges created by inflationary costs, reduced workforce participation and low unemployment, has created a scenario of unprecedented competition for employees. Lower wage earners are particularly impacted by rapid inflation and national recession. Finally, the cost impacts of COVID, federal policy mandates and inflation, continue to health insurance premiums 20% this year requiring plan modification. The FY 2024 Budget contains several actions to ensure competitive wages to retain experienced employees and compete for workforce talent in the market including:

- 1) Cost of living adjustment (COLA) of 3% for the entire wage scale - current CPI of 4.6%; and,
- 2) Senior law enforcement positions are scheduled for increase of one (1) pay grade based on updated wage/salary competitiveness evaluation at annual review; and,
- 3) Resources are programmed to maintain the evaluation and merit pay system instituted in FY22.

Finally, staff changes recommended to respond to increased activities necessitate the expansion of one (1) full-time position, civilian/clerical - Police; reinstatement of one (1) part-time position - Streets and addition of one (1) part-time position - City Hall. The City is the recipient of a USDoJ-COPS grant which continues to partially fund two police officer positions initiated three years ago as those positions remain filled. Also, within the Utility Fund, maintaining utility responsiveness and service level necessitates the reinstatement of one (1) full-time crew position - Sewer Collection/System operations.

## **Structural Balance**

An analysis of the General Fund's structural balance was begun FY 2021. This is an exercise of separating recurring and non-recurring revenues and expenditures to identify how these coincide. The goal is for recurring revenues to sufficiently accommodate recurring expenses. The City's fiscal state remains structurally balanced further ensuring financial sustainability. For more information visit [Pg. 105](#).

## **Fiscal Health**

The City's audit presents different data points – however, these are rarely directly integrated in the context of budget and financial planning. These include the City's net position, total assets, cash to current liabilities, fund balance and debt levels. A brief discussion follows that describes trends and recommendations for future decisions. See Fiscal Health Section on [Pg. 44](#).

## **Capital**

- The City has completed both initial phases of Downtown Revitalization but Council will discuss additional minor enhancements and begin planning for phased geographic extensions.
- The City has completed the construction of the Perry Sampson Park Rehabilitation project and currently evaluating funding options to address items in the Parks Master Plan.
- The City has completed installation of a 250,000 gallon, elevated water storage tank on the South Loop utilizing bond proceeds, grant funds from Tx Dept of Ag – CDBG program and ARPA/CLFRF.
- This budget includes funding for the design and installation of two entryway/gateway signs.
- Funding is designated for City facility/public area assessment for façade standardization and enhancement.
- Utility capital funds are appropriated for engineering design and permitting for the Aiken Water Treatment Plant renovation and the 1 MGD Water Reuse Project for expanded production.



The City's goal for FY 2024 is to accomplish several smaller construction activities while developing plans and priorities of potential major projects specifically projects eligible for use of Hotel/Motel or TIRZ funding. The Capital Improvements Program (CIP) section is on [Pg. 151](#).

### **Hotel Occupancy Taxes**

The City collects a 7% Hotel Occupancy Tax (HOT) on each hotel night stay in Center. These funds have dedicated special uses as dictated by State Law. With the COVID pandemic and decreased regional energy industry activity, HOT revenue was expected to decline in FY 2021 and FY 2022. Fortunately, with annual baseball tournaments and modest energy sector activity, revenues outperformed budget expectations, which are projected to stabilize in FY 2023 and remain relatively flat for FY 2024.

The City historically utilizes the majority of these funds in three ways: debt service payments for the Windham Civic Center, Civic Center/Community House operations and tourism enhancements. A portion of funds is annually geared toward activities to bolster the local tourism industry, the City sponsors annual summer state baseball tournaments. It is anticipated that regular travel will continue to escalate. Chamber event sponsorships and downtown amenities are also budgeted annually. With all related debt paid off in FY 2022, this fund will have enhanced revenue for new and expanded projects, activities and events. For more information on HOT please visit [Pg. 135](#).

### **Economic Development, TIRZ & Local Government Corporation**

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

The type A, EDC is planning to intensify the City's economic development program and establish several initiatives that seek to supplement the Council's goals of improving the local quality of life and place including completion of construction defined by the broadband access agreement with ETEX and developing a comprehensive assistance program for Portacool to assist in reconstruction and reemployment activities. Summary and budget are on [pg. 154](#).

The Type B EDC will again engage in annual street renovation program which makes significant contributions to the City's transportation infrastructure. This year includes resurfacing of segments of the downtown. Street EDC summary and budget information are located on [pg. 155](#).

The Center Tax Increment and Reinvestment Zone (TIRZ #1) was created by the City and Shelby County in 2012 to finance the public infrastructure to support the expansion of the tourism, hospitality and retail businesses within the designated geographic boundaries surrounding the Civic Center. During this budget year the Board governing this fund will explore additional infrastructure projects to undertake or liquidate existing debt dissolving this entity. TIRZ history, TIF Fund summary begin at [pg. 156](#).

The Center Local Government Corporation (LGC) is governed by the City Council but was created in 2020 to facilitate housing development and the non-governmental ownership of land assets to fulfill that mission. Corporation information is on [pg. 158](#).



### Budget Summary

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

Fund	Revenues	Expenditures
General	6,381,200	6,381,200
Debt - I&S Fund	1,241,120	1,241,120
<b>Special Funds</b>		
Hotel Motel Fund	389,300	162,500
Recreation	101,600	117,600
TIF Fund	73,270	28,225
Park Fund	9,750	-
Court Tech	4,330	3,320
Building Security	5,000	2,000
Seizure Fund	1,600	1,000
Jury Fund	100	-
Truancy Fund	4,500	-
Opioid Fund	40,967	5,000
Animal Welfare Fund	1,320	2,500
Cemetery Fund	3,670	-
<b>Business Type Funds</b>		
Utility Fund	4,477,100	4,477,100
Solid Waste	1,992,120	1,999,820
Vehicle Replacement	388,700	492,435
Technology Fund	260,900	249,450
<b>OPERATIONAL TOTALS</b>	<b>15,376,547</b>	<b>15,163,270</b>

### Looking Forward

FY 2024 will be a year of planning and redevelopment based on the variety of external influences. The City will monitor the situation regarding inflationary/recessionary trends, particularly as they may impact sales tax revenue and create need or provide grant opportunities. FY 2024 will require focus of attention on the redevelopment of the economic development operational programs, specifically in addressing Portacool, and planning the next phases of community enhancement. There are many reasons to remain optimistic about this period as we embrace what has been accomplished, develop organizational structure for the future and create the vision for the continued progress of the City of Center.



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## **FY 2024 BUDGET BUDGET USER GUIDE**

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

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

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

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

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

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

### **FUND STRUCTURE AND BASIS OF BUDGETING**

#### **Basis of Budgeting/Accounting**

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





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## **Fund Structure**

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

- General Fund – This fund includes the major financial resources of the City except those required to be accounted for in another fund. Major funding sources include sales tax, property taxes, franchise fees, and designated use of resources from other funds.
- Special Revenue Funds – These funds are budgeted to account for revenue and expenses from dedicated funding sources. The City operates the Park Fund, the Recreation Fund, the Economic Development Corporation Funds, Local Government Corporation, Hotel Occupancy Tax and Permanent (Trust) Funds, and the Law Enforcement Special Funds.
- Debt Fund – The Debt Service Fund is budgeted to ensure the repayment of principal and interest expenses relating to the City's various debt instruments.
- Capital Improvement Fund – The City is prohibited from comingling special grant funds and operates a separate fund for these purposes. Further, all capital projects are operated through this fund. A separate Utility Capital Improvement Fund specifically accounts for utility-related projects so that the assets are properly assigned.

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

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

## **Major/Nonmajor Funds**

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

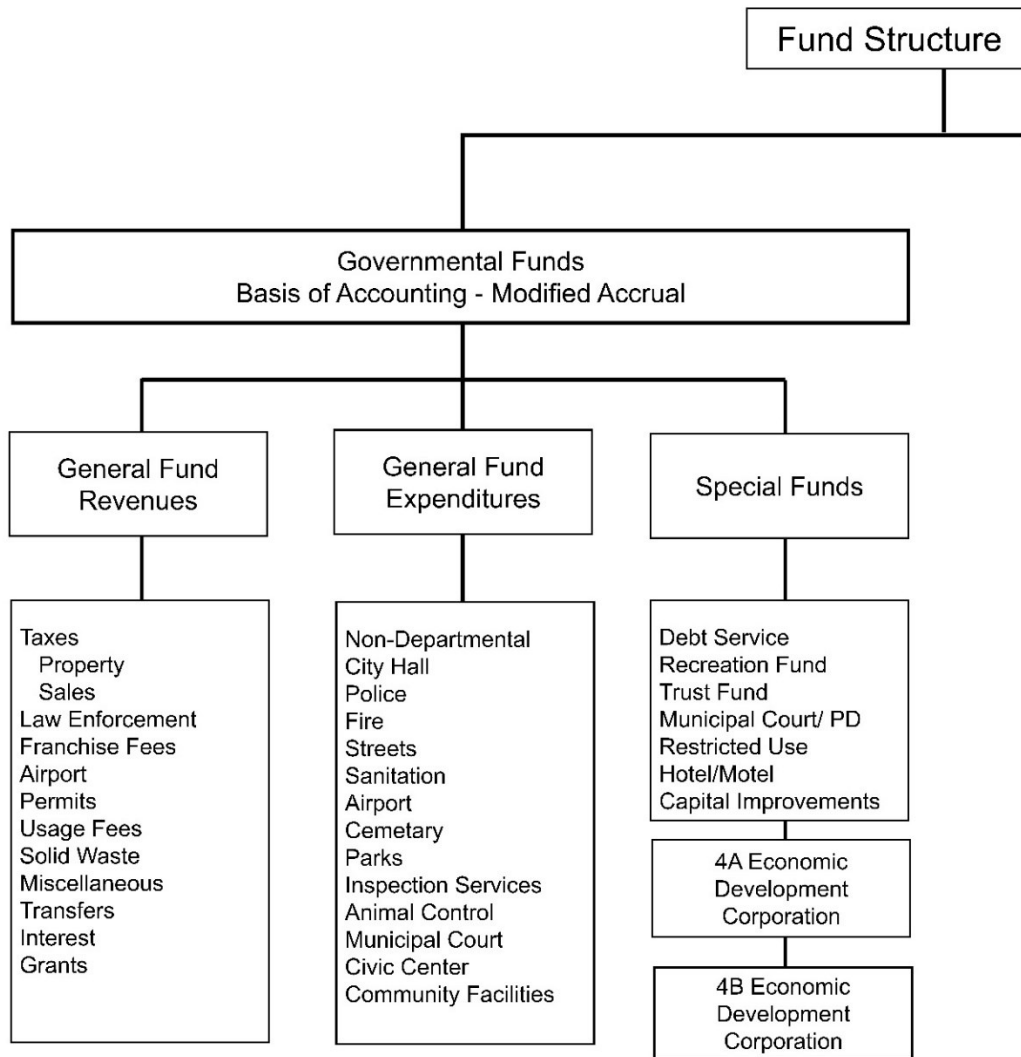
- General Fund
- Utility Fund
- Solid Waste Fund

Periodically, the Governmental Capital Fund or the Utility Capital Fund will be temporarily listed as Major Funds during years where either or both of those funds comprise significant expenditures.

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



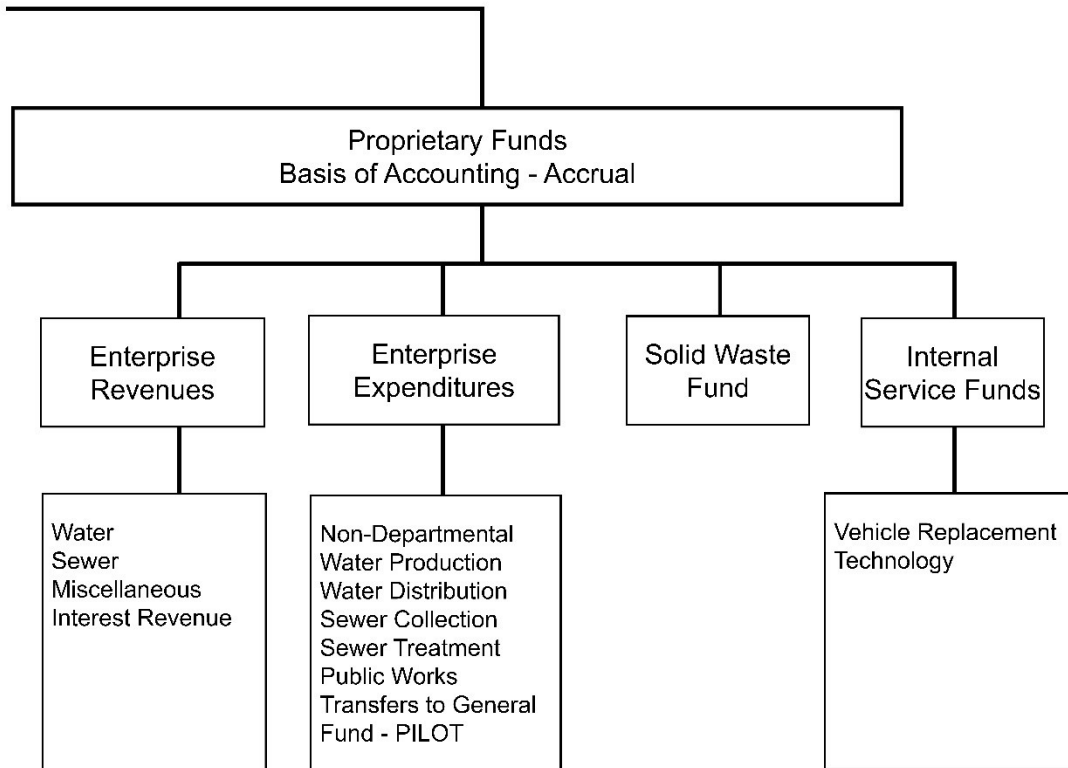
## CITY OF CENTER FUND STRUCTURE



### Definitions

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

**Modified Accrual System** - A system of accounting in which revenues are recognized and recorded in the accounts when they are measurable, available, and collectable in the fiscal year.





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## BUDGET FORMAT

The budget format for the FY 2024 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 2021 Actual** - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2021.

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

**FY 2023 Adopted Budget** – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2023, including revenues, expenditures, and fund balances.

**FY 2023 Estimate** – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2023. The estimate is calculated as of August 1, 2023.

**FY 2024 Proposed**– Budgeted amounts for each category for the fiscal year ending September 30, 2024.

### 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



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## BUDGET FORMULATION AND DEVELOPMENT PROCESS

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

### Budget Pre-Planning

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

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

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

### Budget Development

Budgetary requests are received from the Department Heads and analyzed 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 April 1, 2023 – Staff begins development of mid-year estimates and financial forecast

Week of May 16, 2023 –Budget development requests provided from Department Heads

Week of June 6, 2023 – Department Heads budgets integrated into preliminary draft by finance department

June 12, 2023 – City Council reviews Department requests, response to strategic plan goals, capital requests, and initial budget draft

June 26, 2023 – City Council receives FY 2023 Estimates and FY 2024 Financial Forecast

#### Budget Development

June 1 through August 1, 2023 – Begin development of budget book

July 24, 2023 – Deadline for the Shelby County Appraisal District to submit certified tax rolls

July 24, 2023 – Council adopts resolution setting maximum tax rate for FY 2024 Proposed Budget

#### Budget, Tax Rate, and Utility Rates and Fees Adoption

June/July, 2023 - 4A EDC & 4B EDC Boards recommend approval of their budget to the City Council.

August 7, 2023 – Council is presented the Filed version of the FY 2024 Budget as required by City Charter and tax rate calculations

August 14, 2023 – Council approves proposed tax rate

August 17, 2023 – Notice of Proposed Budget Public Hearing is published

August 28, 2023 – Public Hearing on the FY 2024 Budget (Regular Council meeting)

September 7, 2023 – Notice of Hearing on Tax Rate is published

September 11, 2023 – Public Hearing on Tax Rate for FY 2024 (Regular Council meeting)

September 11, 2023 – Council adopts FY 2024 Budget, tax rate and annual utility rate/fee ordinance

October 1, 2023 – New budget is implemented, new rate schedules become effective



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## **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 approved 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 \$1,500, Department Heads are required to secure a purchase order prior to acquisition to ensure budget availability or request adjustments as necessary.

### Budget Transfers

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

### Budgetary Reporting

Each month, the Finance Department provides the City Council a Financial Dashboard which shows current month spending in relation to prior years to monitor current spending versus historic patterns. Also, summary budget information is presented detailing the total budget, spending for the month and year. The amount of revenue is also presented to the Council to indicate if the City is spending more than 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 engages an independent audit by a qualified CPA firm licensed by the State of Texas. While the audit process examines the City's books, it also evaluates the City's financial processes, internal controls and policy compliance.

## **BALANCED BUDGET**

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

## **FOR MORE INFORMATION**

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

For additional information about the City, to download important forms and applications and to view meeting agendas, please visit the City of Center website at [www.center texas.org](http://www.center texas.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 2024 outstanding principle - \$7,570,000			In Compliance
	FY 2024 tax base - \$352,511,866			
	Percentage – 2.15%			
Competitive tax rate with peer communities	FY 2023 property tax rate - \$0.602640			In Compliance
	Peer community average - \$0.637531			
Tax rate ratio balance	FY 2024 M&O Rate - \$0.375405 64%			In Compliance
	FY 2024 I&S Rate - \$0.213695 36%			
	Total - \$0.589100			
Debt instruments not to exceed 20 years	Issue	Maturity date	Time Remaining	In Compliance
	2011 CO's	2030	7	
	2012 Ref	2023	0	
	2012 CO's	2035	12	
	2016 CO's	2036	13	
	2019 CO's	2039	16	
	2021 Ref	2030	7	

**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 2022 audited expenditures - \$5,262,109	In Compliance
	FY 2022 audited end fund bal - \$3,101,811	
	Percent fund balance/expenditures – 58.9%	

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

Policy Metric	Verification	Status
Submit quarterly reports and annual report to the City Council	Three quarterly Cash & Investment Reports	In Compliance
	One annual Cash & Investment Report	
Bank collateral. Goal is 102% collateralization per Section 9	Collateralization at 103%	In Compliance
Investments are to be compliant with Section 11.B of the Investment Policy.  Figures as of June 30, 2023	99.5% of investments are in Local Government Pools, allowed under Section 11.B.1.F	In Compliance
	0.5% of investments are in Certificates of Deposit, allowed under Section 11.B.1.D	
	0.0.% of investments are in Securities, allowed under Section 11.B.1.B/C	



**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 2023 Budget Revenues \$15,713,405	In Compliance
	FY 2023 Budget Expenditures \$15,192,865	
	FY 2024 Budget Revenues \$ 15,76,547	
	FY 2024 Budget Expenditures \$ 15,173,270	

**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	78 PO's issued – FY 2022	In Compliance
	65 PO's issued YTD(July) – FY 2023	

**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 2022 audit	In Compliance

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

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

Policy Metric	Verification	Status
Utility Fund transfer to General Fund – FY 2022. Not exceed 20%	Utility Fund Revenue - \$4,480,533	In Compliance
	General Fund Trans - \$420,000	
	Franchise Fee to Gen Fund - \$118,864	
	Total - \$538,864 – 12.0%	
Utility Fund transfer to Debt Fund – FY 2022. Not to exceed 20%	Utility Fund Revenue - \$4,480,533	
	Debt Fund Trans - \$473,000 – 10.6%	
	Solid Waste Revenue - \$1,700,332	
	Solid Waste Franchise - \$140,503	
Solid Waste transfer to General Fund – FY 2022. Not exceed 25%	Solid Waste Transfer - \$200,000	
	Total - \$340,503 – 20.0%	
4A EDC admin fee to General Fund – FY 2022. Not exceed 20%	4A EDC Revenue - \$501,261	
	General Fund Trans - \$60,000 – 12.0%	
4B EDC admin fee to General Fund – FY 2022. Not exceed 5%	4B EDC Revenue - \$1,011,364	
	General Fund Trans - \$30,000 – 3.0%	
Hotel Occupancy Tax transfer to Debt – FY 2022. Not exceed 50%	HOT Revenue - \$408,201	
	Debt Fund Trans - \$143,000 – 35.0%	
	General Fund Trans - \$95,000 – 23.3%	
Hotel Occupancy Tax transfer to General Fund – FY 2022. Not to exceed 35%		



## CITY OF CENTER STRATEGIC PLAN

### VISION STATEMENT

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

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

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

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

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

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

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

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

#### Strengths

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

#### Opportunities

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

#### Weaknesses

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

#### Threats

Loss of industry/employers  
Continuing 'run down' appearance



The following sections will explain in greater detail strategic approaches the City has defined to achieve continued activity and progress. 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

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. Pursue program incentives or funding for new businesses (Comp Plan #15)
4. Ensure no restrictive zoning regulations to accommodate target industry (Comp Plan #14)
5. Increase site options in the City for development (i.e. industrial, retail, commercial)
6. Identify, foster and develop small businesses through an entrepreneur programs
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 district
2. Foster relationships with regional utility providers
3. Continue engagement with regional economic development agencies

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 Historical Downtown Square into an economically vigorous area.

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

Downtown - Maintenance	\$42,500	Maintenance of Landscape/Hardscape	General Fund
Downtown Banner Program	\$10,000	Purchase and install supplemental banners	HOT Fund
Downtown Building Lights	\$5,000	Maintenance of downtown building lights	HOT Fund
Downtown Street Upgrade	\$150,000	Transform asphalt surfaces to concrete	4B EDC

Objective 6. Develop Center as a retail hub.

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



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**GOAL B. METHODICALLY GROW THE CENTER CITY LIMITS AND POPULATION WITH EFFECTIVE LAND USE AND PLANNING****Objective 1. Grow the physical boundaries of the City**

1. Review Future Land Use Maps and revise City's zoning map to reflect Future Land Uses.
2. Identify utility extension projects which allow system growth
3. Coordinate utility system expansions to encourage voluntary annexations
4. Identify areas as candidates for annexation and pre-emptively secure development agreements
5. Ensure utilities are extended outside City limits in equitable manner though required development agreement or annexation petition

**Objective 2. Create a vibrant housing market with a mix of options (Comp Plan #23)**

1. Develop strategies to encourage the construction of single and multi-family developments (e.g. TIRZ, utility and street construction, fee rebates, tax abatements) (Comp Plan #27)
2. Encourage appropriate residential in-fill development (Comp Plan #25)
3. Seek to stabilize neighborhoods, housing stock, and property values by creating a housing maintenance enforcement program (Comp Plan #26)
4. Encourage volunteer teams to repair blighted housing units/develop new homes
5. Sponsor HOME grant applications and other governmental assistance programs
6. Expand Local Government Corporation mission and activities

Parker Place Subdivision                      \$3,000                      Maintenance of lots for sale - new construction                      Center Local Govt Corp

**Objective 3. Coordination with Center ISD regarding population growth rates (Comp Plan #3)****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. Enhance targeted areas (e.g. school accesses, commercial corridors, community facilities)
3. Identify locations for use 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

Blight removal                      \$15,000                      House demolition and blight removal                      Solid Waste Fund  
Entryway Signs (x2)                      \$70,000                      Install entry signs at Hwy 7E & Hwy 96N                      Capital Project Fund

**Objective 2. Develop Center into a tourist destination**

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

State and regional tournaments                      \$30,000                      Sponsorship amounts for tournament attraction                      HOT Fund  
Event sponsorship                      \$5,000                      Community event sponsorship Chamber                      HOT 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. Initiate walking trail project development plan

**Objective 4. Enhance the area's health care system**



## GOAL D. ENGAGE THE COMMUNITY IMPROVING UNDERSTANDING AND COMMUNICATION

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

1. Develop a branding strategy to promote consistent and cohesive identity (Comp Plan #16)
2. Develop a media strategy
3. Resume and/or expand community outreach programs
4. Seek out external awards to earn recognition for efforts.
5. Continually update data on websites

## 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. Identify areas of the City in need of enhanced pressure or reliability for enhancements
4. Identify those areas where utility lines need to be replaced or enlarged
5. Continue negotiations with other water supply corporations for the City to expand customer base by either providing service or acquiring systems.
- 6.

Aiken Plant Rehab	\$250,000	Planning/design for treatment plant rehab	Utility CIP
Water Capacity-Reuse	\$125,000	Testing/Permitting for Reuse Project	Utility CIP

Objective 2. Enhance drainage systems to protect property

1. Identify drainage projects for maintenance or enlargement
2. Review FEMA floodplain maps and regulations
3. Insure funding access to FEMA Mitigation Programs
4. Enforce storm water prevention standards on large developments

Drainage Study – TIRZ#1	\$17,500	Drainage Assessment/report within TIRZ#1	CIP/TIF
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Objective 3. Implement the Center Municipal Airport Capital Improvements Plan

1. Coordinate needs and desires of facility users and visitors
2. Establish funding mechanisms for local project contributions

Airport – CIP/ALP & Study	\$37,500	Airport Layout Plan w/narrative (local match)	Airport Const Fund/CIP
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Objective 4. Enhance public safety programs and outreach

1. Police and Fire safety programs for kids; station visits and interaction with school children
2. Public outreach with K-9 unit, community training and information

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

1. Continue the annual street maintenance program
2. Develop collector street system for planned infrastructure expansion (Comp Plan #7)
3. Coordinate with TxDOT for traffic control and safety improvements

Street program	\$1,150,000	Street renovation/maintenance program; concrete enhancements for drainage	4B EDC
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## **CITY OF CENTER LONG RANGE FINANCIAL FORECAST FY 2025 – FY 2029**

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

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

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

1. Orchestrating policy decisions and corresponding long-term financial implications.
2. Anticipating future fiscal conditions, to implement strategies and action 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 budget process.
5. Indicate to bond rating agencies and other interested parties the systematic financial planning process utilized.
6. Enhance the general public's understand of long-term costs and associated implications of current and proposed City decisions.

### **FORECAST PREPARATION**

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

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

### **Forecasting Methodology**

The City of Center uses three basic techniques to forecast revenue and 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 generally minimizes service enhancement or improvement cost escalation. Personnel expenditures reflect cost of living adjustments and increases to volatile benefit costs, yet does not generally indicate staffing increases. The forecast separates expenditures by prime accounts and provides for an annual inflation factor.





## Potential Economic and Environmental Conditions and Risk Assessment

There are a number of regulatory, economic and policy factors which could significantly impact the City's ability to generate revenue, increase 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 became a world leader in energy commodity exports for a short period. The recent national pause in production growth could result in a resurgence in activity in the Haynesville Shale. An energy renaissance would cause an influx of temporary workers, boosting Hotel Occupancy Taxes around 200%, bringing sales tax revenues reflective of 2010-2011 increases, however, this activity would be volatile and temporary. Property tax could see an increase with few value producing wells inside the City; value increases would come from some property appreciation but mostly from business personal property and inventories.

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

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

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

### Poultry Industry

Center's reliance on the poultry industry places it in danger to at least three hazards. The first is a bird flu event that results in the culling of large numbers of birds, limiting production at the local plant. The second is the detection of a 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 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. Impacts would be two-fold, the general economy and direct water sales. In either event, reduction of production would create economic hardships for growers, employees and secondary impacts on retail merchants and would also reduce the purchase of water from the City utility. This type of episode played out in real time at the onset of the COVID pandemic and the reaction by Health Departments to effect meat plant operations. There was the real potential of a situation causing the workforce to stay home and thereby significantly limit 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 could request a reappraisal. Tyson Foods is the City's largest utility customer, providing over 50% of the City's Utility Fund revenue. If Tyson payroll dollars are not circulating in the local economy, the City is not receiving



sales tax revenue. Further, local grower losses and payroll declines would place local banks under operational stress. This could, in turn, prevent local businesses from receiving financing and deter consumers from making large purchases.

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

	Tyson Foods Projected Utility Bill Scenarios			
	Actual – January 2021 to December 2021	15% Increase	10% Decline	25% Decline
Amount	\$1,564,688	\$234,700	(\$156,469)	(\$391,172)

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

#### Health Insurance Rate Volatility

- The City's health insurance premium jumped 20% in FY 2017 due to a particularly bad loss ratio year and the implementation of Affordable Care Act mandates and regulations. FY 2024 is similar in that past COVID-related costs and mandates are impacting premium projections including a 8% increase for this budget even with modified benefits.
- The risk that the City will experience chronic large loss ratio years requires a long-term mitigation approach. Working with the insurance provider and HR Department, employees are encouraged to participate in the wellness program.
- Due to turnover and attrition, the City's average employee age is less than it was a few years ago.

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

	Health Insurance Premium Increase Scenarios				
	Current	3%	6%	10%	15%
Current 80 FTE's - \$8,400 per year	\$672,000	\$892,160	\$712,320	\$739,200	\$772,800
Increase Amount	\$0	\$20,160	\$40,320	\$67,200	\$100,800

#### Regulatory

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

Revenue Caps – SB2, passed in 2019, exempted the City of Center from the 3.5% Voter Approval Rate election mandate, via the De Minimis Rate. However, this could be amended limiting the City's ability to meet 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 – 2023, as in 2021 legislative session created several mandated actions by cities specific to public safety payroll, budgets and regulatory restrictions that increase the potential costs of operations and potentially reduce some revenue sources.

#### Other Potential Events

- As currently being experienced, damages to private industry from natural disasters or hazards and resulting workforce and industrial activity reductions not only have short term impacts to tax and utility revenues but also create risk for long term reductions in property tax, sales taxes, and utility revenue from lack of redevelopment or relocation.



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

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

### **General Fund Revenue Assumptions**

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

- The net taxable values for FY 2024 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2025 through 2029 are calculated at 3% annual increases.
- The delinquency rate will remain at 1% through the forecast period.
- Sales tax revenues are projected to increase 3% each year through the forecast period.

Franchise revenues were examined at a detail level. Historically, the electricity franchise has generated revenue in a tight range; this trend will continue with minor projected growth due to rate increases. The phone and cable franchise revenues, however, are projected to remain relatively flat. This is due to the fact customers continue switching to non-franchise fee collecting mobile communication and satellite services beyond the increases of rates. Changes to legislative action could reverse this decline as the Texas Supreme Court ruled that multiple service providers must pay franchise for each service.

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, updated in FY 2019 and refined in FY2022, to determine the funding adequacy of this revenue stream and determined that the General Fund was subsidizing Utility Fund operations. The refinement with Technology Fund allocations indicated that the transfer of \$375,000 in FY 2023 and 3% annual increases beginning FY 2025. 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 addition to the 10% Solid Waste franchise fee. The two Economic Development Corporations also pay a service fee to the City for reimbursement of administrative costs. These costs are projected to remain stable 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 that allowed the transfer amount to be restored beginning FY 2023.

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

### **Sales Tax Revenue**

For a time, the City became over-reliant on sales tax revenue to fund operations – sales tax receipts would be greater than or equal to 50% of total general fund revenues. As evidenced from FY 2010 to 2014, sales tax revenue can be volatile. 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 and possibly mail-order. The FY2024 budget projects continued increase of 3% from current year estimate. This includes likely retail contraction but increases as a result of inflation-driven price



increases. The City will again project 3% annual growth as recession and possibility of stagflation declines slightly but warrants monitoring.

Year	Total	Percent Change	City M&O	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 Actual	\$3,763,086	7.0%	\$ 1,881,543	\$470,400	\$2,351,943	\$ 940,800	\$470,400
FY 2022 Actual	\$3,969,853	5.5%	\$ 1,984,927	\$496,200	\$2,481,127	\$ 992,500	\$496,200
FY 2023 Estimate	\$4,337,654	9.3%	\$ 2,168,827	\$542,200	\$2,711,027	\$1,084,400	\$542,200
FY 2024 Proposed	\$4,467,800	3.0%	\$ 2,233,900	\$558,500	\$2,792,400	\$1,117,000	\$558,500
FY 2025 Projected	\$4,601,800	3.0%	\$ 2,300,900	\$575,200	\$2,876,100	\$1,150,500	\$575,200
FY 2026 Projected	\$4,739,900	3.0%	\$ 2,369,950	\$592,500	\$2,962,450	\$1,185,000	\$592,500
FY 2027 Projected	\$4,882,100	3.0%	\$ 2,441,050	\$610,300	\$3,051,350	\$1,220,500	\$610,300
FY 2028 Projected	\$5,028,600	3.0%	\$ 2,514,300	\$628,600	\$3,142,900	\$1,257,200	\$628,600
FY 2029 Projected	\$5,179,500	3.0%	\$ 2,589,750	\$647,400	\$3,237,150	\$1,294,900	\$647,400

### Property Tax Rate

The Forecast anticipates that the property tax rate will remain stable over the forecast period. Revenue sources that are under the City's control, such as the property tax rate, need to be evaluated as the rising costs exceed the City's ability to generate revenue from sales taxes and new property valuations. The current year appraised values experienced continued increase of 4.5% of taxable value, after last year's 8.7% increase. This forecast also anticipates the City moving towards 70%-30% target for the M&O/I&S rate ratio. It is possible that the City will need to raise the property tax rate should the Council desire debt-funded capital projects, expanded services or in the event taxable valuations stagnate.

### General Fund Revenue Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Property Taxes	1,160,607	1,333,376	1,416,200	1,453,680	1,461,500	1,505,300	1,550,500	1,597,000	1,644,900	1,694,200
Sales Taxes	2,368,431	2,509,148	2,510,050	2,713,810	2,795,150	2,879,000	2,965,400	3,054,400	3,146,000	3,240,400
Law Enforcement	281,209	216,525	183,350	185,050	210,300	217,000	224,000	231,000	238,000	245,000
Franchise Fees	691,977	717,528	706,800	741,350	751,300	758,800	766,400	774,100	781,800	789,600
Airport	93,084	180,675	151,000	175,835	160,000	164,800	169,700	174,800	180,000	185,400
Permits	30,543	30,779	18,350	36,885	30,200	15,000	15,000	15,000	15,000	15,000
Usage Fees	58,550	59,530	68,100	73,500	70,200	75,000	75,000	75,000	75,000	75,000
Solid Waste	716	-	-	-	-	-	-	-	-	-
Miscellaneous	91,636	14,398	3,250	37,270	1,350	5,000	5,000	5,000	5,000	5,000
Transfers	532,128	805,104	745,000	745,000	745,000	786,000	798,000	810,000	822,000	835,000
Interest	8,016	23,837	7,500	96,000	74,700	74,700	73,200	70,100	65,300	58,700
Grants	359,840	125,841	42,000	53,015	81,500	50,000	50,000	50,000	50,000	50,000
<b>TOTAL REVENUE</b>	<b>5,676,738</b>	<b>6,016,740</b>	<b>5,851,600</b>	<b>6,311,395</b>	<b>6,381,200</b>	<b>6,530,600</b>	<b>6,692,200</b>	<b>6,856,400</b>	<b>7,023,000</b>	<b>7,193,300</b>

### Utility Fund Revenue Assumptions

The financial position of the Utility Fund is very different than the General Fund. Council acted in FY 2014 to eliminate the Utility Fund's subsidy from the General Fund, by slightly increasing water rates, a moderate increase to sewer rates, and increasing the administrative transfer to the General Fund. This model continues the policy of establishing each cost center (water and sewer) to be self-sustaining with their respective rate structures within the Utility Fund as well as in allocations to Vehicle Replacement and Technology Funds.

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



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

#### Utility Fund Revenue Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Water	2,829,285	3,217,017	2,970,000	3,114,202	3,209,000	3,273,200	3,338,700	3,405,500	3,473,600	3,543,100
Sewer	993,574	1,105,317	1,030,000	1,116,500	1,115,000	1,137,300	1,160,000	1,183,200	1,206,900	1,231,000
Miscellaneous	321	44,112	3,450	18,180	3,700	3,700	3,700	3,700	3,700	3,700
Interest	5,546	13,024	8,200	72,650	51,000	41,500	39,200	34,800	28,100	18,900
Tap Fees & Charges	97,321	101,064	85,350	96,800	98,400	100,400	102,400	104,400	106,500	108,600
Total Revenue	3,926,047	4,480,533	4,097,000	4,418,332	4,477,100	4,556,100	4,644,000	4,731,600	4,818,800	4,905,300

#### EXPENDITURE ASSUMPTIONS

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

Personnel costs are expected to increase through annual adjustments by 3% each year not inclusive of annually applied COLAs. Increases in salaries translate into proportionate increases in Social Security and Pension contributions. Health insurance premiums are projected to rise an additional 6% each year. Workers Comp and Unemployment Insurance are projected to remain flat 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, Contractual and Utilities are projected to grow at 3% each year; Maintenance Costs will increase at 4% each year; Sundry expenses will rise 2% each year; and Capital estimated.

#### General Fund Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
<b>TOTAL REVENUE</b>	5,676,738	6,016,740	5,851,600	6,311,395	6,381,200	6,530,600	6,692,200	6,856,400	7,023,000	7,193,300
Personnel	3,436,177	3,393,426	3,945,450	3,866,380	4,387,580	4,507,000	4,655,600	4,809,700	4,969,400	5,134,900
Supplies	170,789	166,857	155,800	135,560	163,350	168,251	173,298	178,497	183,852	189,367
Contractual	756,159	850,362	917,350	972,285	960,780	989,603	1,019,292	1,049,870	1,081,366	1,113,807
Utilities	235,464	237,693	223,200	222,910	228,850	235,716	242,787	250,071	257,573	265,300
Sundry	224,467	262,285	247,400	274,995	270,740	276,155	281,678	287,311	293,058	298,919
Maintenance	323,133	322,355	321,700	288,425	328,900	342,056	355,738	369,968	384,766	400,157
Capital	127,081	29,468	36,000	1,161,750	41,000	50,000	50,000	50,000	50,000	50,000
Transfers	-	174,561	4,700	-	-	13,880	16,910	20,080	23,410	26,890
<b>TOTAL EXPENDITURE</b>	5,273,270	5,437,008	5,851,600	6,922,305	6,381,200	6,582,660	6,795,303	7,015,497	7,243,425	7,479,341
<b>Beginning Fund Balance</b>	2,118,612	2,522,080	2,772,675	3,101,813	2,490,903	2,490,902	2,438,842	2,335,740	2,176,643	1,956,218
<b>Revenues Over/(Under) Expenditures</b>	403,468	579,732	0	(610,910)	(0)	(52,060)	(103,103)	(159,097)	(220,425)	(286,041)
<b>Ending Fund Balance</b>	2,522,080	3,101,813	2,772,675	2,490,903	2,490,902	2,438,842	2,335,740	2,176,643	1,956,218	1,670,177

The conclusion is that the General Fund is balanced in FY 2024 and projects well through the forecast period. However, the forecast does expose the potential of revenue deficits increasing beyond FY 2025.



## Utility Fund Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Total Revenue	3,926,047	4,480,533	4,097,000	4,418,332	4,477,100	4,556,100	4,644,000	4,731,600	4,818,800	4,905,300
<b>EXPENDITURES</b>										
Personnel	1,174,385	1,250,659	1,367,900	1,330,420	1,536,100	1,614,000	1,696,000	1,782,100	1,872,700	1,968,000
Supplies	354,411	512,956	384,650	539,825	503,300	518,400	533,950	549,970	566,470	583,460
Contractual	436,380	409,507	456,200	556,950	542,800	553,660	564,730	576,020	587,540	599,290
Utilities	332,901	374,414	364,400	438,750	437,150	454,640	472,830	491,740	511,410	531,870
Sundry	52,219	65,958	67,200	73,400	72,150	72,870	73,600	74,340	75,080	75,830
Maintenance	379,885	346,934	348,950	410,600	376,800	391,870	407,540	423,840	440,790	458,420
Capital	12,274	-	140,000	90,100	35,000	35,000	35,000	35,000	35,000	35,000
Transfers	1,005,842	1,086,864	967,700	974,600	973,800	992,700	1,007,300	1,021,900	1,036,600	1,052,200
<b>TOTAL</b>	<b>3,748,297</b>	<b>4,047,291</b>	<b>4,097,000</b>	<b>4,414,645</b>	<b>4,477,100</b>	<b>4,633,140</b>	<b>4,790,950</b>	<b>4,954,910</b>	<b>5,125,590</b>	<b>5,304,070</b>
<b>Revenues Over/ (Under)</b>										
<b>Expenditures</b>	<b>177,750</b>	<b>433,242</b>	<b>-</b>	<b>3,687</b>	<b>0</b>	<b>(77,040)</b>	<b>(146,950)</b>	<b>(223,310)</b>	<b>(306,790)</b>	<b>(398,770)</b>

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 4% each year; Contractual expenses will increase 2% each year, Supplies will increase 3% annually and Sundry will rise 1% each year.

The result of this exercise shows that there are potential issues with the Utility Fund and in the long term it does not adequately support non-debt funded capital asset improvements. This may be resolved through careful monitoring of expenses projected for constant growth; personnel compression – staffing levels and turnover could help to moderate the growth in personnel costs; capital in this model is assumed to be a constant and could be annually evaluated, and; revenue growth – actual revenues with the new proposed utility rate structure could be very different from the estimates projected.

## FUND BALANCE

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

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
GENERAL FUND										
TOTAL REVENUE	5,676,738	6,016,740	5,851,600	6,311,395	6,381,200	6,530,600	6,692,200	6,856,400	7,023,000	7,193,300
TOTAL EXPENDITURE	5,273,270	5,437,008	5,851,600	6,922,305	6,381,200	6,582,660	6,795,303	7,015,497	7,243,425	7,479,341
Beginning Fund Balance	2,118,612	2,522,080	2,772,675	3,101,813	2,490,903	2,490,902	2,438,842	2,335,740	2,176,643	1,956,218
Revenues Over/(Under)										
Expenditures	403,468	579,732	0	(610,910)	(0)	(52,060)	(103,103)	(159,097)	(220,425)	(286,041)
Ending Fund Balance	2,522,080	3,101,813	2,772,675	2,490,903	2,490,902	2,438,842	2,335,740	2,176,643	1,956,218	1,670,177
Fund Balance Analysis										
Minimum Compliance - 25%	1,318,317	1,359,252	1,462,900	1,730,576	1,595,300	1,645,665	1,698,826	1,753,874	1,810,856	1,869,835
Target Goal - 30%	1,581,981	1,631,102	1,755,480	2,076,692	1,914,360	1,974,798	2,038,591	2,104,649	2,173,028	2,243,802
Compliance										
Actual % of Expenditures	48%	57%	47%	36%	39%	37%	34%	31%	27%	22%
Minimum 25%	191%	228%	190%	144%	156%	148%	137%	124%	108%	89%
Target 30%	159%	190%	158%	120%	130%	123%	115%	103%	90%	74%





For the forecast period, there are sufficient resources to allow the City to meet its minimum requirements in the Fund Balance Policy through FY 2029. 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 five debt instruments supported by property tax and the Utility Fund supports three. The Forecast allows some indication of need and use of other funding sources to minimize fluctuation of the I&S portion of the tax rate. The need for utility supported debt is also planned for stable annual payments. FY 2022 concluded annual obligations for debt payments by the HOT Fund toward the 2007 COs for construction of the John D. Windham Civic Center and a Lease-purchase for Law Enforcement Technology software and hardware. The only other debt instrument of the City is a lease-purchase loan obligation within the Vehicle Replacement Fund.

The City also issued its most recent debt in 2019 to fund the Downtown Revitalization projects. The 2021 Refunding of the callable amounts of the 2011 COs resulted in annual savings but produced no funding for new capital projects. 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 including contributions from other sources, the Park Fund and Street EDC.

Tax supported debt schedule and funds from other sources are identified below:

Year	General Fund Supported Debt - Total Principal and Interest Payment											
	2011 CO's	2012 Refunding	2016 CO's	Police Technology	2019 CO's	2021 Refunding	Total Debt Service	Ad Valorem Agent Fees	Park Fund Transfer	Transfer from 4B EDC	Transfer from H/M	Annual Total
2024	-	-	64,891		236,300	468,675	769,866	\$ 2,177	-	-	-	772,043
2025	-	-	66,041		235,550	465,850	767,441	\$ 2,171	-	(100,000)	-	669,611
2026	-	-	65,866		239,550	463,988	769,403	\$ 2,177	-	(100,000)	-	671,580
2027	-	-	64,891		234,350	471,400	770,641	\$ 2,176	-	(100,000)		672,816
2028	-	-	66,294		239,150	462,600	768,044	\$ 2,177	-	(100,000)		670,221
2029	-	-	66,263		238,550	463,700	768,513	\$ 2,171	-	(100,000)		670,684

Utility supported debt is forecast below:

Year	2016 CO's	2019 CO's	2012 TWDB Bonds	Utility Total
FY 2024	194,672	144,725	128,348	467,745
FY 2025	198,122	145,475	126,400	469,997
FY 2026	197,597	140,975	129,278	467,850
FY 2027	194,672	147,375	127,003	469,050
FY 2028	198,881	138,375	129,566	466,822
FY 2029	198,788	144,575	126,915	470,278





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## **FY 2024 BUDGET PHILOSOPHY**

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

1. To merge comprehensive and strategic plan components to the annual operating budget.
2. Focus on the long-term financial stability of the organization while recognizing and addressing immediate and short-term challenges
3. The alignment of organizational priorities to focus efforts on those capital projects that will affect long term growth of the City. These projects include
  - a. Quality of life projects (parks, athletic facilities, sidewalks, and trails) that seek to make Center a more desirable place to live, and
  - b. Sustainable growth projects (utility enhancement, system upgrade, and street renovation)
4. Ensuring a competitive city workforce by maintaining a competitive pay and benefits schedule.
5. Providing a reasonable property tax rate that minimizes the tax burden on citizens and commercial property while seeking to minimize tax rate fluctuation.
6. Enhancing levels of service to meet citizen expectations.
7. The moderate growth of financial reserves to a targeted level to ensure that the city has sufficient cash to continue operations to provide uninterrupted services during times of disaster or short-term disruption of income.
8. Be good stewards of the tax payer's money by maintaining a balanced budget and solid credit rating with full financial transparency.



## FY 2024 BUDGET FISCAL HEALTH ANALYSIS

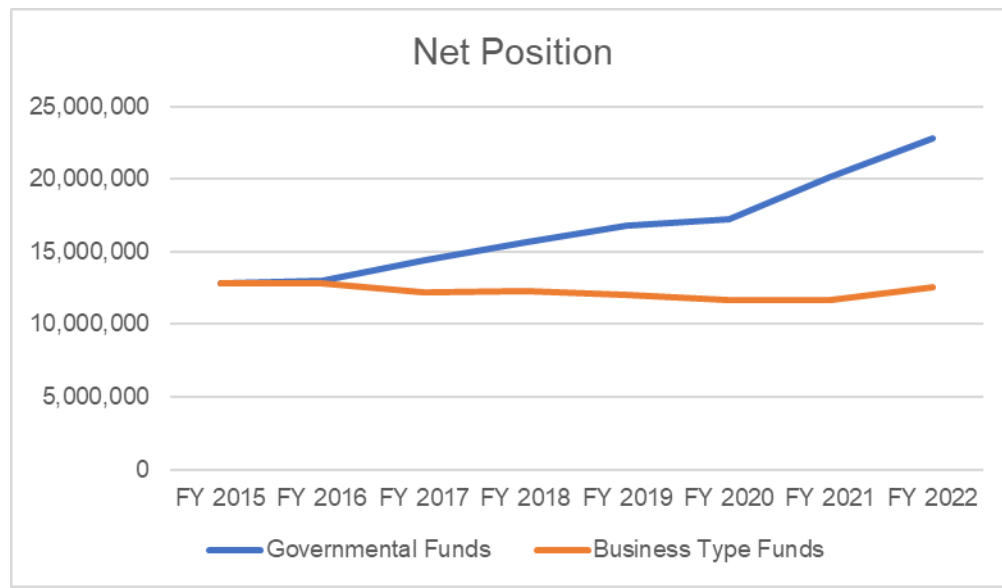
One of the functions of a budget document is to describe the City's financial plan – a component part of that is to conduct an analysis of the City's financial health. The purpose of this section is to provide a sampling of generally accepted metrics of fiscal conditions and then curating the City's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

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

### Net Position

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

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



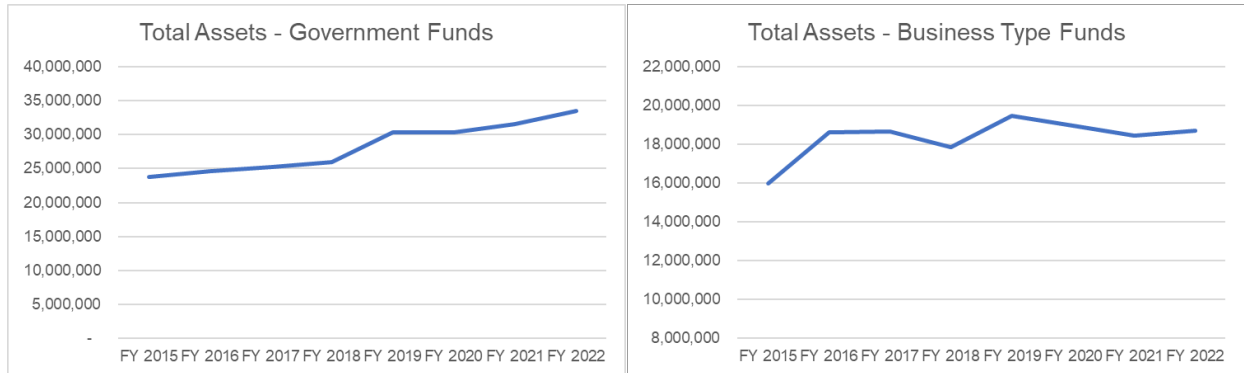
### Total Assets

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 analysis is concerned, this is the primary indicator for growth. Governmental and Business Type activities show growth from FY 2015 to FY 2022.

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



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



### Cash to Current Liabilities

Comparing the amount of the City's liquidity to its Current Liabilities (Those liabilities that are payable within one year) represents a measure of the City's ability to pay its' immediate obligations. If this ration is low, the City has a high amount of liquidity. If the ratio is higher particularly over 100%, the City might have a difficult time gathering sufficient cash to meet its short-term needs.

General Fund Cash to Liabilities	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
General Fund Cash/Equivalents	1,348,000	1,054,372	1,370,282	1,448,670	1,795,418	1,991,507	2,626,990	2,854,030
General Fund Current Liabilities	337,040	201,106	258,208	235,964	356,809	212,440	448,564	265,983
Total Governmental Liabilities	10,624,038	10,957,814	10,220,162	10,022,688	12,762,752	12,015,461	10,571,767	9,575,022
Cash to Current Liabilities	25%	19%	19%	16%	20%	11%	17%	9%

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

### General Fund Balance

One of the most easily identifiable financial metrics is the City's General Fund Balance. This is the amount of funds held in reserve by the City in case of an emergency or economic correction that would affect tax revenue. The City's Fund Balance Policy 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	FY 2021	FY 2022
General Fund Fund Balance	1,464,517	1,082,056	1,583,305	1,543,300	1,774,351	2,118,612	2,522,079	3,101,811
General Fund Expenditures	5,433,290	4,592,325	4,445,060	4,611,076	4,927,832	4,844,339	5,273,270	5,262,109
% FB to Expenditures	27.0%	23.6%	35.6%	33.5%	36.0%	43.7%	47.8%	58.9%
Policy Minimum	25%	25%	25%	25%	25%	25%	25%	25%
Policy Optimum	33%	33%	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	FY 2021	FY 2022
City's Taxable Value	263,621,780	280,829,746	280,224,688	279,923,149	282,534,449	298,213,144	294,829,703	310,540,559
Total Principal Outstanding	6,900,000	7,455,000	6,955,000	6,440,000	10,038,750	9833750	8738750	8573512
Debt Policy Limit - 4%	10,544,871	11,233,190	11,208,988	11,196,926	11,301,378	11,928,526	11,793,188	12,421,622
Principal Outstanding to Taxable	2.6%	2.7%	2.5%	2.3%	3.6%	3.3%	3.0%	2.8%
Utility Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Utility Fund Operating Revenues	3,689,121	3,670,280	3,681,385	3,821,141	3,621,018	3,768,299	3,773,361	4,409,386
Non Operating Revenue	(43,288)	(45,116)	119,766	229,752	328,641	(155,561)	(170,465)	455,791
Total Revenue	3,645,833	3,625,164	3,801,151	4,050,893	3,949,659	3,612,738	3,602,896	4,865,177
Contribution Limit 20%	729,167	725,033	760,230	810,179	789,932	722,548	720,579	973,035
Annual Fund Debt Transfers	490,500	231,250	390,000	366,000	350,000	471,500	475,000	473,000
Debt Transfer Percentage	13.5%	6.4%	10.3%	9.0%	8.9%	13.1%	13.2%	9.7%

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.

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

#### Recommendations:

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

Minimize reduction caused by depreciation by adding increased asset values, primarily through reinvestment in or replacement of capital assets.

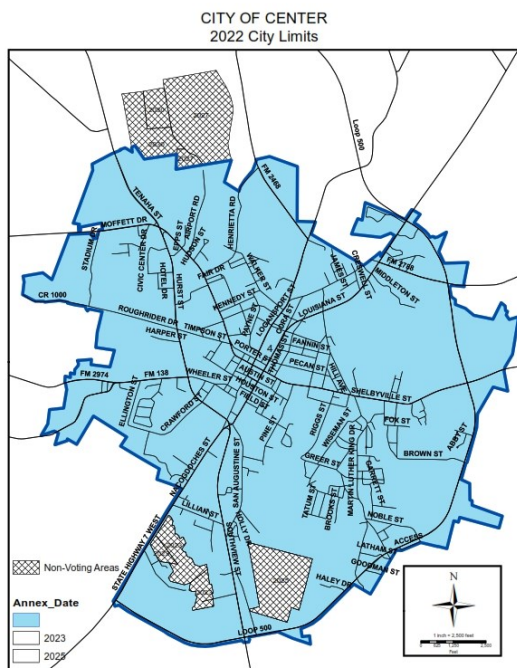
Monitor Governmental Debt levels to ensure continued reductions in ratio of outstanding principal to Taxable Value and minimize capital project funding by debt.

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

**FY 2024 BUDGET  
PROFILE OF CENTER, TEXAS**



Although the FY 2024 budget is primarily a financial document, it is also an opportunity to acquaint the reader with some of the history, highlights, facilities, and economy of Center, which make it a great place to visit, live, work and do business.

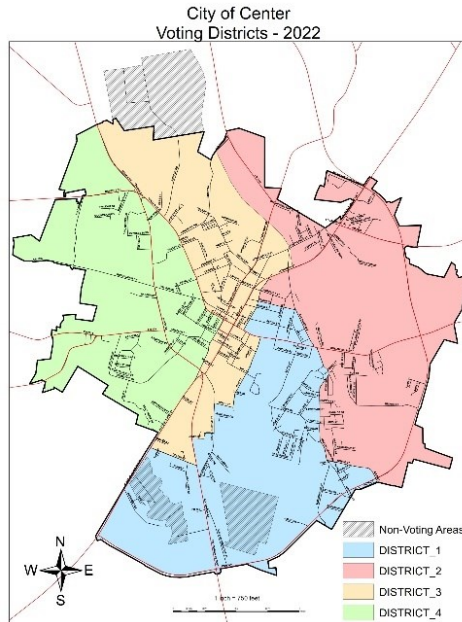


## City Government

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



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



## History of Center

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

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

Al Johnson, an East Texas state representative, introduced a bill to have all county seats be 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 the White Cottage community. Shortly after the incident, the location became known as Center, primarily to reflect the requisite location of the county seat.

In 1869, Jesse Amason donated fifty acres of land for the town site of Center.

On the night of May 31, 1882, a fire erupted at the courthouse and the building was a complete loss. The county contracted with J.J.E. Gibson, an Irish immigrant, to construct a new courthouse and jail. In



November 1885, the new courthouse was completed and remains standing to this day. The courthouse serves as an icon in the downtown city square and has been the hub of commerce and public life.



1885 Shelby County Irish Castle Courthouse – Downtown Center

The City of Center was incorporated in 1893, however, the result of this incorporation was dissolved and the city was reincorporated by means of another charter election in 1901. The city developed and adopted a home rule charter that became effective on April 7, 1984.

### **Economy of Center**

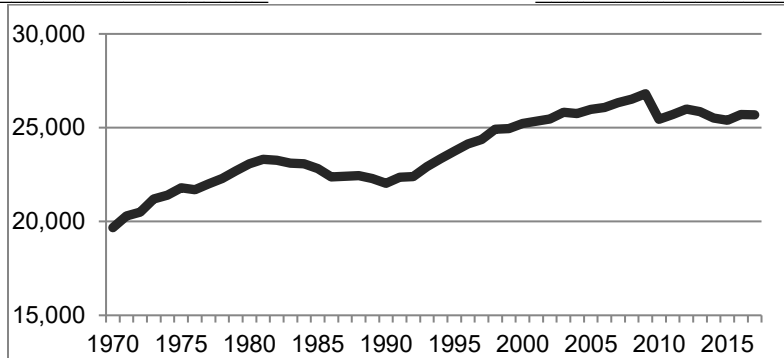
This section provides a brief snapshot of the Center and Shelby County economy. The topics discussed will be population change in Shelby County including how this population change occurred, the size of the local labor force and the unemployment rate, and per capita and household income. Finally, data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

The economy of Center has evolved through four distinct stages. The first stage was cotton; Center boasted a number of cotton gins. Cotton production eventually was superseded by timber production; there were two pulpwood mills located in the city. In the 1950's the poultry industry was introduced in Center as the timber industry became less lucrative. In the early 2000's, the Haynesville Shale gas formation was discovered in Shelby County and natural gas production activity became a staple of the economy. One of the recurring trends illustrated in this section is just how bound Shelby County's economy is to the State of Texas. This is indicated in nearly all of the economic factors discussed below.

### Population

The 2020 Census population of Center was 5,221 and that of Shelby County was 24,002. Center has typically followed the same growth patterns as Shelby County over the last 40 years. As graph 1 indicates, the population of the county has grown 36% over this time period, representing about a 1% increase each year. The population adjusted following the 2010 census and has since stabilized.





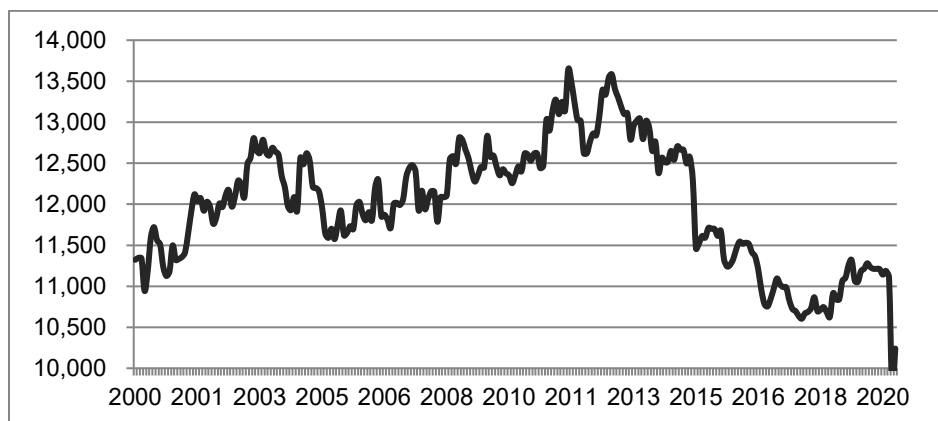
Graph 1 – Population trends in Shelby County 1970-2017

Source: Texas Workforce Commission

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.

#### 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.



Graph 2 – Size of the labor force – Shelby County – January 2000 to May 2020

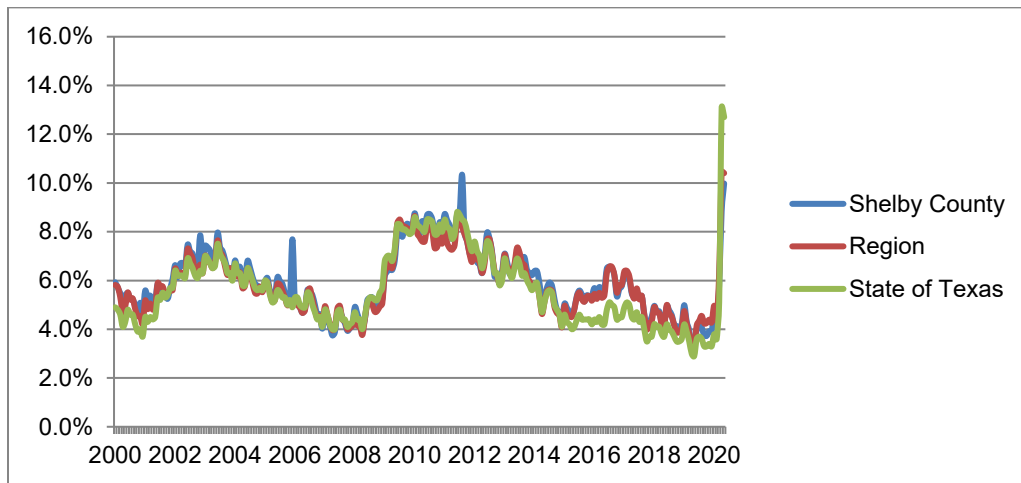
Source: Texas Workforce Commission

#### 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. 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



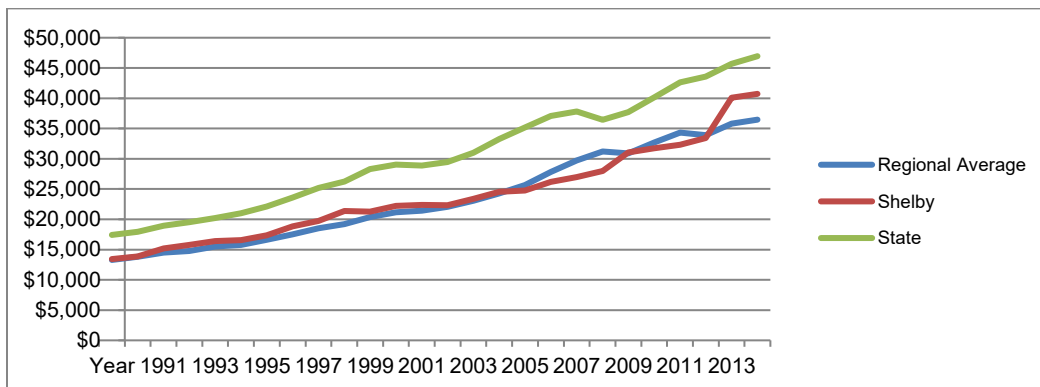
metro areas. The large unemployment spike is the result of COVID-19 and should return to pre-pandemic levels once the economic landscape improves.



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.



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](http://www.census.gov)



Tyson Foods is the largest employer in Center

### Major Employers

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

Employer	Product	Number of Employees
Tyson Foods	Poultry	1,700
Center Independent School District	Education	400
Wal-Mart Supercenter	Retail	281
Port-A-Cool LLC	Manufacturing	175
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 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 including its' World Headquarters in Center



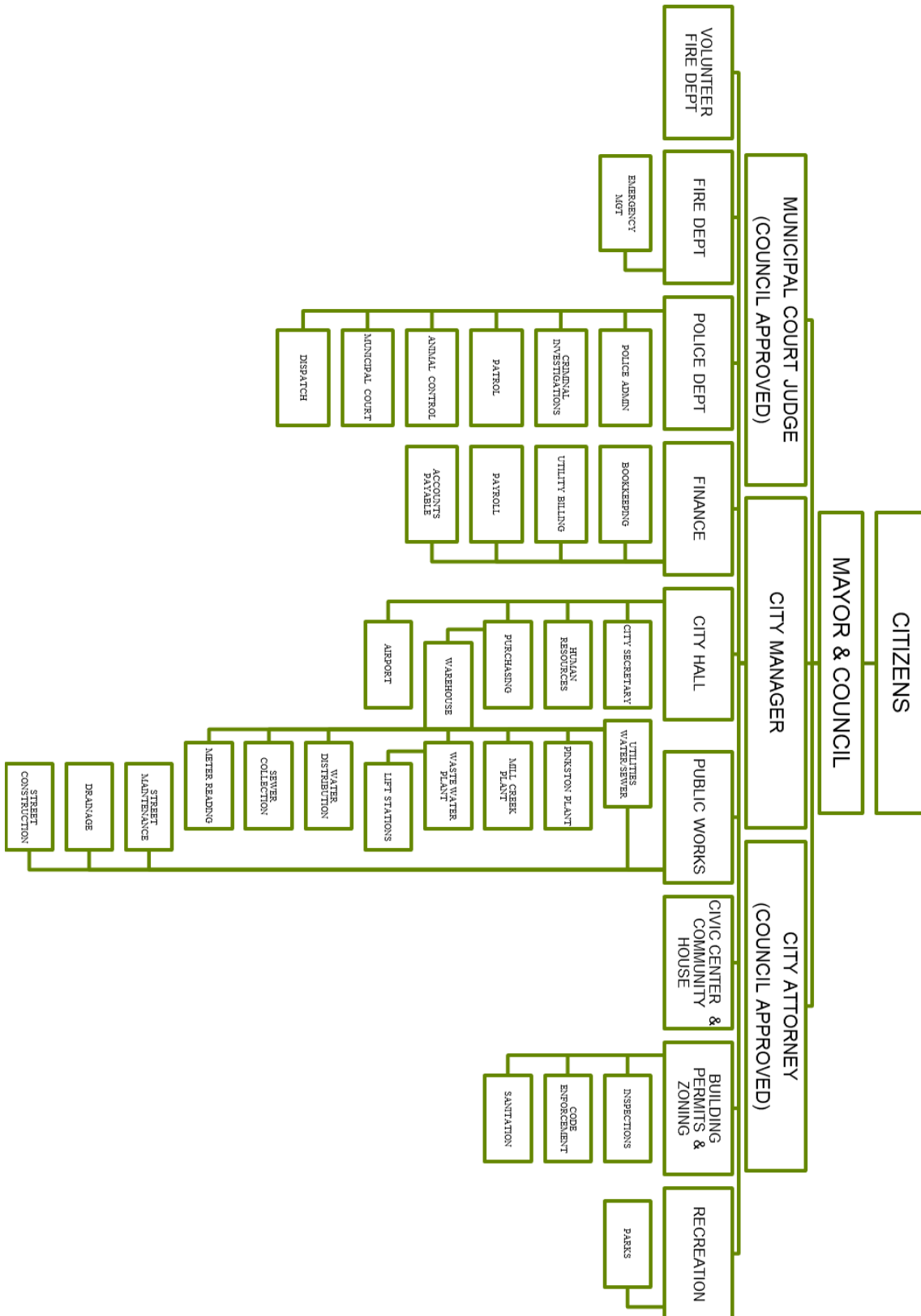
### Building Permits as an Indicator

As a source of municipal revenue, building permit receipts are not a major contributor to City 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	16	893,520	33	6,698,479	49	7,591,999
2022	31	648,139	26	11,682,992	57	12,331,131
2023 YTD	16	399,100	10	14,768,989	26	15,168,089

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 several minor commercial construction activities. During 2020, the City experienced yet another round of increase in value with industrial site expansions while one major commercial project in 2021 helped maintain overall construction activity levels. 2022 and 2023 commercial values are predominately attributable to major Center ISD improvement projects.





**FY 2024 BUDGET  
STAFFING CHART**

Department	Job Title	FY 2021 Adopted Budget	FY 2022 Adopted Budget	FY 2023 Adopted Budget	FY 2024 Proposed Budget
<b>City Hall</b> (Includes annex and warehouse)	City Manager	1	1	1	1
	Asst. City Manager	1	0	0	0
	City Secretary	1	1	1	1
	Finance/Budget Manager	1	1	1	1
	Purchasing Agent	1	1	1	1
	HR Administrator/Cust. Srv.	1	1	1	1
	Finance Assistant	.75	1	1	1
	Clerks	4	4.5	6	6.25
<b>Subtotal - City Hall</b>		<b>10.75</b>	<b>10.5</b>	<b>12</b>	<b>12.25</b>
<b>Police Department</b>	Police Chief	1	1	1	1
	Captain	0	0	1	1
	Lieutenant	1	1	1	1
	Sergeant – Patrol	3	3	1	1
	Detective - Sergeants	3	3	3	3
	Patrol Corporal	2	2	2	2
	Patrol Officer	7	9	10	10
	Warrant Officer/Bailiff	0	0	0	0
	Dispatchers	5.5	5.5	5.5	5.5
	Admin. Assistant	1	1	1	2
	Janitor	1	1	1	1
<b>Subtotal - Police Department</b>		<b>24.5</b>	<b>26.5</b>	<b>26.5</b>	<b>27.5</b>
<b>Fire Department</b>	Fire Chief	1	1	1	1
	Fire Fighter/Investigator	0	1	1	1
	Fire Fighter	5	4	4	4
<b>Subtotal - Fire Department</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Street Department</b>	Foreman/Superintendent	1	0.5	0.5	0.5
	Street Maintenance	4	4.25	4.5	5
	<b>Subtotal - Street Department</b>	<b>4</b>	<b>4.75</b>	<b>5</b>	<b>5.5</b>
<b>Municipal Airport</b>	Airport Manager	0.5	0.5	0.5	0.5
	<b>Subtotal - Airport</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Parks Department</b>	Parks Maintenance	2	2	2.25	2.75
	Parks Supervisor	0.5	0.5	0.5	0.5
	<b>Subtotal - Parks</b>	<b>2.5</b>	<b>2.5</b>	<b>2.75</b>	<b>3.25</b>
<b>Inspection Services</b>	Building Permit Clerk	0	0	0	0
	Building Official/ Code Officer	0.5	1	1	1
	Code Compliance Officer	0	0	0	0
	<b>Subtotal - Inspection Services</b>	<b>0.5</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Municipal Court</b>	Court Clerk	1	1	1	1
	<b>Subtotal – Municipal Court</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>





<b>Civic Center</b>	Civic Center Director	1	1	1	1
	Assistant Director	0	0	0	0
	Maintenance PT	0.5	0.5	0.5	0.5
	<b>Subtotal - Civic Center</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
<b>TOTAL GENERAL FUND</b>		<b>52.75</b>	<b>55.25</b>	<b>56.25</b>	<b>58.5</b>
<b>RECREATION FUND</b>					
	Recreation Program Director	1	0.5	0.5	0.5
	Recreation Program Coordinator		0.5	0.5	0.25
<b>TOTAL RECREATION FUND</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>0.75</b>
<b>TECHNOLOGY FUND</b>					
	Information Technology Specialist	1	1	1	1
<b>TOTAL TECHNOLOGY FUND</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>UTILITY FUND</b>					
<b>Water Production</b>	Chief Operator	1	1	1	1
	Lead Operator	1	0	1	1
	Plant Operator	6	8	8	9
	Monitoring Technician	0	0	0	0
	<b>Subtotal - Water Production</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>
<b>Water Distribution</b>	Equipment Operator	1	1	1	1
	Maintenance	1	1	1	1
	Meter Reader/Maintenance	1	1	1	1
	Monitoring Technician	0	1	1	1
	<b>Subtotal - Water Distribution</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Sewer Collection</b>	Equipment Operator	0	0	0	0
	Maintenance	3	2	2	3
	<b>Subtotal - Sewer Collection</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>Sewer Treatment</b>	Chief Operator	1	1	1	1
	Plant Operator	2	2	2	2
	Electrician/Plant Operator	1	1	1	1
	<b>Subtotal - Sewer Treatment</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Public Works</b>	Public Works Director	1	1	1	1
	Plumbing Inspector/Compliance	1	1	1	1
	Public Works Superintendent	0	0	0.5	0.5
	Public Works Admin Asst.	1	0.5	0	0
	Monitoring Technicians	1	0	0	0
	<b>Subtotal - Public Works</b>	<b>4</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
<b>TOTAL UTILITY FUND</b>			<b>23</b>	<b>21.5</b>	<b>21.5</b>
<b>TOTAL CITY EMPLOYEES (FTEs)</b>		<b>77.75</b>	<b>78.75</b>	<b>79.75</b>	<b>83.75</b>



**FY 2024 BUDGET  
CONSOLIDATED ALL FUNDS – HISTORICAL/FORECAST**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>	<b>FY 2025 Projected</b>	<b>FY 2026 Projected</b>	<b>FY 2027 Projected</b>	<b>FY 2028 Projected</b>	<b>FY 2029 Projected</b>
<b>BEGINNING FUND BALANCE</b>	8,871,888	9,310,810	11,305,233	9,851,816	8,885,789	8,542,729	8,706,319	8,518,345	8,335,878
<b>REVENUES</b>									
Taxes	5,988,369	6,822,499	6,824,099	7,101,200	7,194,920	7,391,890	7,590,800	7,798,930	7,970,290
Permits and Licenses	30,543	36,885	36,885	30,200	15,000	15,000	15,000	15,000	15,000
Charges for Service	6,913,988	7,931,873	7,886,283	8,086,360	8,339,680	8,542,240	8,758,750	8,964,820	9,165,350
Fines and Penalties	304,215	196,125	196,125	221,900	228,870	236,140	243,410	250,680	257,960
Interest	40,884	400,588	400,588	288,140	271,780	237,400	243,100	238,840	235,410
Misc Receipts	181,183	211,189	211,189	115,394	75,097	75,848	76,617	77,405	78,220
Grants	418,840	127,984	127,984	90,750	59,250	108,250	108,250	108,250	108,250
Transfers	1,386,528	1,367,700	1,367,700	1,214,100	1,357,300	1,367,200	1,380,400	1,390,100	1,406,600
<b>Total Revenues</b>	<b>15,264,550</b>	<b>16,590,965</b>	<b>17,050,853</b>	<b>17,148,044</b>	<b>17,541,897</b>	<b>17,973,968</b>	<b>18,416,327</b>	<b>18,844,025</b>	<b>19,237,080</b>
<b>TOTAL RESOURCES</b>	<b>24,136,438</b>	<b>25,901,776</b>	<b>28,356,086</b>	<b>26,999,859</b>	<b>26,427,686</b>	<b>26,516,696</b>	<b>27,122,646</b>	<b>27,362,370</b>	<b>27,572,959</b>
<b>EXPENDITURES</b>									
Personnel	4,757,699	4,766,900	5,351,750	6,063,630	6,267,610	6,505,190	6,752,800	7,010,840	7,279,710
Supplies	597,130	745,435	727,162	738,550	755,911	783,408	801,567	830,412	849,947
Contractual	2,785,284	2,995,882	5,687,756	4,959,481	4,166,495	4,296,897	4,529,490	4,454,162	4,567,873
Utilities	568,365	612,106	661,660	666,000	690,356	715,617	741,811	768,983	797,170
Sundry	295,501	332,967	359,700	382,690	424,362	431,254	437,167	444,295	450,448
Maintenance	724,314	679,247	767,055	711,300	839,626	769,088	799,728	931,596	864,737
Capital	1,835,333	1,050,681	2,186,185	1,979,274	1,964,855	1,515,735	1,728,343	1,759,603	2,016,074
Fund Transfers	1,405,842	1,646,425	1,344,600	1,343,800	1,406,580	1,424,210	1,441,980	1,460,010	1,479,090
Debt Service	1,856,159	1,766,900	1,418,403	1,269,345	1,369,163	1,368,978	1,371,416	1,366,591	1,370,515
<b>Total Expenditures</b>	<b>14,853,328</b>	<b>14,825,628</b>	<b>14,596,543</b>	<b>18,114,070</b>	<b>17,884,957</b>	<b>17,810,377</b>	<b>18,604,301</b>	<b>19,026,492</b>	<b>19,675,565</b>
<b>REVENUES OVER/ (UNDER) EXPENSES</b>	<b>438,922</b>	<b>1,994,422</b>	<b>(1,453,417)</b>	<b>(966,026)</b>	<b>(343,061)</b>	<b>163,590</b>	<b>(187,974)</b>	<b>(182,467)</b>	<b>(438,485)</b>
<b>PROJECTED FUND BALANCE</b>	<b>9,310,810</b>	<b>11,305,233</b>	<b>9,851,816</b>	<b>8,885,789</b>	<b>8,542,729</b>	<b>8,706,319</b>	<b>8,518,345</b>	<b>8,335,878</b>	<b>7,897,394</b>



**FY 2024 BUDGET  
CONSOLIDATED GOVERNMENTAL FUNDS**

		Major Fund General Fund	Debt Service	HOT Fund	Rec Fund	Minor Funds		Park Fund	Permanent Funds	Law Enforce Special Funds
	TOTAL					TIF Fund				
<b>BEGINNING FUND BALANCE</b>	<b>3,847,715</b>	<b>2,490,903</b>	<b>176,787</b>	<b>718,492</b>	<b>(1,130)</b>	<b>182,795</b>	<b>(4,168)</b>	<b>166,205</b>		<b>117,831</b>
<b>REVENUES</b>										
Taxes	5,425,700	4,256,650	769,870	367,700		31,480		-		-
Permits/Licenses	30,200	30,200						-		-
Charges for Service	1,066,500	981,500			85,000	-		-		-
Fines/Penalties	221,900	210,300						-		11,600
Interest	112,970	74,700	2,150	21,600	-	5,500	500	4,990		3,530
Misc Receipts	185,357	82,850	-	-	16,600	36,290	8,250	-		41,367
Transfers	1,215,100	745,000	469,100	-	-	-	1,000	-		-
<b>Total Revenues</b>	<b>8,257,727</b>	<b>6,381,200</b>	<b>1,241,120</b>	<b>389,300</b>	<b>101,600</b>	<b>73,270</b>	<b>9,750</b>	<b>4,990</b>		<b>56,497</b>
<b>TOTAL RESOURCES</b>	<b>12,105,442</b>	<b>8,872,103</b>	<b>1,417,907</b>	<b>1,107,792</b>	<b>100,470</b>	<b>256,065</b>	<b>5,582</b>	<b>171,195</b>		<b>174,329</b>
<b>EXPENDITURES</b>										
Personnel	4,446,730	4,387,580			59,150			-		-
Supplies	218,750	163,350		10,000	45,400	-	-	-		-
Contractual	1,023,730	960,780		42,500	7,950	-	-	2,500		-
Utilities	228,850	228,850		-	-	-	-	-		-
Sundry	279,240	270,740		-	2,500	-	-	-		6,000
Maintenance	331,500	328,900		-	2,600	-	-	-		-
Capital	46,320	41,000		-	-	-	-	-		5,320
Fund Transfers	110,000	-	-	110,000		-	-	-		-
Debt Service	1,269,345	-	1,241,120	-		28,225	-	-		-
<b>Total Expenditures</b>	<b>7,944,465</b>	<b>6,381,200</b>	<b>1,241,120</b>	<b>162,500</b>	<b>117,600</b>	<b>28,225</b>	<b>-</b>	<b>2,500</b>		<b>11,320</b>
<b>REVENUE OVER/ (UNDER) RESOURCES</b>	<b>313,262</b>	<b>(0)</b>	<b>-</b>	<b>226,800</b>	<b>(16,000)</b>	<b>45,045</b>	<b>9,750</b>	<b>2,490</b>		<b>45,177</b>
<b>PROJECTED FUND BALANCE</b>	<b>4,150,977</b>	<b>2,490,902</b>	<b>176,787</b>	<b>935,292</b>	<b>(17,130)</b>	<b>227,840</b>	<b>5,582</b>	<b>168,695</b>		<b>163,009</b>



**FY 2024 BUDGET**  
**CONSOLIDATED BUSINESS TYPE; INTERNAL SERVICE FUNDS & COMPONENT UNITS**

	Business Type Activities			Internal Service Funds			Component Units		
	TOTAL	Utility Fund (Major)	Solid Waste Fund (Major)	TOTAL	VeR Fund	Tech Fund	CEDC 4A	Street EDC	Local Gov't Corp
<b>BEGINNING FUND BALANCE</b>	<b>1,875,953</b>	<b>1,383,088</b>	<b>492,865</b>	<b>817,053</b>	<b>472,156</b>	<b>344,897</b>	<b>1,411,559</b>	<b>1,860,673</b>	<b>38,862</b>
<b>REVENUES</b>									
Taxes	-	-	-	-	-	-	558,500	1,117,000	-
Permits and Licenses	-	-	-	-	-	-	-	-	-
Charges for Service	6,399,720	4,422,400	1,977,320	620,140	369,540	250,600	-	-	-
Fines and Penalties	-	-	-	-	-	-	-	-	-
Interest	65,800	51,000	14,800	24,460	14,160	10,300	29,000	55,800	10
Miscellaneous									
Receipts	3,700	3,700	-	5,000	5,000	-	4,587	-	6,500
Transfers	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>6,469,220</b>	<b>4,477,100</b>	<b>1,992,120</b>	<b>649,600</b>	<b>388,700</b>	<b>260,900</b>	<b>592,987</b>	<b>1,172,800</b>	<b>6,510</b>
<b>TOTAL RESOURCES</b>	<b>8,345,173</b>	<b>5,860,188</b>	<b>2,484,985</b>	<b>1,466,653</b>	<b>860,856</b>	<b>605,797</b>	<b>2,003,746</b>	<b>3,033,473</b>	<b>45,372</b>
<b>EXPENDITURES</b>									
Personnel	1,536,100	1,536,100	-	80,800	-	80,800	-	-	-
Supplies	503,300	503,300	1,000	15,000	-	15,000	500	-	-
Contractual	542,800	542,800	1,783,820	191,881	88,981	102,900	1,420,050	4,200	3,000
Utilities	437,150	437,150	-	-	-	-	-	-	-
Sundry	72,150	72,150	15,000	1,250	-	1,250	14,000	1,050	-
Maintenance	376,800	376,800	-	-	-	-	3,000	-	-
Capital	35,000	35,000	-	452,954	403,454	49,500	-	1,445,000	-
Fund Transfers	973,800	973,800	200,000	-	-	-	30,000	30,000	-
Debt Service	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>6,476,920</b>	<b>4,477,100</b>	<b>1,999,820</b>	<b>741,885</b>	<b>492,435</b>	<b>249,450</b>	<b>1,467,550</b>	<b>1,480,250</b>	<b>3,000</b>
<b>REVENUE OVER/ (UNDER) EXPENSES</b>	<b>(7,700)</b>	<b>-</b>	<b>(7,700)</b>	<b>(92,285)</b>	<b>(103,735)</b>	<b>11,450</b>	<b>(875,363)</b>	<b>(307,450)</b>	<b>3,510</b>
<b>PROJECTED FUND BALANCE</b>	<b>1,868,253</b>	<b>1,383,088</b>	<b>485,165</b>	<b>724,769</b>	<b>368,421</b>	<b>356,347</b>	<b>536,196</b>	<b>1,553,223</b>	<b>42,372</b>



## FY 2024 BUDGET GENERAL FUND OVERVIEW

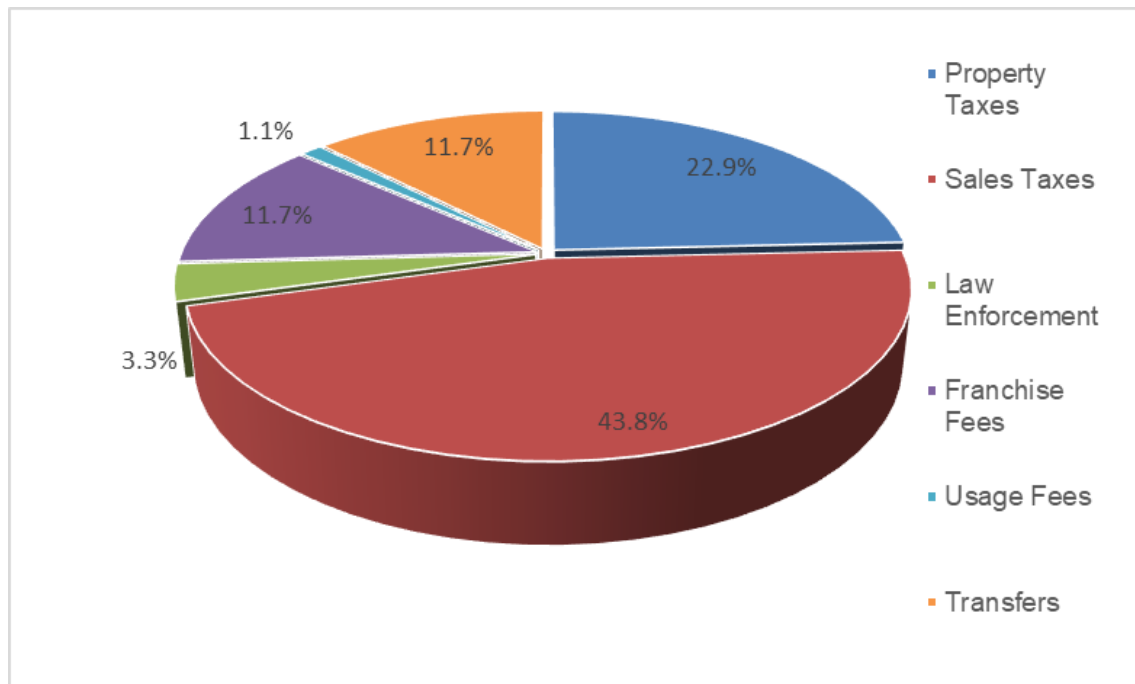
The General Fund provides financing for the City's governmental services, which consist of all public safety functions, including police, animal control, and fire services; community services, including streets, parks, inspections, planning, library, airport and code enforcement; and administrative functions,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

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

### **GENERAL FUND REVENUE**

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

Graph 1 and Table 1 both illustrate how the vast majority, 90%, of general fund revenues are collected from four categories: sales tax receipts, property tax payments, fund transfers, and franchise fees.



Graph 1 - FY 2024 Proposed Budget – Major Revenue Sources



#### Largest Revenue Sources

Sales Taxes	2,795,150	43.8%
Property Tax	1,461,500	22.9%
Transfers	745,000	11.7%
Franchise Fees	748,400	11.7%
<b>Total</b>	<b>5,752,950</b>	

**Total Revenue 6,381,200**

Table – 1 - Top City Revenue Sources

#### Sales Taxes

The largest source of City revenue is from sales tax receipts, which are projected to account for 43.8% of the City's general fund revenue with FY 2024 budgeted at \$2,792,400, which is a 3% increase from the FY 2023 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 Actual	3,763,036
FY 2022 Actual	3,969,854
FY 2023 Estimate	4,337,654
FY 2024 Proposed	4,467,800

Table 2 – Total City sales tax receipts

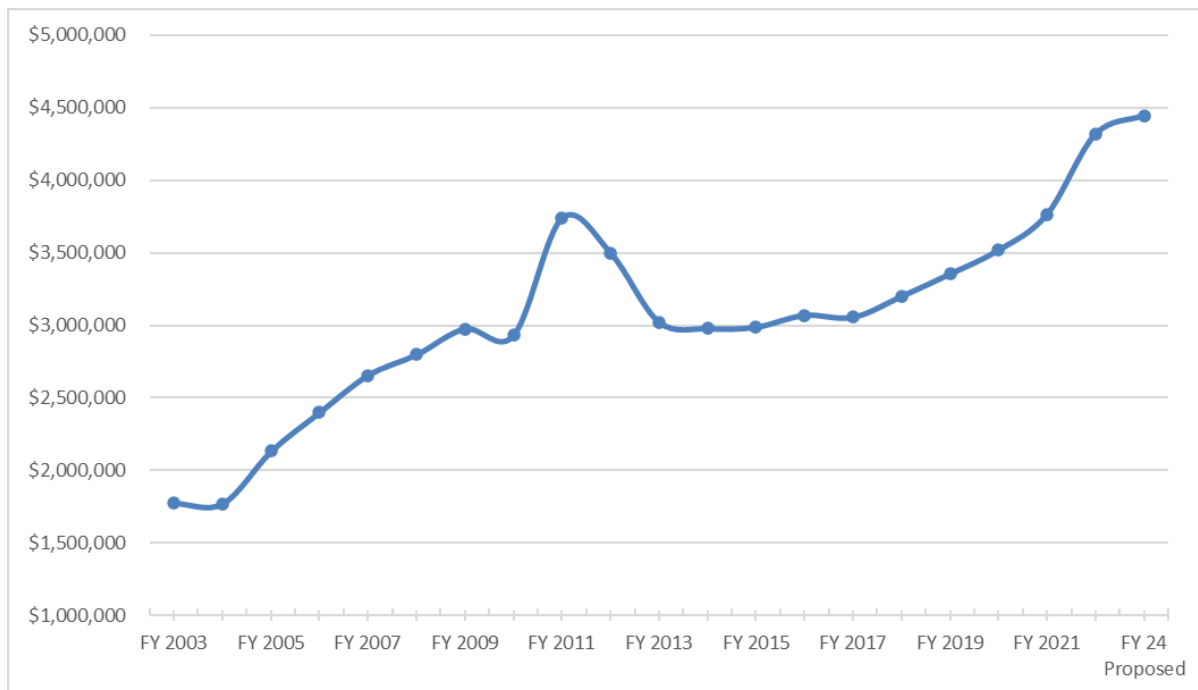
Total City sales tax receipts are split into four distinct activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements. 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 sales tax dedicated to property tax relief reduces \$0.148215 from the City's property tax rate.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Budget
City Sales Tax – 1 cent	1,881,543	1,984,927	2,168,800	2,233,900
Sales Tax for Property Tax Relief – ¼ cent	470,386	\$496,232	542,200	558,500
<b>Total Sales Tax to General Fund</b>	<b>2,351,929</b>	<b>2,481,159</b>	<b>2,711,000</b>	<b>2,792,400</b>
4A EDC – ¼ cent	470,386	496,232	542,200	558,500
4B Street EDC – ½ cent	879,412	992,463	1,084,400	1,117,000
<b>TOTAL CITY SALES TAX COLLECTIONS</b>	<b>3,763,086</b>	<b>3,969,853</b>	<b>4,337,600</b>	<b>4,467,900</b>



Total sales tax receipts were impacted immensely from a localized recession in FY 2013, experiencing a 19% slide from the FY 2011 peak. Sales tax collections in FY 2011 and 2012 represented a windfall increase in receipts. This growth is directly attributed to the oil and gas activity in Shelby County and the corresponding industrial and commercial development within the community. The City was experiencing a modest rebound in sales tax revenue, starting in 2017, as a result of the return of some energy industry activity. Beginning in 2020, with the onset of COVID, projections were again to lose some of this revenue but the market and spending habits reflected the opposite trend with marked growth annually.



Graph 2 – Total sales tax collection history. FY 2003 – FY 2024 Proposed

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

### Property Taxes

Table 3 exhibits the increases in appraised value from the 2001 tax year, and how the appraised taxable value has doubled since 2004. 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 2012-2014, the Council took the position to not rely so heavily on sales tax revenue. Over the last 10 years, the City has also taken on additional debt for capital improvements. Both 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.

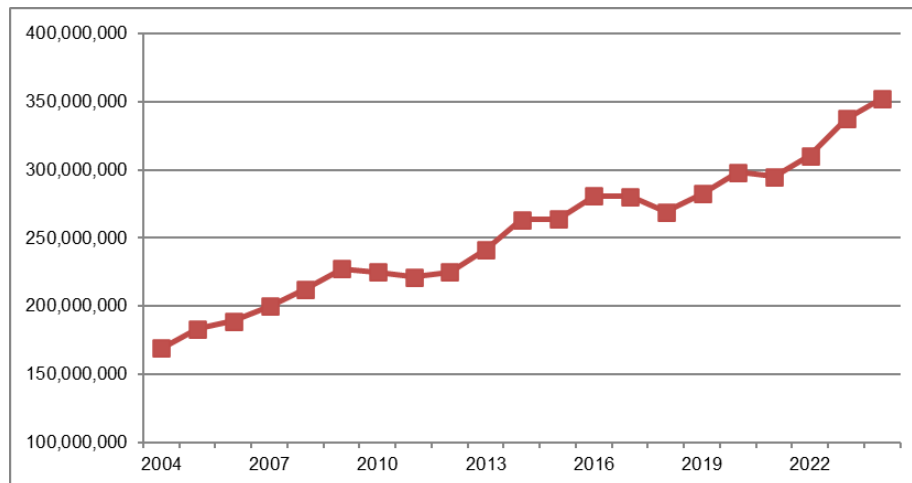




Fiscal Year	Tax Rate	Appraised Taxable Value
2002	0.622856	140,069,602
2003	0.604100	151,844,181
2004	0.562100	169,059,857
2005	0.536750	183,209,901
2006	0.536000	189,050,972
2007	0.523300	199,725,654
2008	0.508780	212,508,699
2009	0.476000	227,529,570
2010	0.490250	224,839,614
2011	0.490250	221,532,434
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	0.619233	310,540,559
2023	0.602640	337,390,909
2024 Proposed	0.589100	352,511,866

Table 3 – City tax rate history

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



Graph 3 – Certified Taxable Value History – 2004 - 2023



The City's total property tax rate is divided into two portions. The first is the Maintenance and Operations rate (M&O); this part of the property tax levy is deposited into the City's general fund and is merged with other revenues to pay for the annual operation of the City. The second portion is the Interest and Sinking rate (I&S); proceeds from this portion of the levy are deposited into a separate fund and used to repay debt that has been secured with ad valorem tax revenues. Table 4 indicates the I&S and the M&O rates fluctuate from year to year with the goal 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 major emphasis on the Capital Improvement Program.

<b>Tax Year</b>	<b>M &amp; O Rate</b>	<b>I &amp; S Rate</b>	<b>Total Tax Rate</b>
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
2023	0.400073	0.202567	0.602640
2024	0.375405	0.213695	0.589100

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

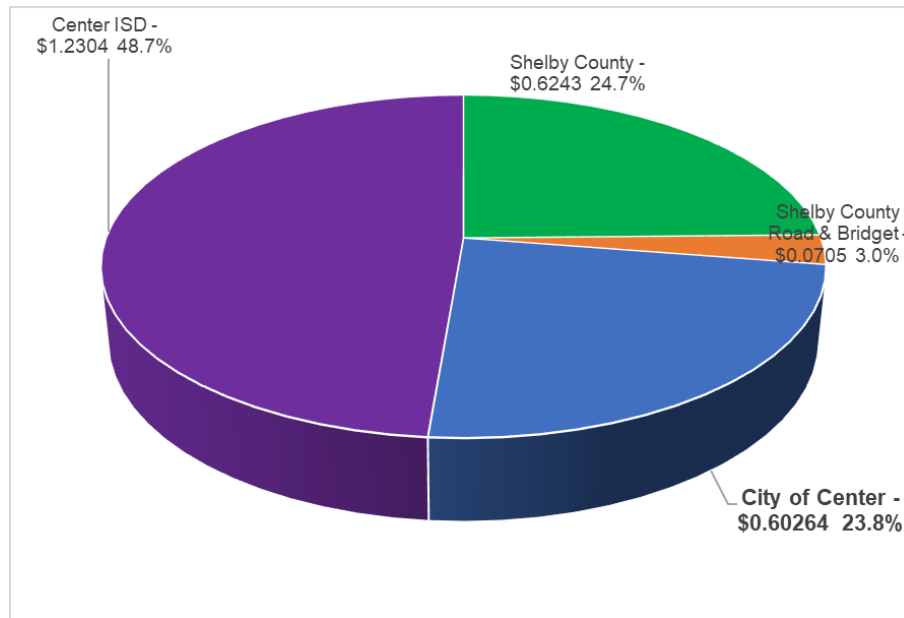
Table 5 below shows how the composition of the Center tax base has slightly changed. Until the 2012 tax year, the highest single percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial real property. The prior three years residential, commercial and industrial properties have maintained stable ratios until Industrial real property increased for this tax year. Since 2018, the City's residential tax base composition has been below 30% and this year is under 23%.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single family residential	33.87%	32.4%	33.3%	34.7%	28%	27.7%	22.4%	21.7%	22.7%	29.2%
Multi-family residential	0.59	0.55	0.6%	0.6%	0.6%	0.79%	0.6%	0.6%	0.9%	1.0%
Vacant lots	0.75	0.68	0.7%	0.7%	0.7%	0.72%	0.6%	0.6%	0.5%	0.6%
Commercial – Real	34.94	32.57	33.4%	34.5%	33.8%	33%	26.6%	26.6%	25.8%	31.9%
Industrial - Real	4.54	4.66	5.2%	3.9%	4.0%	4.0%	3.2%	3%	5.2%	6.1%
Personal – Commercial	12.90	13.19	12.8%	12.5%	11.5%	11.7%	9.5%	8.8%	8.6%	9.8%
Personal – Industrial	14.39	16.52	15.6%	13.1%	14.6%	14.6%	11.8%	11.9%	12%	11.1%

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 2023 tax rates and how the City's rate stands in comparison.



Graph 5 – City of Center taxing entities tax rate comparison - 2023

The City of Center portion of a property owner's total tax bill is less than 24% without adjusting for exemptions. Changes to current state law for school funding will modify these values dramatically with additional homestead 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 but remain slightly lower than comparison cities.



City	Population	Total Net Taxable	Gross Tax Rate	% Residential Tax Rate	Residential Tax	Residential Tax Levy Per Capita	Per Capita Income	RTLpc/Per Capita Income
Carthage	6,851	386,937,446	0.5894000	35.1%	\$ 799,810	\$ 117	\$ 28,992	0.4%
Bridge City	9,546	482,539,853	0.4822800	79.1%	\$ 1,841,043	\$ 193	\$ 38,878	0.5%
Canton	4,312	398,180,293	0.5300000	76.6%	\$ 1,616,321	\$ 375	\$ 37,083	1.0%
Brazoria	3,112	172,988,912	0.6804760	59.4%	\$ 699,226	\$ 225	\$ 37,218	0.6%
Hempstead	8,835	347,414,994	0.5609050	37.8%	\$ 736,597	\$ 83	\$ 19,358	0.4%
Muleshoe	5,158	161,810,830	0.7460000	38.0%	\$ 458,701	\$ 89	\$ 29,433	0.3%
Gilmer	5,216	387,286,784	0.5707940	29.4%	\$ 649,919	\$ 125	\$ 20,466	0.6%
Kilgore	14,948	1,289,692,196	0.5990000	38.4%	\$ 2,966,498	\$ 198	\$ 26,178	0.8%
Lamesa	9,461	315,627,910	0.7990700		\$ -	\$ -	\$ 22,517	0.0%
Childress	6,700	276,182,072	0.7537940	40.7%	\$ 847,519	\$ 126	\$ 22,949	0.6%
Crandall	5,006	354,919,689	0.7300000	60.0%	\$ 1,553,512	\$ 310	\$ 32,328	1.0%
Liberty	9,506	743,916,400	0.6121585	41.6%	\$ 1,892,621	\$ 199	\$ 24,608	0.8%
Denver City	4,911	217,897,188	0.7877727	38.9%	\$ 667,389	\$ 136	\$ 21,297	0.6%
Port Neches	13,601	1,229,635,461	0.6850000	56.7%	\$ 4,779,212	\$ 351	\$ 41,586	0.8%
Dimmit	4,375	116,573,030	0.6059000	30.6%	\$ 216,133	\$ 49	\$ 16,929	0.3%
Jacksonville	14,923	896,163,448	0.6806500	31.5%	\$ 1,920,807	\$ 129	\$ 19,518	0.7%
<b>Average</b>	<b>7,904</b>	<b>\$ 486,110,407</b>	<b>0.650825</b>	<b>46.2%</b>	<b>\$ 1,352,832</b>	<b>\$ 169</b>	<b>\$ 27,459</b>	<b>0.6%</b>
Center	5401	337,390,920	0.60264	24.10%	\$ 490,014	\$ 91	\$ 23,437	0.4%

Table 7 – Property tax rate by comparison cities. Tax rates – 2022  
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.

	Non-Departmental	City Hall	Police	Fire	Streets	Airport	Cemetery	Parks	Inspection	Municipal Court	Animal Control	Civic Center	Community Facilities	Total
Property Taxes	76,800	159,700	820,900	221,400	4,700	13,100	7,700	84,400	1,700	18,100	10,100	15,200	27,700	1,461,500
Sales Taxes	146,900	305,400	1,570,100	423,500	8,900	25,100	14,500	161,550	3,200	34,700	19,300	29,100	52,900	2,795,150
Law Enforcement			147,200							63,100				210,300
Franchise Fees	37,500	150,260			413,250			112,710	37,580					751,300
Airport		16,000				144,000								160,000
Permits		6,040							24,160					30,200
Usage Fees	900	2,700										52,100	14,500	70,200
Miscellaneous	175	175		1,000					-					1,350
Transfers	86,250	373,750			145,000				30,000			100,000	10,000	745,000
Interest	18,675	56,025												74,700
Grants			76,500			5,000								81,500
<b>Total</b>	<b>367,200</b>	<b>1,070,050</b>	<b>2,614,700</b>	<b>645,900</b>	<b>571,850</b>	<b>187,200</b>	<b>22,200</b>	<b>358,660</b>	<b>96,640</b>	<b>115,900</b>	<b>29,400</b>	<b>196,400</b>	<b>105,100</b>	<b>6,381,200</b>

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.

One penny of the tax rate equates to approximately \$36,090 of revenue. Dividing the department Property Tax allocation yields the approximate tax rate for each department.

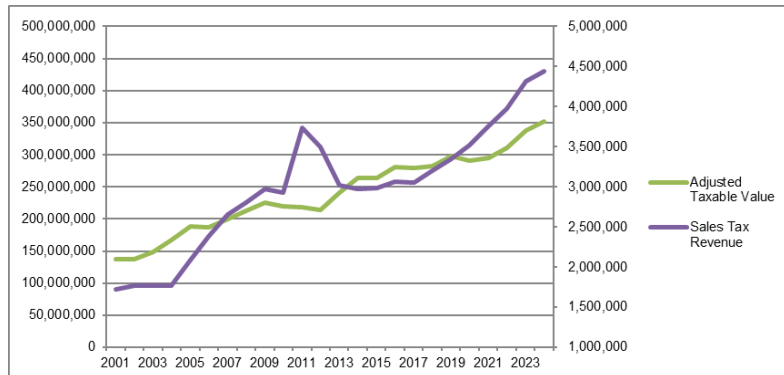


Utilizing the average homestead value of \$79,470 and a 20% homestead exemption, the property's taxable value is \$63,576. The approximate annual tax bill per department can also be calculated.

	Pennies of tax rate	Tax bill per department (M&O)
Non-Departmental	0.01973	\$ 12.54
City Hall	0.04001	\$ 26.07
Municipal Court	0.00466	\$ 2.96
Administration Subtotal	0.06439	\$ 41.57
Police	0.21083	\$ 134.04
Fire	0.05686	\$ 36.15
Animal Control	0.00260	\$ 1.66
Public Safety Subtotal	0.27030	\$ 171.84
Streets	0.00119	\$ 0.76
Parks	0.02167	\$ 13.78
Inspection	0.00044	\$ 0.28
Public Works Subtotal	0.02330	\$ 14.82
Airport	0.00338	\$ 2.15
Cemetery	0.00197	\$ 1.25
Civic Center	0.00391	\$ 2.48
Community Bldgs	0.00713	\$ 4.54
Facilities Subtotal	0.01639	\$ 10.42

#### Sales Tax and Property Tax Revenue Relationship

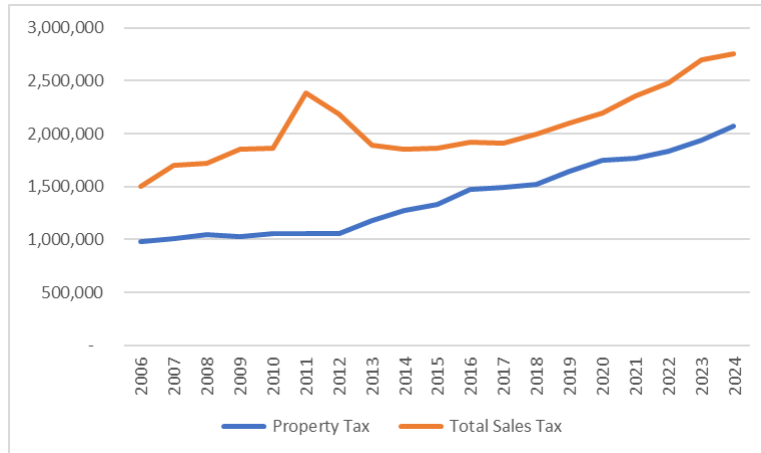
The final area of analysis depicts the relationship between sales and property tax revenues (not counting the I&S portion). Graph 5 illustrates this relationship in which taxable values began a significant increase in 2004 coupled with the rapid rise in total sales tax revenues. The City's tax structure is such that the City reduced its property tax rate (Reference Table 4) providing enhanced property tax reduction beyond that guaranteed by the 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. The City must achieve a balance with property tax revenue to solidify overall funding. The FY 2024 Budget increases property tax revenue from valuations to provide increased resources for city operations. FY 2022 experienced the introduction of Payments in Lieu of Taxes (PILOT) from Industrial development agreement that appear as part of property tax revenue.



Graph 5 – Relationship between sales tax and property tax revenues



Graph 6 presents this information in a different context with actual revenue streams plotted. The top red line represents the City's general fund sales tax 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 over \$1.3 million. This gap has reduced 50% to date, reflecting increased reliance upon property tax revenues as a foundation for governmental services. This also indicates a balance is being maintained between these two primary revenue sources. Unless a large degree of development or annexations occur, property tax revenue should not be greater than sales tax revenues.



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. Included in the study are the Administrative Fees paid by the Utility and Solid Waste Funds as a Transfer into the General Fund not inclusive of the Franchise Fees accessed each for the use of City rights-of-way.

#### 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 and a portion of costs for items such as annual audit, insurance, postage and communications. The City Hall Department includes the management, billing, finance, customer service/collections, purchasing and warehouse functions. The Street Dept provides utility repairs and traffic control.

	FY 2024 Budget	Allocated to Utility Fund
Total Non-Departmental	367,190	56,250
Total City Hall	1,070,050	243,750
Total Street Department	571,900	75,000
Total Allocated Expenditure		375,000
FY 2024 Budgeted Transfer		375,000



### *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 resulting from the collection of the City's solid waste.

	FY 2024 Budget	Allocated to Solid Waste Fund
Total Non-Departmental	367,190	30,000
Total City Hall	1,070,050	70,000
Total Street Department	571,900	70,000
Total Inspection Dept	96,730	30,000
Total Allocated Expenditure		200,000
FY 2024 Budgeted Transfer		200,000

### *Other Fund Transfers*

The City also receives transfers from the Hotel Occupancy Tax-Trust Fund, intended 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 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 2024 Proposed Budget
AEP SWEPCO Franchise	270,000
DETEC Franchise	30,000
Centerpoint Franchise	60,000
AT&T Franchise	75,000
Telecommunication Fees	5,000
Suddenlink Franchise	17,500
Utility Fund Franchise Fee	129,700
Solid Waste Franchise Fee	164,100
<b>Franchise Fee</b>	<b>751,300</b>





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## FY 2024 BUDGET REVENUE SUMMARY

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Property Taxes	1,160,607	1,333,376	1,416,200	1,453,680	1,461,500
Sales Taxes	2,368,431	2,509,148	2,510,050	2,713,810	2,795,150
Law Enforcement	281,209	216,525	183,350	185,050	210,300
Franchise Fee	691,977	717,528	706,800	741,350	751,300
Airport	93,084	180,675	151,000	175,835	160,000
Permits	30,543	30,779	18,350	36,885	30,200
Usage Fees	58,550	59,530	68,100	73,500	70,200
Solid Waste	716	-	-	-	-
Miscellaneous	91,636	14,398	3,250	37,270	1,350
Transfers	532,128	805,104	745,000	745,000	745,000
Interest	8,016	23,837	7,500	96,000	74,700
Grants	359,840	125,841	42,000	53,015	81,500
<b>TOTAL</b>	<b>5,676,738</b>	<b>6,016,740</b>	<b>5,851,600</b>	<b>6,311,395</b>	<b>6,381,200</b>



## FY 2024 BUDGET REVENUE DETAIL

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Taxes - Current Ad Valorem	1,103,349	1,235,891	1,316,200	1,293,610	1,302,250
Taxes - Delinquent	29,401	28,567	20,000	29,555	27,500
Taxes - Penalty	27,857	42,768	20,000	23,700	25,000
Tyson - Industrial Dev. Agmt	-	26,149	60,000	106,815	106,750
<b>Property Taxes</b>	<b>1,160,607</b>	<b>1,333,376</b>	<b>1,416,200</b>	<b>1,453,680</b>	<b>1,461,500</b>
Taxes - Sales Tax	1,892,649	2,005,050	2,005,650	2,168,800	2,233,900
Taxes - Sales M&O	473,162	501,262	501,400	542,200	558,500
Taxes - Mixed Beverage	2,620	2,837	3,000	2,810	2,750
Taxes - Discount/Sales	-	-	-	-	-
<b>Sales Taxes</b>	<b>2,368,431</b>	<b>2,509,148</b>	<b>2,510,050</b>	<b>2,713,810</b>	<b>2,795,150</b>
Court Fines	235,419	172,945	150,000	156,500	175,000
Warrant Fees	17,712	20,781	15,000	9,500	15,000
Court Service Fee Discounts	12,652	12,199	10,000	11,000	12,000
Court Administrative Fee	4,032	1,857	1,500	1,500	1,500
Collection Agency Rec	-	-	-	-	-
Judicial Support Fee	92	28	100	50	50
Arrest Fees	8,228	5,172	4,000	3,750	4,000
Court Cost Fees	44	-	-	-	-
Time Payment Fees	2,573	2,293	2,000	2,000	2,000
Police Department Copies	18	12	-	-	-
Misc. Restitution	4	263	-	-	-
Prisoner Phone Commission	-	-	-	-	-
Child Safety Program	-	-	-	-	-
OMNI Retainage	434	975	750	750	750
<b>Law Enforcement</b>	<b>281,209</b>	<b>216,525</b>	<b>183,350</b>	<b>185,050</b>	<b>210,300</b>
AEP SWEPCO Franchise	261,753	269,168	262,500	270,175	270,000
DETEC Franchise	27,059	30,248	27,500	31,395	30,000
Centerpoint Franchise	57,031	57,225	55,000	61,980	60,000
AT&T Franchise	81,735	68,253	70,000	72,500	75,000
Telecommunication Fees	5,607	4,897	5,000	5,000	5,000
Suddenlink Franchise	14,998	28,370	16,500	16,500	17,500
PEG Fee	-	-	-	-	-
Solid Waste - Franchise Fee (10%)	127,952	140,503	150,300	156,900	164,100
Utility Fund Franchise Fee (3%)	115,842	118,864	120,000	126,900	129,700
<b>Franchise Fee</b>	<b>691,977</b>	<b>717,528</b>	<b>706,800</b>	<b>741,350</b>	<b>751,300</b>
Airport Fuel	65,460	151,525	125,000	144,000	130,000
Fuel Flow Fee	-	2,128	500	5,160	5,000
Airport Hangar Lease	27,624	27,022	25,500	25,675	25,000
Donations Airport	-	-	-	-	-
Airport - Msc. Fees	-	-	-	1,000	-
Airport Gate Entry	-	-	-	-	-
<b>Airport</b>	<b>93,084</b>	<b>180,675</b>	<b>151,000</b>	<b>175,835</b>	<b>160,000</b>



Misc. Garage Sale Permit	148	178	150	150	150
Zoning Variance Permit	300	300	300	900	600
Demolition Permits	600	1,235	400	2,500	1,000
Construction Permit	22,632	21,180	12,500	28,000	24,000
Electrical Permits	2,660	4,470	2,500	2,750	2,500
Beer/Wine/Liquor License	3,075	1,160	1,500	235	500
Move Structure Permits	353	-	-	100	-
Misc. Permits	35	990	500	600	500
Parks 5K Run Permit	125	125	100	800	250
Carnival/Event Permit	50	600	100	300	200
Vendor Permit	565	541	300	550	500
<b>Permits</b>	<b>30,543</b>	<b>30,779</b>	<b>18,350</b>	<b>36,885</b>	<b>30,200</b>
City Park Ball Field					
Suddenlink Lease Riggs St	-	-	3,600	11,350	3,600
Rental Senior Center		450	-	-	-
Rental Community House	11,335	14,370	10,000	14,500	14,500
Community House Sec Officer Fee	-	300	500	-	-
Rental Civic Center	33,620	30,500	45,000	35,000	40,000
Rental Civic Center Caterer Fee	3,315	3,755	3,000	3,500	3,500
Civic Center Security	6,750	4,225	3,000	4,000	4,000
Civic Center Alcohol Fee	1,250	1,925	2,000	2,000	2,000
Civic Center OT Fee	200	450		150	100
Equipment Rental	2,065	3,555	1,000	3,000	2,500
Civic Center Addtl Cost	15				
<b>Usage Fees</b>	<b>58,550</b>	<b>59,530</b>	<b>68,100</b>	<b>73,500</b>	<b>70,200</b>
<b>Solid Waste</b>	<b>716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Reimb. Fire Dept Calls	400			-	
Building Demo/Clean Up					
RR Park Donation					
Returned Check Fee					
Insurance Claims	94,997	7,675	-	-	-
Royalties Mineral Rts					
Refunds Return - TML IRP	(3,718)				
Downtown Elect Access		100	100	450	250
Licenses & Permit Fees	403	91	100	300	100
Workers Comp Discount	(8,597)	(3,205)	-		-
Other	658	3,859	1,000	500	250
Copies	45	298		750	250
Vending Machine Income		3,070	-	200	-
Prior Budget Year					
Surplus Equipment	3,630	-	1,000	-	-
Sale of Land				35,000	-
SWEPCO Refunds					
DETEC Capital Refund	18	10	50	20	-
4B Contributions					
Donations Recreation					
Donations Police Dept					
Donations Fire Dept	3,800	2,500	1,000	50	500
<b>Miscellaneous</b>	<b>91,636</b>	<b>14,398</b>	<b>3,250</b>	<b>37,270</b>	<b>1,350</b>
Transfers Interfund Water	415,000	420,000	375,000	375,000	375,000



Transfers Intrafund	(257,872)	104			
Transfers HM Comm House	5,000	5,000	10,000	10,000	10,000
Transfer HM Civic Center Ops	80,000	90,000	100,000	100,000	100,000
Transfer Interfund Court Tech	-				
Transfer Interfund Bldg Security	-				
Transfer Interfund Child Safety	-				
Transfer Interfund 2011 CO's	-				
Transfer Interfund I&S	-				
EDC Street Admin Fees	30,000	30,000	30,000	30,000	30,000
Economic Development Adm Fee	60,000	60,000	30,000	30,000	30,000
Transfer - Civic Center Fund	-				
Transfers Interfund Solid Waste	200,000	200,000	200,000	200,000	200,000
<b>Transfers</b>	<b>532,128</b>	<b>805,104</b>	<b>745,000</b>	<b>745,000</b>	<b>745,000</b>
Interest General Fund	8,016	23,837	7,500	96,000	74,700
<b>Interest</b>	<b>8,016</b>	<b>23,837</b>	<b>7,500</b>	<b>96,000</b>	<b>74,700</b>
COPS Hiring Grant	49,400	76,794	35,000	46,915	75,000
COPSYNC Grant	(54,994)				
Police Training Grant	1,679	1,885	2,000	1,615	1,500
Police JAG Grant	-				
Arson Investigator Grant	-				
Homeland Security Grant	32,150	-	-	-	-
Airport TXDOT Ramp Grant	11,902	15,162	5,000	4,485	5,000
TxDOT CARES Grant	12,729	32,000	-	-	-
Airport - ACRGP	13,000				
CRF - TDEM	293,975			-	
<b>Grants</b>	<b>359,840</b>	<b>125,841</b>	<b>42,000</b>	<b>53,015</b>	<b>81,500</b>
<b>TOTAL</b>	<b>5,676,738</b>	<b>6,016,740</b>	<b>5,851,600</b>	<b>6,311,395</b>	<b>6,381,200</b>



## FY 2024 BUDGET EXPENDITURE OVERVIEW

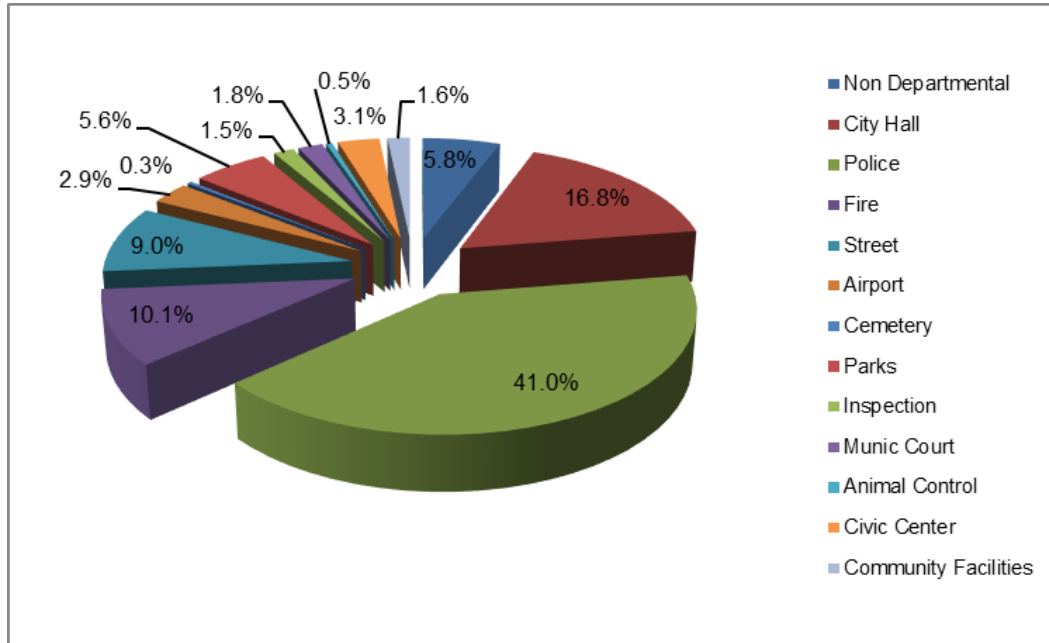
The City of Center general fund is organized into thirteen different departments. For the purposes of this document, each department will have its own section describing its mission statement, their function within the organization, some achievements for the past fiscal year, and department goals and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

The FY 2024 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 and correlates to the annual financial report or audit.

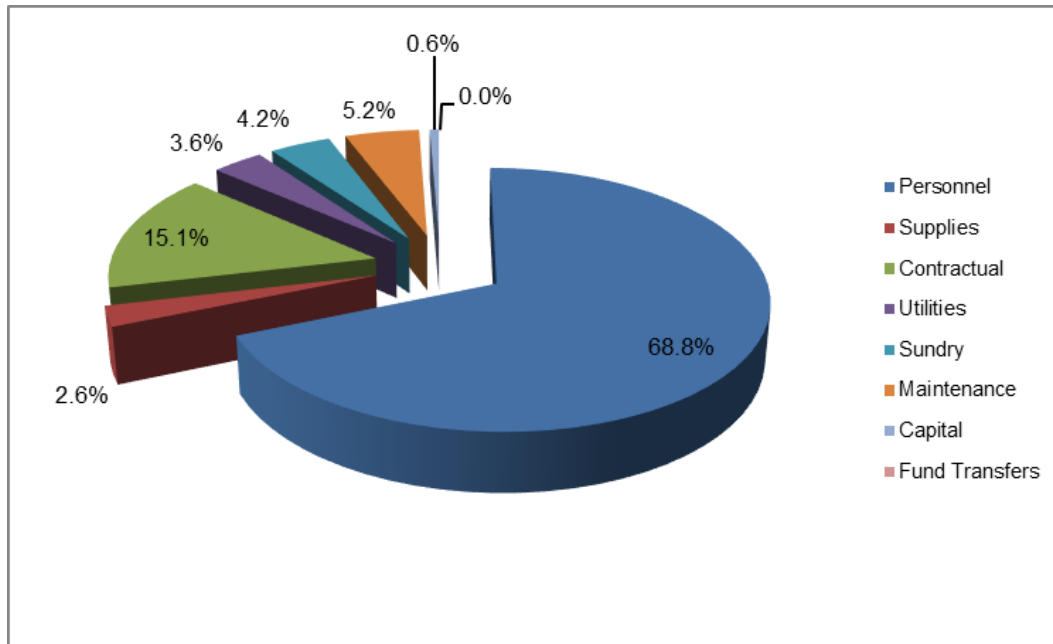
Each department's page will provide financial data on each prime account. There is also a description of the capital purchases within each department and denotes differences between the FY 2023 Estimate and the FY 2024 Proposed Budget.

EXPENDITURES	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Non Departmental	335,455	582,901	439,950	1,462,470	367,190
City Hall	898,367	855,637	964,700	1,008,275	1,070,050
Police	2,153,751	2,065,769	2,355,700	2,282,110	2,614,660
Fire	522,360	508,521	586,600	577,380	645,840
Street	411,755	453,555	497,900	515,480	571,900
Airport	142,495	180,565	171,350	205,755	187,280
Cemetery	28,102	19,270	20,000	24,000	22,200
Parks	332,563	285,818	289,050	336,865	358,700
Inspection	58,147	88,490	91,900	88,875	96,730
Municipal Court	112,073	113,670	117,750	102,720	115,850
Animal Control	20,513	25,360	26,700	26,400	29,400
Civic Center	169,696	164,268	192,400	187,775	196,350
Community Facilities	87,994	93,185	97,600	104,200	105,050
<b>TOTAL</b>	<b>5,273,270</b>	<b>5,437,008</b>	<b>5,851,600</b>	<b>6,922,305</b>	<b>6,381,200</b>

## FY 2024 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



## FY 2024 GENERAL FUND BUDGET – BY PRIME ACCOUNT (Category of Expenditure)

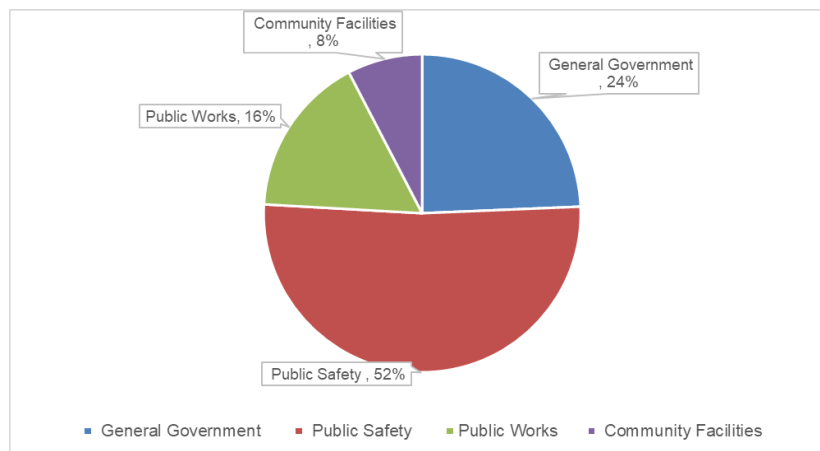




## FY 2024 GENERAL FUND BUDGET EXPENDITURES – BY FUNCTION

The FY 2024 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 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
General Government					
Non Departmental	335,455	582,901	439,950	1,462,470	367,190
City Hall	898,367	855,637	964,700	1,008,275	1,070,050
Municipal Court	112,073	113,670	117,750	102,720	115,850
Subtotal	1,345,895	1,552,207	1,522,400	2,573,465	1,553,090
Public Safety					
Police	2,153,751	2,065,769	2,355,700	2,282,110	2,614,660
Fire	522,360	508,521	586,600	577,380	645,840
Animal Control	20,513	25,360	26,700	26,400	29,400
Subtotal	2,696,624	2,599,650	2,969,000	2,885,890	3,289,900
Public Works					
Street	411,755	453,555	497,900	515,480	571,900
Parks	332,563	285,818	289,050	336,865	358,700
Inspection	58,147	88,490	91,900	88,875	96,730
Cemetery	28,102	19,270	20,000	24,000	22,200
Subtotal	830,566	847,132	898,850	965,220	1,049,530
Community Facilities					
Airport	142,495	180,565	171,350	205,755	187,280
Civic Center	169,696	164,268	192,400	187,775	196,350
Community Facilities	87,994	93,185	97,600	104,200	105,050
Subtotal	400,185	438,018	461,350	497,730	488,680
TOTAL	5,273,270	5,437,008	5,851,600	6,922,305	6,381,200

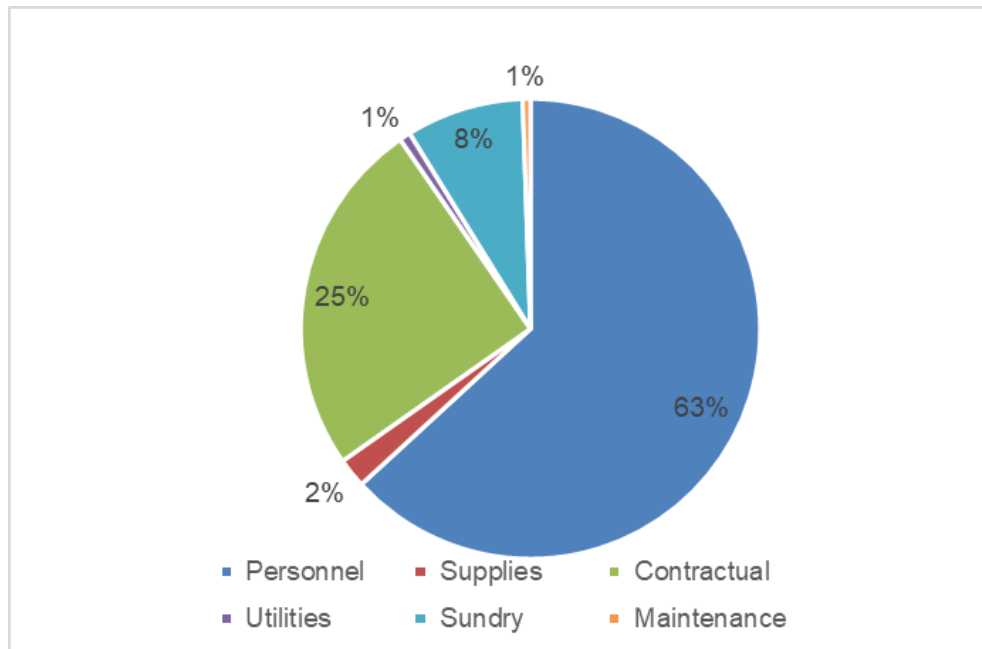






**FY 2024 BUDGET  
EXPENDITURE SUMMARY  
GENERAL GOVERNMENT**

Totals	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
General Government					
Non Departmental	335,455	582,901	439,950	1,462,470	367,190
City Hall	898,367	855,637	964,700	1,008,275	1,070,050
Municipal Court	112,073	113,670	117,750	102,720	115,850
Subtotal	1,305,493	1,552,207	1,522,400	2,573,465	1,553,090
Personnel	795,316	777,224	923,000	895,810	981,200
Supplies	43,978	39,490	32,550	30,710	32,300
Contractual	311,164	407,508	431,850	430,600	390,400
Utilities	25,506	22,173	11,700	12,000	12,200
Sundry	151,793	113,907	109,150	110,495	128,540
Maintenance	16,658	4,304	8,450	8,950	8,450
Capital	1,480	13,040	1,000	1,084,900	-
Transfers	-	174,561	4,700	-	-
Total	1,305,493	1,552,207	1,522,400	2,573,465	1,553,090





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## **FY 2024 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, elections, other legislative costs and City Council designated special projects or activities.

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

### **DESCRIPTION**

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

### **FY 2023 ACCOMPLISHMENTS**

Continued to operate with fund balance above goal  
Update of long-range financial forecast  
Issuance of unqualified audit  
Partnered with EDC for Broadband Development project  
Rehab of 301 Nacogdoches location  
Initiated Utility expansion planning & production study

### **Council Direction/Strategic Plan**

Budget Philosophy #2

Goal A. Objective 3  
Goal C. Objective 1  
Goal B. Objective 1.2

### **FY 2024 GOALS**

Update Strategic Plan  
General community beautification programs and projects  
Facility façade and maintenance study/project(s)  
Utility project initiation – production capacity  
Plan and design directional/entryway signage

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



**FY 2024 BUDGET  
NON-DEPARTMENTAL**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	18,604	3,808	32,700	12,960	1,700
Supplies	10,620	2,048	3,750	3,785	3,700
Contractual	201,825	299,949	311,850	309,550	257,950
Utilities	1,679	-	-	-	-
Sundry	101,246	89,379	85,950	85,375	103,840
Maintenance	-	116	-	-	-
Capital	1,480	13,040	1,000	1,050,800	-
Transfers	-	174,561	4,700	-	-
<b>TOTAL</b>	<b>335,455</b>	<b>582,901</b>	<b>439,950</b>	<b>1,462,470</b>	<b>367,190</b>

**PERFORMANCE MEASURES**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
City Council Meetings	19	20	20	20	21	15
Council Workshops/Special Meetings	6	5	4	7	2	3
Ordinances Passed	10	16	16	15	12	9
Resolutions Passed	14	25	28	26	18	23
Fund Balance as % of Expenses	32%	36%	41%	49%	49%	n/a

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel: Reduction of \$9,150 dedicated to recruitment and hiring programs.
- Contractual: Decrease in Insurance – distributed to responsible department/funds (\$46,400) and reduction of Special Projects (\$7,500)
- Sundry: Increase in Tax Appraisal annual fee (\$6,500) and Training (\$2,000)
- Capital: Decrease of current year/one-time capital contribution to Broadband Development Project (\$1,050,000)



**FY 2024 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 2023 ACCOMPLISHMENTS**

Completed City Hall generator, painting and minor renovations  
Technology upgrades  
Pay Grade System and Merit Based Annual Reviews  
Expanded Records Mgmt/Digitization  
Received the GFOA Distinguished Budget Award  
Completed in-house audit of Internal Service Funds  
Verified and updated Fixed Asset and Property Insurance Coverage

**Council Direction/Strategic Plan**

Goal D. Objective 1.4

**FY 2024 GOALS**

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

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/Bookkeeper	1
HR Administrator/Asst City Secretary	1
Clerks (Utility, Finance, Inspection, Warehouse)	6.25



**FY 2024 BUDGET  
CITY HALL**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	725,925	720,439	831,400	840,250	922,800
Supplies	31,877	36,518	27,550	24,855	26,850
Contractual	50,798	49,259	65,100	66,150	76,750
Utilities	23,826	22,173	10,700	12,000	12,200
Sundry	49,282	23,061	21,500	21,970	23,000
Maintenance	16,658	4,188	8,450	8,950	8,450
Capital	-	-	-	34,100	-
<b>TOTAL</b>	<b>898,367</b>	<b>855,637</b>	<b>964,700</b>	<b>1,008,275</b>	<b>1,070,050</b>

**PERFORMANCE MEASURES**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Open Records Requests	4	30	7	25	27	20
Average Number of Utility Accounts	2,416	2,420	2,428	2,438	2,425	2,433
Average Work Order Completions	1 Day	1 Day	1 Day	1 Day	1 Day	1 Day
Houses Built in City-Sold Lots	n/a	0	0	0	0	2
GFOA Budget Award Received	Yes	Yes	Yes	Yes	Yes	Yes

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Increases in Personnel primarily the result of staffing levels, increasing one PT position, compensation adjustments and employee benefit costs
- Contractual: Increase in Technology Fund Allocation (\$10,400)
- Sundry: Increase in Training (\$1,000)
- Capital: Decrease in Bldgs/Grounds from generator installation (\$34,100)



**FY 2024 BUDGET  
MUNICIPAL COURT - #613**

**DEPARTMENT SUMMARY**

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

**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

**FY 2023 ACCOMPLISHMENTS**

**Council Direction/Strategic Plan**

Supervisor obtained State Cert as Municipal Court Manager  
New Clerk hired – Initiated certification training

**FY 2024 GOALS**

Court Clerk attain State Municipal Court Clerk Certification - Level I

**DEPARTMENT STAFFING**

Title  
Court Clerk  
Current Staffing  
1

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	50,787	52,977	58,900	42,600	56,700
Supplies	1,481	925	1,250	2,070	1,750
Contractual	58,540	58,300	54,900	54,900	55,700
Utilities	-	-	1,000	-	-
Sundry	1,266	1,467	1,700	3,150	1,700
Maintenance	-	-	-	-	-
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>112,073</b>	<b>113,670</b>	<b>117,750</b>	<b>102,720</b>	<b>115,850</b>

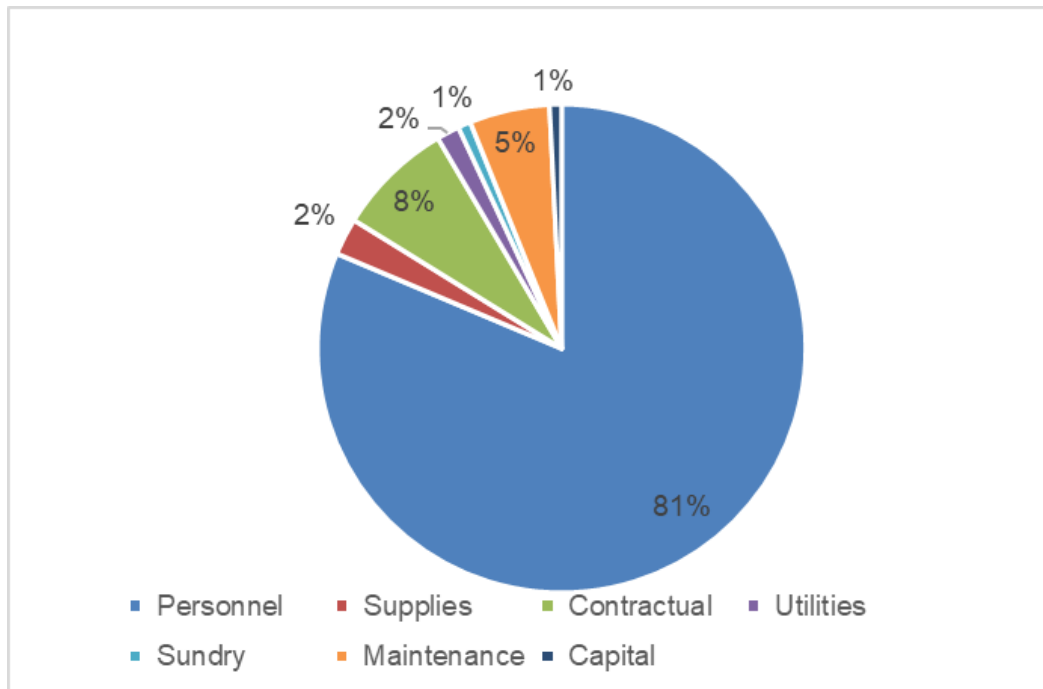
**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Increases in Personnel from partial year clerk position vacancy



**FY 2024 BUDGET  
EXPENDITURE SUMMARY  
PUBLIC SAFETY**

<b>Totals</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Public Safety					
Police	2,153,751	2,065,769	2,355,700	2,282,110	2,614,660
Fire	522,360	508,521	586,600	577,380	645,840
Animal Control	20,513	25,360	26,700	26,400	29,400
Subtotal	2,696,624	2,599,650	2,969,000	2,885,890	3,289,900
Personnel	2,175,182	2,063,826	2,389,450	2,288,470	2,676,530
Supplies	66,315	80,633	77,950	60,200	80,700
Contractual	186,270	189,453	236,950	242,120	253,970
Utilities	57,255	59,362	51,500	49,300	49,800
Sundry	20,423	16,417	23,900	26,650	27,800
Maintenance	154,283	186,372	169,250	157,300	175,100
Capital	36,895	3,586	20,000	61,850	26,000
Total	2,696,624	2,599,650	2,969,000	2,885,890	3,289,900







**FY 2024 BUDGET**  
**POLICE DEPARTMENT - #603**

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

**DESCRIPTION**

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

**FY 2023 ACCOMPLISHMENTS**

**Council Direction/Strategic Plan**

Continue upgrade of police units, equipment and building  
- Replaced/Upsized Building Generator

Expand efforts to ensure full staffing

- Initiated Cadet Sponsorship/Hiring Program
- Progressed three officers through Cadet Program

“Walk Throughs” of local businesses and school campuses

Goal E. Objective 4

Community outreach activities:

- K-9 replacement and school visits
- Blue Santa toy drive & Cocoa with Santa event

Coordination with District Atty/County Atty on cases

Focusing enhanced traffic enforcement in certain areas

**FY 2024 GOALS**

Continue efforts to ensure full staffing – Job Fairs

Monitoring of Complaint Areas for Traffic Enforcement

Expand code enforcement activities (for what?)

Continue Community Outreach with K-9 and Blue Santa

Increase relations with other agencies – DETCOG, CAC,

CISD and DA/CA offices

Enhance Supervisor structure for Patrol & CID

**DEPARTMENT STAFFING**

Title	Current Staffing
Police Chief	1
Captain	1
Lieutenant	1
Sergeants (3 Patrol/1 CID)	4
Detectives (Corporals)	2
Patrol Officers	10
Admin. Assistant (Exec. & CID)	2
Dispatchers	5.5
Janitor	1



**FY 2024 BUDGET  
POLICE DEPARTMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	1,744,681	1,642,198	1,922,000	1,812,750	2,181,480
Supplies	57,494	65,776	57,200	41,950	55,400
Contractual	145,900	149,019	194,450	195,810	201,080
Utilities	47,547	49,995	40,500	38,300	37,500
Sundry	14,890	13,567	12,300	19,250	15,600
Maintenance	137,678	144,798	124,250	117,200	123,600
Capital	5,560	415	5,000	56,850	-
<b>TOTAL</b>	<b>2,153,751</b>	<b>2,065,769</b>	<b>2,355,700</b>	<b>2,282,110</b>	<b>2,614,660</b>

**PERFORMANCE MEASURES**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Citations Issued	2,103	2,513	2,683	4,347	2,125	2,592
Average Warrants Outstanding	1,713	1,671	1,649	1,540	1,561	1,707
Average Value of Outstanding Warrants	541,594	542,223	566,266	565,615	590,343	653,332
Average Response Time (Minutes)	2.79	1.48	1.77	1.89	1.21	2.00
Calls for Service	8,185	10,113	10,787	13,445	7,422	6,873
Traffic Accidents	129	299	273	258	133	156
UCR Part 1 Crimes per 1,000 population	54.3	72.3	50.7	49.2	25.6	

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Understaffed positions during FY23 combined with personnel compensation adjustments results in increases in Salaries (\$159,400), Health Insurance (\$26,000), Pension (\$23,900), Social Security (\$13,200), and Worker's Comp (\$500)
- Personnel: Addition of new Admin Asst position for CID (\$61,285) and Increase in Officer Wage Scale/Detective position to Corporal Pay Grade (\$38,350)
- Contractual: Increase in Vehicle Lease-Vehicle Replacement Fund (\$13,060)
- Sundry: Increase in Cadet Training Program (\$4,150)
- Capital: Decrease in Building Maintenance (\$57,500) used for Generator replacement



**FY 2024 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 2023 ACCOMPLISHMENTS**

**Council  
Direction/Strategic Plan**

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

**FY 2024 GOALS**

Enhance communication with mutual aid partners  
Continue to expand fire prevention programs and increase communication with community  
Continue replacement plans for equipment, station and apparatus  
Expand emergency billing to increase funding from non-City calls  
Develop long-term staffing Recruitment & Retention Plan

Goal E. Objective 4

**DEPARTMENT STAFFING**

	Title	Current Staffing
Fire Chief		1
Firefighters		5



**FY 2024 BUDGET  
FIRE DEPARTMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	430,502	421,628	467,450	475,720	495,050
Supplies	5,853	6,238	14,150	8,850	15,200
Contractual	24,123	24,436	26,500	30,310	36,890
Utilities	8,410	8,731	9,500	10,500	11,100
Sundry	5,533	2,743	10,000	6,900	11,100
Maintenance	16,605	41,574	44,000	40,100	50,500
Capital	31,335	3,171	15,000	5,000	26,000
<b>TOTAL</b>	<b>522,360</b>	<b>508,521</b>	<b>586,600</b>	<b>577,380</b>	<b>645,840</b>

**PERFORMANCE MEASURES**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Number of Calls	211	202	190		265	235
Fires and Explosions	117	115	73			
Fire Fighter Accidents	0	0	0		0	0
Percent Response under 5 Minutes	52.2	52	53			
False Alarm Calls	18	12	18			
False Alarm Rate	8%	7%	10%			
Out of Town Runs			116		135	146
% Out of Town			61.1%		51%	62%

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Compensation adjustments and employee benefit funding result in increases (\$28,770)
- Supplies: Increases in Materials (\$800) and Equipment (\$3,500)
- Contractual: Increased Vehicle Lease – Vehicle Replacement Fund (\$18,850) and Technology Fund (\$6,000) previously underfunded
- Maintenance: Increase in Bldgs/Structure (\$1,500), Equipment (\$4,000), Gas/Fuel (\$1,250) and Vehicle Maintenance (\$1,000)



**FY 2024 BUDGET  
ANIMAL CONTROL - #612**

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

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	-	-	-	-	-
Supplies	2,969	8,619	6,600	9,400	10,100
Contractual	16,247	15,998	16,000	16,000	16,000
Utilities	1,298	636	1,500	500	1,200
Sundry	-	107	1,600	500	1,100
Maintenance	-	-	1,000	-	1,000
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>20,513</b>	<b>25,360</b>	<b>26,700</b>	<b>26,400</b>	<b>29,400</b>

**DESCRIPTION**

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

**PERFORMANCE MEASUREMENTS**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Animal Calls	210	284	277	450	450	273

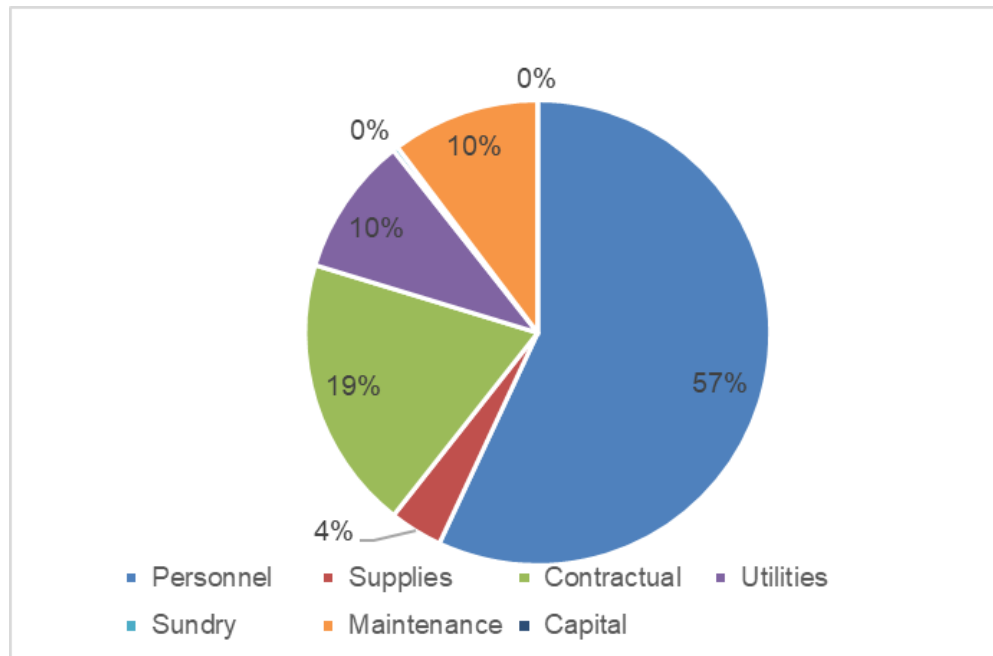
**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Supplies: Increase in pet food (\$4,000)



**FY 2024 BUDGET  
EXPENDITURE SUMMARY  
PUBLIC WORKS**

Totals	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Public Works					
Street	411,755	453,555	497,900	515,480	571,900
Parks	332,563	285,818	289,050	336,865	358,700
Inspection	58,147	88,490	91,900	88,875	96,730
Cemetery	28,102	19,270	20,000	24,000	22,200
Subtotal	830,566	847,132	898,850	965,220	1,049,530
Personnel	359,185	438,326	511,450	540,900	597,750
Supplies	32,360	31,453	34,150	35,475	38,650
Contractual	152,306	155,851	147,400	188,970	200,080
Utilities	97,948	96,342	98,850	99,750	101,250
Sundry	1,638	8,205	4,800	4,825	3,800
Maintenance	122,556	104,533	102,200	95,300	108,000
Capital	64,573	12,423	-	-	-
Total	830,566	847,132	898,850	965,220	1,049,530





**FY 2024 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 2023 ACCOMPLISHMENTS**

Managed the annual street reconstruction program, including drainage enhancements  
Expanded herbicide & pesticide activity  
Repair/replace of multiple damages on downtown amenities  
Continued community banner program/expanded Downtown Rehabbed Downtown landscaping/maintenance program  
Elevated Street/gutter cleaning projects  
Acquired replacement equipment – Vac Truck and Mulcher for upgrade of maintenance to existing facilities and rights of way

**Council Direction/Strategic Plan**

Goal E. Objective 5.1  
Goal C. Objective 2.1  
Goal C. Objective 2.1  
Goal E. Objective 2

**FY 2024 GOALS**

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

Goal C. Objective 1.2  
Goal E. Objective 5.1

**DEPARTMENT STAFFING**

Title	Current Staffing
Public Works Supt	0.5
Maintenance	5.0



**FY 2024 BUDGET  
STREET DEPARTMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	201,132	237,437	285,750	285,500	338,850
Supplies	17,489	18,111	15,850	18,900	19,350
Contractual	32,382	32,614	41,200	61,580	56,300
Utilities	84,773	81,349	85,600	84,850	85,600
Sundry	579	536	800	700	800
Maintenance	75,398	71,084	68,700	63,950	71,000
Capital	-	12,423	-	-	-
<b>TOTAL</b>	<b>411,755</b>	<b>453,555</b>	<b>497,900</b>	<b>515,480</b>	<b>571,900</b>

**PERFORMANCE MEASURES**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Linear Miles						
Unpaved Streets	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 2023 Proposed Budget Change From FY 2022 Estimate**

- Personnel Services: Addition of one Part-time position (\$18,366)
- Supplies: Chemicals for Mosquito Spraying (\$1,750)
- Contractual: Equipment additions and existing fleet/mobile equipment incorporated into replacement list results in Vehicle Lease increase (\$51,100)
- Capital: Decrease of FY22 special allocation for decorative downtown pole/sign (\$12,500)





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**FY 2024 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 2023 ACCOMPLISHMENTS**

**Council Direction/Strategic Plan**

Host facility for State baseball tournaments, local leagues and  
2023 Regional World Series  
Field enhancements for World Series event  
Playground mulch upgrades at all locations  
Rehab of Portacool Park Sprayground  
Completed Project with Rotary Grant for Accessible  
Playground

Goal C. Objective 3

**FY 2024 GOALS**

Enhanced maintenance standards for all park facilities  
Major rehab and cleaning of Center Park pond  
Continue to host and expand athletic tournaments  
Upgrade baseball and softball complex amenities

Goal C. Objective 3

Goal C. Objective 2

Goal C. Objective 3

**DEPARTMENT STAFFING**

Title	Current Staffing
Parks & Rec Director	0.5
Maintenance	2.75



**FY 2024 BUDGET  
PARKS DEPARTMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	124,692	140,215	157,800	187,700	185,800
Supplies	14,130	10,818	16,000	13,525	16,500
Contractual	69,323	91,953	70,500	92,790	107,500
Utilities	13,175	14,914	13,000	14,650	15,400
Sundry	939	261	750	400	500
Maintenance	45,731	27,657	31,000	27,800	33,000
Capital	64,573	-	-	-	-
<b>TOTAL</b>	<b>332,563</b>	<b>285,818</b>	<b>289,050</b>	<b>336,865</b>	<b>358,700</b>

**PERFORMANCE MEASUREMENTS**

<b>Number of Amenities</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Baseball fields	9	9	9	9	9	9
Softball fields	3	3	3	3	3	3
Soccer Fields	0	0	0	3	3	3
Playgrounds	4	4	4	4	4	4
Pavilions	5	5	5	5	6	6
Basketball Courts	3	3	3	3	4	4
Sprayground	1	1	1	1	1	1
Trails (Linear Miles)	4.3	4.3	4.3	4.3	4.3	4.5
Total park area (in acres)	124.4					
Developed park area	88.5					

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Adjustment from part time staff reallocation from Rec Fund into Parks, employee benefits and payroll adjustments (\$10,065)
- Supplies: Increases from Materials (\$2,500), Chemicals (\$500) and Equipment (\$400)
- Contractual: Increase for addition of vehicles and equipment to replacement program added to Vehicle Lease (\$17,410) and Technology Fund (\$3,600)
- Maintenance: Increases in Bldg/Grounds (\$3,000), Equipment (\$1,500) and Gas/Fuel (\$200)



**FY 2024 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 2023 ACCOMPLISHMENTS**

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

**Council Direction/Strategic Plan**

**FY 2024 GOALS**

Staff to obtain required certifications to become a licensed building official

**DEPARTMENT STAFFING**

Title	Current Staffing
Code Officer/Building Official	1



## FY 2024 BUDGET INSPECTION SERVICES

### DEPARTMENT SUMMARY

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Personnel	33,362	60,674	67,900	67,700	73,100
Supplies	729	2,524	2,300	3,050	2,800
Contractual	22,510	14,213	15,700	10,600	14,080
Utilities	-	79	250	250	250
Sundry	120	7,408	3,250	3,725	2,500
Maintenance	1,427	3,592	2,500	3,550	4,000
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>58,147</b>	<b>88,490</b>	<b>91,900</b>	<b>88,875</b>	<b>96,730</b>

### PERFORMANCE MEASUREMENTS

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	YTD FY 2023
Construction Permits	31	29	18	49	41	49	57	26
Demolition Permits	3	1	7	6	9	14	54*	46*
Rezone/SUP Cases	0	1	0	3	2	1	2	4

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

### HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate

- Personnel Services: Personnel adjustment and benefits cumulative increase (\$7,500)
- Contractual: Increase allocation for Vehicle Lease – Vehicle Replacement Fund (\$1,380) decrease Technology Fund allocation (-\$1,400)
- Sundry: Reduced Training/Travel (\$1,325)



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**FY 2024 BUDGET**  
**CEMETERY DEPARTMENT - #608**

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

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	-	-	-	-	-
Supplies	12	-	-	-	-
Contractual	28,090	17,070	20,000	24,000	22,200
Utilities					
Sundry					
Maintenance	-	2,200	-	-	-
Capital					
<b>TOTAL</b>	<b>28,102</b>	<b>19,270</b>	<b>20,000</b>	<b>24,000</b>	<b>22,200</b>

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

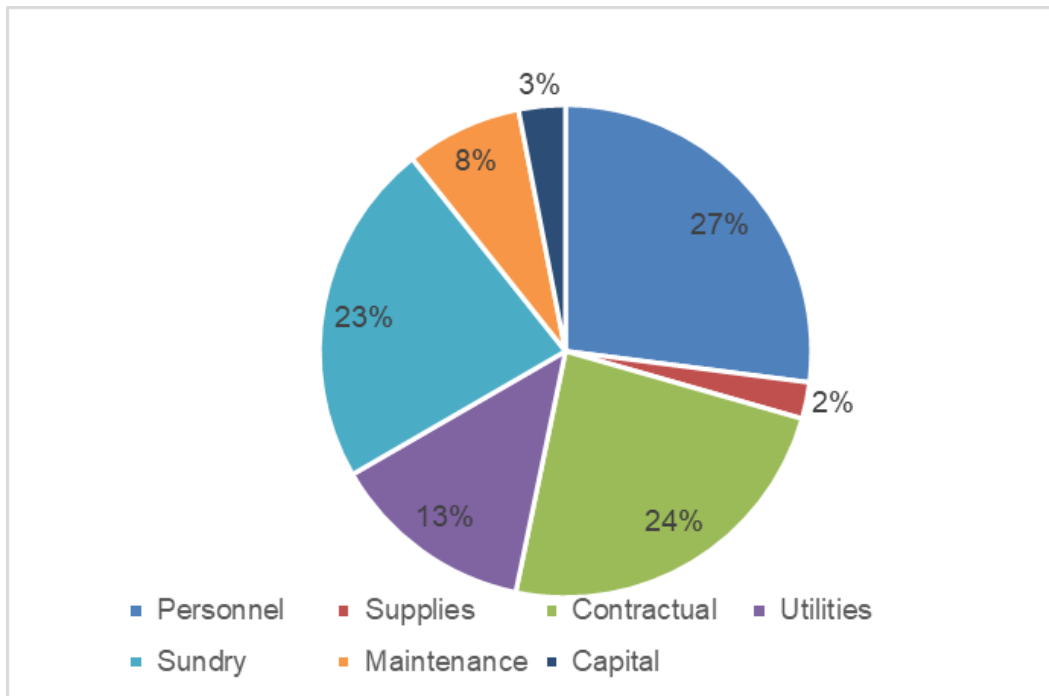
- Contractual: Decrease Mowing (\$2,000)



**FY 2024 BUDGET  
EXPENDITURE SUMMARY**

**COMMUNITY FACILITIES**

<b>Totals</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Community Facilities					
Airport	142,495	180,565	171,350	205,755	187,280
Civic Center	169,696	164,268	192,400	187,775	196,350
Community Facilities	87,994	93,185	97,600	104,200	105,050
Subtotal	400,185	438,018	461,350	497,730	488,680
Personnel	106,493	114,049	121,550	141,200	132,100
Supplies	28,136	15,281	11,150	9,175	11,700
Contractual	106,420	97,550	101,150	110,595	116,330
Utilities	54,755	59,816	61,150	61,860	65,600
Sundry	50,612	123,757	109,550	133,025	110,600
Maintenance	29,636	27,147	41,800	26,875	37,350
Capital	24,133	419	15,000	15,000	15,000
Total	400,185	438,018	461,350	497,730	488,680





**FY 2024 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 2023 ACCOMPLISHMENTS**

Redeveloped hangar rental list & fees  
City owned T-Hangar occupancy increased  
Airport Advisory Board requested minor improvements for use and function of fuel service, tie downs and lounge  
Added second Courtesy Car  
Secured reimbursement from TxDOT RAMP grant program  
Fuel system Enhancement – new hoses & auto reels

**Council Direction/Strategic Plan**

Goal E. Objective 3

Goal E. Objective 3

**FY 2024 GOALS**

Continue to enhance Pilots' Lounge  
Provide great customer service to visitors and fuel customers  
Increase fuel sales  
Identify obstructions to be removed in order to get a certified WAAS LPV landing approach

Goal E. Objective 3

**DEPARTMENT STAFFING**

Title	Current Staffing
Airport Facility Maintenance	0.5



**FY 2024 BUDGET  
CENTER MUNICIPAL AIRPORT**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	20,280	21,156	26,100	33,250	28,750
Supplies	23,472	6,030	1,950	1,225	2,200
Contractual	8,930	8,241	7,800	10,770	15,280
Utilities	15,118	15,141	15,900	17,260	17,950
Sundry	47,966	120,404	102,100	129,700	104,600
Maintenance	6,595	9,593	7,500	6,050	8,500
Capital	20,135	-	10,000	7,500	10,000
<b>TOTAL</b>	<b>142,495</b>	<b>180,565</b>	<b>171,350</b>	<b>205,755</b>	<b>187,280</b>

**PERFORMANCE MEASURES**

<b>Fuel Sold</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Fuel Transactions	384	377	443	494	226	551	590	733
100 LL (gallons)	9,171	7,756	9,596	10,582	6,993	14,442	10,609	21,515
Jet A (gallons)	21,042	66,392	5,227	4,724	6,208	3,459	20,607	13,515

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Contractual: Inclusion of Courtesy Units in Vehicle Replacement Fund – insurance costs (\$2,230)
- Sundry: Decreased projection for Gas-Resale (\$20,000)
- Maintenance: Increased various equipment maintenance items (\$2,500)
- Capital: Increase matching funds for TXDoT Aviation RAMP Grant (\$2,500)





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**FY 2024 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 2023 ACCOMPLISHMENTS**

**Council Direction/Strategic Plan**

Facility Rehab - Interior painting and full carpet replacement

Increased Revenues:

- Increased total rentals
- Adjusted rates and equipment fees

**FY 2024 GOALS**

Expand the marketing tools and efforts to increase rentals  
Redevelop website for exposure and customer interaction  
Maintenance and/or replacement programs for HVAC  
Monitor Generator function for possible replacement  
Create rental SOPs and train staff for event supervision

**DEPARTMENT STAFFING**

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



**FY 2024 BUDGET  
CIVIC CENTER**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	86,213	92,894	95,450	107,950	103,350
Supplies	4,210	8,948	8,200	7,400	8,200
Contractual	24,979	25,029	24,200	24,150	26,300
Utilities	25,125	26,470	26,500	25,350	26,650
Sundry	2,647	3,352	7,250	3,325	6,000
Maintenance	22,524	7,156	25,800	15,700	20,850
Capital	3,998	419	5,000	3,900	5,000
<b>TOTAL</b>	<b>169,696</b>	<b>164,268</b>	<b>192,400</b>	<b>187,775</b>	<b>196,350</b>

**PERFORMANCE MEASURES**

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Event Days Used	240	224	203	81	155	137	143
Utilization Rate	66%	61%	56%	22%	43%	38%	47%
Approximate Attendance	15,754	15,304	14,014	3,180	13,962	13,196	14,945
Cancellations	0	0	0	80	20	0	0
Total Rental Revenue	\$50,807	\$50,233	\$56,567	\$30,195	\$48,975	\$29,165	\$44,135
Avg. Rental Revenue/Use	\$212	\$224	\$279	\$372	\$316	\$213	\$309

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Contractual: Increases to Technology Fund (\$1,200)
- Maintenance: Increase in and Building/Grounds (\$3,000) for further carpet repairs
- Capital: Enhanced equipment replacements (\$2,300)



## FY 2024 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. 301 Nacogdoches was included into this account group when transitioned from departmental activity during FY22 when it became general storage.

### DEPARTMENT SUMMARY

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Personnel	-	-	-	-	-
Supplies	454	303	1,000	550	1,300
Contractual	72,511	64,280	69,150	75,675	74,750
Utilities	14,511	18,204	18,750	19,250	21,000
Sundry	-	-	200	-	-
Maintenance	518	10,398	8,500	5,125	8,000
Capital	-	-	-	3,600	-
<b>TOTAL</b>	<b>87,994</b>	<b>93,185</b>	<b>97,600</b>	<b>104,200</b>	<b>105,050</b>

### PERFORMANCE MEASURES – Community House

	FY 2019	FY 2020	FY 2021	FY 2022	YTD FY 2023
Event Days Used	53	47	62	106	79
Approximate Attendance				6,635	4,935
Cancellations	0	80	20	0	0
Total Rental Revenue	\$12,345	\$11,469	\$13,085	\$14,945	\$16,615
Avg. Rental Revenue/Use	\$233	\$244	\$211	\$141	\$210

### HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate

- Contractual: Increase in Technology Fund allocation (\$3,200) and Bldg/Grounds upkeep for 301 Nac site (\$2,000)
- Utilities: Increases in Electricity 301 Nac (\$2,000) and Utilities Community House (\$650)
- Maintenance: Reduction in Bldg/Structure – 301 Nacogdoches storage, due to renovations completed (\$3,600)



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## **FY 2024 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 \$149,400. 93% of the City's General Fund expenditures are recurring, while the remaining non-recurring expenses are only 7% of the budget. This reflects a situation of where the City of Center has achieved a degree of structural balance. Recurring revenues, therefore, need to be addressed to reduce any dependency on the non-recurring revenues which should be used exclusively to fund non-recurring expenses.



REVENUES	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed	Recurring	Non- Recurring
Property Taxes	1,160,607	1,333,376	1,416,200	1,453,680	1,461,500	1,452,500	9,000
Sales Taxes	2,368,431	2,509,148	2,510,050	2,713,810	2,795,150	2,752,500	42,650
Law Enforcement	281,209	216,525	183,350	185,050	210,300	200,550	9,750
Franchise Fees	691,977	717,528	706,800	741,350	751,300	716,000	35,300
Airport	93,084	180,675	151,000	175,835	160,000	125,500	34,500
Permits	30,543	30,779	18,350	36,885	30,200	24,250	5,950
Usage Fees	58,550	59,530	68,100	73,500	70,200	60,100	10,000
Solid Waste	716	-	-	-	-	-	-
Miscellaneous	91,636	14,398	3,250	37,270	1,350	350	1,000
Transfers	532,128	805,104	745,000	745,000	745,000	745,000	-
Interest	8,016	23,837	7,500	96,000	74,700	10,000	64,700
Grants	359,840	125,841	42,000	53,015	81,500	6,500	75,000
<b>TOTAL</b>	<b>5,676,738</b>	<b>6,016,740</b>	<b>5,851,600</b>	<b>6,311,395</b>	<b>6,381,200</b>	<b>6,093,250</b>	<b>287,850</b>

EXPENDITURES	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed	Recurring	Non- Recurring
Non Departmental	335,455	582,901	439,950	1,462,470	367,190	284,790	82,400
City Hall	898,367	855,637	964,700	1,008,275	1,070,050	1,007,550	62,500
Police	2,153,751	2,065,769	2,355,700	2,282,110	2,614,660	2,469,060	145,600
Fire	522,360	508,521	586,600	577,380	645,840	611,340	34,500
Street	411,755	453,555	497,900	515,480	571,900	534,400	37,500
Airport	142,495	180,565	171,350	205,755	187,280	180,780	6,500
Cemetery	28,102	19,270	20,000	24,000	22,200	19,700	2,500
Parks	332,563	285,818	289,050	336,865	358,700	332,200	26,500
Inspection	58,147	88,490	91,900	88,875	96,730	94,230	2,500
Municipal Court	112,073	113,670	117,750	102,720	115,850	112,600	3,250
Animal Control	20,513	25,360	26,700	26,400	29,400	27,900	1,500
Civic Center	169,696	164,268	192,400	187,775	196,350	168,850	27,500
Community Facilities	87,994	93,185	97,600	104,200	105,050	100,450	4,600
<b>TOTAL</b>	<b>5,273,270</b>	<b>5,437,008</b>	<b>5,851,600</b>	<b>6,922,305</b>	<b>6,381,200</b>	<b>5,943,850</b>	<b>437,350</b>



## FY 2024 BUDGET DEBT SERVICE FUND

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 useful 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. The responsible uses of debt to pay for investments to improve the quality of life in the City or to contribute to further community development make debt a useful tool.

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

### Measures of Capacity – Peer Comparisons

City	Population	Total Net Taxable	Gross Tax Rate	Total Ad Valorem Debt	Debt per Capita	Debt per Taxable Value	Taxable Valuable per Capita
Carthage	6,851	386,937,446	0.5894000	7,295,000	1065	1.9%	56479
Bridge City	9,546	482,539,853	0.4822800	5,010,000	525	1.0%	50549
Canton	4,312	398,180,293	0.5300000	15,873,572	3681	4.0%	92342
Brazoria	3,112	172,988,912	0.6804760	4,790,000	1539	2.8%	55588
Hempstead	8,835	347,414,994	0.5609050	3,691,520	418	1.1%	39323
Muleshoe	5,158	161,810,830	0.7460000	3,579,000	694	2.2%	31371
Gilmer	5,216	387,286,784	0.5707940	22,956,000	4401	5.9%	74250
Kilgore	14,948	1,289,692,196	0.5990000	15,285,000	1023	1.2%	86279
Lamesa	9,461	315,627,910	0.7990700	26,069,631	2755	8.3%	33361
Decatur	7,572	1,038,996,413	0.6452580	61,725,000	8152	5.9%	137216
Childress	6,700	276,182,072	0.7537940	713,716	107	0.3%	41221
Crandall	5,006	354,919,689	0.7300000	12,823,000	2562	3.6%	70899
Liberty	9,506	743,916,400	0.6121585	22,655,000	2383	3.0%	78258
Denver City	4,911	217,897,188	0.7877727	0	0	0.0%	44369
Port Neches	13,601	1,229,635,461	0.6850000	20,585,000	1513	1.7%	90408
Dimmit	4,375	116,573,030	0.6059000	0	0	0.0%	26645
Jacksonville	14,923	896,163,448	0.6806500	26,613,000	1783	3.0%	60052
<b>Average</b>	<b>7,884</b>	<b>518,633,113</b>	<b>0.650498</b>	<b>14,686,143</b>	<b>1,918</b>	<b>2.7%</b>	<b>62859</b>
<b>Center</b>	<b>5,401</b>	<b>337,390,920</b>	<b>0.602640</b>	<b>8,074,978</b>	<b>1495</b>	<b>2.4%</b>	<b>62468</b>

Table 1 – Peer City Comparison Source: 2023 Texas Municipal League Annual Tax and Debt Survey

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 in terms of the proposed tax rate of \$0.5891 and a reasonable debt per capita ratio.



## DEBT LIMITS

The City of Center's Debt Policy ([Appendix A](#)) states that the City shall not incur property tax supported debt in an amount exceeding 4% of the net taxable value. At the end of FY 2022, parameters will be well below self-imposed debt limits as indicated in the following table.

Net Taxable Assessed Value	\$352,511,866
Debt Limit - Four Percent (4%) of Taxable Assessed Value	\$14,100,475
Amount of Principal Applicable to Debt Limit - Ad Valorem Debt	\$7,570,000
Percent Principal to Debt Limit	53.7%
Percent Principal to Net Taxable Assessed Value	2.1%

## DEBT SERVICE FUND HIGHLIGHTS

### Revenue

The proposed FY 2024 City tax rate is \$0.589100 per \$100 of taxable value. The interest and sinking rate is projected to increase to \$0.213695. The projected amount to be raised from ad valorem taxes for debt payments is \$769,866.

The inter-fund transfer from the water utility fund is projected to slightly decrease by \$3,600 to \$469,100. This is predominately to make the required payments of the utility project portion of the 2019 CO's

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 2023 Proposed Budget allocates none of these funds toward a portion of the 2016 CO debt instrument's payment in accordance with Council action to postpone payments on this agreement for FY 2024 and FY 2025.

Lastly, the 4B EDC voted to make a 10-year commitment to assist with the funding of the 2019 CO's that were issued to pay for the Downtown Renewal project related to resurfacing of the roadways. Council elected to utilize 2/3<sup>rd</sup>s of the FY 2023 commitment and delay the use of the \$50,000 balance.

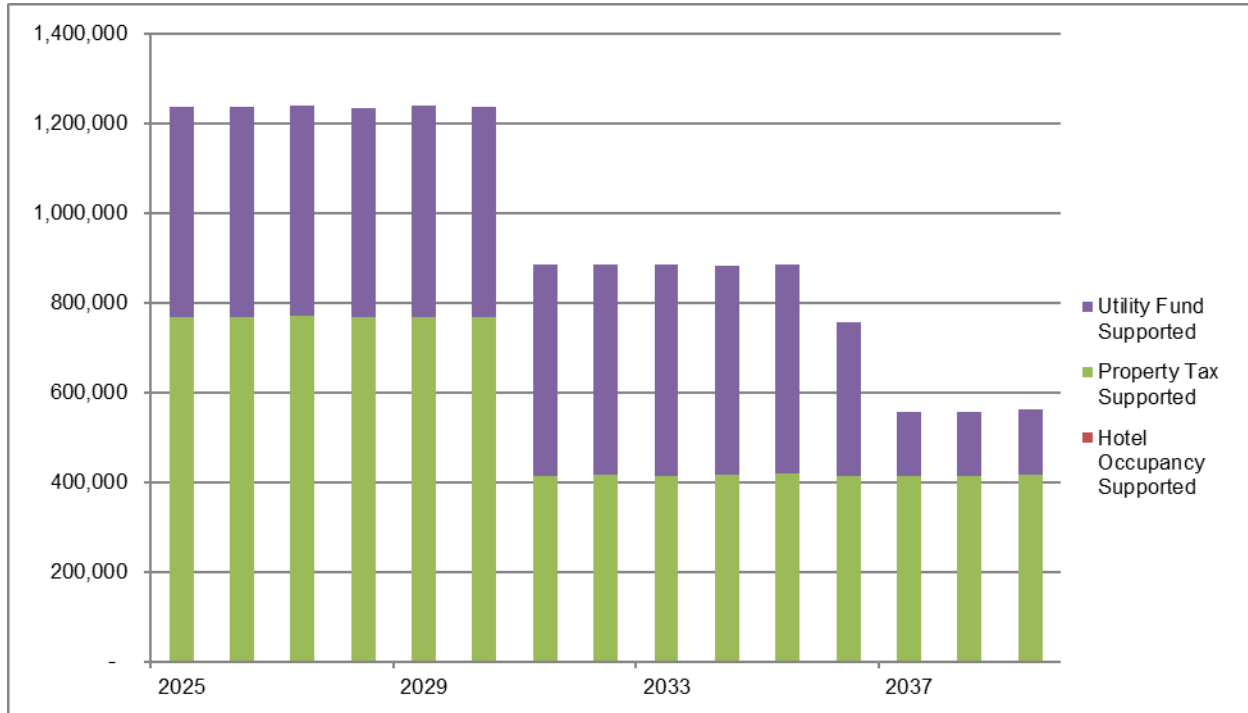
Year	Transfer from 4B EDC	
2020	(159,600)	
2021	(150,400)	
2022	(150,000)	
2023	(150,000)	Reduced to \$100,000
2024	(150,000)	Reduced to -\$0-
2025	(142,000)	
2026	(100,000)	
2027	(100,000)	
2028	(100,000)	
2029	(100,000)	
2030	(100,000)	





## Expenditures

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



Graph 1 – Total existing debt service payments FY 2024 - 2039

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

### Debt Instruments

Name	Original Principal Amount	Outstanding Principal	Interest Rate	Maturity Date
Series 2016 CO's	3,960,000	700,000		8/15/2036
Series 2019 CO's	6,220,000	3,820,000		8/15/2039
Series 2021 GO Refunding	3,080,000	3,050,000		8/15/2031

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



**FY 2024 BUDGET  
DEBT SERVICE FUND**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>REVENUE</b>					
Taxes - Current Year	662,645	629,185	666,440	642,500	769,870
Interest - Debt Service	7,431	2,818	1,700	15,500	2,150
Transfer - 4A EDC (airport)	25,000	-	-	-	-
Transfer - Interfund Hotel/Motel	142,000	143,000	-	-	-
Transfer - Interfund Water Debt	475,000	473,000	472,700	472,700	469,100
Transfer - Interfund Park Fund	55,000	-	-	50,000	-
Transfer - 4B EDC	150,400	150,000	100,000	100,000	-
<b>Total - Revenue</b>	<b>1,517,476</b>	<b>1,398,004</b>	<b>1,240,840</b>	<b>1,280,700</b>	<b>1,241,120</b>
<b>EXPENDITURES</b>					
<b>Principal</b>					
2007 CO's	130,000	140,000	-	-	-
2011 CO's	146,420	109,783	104,980	104,980	-
2012 CO's - TWDB	90,000	90,000	95,000	95,000	95,000
2012 GO Refunding	222,713	220,000	225,000	225,000	-
2014 Tax Notes	-	-	-	-	-
2016 CO's	175,000	165,000	180,000	180,000	180,000
2019 CO's	155,000	190,000	195,000	195,000	200,000
2021 GO Refunding	-	15,000	15,000	15,000	415,000
Police Technology Note	72,011	72,011	-	-	-
<b>Total Principal</b>	<b>991,144</b>	<b>1,001,794</b>	<b>814,980</b>	<b>814,980</b>	<b>890,000</b>
<b>Interest</b>					
2007 CO's	8,200	2,800	-	-	-
2011 CO's	115,105	45,217	50,020	50,020	-
2012 CO's - TWDB	37,963	36,658	35,130	35,130	33,350
2012 GO Refunding	7,963	11,125	5,630	5,630	-
2014 Tax Notes	-	-	-	-	-
2016 CO's	90,163	86,663	83,160	83,160	79,560
2019 CO's	208,025	200,275	190,780	190,780	181,030
2021 GO Refunding	19,475	58,275	57,980	57,980	53,680
<b>Total Interest</b>	<b>486,892</b>	<b>441,012</b>	<b>422,700</b>	<b>422,700</b>	<b>347,620</b>
<b>Fees</b>					
Annual Bank Agent Fees	2,500	2,871	3,000	2,500	3,500
<b>Total Fees</b>	<b>2,500</b>	<b>2,871</b>	<b>3,000</b>	<b>2,500</b>	<b>3,500</b>
<b>Total - Expenditures</b>	<b>1,480,536</b>	<b>1,445,677</b>	<b>1,240,680</b>	<b>1,240,180</b>	<b>1,241,120</b>
<b>Beginning Fund Balance</b>	147,000	183,940	170,540	136,267	176,787
<b>Revenue Over/(Under) Expenditures</b>	36,940	(47,673)	160	40,520	-
<b>Ending Fund Balance</b>	183,940	136,267	170,700	176,787	176,787



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**FY 2024 BUDGET  
WATER/SEWER UTILITY FUND**

**FUND NARRATIVE**

The Water/Sewer Utility Fund is an enterprise fund that includes all water and wastewater system operations. The City provides water and wastewater service within its designated Certificate of Convenience and Necessity (CCN) area to all visitors, businesses and approximately 6,000 residents, including some outside the City limits with approximately 2,500 accounts.

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

The City operates one wastewater treatment plant, located on the northeast side of 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 elimination of five lift stations.

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. Of particular importance this year is increases in payroll and benefits to offset rapid inflation. In additional recognition of the economic conditions, no rate increases are projected for residential customers this year with minimal adjustments for commercial and industrial customer classes.

**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%.

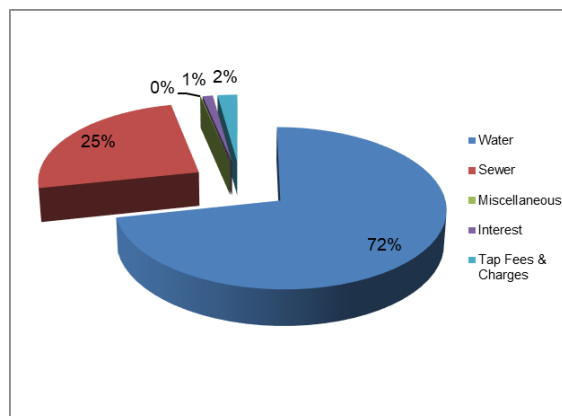
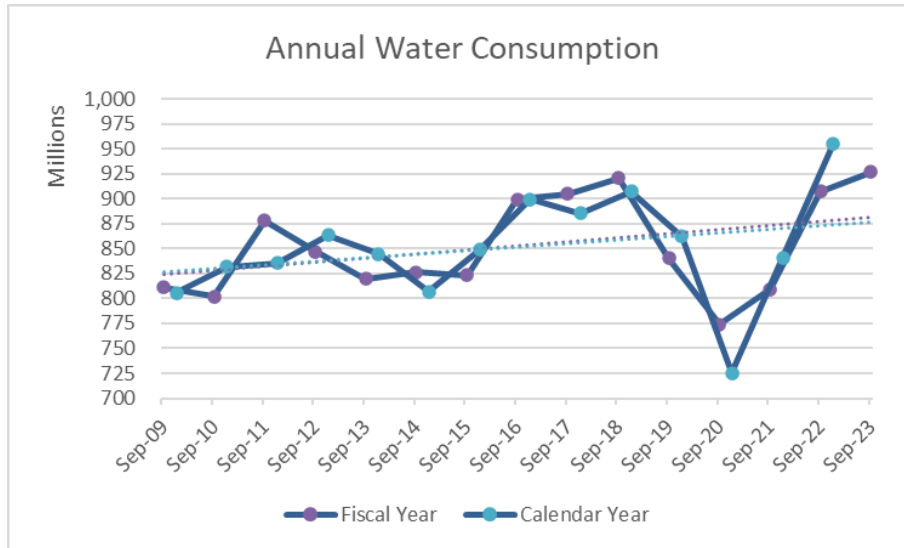


Chart 1 - Utility Fund Revenue

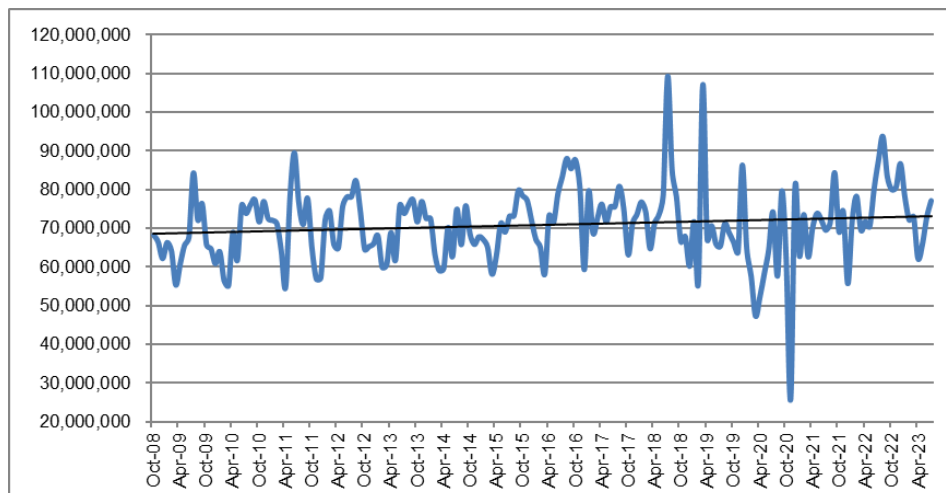


Water sales and wastewater fees are calculated based on metered water consumption. The City completed a transition to radio read water meters reducing costs and increasing reliability reading the approximately 2,500 meters. Graph 1 in this section illustrates the amount of water consumed annually including trendline for projecting future needs for system capabilities to meet customer demand.



Graph 1 – Annual Water consumption. 2008 through 2023 (projected)

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



Graph 2 – Monthly Water consumption. October 2008 through June 2023



Despite growth in Consumer Price Index (inflation) which this year stands at 4.6% and results in increased cost of personnel, materials, supplies and utilities, revenue is projected to derive from increased consumption rather than rate adjustments for this year.

It is also helpful to explore the City's utility rates compared to other similar-sized communities in the region. Table 1 provides this information which shows that Center's residential utility rates are competitive with other comparison cities. The data also indicate that Center's residential utility rates are 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
Longview	82,287	18.45	24.25	42.70
Kerrville	24,477	31.64	40.19	71.83
Marshall	23,935	30.79	38.48	69.27
Mount Pleasant	16,275	26.23	30.66	56.89
Sulphur Springs	16,272	31.55	32.91	64.46
Kilgore	14,948	38.46	41.77	80.23
Henderson	13,812	31.00	25.50	56.50
Whitehouse	9,460	51.73	24.52	76.25
Crockett	6,950	52.12	36.77	88.89
Carthage	6,851	26.25	31.55	57.80
Madisonville	4,565	73.96	73.96	147.92
Canton	4,312	41.75	38.45	80.20
Daingerfield	2,560	37.75	29.00	66.75
Jefferson	2,199	45.50	37.75	83.25
Waskom	2,190	41.82	32.21	74.03
San Augustine	2,180	43.91	n/a	n/a
Alto	1,225	52.50	41.55	94.05
Hemphill	1,198	46.45	42.00	88.45
Tenaha	1,160	35.00	30.50	65.50
Timpson	1,116	22.60	17.60	40.20
Pineland	850	38.50	33.50	72.00
Beckville	783	38.25	29.25	67.50
<b>Average</b>	<b>10,891</b>	<b>38.92</b>	<b>34.87</b>	<b>73.79</b>
<b>Center</b>	<b>5,401</b>	<b>32.50</b>	<b>31.25</b>	<b>63.75</b>

Table 1 – 2023 Residential Utility Rate Comparison  
Source: Texas Municipal League 2023 Annual Utility Rate Survey



It is also enlightening to examine water consumption by customer class. The City's single largest water customer class is Industrial - Poultry, which is chiefly consumption from Tyson Foods processing facility. The other customer classes 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	FY 2021	FY 2022	YTD FY 2023
Residential	15%	14%	12%	11%	11%	11%	15%	13%	10%	11%
Multi-Family	19%	3%	2%	3%	2%	2%	3%	4%	3%	3%
Commercial	9%	9%	9%	9%	9%	6%	6%	5%	7%	7%
Rural Water Supply	5%	5%	5%	5%	6%	1%	0%	0%	1%	0%
Tyson	67%	69%	64%	61%	59%	68%	63%	67%	68%	70%

Table 2 – Percentage by customer class to total water consumption

Residential and commercial water sales projections were developed for the FY 2024 Budget that analyzed the number of accounts by meter size and the amount of total consumption by customer class. This method allows the City to be more precise in estimating utility revenues. It should be noted that these revenue estimates are highly dependent upon customer demand which are influenced by general economic conditions and the weather.

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

Gross Water Sales	
FY 2023 – projected	\$ 3,114,202
FY 2022	\$ 3,217,017
FY 2021	\$ 2,829,285
FY 2020	\$ 2,565,528
FY 2019	\$ 2,633,930
FY 2018	\$ 2,952,983
FY 2017	\$ 2,859,710
FY 2016	\$ 2,743,645
FY 2015	\$ 2,640,472
FY 2014	\$ 2,534,007
FY 2013	\$ 2,701,104
FY 2012	\$ 2,276,832
FY 2011	\$ 2,418,146
FY 2010	\$ 2,252,937

Table 3 – Annual Water Sales

### **COST ALLOCATION**

Each year the City updates the cost allocation study for the two main Utility Fund activity centers and how costs compare to the revenue derived from each individual function. 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 an industrial sewer customer. Therefore, the large water bill they pay does not have the corresponding sewer fee. However, the profit margin from the large bill subsidizes the remainder of the system, reducing the cost burden on residential customers.

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

Prime Account	Non Departmental	Water Production	Water Distribution	Public Works	TOTAL
Personnel	-	611,700	240,450	161,230	1,013,380
Supplies	7,250	368,350	9,000	3,970	388,570
Contractual	23,925	151,490	38,810	38,990	253,215
Utilities		295,500	2,200	8,1670	305,870
Sundry	16,300	14,500	1,750	1,200	33,750
Maintenance		119,700	89,450	7,970	217,120
Capital		30,000	5,000	-	35,000
Fund Transfers	613,075				613,075
TOTAL	660,550	1,591,240	386,660	221,538	2,859,980

FY 2024 Estimate Water Revenues	(3,209,000)
Other Revenue	(76,550)
Total Allocated Water Revenue	(3,285,550)
Revenues (Over)/Under Expenditures	(425,570)

Prime Account	Non Departmental	Sewer Collection	Sewer Treatment	Public Works	TOTAL
Personnel	-	174,450	267,650	80,610	522,710
Supplies	7,250	5,100	100,400	1,985	114,735
Contractual	23,925	34,600	211,560	19,495	289,580
Utilities		36,200	91,000	4,085	131,285
Sundry	16,300	1,000	20,500	600	38,400
Maintenance		48,400	107,300	3,985	159,685
Capital		-	-	-	-
Fund Transfers	360,725				360,725
TOTAL	408,200	299,750	798,410	110,769	1,617,120

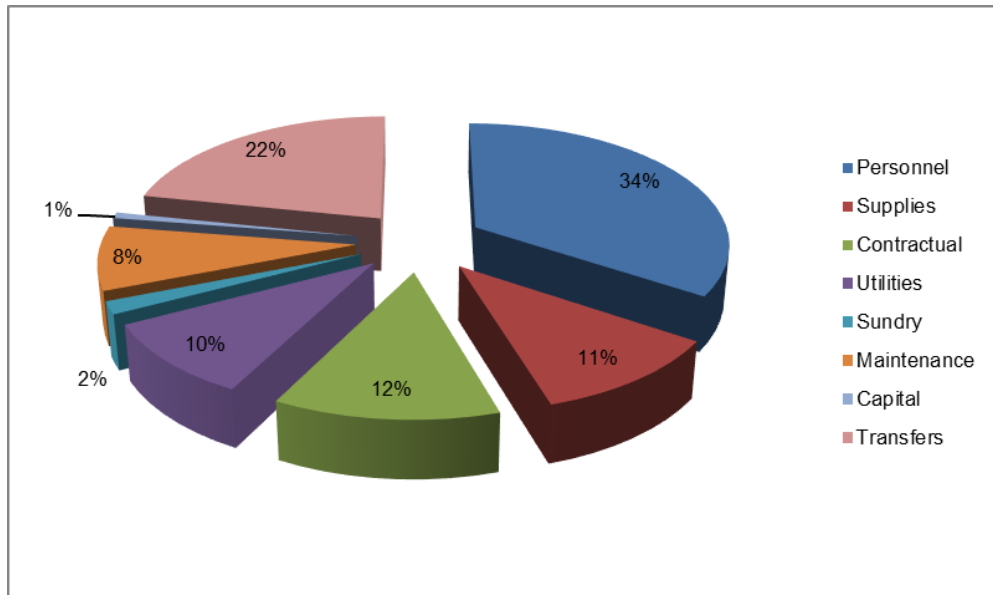
FY 2024 Estimate Sewer Revenues	(1,115,000)
Other Revenue	(76,550)
Total Allocated Sewer Revenue	(1,191,550)
Revenues (Over)/Under Expenditures	425,570

These estimates exemplify that operational expenses are now segregated to ensure sewer is self-sustaining. This does not however, indicate that the debt associated with each utility operation is completely supported by the corresponding revenues. Building the debt component will be the final aspect of ensuring that appropriate revenues are supporting the entirety of each utility function and generates the current disparity between the distinct operations.

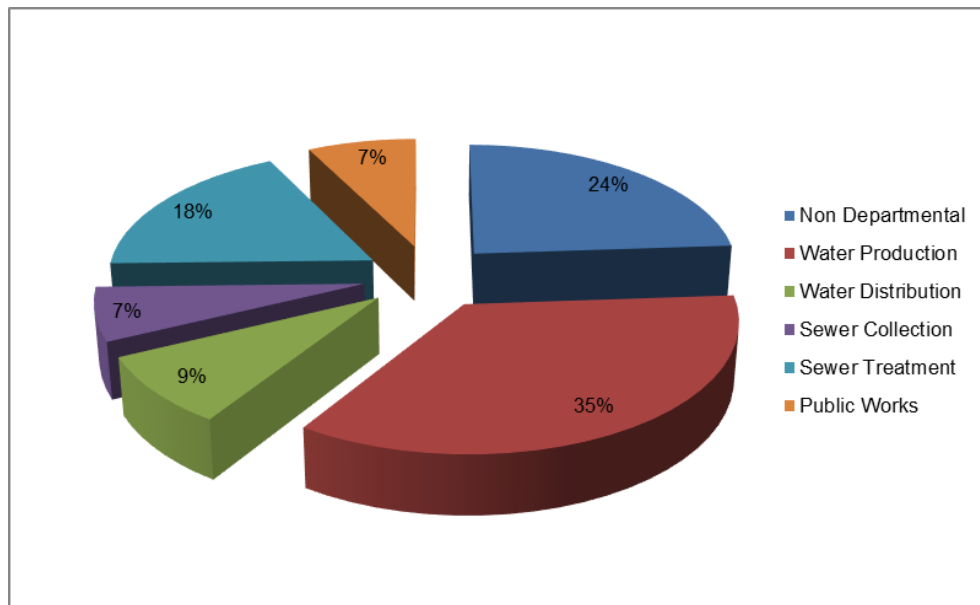
## **UTILITY FUND EXPENDITURES**

This budget includes increases in operational department budgets relating to personnel services for enhanced compensation including a 3% COLA pay scale increase and funding for annual merit raise tied to annual evaluations. All other notable items are specifically listed on each department's page.

### **FY 2024 Budget – Utility Expenditures by Prime Account**



### **FY 2024 Budget – Utility Expenditures by Department**







## FY 2023 BUDGET UTILITY FUND SUMMARY

### Revenues

REVENUES	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Water	2,829,285	3,217,017	2,970,000	3,114,202	3,209,000
Sewer	993,574	1,105,317	1,030,000	1,116,500	1,115,000
Miscellaneous	321	44,112	3,450	18,180	3,700
Interest	5,546	13,024	8,200	72,650	51,000
Tap Fees & Charges	97,321	101,064	85,350	96,800	98,400
Transfers					
<b>TOTAL</b>	<b>3,926,047</b>	<b>4,480,533</b>	<b>4,097,000</b>	<b>4,418,332</b>	<b>4,477,100</b>

### Expenditures

Non Departmental	1,061,618	1,154,961	1,048,100	1,070,270	1,068,750
Water Production	1,110,613	1,387,950	1,493,250	1,565,005	1,591,240
Water Distribution	395,831	319,399	356,500	356,185	386,660
Sewer Collection	243,685	207,286	221,100	248,250	299,750
Sewer Treatment	681,100	703,469	668,150	858,565	798,410
Public Works	255,451	274,225	309,900	316,210	332,290
<b>TOTAL</b>	<b>3,748,297</b>	<b>4,047,291</b>	<b>4,097,000</b>	<b>4,414,485</b>	<b>4,477,100</b>
Personnel	1,174,385	1,250,659	1,367,900	1,363,920	1,536,100
Supplies	354,411	512,956	384,650	539,825	503,300
Contractual	436,380	409,507	456,200	523,290	542,800
Utilities	332,901	374,414	364,400	438,750	437,150
Sundry	52,219	65,958	67,200	73,400	72,150
Maintenance	379,885	346,934	348,950	410,600	376,800
Capital	12,274	-	140,000	90,100	35,000
Fund Transfer	1,005,842	1,086,864	967,700	974,600	973,800
<b>TOTAL</b>	<b>3,748,297</b>	<b>4,047,291</b>	<b>4,097,000</b>	<b>4,414,485</b>	<b>4,477,100</b>



## FY 2024 BUDGET REVENUE DETAIL

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Water - City Accounts					
Water Residential	717,736	710,895	720,000	717,500	739,000
Water Bulk	1,891	2,076	2,500	2,200	2,500
Water Misc. Commercial	369,352	459,872	417,500	441,500	455,000
Water Construction	-	1,833		1,500	1,500
Poultry Processing	1,564,688	1,854,334	1,650,000	1,774,500	1,828,000
Rural Water	13,075	23,721	20,000	12,500	13,000
Industrial Plants	10,740	10,740	10,000	10,500	11,000
Outside City Limits	151,803	153,547	150,000	154,000	159,000
<b>Water</b>	<b>2,829,285</b>	<b>3,217,017</b>	<b>2,970,000</b>	<b>3,114,202</b>	<b>3,209,000</b>
Sewer Billed Charges	992,682	1,034,311	1,025,000	1,034,000	1,065,000
Contractual Disposal	892	71,006	5,000	82,500	50,000
<b>Sewer</b>	<b>993,574</b>	<b>1,105,317</b>	<b>1,030,000</b>	<b>1,116,500</b>	<b>1,115,000</b>
Returned Check	780	875	500	500	500
Insurance Claims	-	-		13,255	
Workers Comp Discount	(1,905)	(611)		-	
Other	102	35,702		-	
Vending Machine		100		1,200	
Surplus Equipment	-	-			
DETEC Capital Credit					
Special Project Revenue	-	-			
Utility Contractor Dmg		4,717		500	500
Lake Pinkston Leases		542	550	550	500
Mineral Rights	1,344	2,788	2,400	2,175	2,200
<b>Miscellaneous</b>	<b>321</b>	<b>44,112</b>	<b>3,450</b>	<b>18,180</b>	<b>3,700</b>
Interest Water Fund	5,413	11,497	7,500	64,650	45,000
Interest Water Refund	134	1,526	700	8,000	6,000
<b>Interest</b>	<b>5,546</b>	<b>13,024</b>	<b>8,200</b>	<b>72,650</b>	<b>51,000</b>
Administrative Fees	5,770	5,380	5,000	6,000	6,000
10% Penalty	49,841	44,059	45,000	52,500	52,500
10% Penalty A/R					
Reconnection Fee	22,600	27,475	22,000	25,500	25,000
Plumbing Permits	7,035	5,575	6,000	6,000	6,000
Plumbing Inspection	270	175	100	150	100
After Hours Call Out	275	450	250	200	300
Meter Tampering	305	880	250	-	250
Water Taps	4,525	10,480	4,000	3,500	4,500
Sewer Taps	1,200	2,500	1,250	950	1,250
Meter Set Fee	5,500	4,090	1,500	2,000	2,500
<b>Tap Fees &amp; Charges</b>	<b>97,321</b>	<b>101,064</b>	<b>85,350</b>	<b>96,800</b>	<b>98,400</b>
Interfund Transfer					
Transfers					
<b>TOTAL</b>	<b>3,926,047</b>	<b>4,480,533</b>	<b>4,097,000</b>	<b>4,418,332</b>	<b>4,477,100</b>



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## **FY 2024 BUDGET WATER PRODUCTION - #636**

To provide an adequate supply of treated water for the City of Center residents and businesses that meets all federal and state regulations, in the most efficient manner possible

### **DESCRIPTION**

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

### **FY 2023 ACCOMPLISHMENTS**

- Zero water treatment violations
- Pinkston TCEQ inspection of lagoon noted Zero violations, deficiencies or areas of concern
- Maintenance and repair of elevated and ground storage water tanks
- Refinement of treatment processes at Mill Creek plant
- Annual Lagoon maintenance and Sludge Removal Projects at plants
- Major Capital Projects
  - Completed Construction of 250K Gallon Elevated Storage Tank at Hwy 7/Loop 500
  - Initiated Pilot Studies for Water Treatment at Aiken Plant
  - Began Sampling Program for Water Reuse Treatment

### **FY 2024 GOALS**

- Coordinate Aiken Plant Reconstruction Pilot Study Data and Renovation Project Development
- Explore Manganese reduction alternatives and options
- Continue lagoon sludge removal program
- Improve Operator training and certification levels

### **DEPARTMENT STAFFING**

Title	Current Staffing
Chief Operator	1
Operator II	2
Operator I	5
Operator Trainee	3
Total	10



## FY 2024 BUDGET WATER PRODUCTION

### DEPARTMENT SUMMARY

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Personnel	351,157	468,213	539,700	554,450	611,700
Supplies	237,389	381,387	277,400	354,825	368,350
Contractual	171,062	77,532	145,900	138,480	151,490
Utilities	210,360	261,196	240,000	295,150	295,500
Sundry	12,802	17,933	15,500	17,050	14,500
Maintenance	115,568	181,690	134,750	114,950	119,700
Capital	12,274	-	140,000	90,100	30,000
<b>TOTAL</b>	<b>1,110,613</b>	<b>1,387,950</b>	<b>1,493,250</b>	<b>1,565,005</b>	<b>1,591,240</b>

### PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	YTD FY 2023
Total Gallons of Treated Water Produced – billion gallons	1.143	1.09	1.106	1.076	1.199	1.298	1.107	0.71
TCEQ Violations	1	2	0	0	0	0	0	0
<b>Treatment Plant Capacity</b>								
Mill Creek	1.4 mgd	1.4 mgd	1.5 mgd	1.5 mgd	1.5 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	4.0 mgd	4.0 mgd	4.0 mgd
Storage Tank Capacity – million gallons	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.50
Average Cost to Treat 1,000 gallons	\$0.66	\$0.69	\$0.71	\$0.78	\$0.69	\$0.62	\$0.69	\$0.73

### HIGHLIGHTS – FY 2024 Amended Budget Change From FY 2023 Estimate

- Personnel Services: Personnel increases from vacant positions in FY 22/FY23 (\$62,650)
- Contractual: Increase in Vehicle Lease – VRF (\$2,800) and Mowing (\$5,000); Reduction in Technology Fund (\$6,100)
- Capital: Increase in Plant (\$30,000) to replace backwash/flow meters



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## **FY 2024 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 2023 ACCOMPLISHMENTS**

- Continued electronic meter replacement program and monitoring
- Performed numerous water leak repairs, including the 18" water line
- Expanded system testing and monitoring, with automatic flushing assemblies and test sites
- Zero water distribution violations

### **FY 2024 GOALS**

- Inventory and repair/replace non-operating fire hydrants
- Maintain current infrastructure and replacement of aging mains & service lines
- Acquire "hot tap" valve installation assembly
- Increase staff development and training on equipment and tools
- Obtain leak detection sonar equipment and pneumatic pipe cutting tool

### **DEPARTMENT STAFFING**

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



## FY 2024 BUDGET WATER DISTRIBUTION

### DEPARTMENT SUMMARY

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
Personnel	249,788	200,807	225,650	229,060	240,450
Supplies	14,110	9,194	9,600	7,450	9,000
Contractual	15,120	18,605	24,200	39,720	38,810
Utilities	1,677	1,373	2,500	1,750	2,200
Sundry	1,406	1,179	2,000	1,555	1,750
Maintenance	113,730	88,242	92,550	76,650	89,450
Capital	-	-	-	-	5,000
<b>TOTAL</b>	<b>395,831</b>	<b>319,399</b>	<b>356,500</b>	<b>356,185</b>	<b>386,660</b>

### PERFORMANCE MEASURES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	YTD FY 2023
Miles of water lines maintained	94	96	96	96	96	97	97	97
Number of fire hydrants	294	296	296	296	296	296	297	297

### HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate

- Contractual: Increases in Vehicle Lease (\$17,110) for new vac truck and included equipment; Increase Technology Fund allocation (\$1,400) accounting for meter reading equipment
- Maintenance: Increase in Water Meters (\$3,000) and Hydrants (\$5,000)
- Capital: Increase on Equipment (\$5,000) for acquisition of leak detection system



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**FY 2024 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 2023 ACCOMPLISHMENTS**

- Continued manhole maintenance and rehabilitation program
  - Pine Terrace project replaced two fiberglass manholes with one primary manhole
- Replacement of Vac-Truck – reinstituting cleaning operations and repairs with minimized excavation
- Installation program of service clean-outs for line maintenance
- Expansion of Manhole repair and replacement program
- Increased right of way maintenance and mowing allowing more routine inspection

**FY 2024 GOALS**

- Staff training and development to increase certified personnel and equipment proficiency
- Identify and replace aged and particularly brick manholes
- Expand system physical inspection program and documentation
- Expansion of right of way clearing and inspection with use of acquired mulcher unit

**DEPARTMENT STAFFING**

Title	Current Staffing
Sewer Maintenance	3
Heavy Equipment Operator – Vac Truck	0
Total	3



**FY 2024 BUDGET  
SEWER COLLECTION**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	171,600	145,911	121,850	101,150	174,450
Supplies	4,922	5,130	5,950	4,500	5,100
Contractual	11,680	12,732	13,200	33,800	34,600
Utilities	32,248	29,412	30,400	36,800	36,200
Sundry	318	383	1,000	400	1,000
Maintenance	22,917	13,718	48,700	71,600	48,400
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>243,685</b>	<b>207,286</b>	<b>221,100</b>	<b>248,250</b>	<b>299,750</b>

**PERFORMANCE MEASURES**

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Miles of sewer line maintained	75	75	75	75	75	81	81	81
Number of lift stations	14	14	8	8	8	8	8	8

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Reinstatement of former third position (\$49,181)
- Supplies: Increase in Chemicals (\$500)
- Contractual: Increase in Vehicle Lease – Vac Truck and other mobile equipment (\$23,860); Decrease in Technology Fund allocation (\$400)
- Maintenance: Decrease in Manholes (\$24,950)





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**FY 2024 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 2023 ACCOMPLISHMENTS**

- Enhanced repairs of treatment orbital basin and air blowers minimizing maintenance costs
- Monitored overall electricity consumption via solar power system
- Met discharge parameters and had no exceedances of specific permit limits
- Minimal (4) exceedances of peak flow parameters
- Initiated aggressive oil, fats, & grease reduction with chemical oxidation and mechanical removal with Vac Truck

**FY 2024 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 2024 BUDGET  
SEWER TREATMENT**

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	235,943	241,587	259,150	257,810	267,650
Supplies	75,490	91,940	73,700	145,100	100,400
Contractual	169,758	235,061	177,300	208,830	211,560
Utilities	76,797	71,507	78,500	92,900	91,000
Sundry	21,519	21,298	21,500	20,125	20,500
Maintenance	101,592	42,076	58,000	133,800	107,300
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>681,100</b>	<b>703,469</b>	<b>668,150</b>	<b>858,565</b>	<b>798,410</b>

**PERFORMANCE MEASURES**

						<b>YTD</b>
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Wastewater Treated – million gallons	400	397	434	400	363	339
Sludge Disposed – cubic yards	1,175	1,040	1,020	1,000	1,200	1,200
Permitted Plant Capacity	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd
Average Plant Discharge	1.10 mgd	1.08 mgd	1.19 mgd	1.10 mgd	1.025 mgd	1.12 mgd

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Increases for personnel adjustments and temp vacancy (\$16,840)
- Supplies: Decrease Chemical (\$45,000)
- Contractual: Increase in Sludge Disposal (\$5,000), and Vehicle Lease (\$23,470)
- Maintenance: Decreases in Pumping Equipment (\$43,500) and Equipment (\$12,900) offset against planned maintenance of Noble Lift Station increasing Lift Stations (\$31,500)



**FY 2024 BUDGET  
PUBLIC WORKS ADMINISTRATION - #641**

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

**DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	166,100	193,928	221,550	221,450	241,850
Supplies	6,669	6,032	6,000	7,950	5,950
Contractual	42,224	38,056	52,400	59,010	58,490
Utilities	11,819	10,926	13,000	12,150	12,250
Sundry	2,561	4,076	2,000	2,050	1,800
Maintenance	26,077	21,208	14,950	13,600	11,950
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>255,451</b>	<b>274,225</b>	<b>309,900</b>	<b>316,210</b>	<b>332,290</b>

**DESCRIPTION**

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

**HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Personnel Services: Increases in personnel for compensation and benefit adjustment (\$25,300)
- Contractual: Increases in Vehicle Lease (\$5,720) and Technology Fund allocation (\$5,700)

**DEPARTMENT STAFFING**

<b>Title</b>	<b>Current Staffing</b>
Public Works Director	1
Plumbing Inspector	1
Utility Superintendent	0.5
<b>Total</b>	<b>2.5</b>



## **FY 2024 BUDGET NON-DEPARTMENTAL - #634**

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

### **DEPARTMENT SUMMARY**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Personnel	(203)	214	-	-	-
Supplies	15,831	19,274	12,000	20,000	14,500
Contractual	26,536	27,520	43,200	43,450	47,850
Utilities	-	-	-	-	-
Sundry	13,612	21,089	25,200	32,220	32,600
Maintenance	-	-	-	-	-
Capital	-	-	-	-	-
Fund Transfer	1,005,842	1,086,864	967,700	974,600	973,800
<b>TOTAL</b>	<b>1,061,618</b>	<b>1,154,961</b>	<b>1,048,100</b>	<b>1,070,270</b>	<b>1,068,750</b>

### **DESCRIPTION**

- Pays the postage for all utility bills.
- Pays the utility billing and accounting software.
- Provides funding for the interfund transfers to the General Fund and the Debt Service Fund.

### **HIGHLIGHTS – FY 2024 Proposed Budget Change From FY 2023 Estimate**

- Supplies: Reduction of Office supplies (\$4,750)
- Contractual: Increase in Technology Fund allocation (\$2,900)



**CITY OF CENTER  
FY 2024 BUDGET  
SOLID WASTE FUND**

In 2015, the City Council created the Solid Waste Fund in order to maintain a more accurate accounting of the solid waste program. The mission 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 City's blight removal program.

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Solid Waste Discount Sales	426	(12)	500	500	500
SW Collection - Residential	440,835	463,131	475,000	463,000	476,890
SW Collection - Commercial	1,217,478	1,233,161	1,364,000	1,440,800	1,498,430
Garbage Bag Sales	1,554	1,298	1,500	1,400	1,500
Penalty 10% Misc. A/R					
Misc. Recycling Receivable					
Other				-	
Interest	284	2,754	4,500	17,200	14,800
Total Revenue	1,660,577	1,700,332	1,845,500	1,922,900	1,992,120
<b>Expenditures</b>					
Personnel	-	-	-	-	-
Supplies	-	-	1,000	500	1,000
Contractual	1,379,008	1,519,571	1,633,500	1,705,370	1,783,820
Utilities					
Sundry	8,818	(24)	11,000	5,550	15,000
Maintenance	2,202	1,422	-	-	-
Capital	-	-			
Fund Transfers	200,000	200,000	200,000	200,000	200,000
Total Expenditures	1,590,028	1,720,969	1,845,500	1,911,420	1,999,820
Revenue Over/(Under) Expenditures	70,549	(20,637)	0	11,480	(7,700)
Beginning Fund Balance	431,473	502,022	543,297	481,385	492,865
Ending Fund Balance	502,022	481,385	543,297	492,865	485,165



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## DESCRIPTION

- This department is responsible for the collection and disposal of municipal solid waste generated in Center.
- Currently services include two days per week curbside pickup for all residential and small commercial customers. Commercial dumpsters are provided and service schedule established by customer needs.
- The City Council suspended the recycling program indefinitely in FY 2019 due to changing market conditions for recyclable materials.
- The current contract with Republic Services was extended through July, 2024.
- The FY 2024 budget includes a 3% increase for residential customers and 4% for commercial classes to ensure rates remain in line with the cost of the disposal service agreement and CPI increase presented at 4.0% to contract rates.



**CITY OF CENTER  
FY 2024 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. The fund is evaluated annually for inventory, additions to fleet, inclusion of new assets into the fund and necessary cash infusion to ensure projected fund balances.

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Transfers</b>					
General Fund	-	150,000	-	-	-
Utility Fund	-	75,000	-	-	-
<b>Total</b>	-	225,000	-	-	-
<b>Revenue</b>					
General Fund	95,291	102,303	138,000	178,860	205,980
Utility Fund	58,080	64,181	93,500	165,900	163,560
Surplus Vehicle Sales	-	27,317	7,500	6,650	5,000
Insurance Payments	17,655	-	-	52,100	-
Interest Income	117	760	3,980	15,103	14,160
<b>TOTAL REVENUE</b>	<b>171,143</b>	<b>419,561</b>	<b>242,980</b>	<b>418,613</b>	<b>388,700</b>
<u>Vehicle Purchases</u>					
Police	9,040	93,227	50,000	58,790	189,720
Fire	-	-	-	-	-
Street	99,900	27,427	50,000	50,950	-
Airport	-	-	-	-	-
Parks	-	36,693	-	40,738	51,000
Inspections	-	-	-	-	43,224
Water Production	-	-	-	-	38,930
Water Distribution	-	33,942	-	-	38,590
Sewer Collection	-	-	-	-	41,990
Sewer Treatment	-	-	35,000	38,286	-
Public Works	8,217	31,291	50,000	-	-
<b>Total Purchases</b>	<b>117,157</b>	<b>222,580</b>	<b>185,000</b>	<b>188,764</b>	<b>403,454</b>
Vac Truck	-	18,595	54,350	-	53,596
	-	-	-	-	35,385
<b>Total Leases</b>	-	<b>18,595</b>	<b>54,350</b>	<b>76,836</b>	<b>88,981</b>
<b>TOTAL EXPENSES</b>	<b>117,157</b>	<b>241,175</b>	<b>239,350</b>	<b>265,600</b>	<b>492,435</b>
Beginning Fund Balance	<b>86,770</b>	<b>140,756</b>	<b>397,625</b>	<b>319,142</b>	<b>472,156</b>
Revenues Over/(Under)					
Expenditures	<b>53,986</b>	<b>178,386</b>	<b>3,630</b>	<b>153,014</b>	<b>(103,735)</b>
Ending Fund Balance	<b>140,756</b>	<b>319,142</b>	<b>401,255</b>	<b>472,156</b>	<b>368,421</b>



## Vehicles Purchased through Fund

Vehicle	Department	Vehicle	Department
2017 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.
2022 Chevy 1500 4x4	Public Works	2022 Chevy 1500	Parks & Rec
2022 Tahoe	Police	2022 Tahoe	Police
2022 Chevy Colorado	Water Distribution	2022 Vac Truck	Street/Sewer Coll.
2022 '17 Skid Steer rehab	Street/Public Works		

## Current Purchases – FY 2023

2023 Tahoe (ordered)	Police	2023 Truck	Street
2023 Skid Steer	Street/Public Works	2022 Vac Truck	Street/Sewer Coll.
2023 Mulcher Attachmnt			

## Budgeted Replacement Purchases – FY 2024

Vehicle	Department	Vehicle	Department
2024 Tahoe	Police	2024 Truck – 250/2500	Parks
2024 Tahoe	Police	2024 Truck – 150/1500	Inspection
2024 Truck – 150/1500	Water Treatment	2024 Truck – 150/1500	Water Distribution
2024 Truck – 150/1500	Sewer Collection	2023 Tahoe – delayed delivery from FY23	Police
2025 Tahoe	Police	2025 CID Units (3)	Police
2025 Truck/Car - Admin	Police	ATV/Mule	Parks
2025 Truck 150/1500	Fire	2025 Truck 150/1500	Water Production
2025 Truck 150/1500	Water Distribution	2025 Truck 150/1500	Sewer Treatment
2025 Truck 350/3500	Sewer Collection	2025 Case Loader	Sewer Treatment
2025 Truck 150/1500	Public Works		

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Beginning Fund Balance	\$ 368,421	\$ 129,544	\$ 326,533	\$ 235,161	\$ 347,612	\$ 191,026
TOTAL REVENUE	\$ 455,600	\$ 478,340	\$ 523,850	\$ 546,140	\$ 564,660	\$ 616,887
TOTAL EXPENSES	\$ 694,478	\$ 281,351	\$ 615,222	\$ 433,689	\$ 721,245	\$ 820,296
Ending Fund Balance	\$ 129,544	\$ 326,533	\$ 235,161	\$ 347,612	\$ 191,026	\$ (12,383)





**CITY OF CENTER  
FY 2024 BUDGET  
TECHNOLOGY FUND**

In FY 2017, the Center City Council created the Technology Fund to dedicate funds to ensure sustained technological improvements for City services and projects. At the end of FY 2017, the City supplied the initial dedicated reserves to establish 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. The FY 2024 Budget expands items within this fund to include all broadband access costs and leased equipment.

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Capital Contribution	-	-	-	-	-
Misc.	-	-	-	-	-
Dept Allocation	215,850	215,851	233,900	233,901	250,600
Interest	208	2,570	2,500	11,225	10,300
<b>Total Revenues</b>	<b>216,058</b>	<b>218,421</b>	<b>236,400</b>	<b>245,126</b>	<b>245,126</b>
Personnel	65,715	68,139	74,700	75,450	80,800
Supplies	21,633	4,238	13,250	13,000	15,000
Contractual	58,581	69,235	100,900	97,900	102,900
Sundry	332	409	1,250	700	1,250
Maintenance	-	-	-	-	-
Capital	13,472	2,621	46,300	42,100	49,500
<b>Total Expenditures</b>	<b>159,734</b>	<b>144,641</b>	<b>236,400</b>	<b>229,150</b>	<b>249,450</b>
Beginning Fund Balance	198,818	255,142	243,031	328,922	344,897
Revenues Over/Under Expenses	56,324	73,780	-	15,976	11,450
Ending Fund Balance	255,142	328,922	243,031	344,897	356,347

**The fund is accumulating resources toward replacement of  
certain capital equipment**

PD Software (E-Force) replacement/renewal	\$300,000
PD tablets and other equipment	\$50,000
PD phone system	\$25,000
PD server replacement	\$30,000
PD phone recording system	\$35,000
City Hall servers	\$40,000
City Hall phone system	\$25,000
<b>Total</b>	<b>\$530,000</b>



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**CITY OF CENTER  
FY 2024 BUDGET  
HOTEL/MOTEL FUND**

**HOTEL OCCUPANCY TAX**

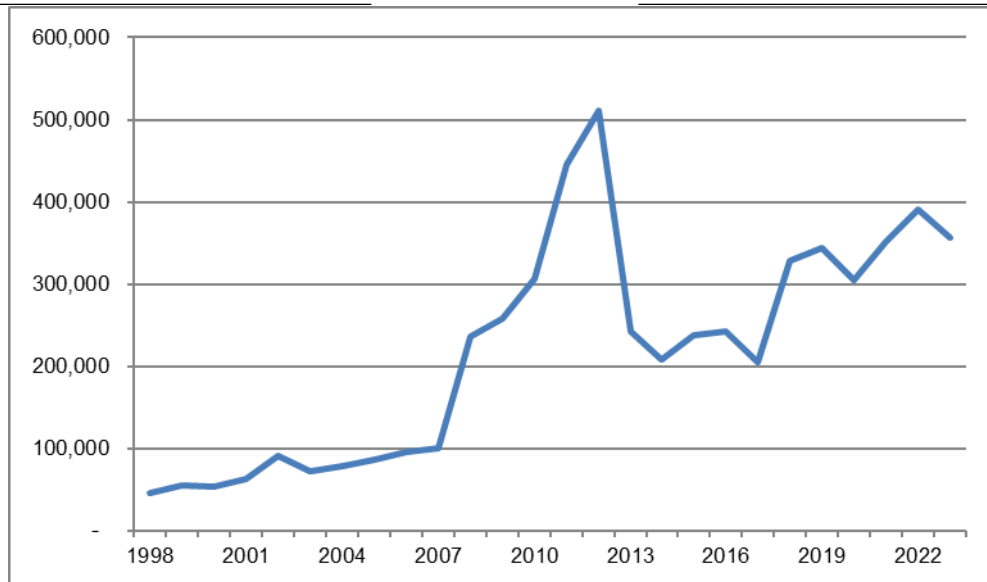
The City collects a 7% Hotel Occupancy Tax when a person rents a room from a hotel located inside of the city limits. The State of Texas collects an additional 6%, making the total tax rate 13%. The expenditures of the Hotel Occupancy Taxes are managed by a City Council-appointed Hotel/Motel Advisory 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 paid the entirety of the facility's debt obligation and greatly subsidizes the facility's annual operational costs. Additionally, the revenues fund some of the operation and maintenance of the Community House. A portion of funding is provided to support community's Poultry Festival which satisfies the community promotion and tourism activities and advertising allowed under category 3. The fund has also contributed toward community beautification projects and attracting state baseball tournaments to the City, also allowed under category 3.

Graph 1 below highlights some history of hotel occupancy tax revenues. Beginning in approximately 2007, major hotel facility construction and oil/gas industry activity, led to rapid increases 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. Current projections and activity indicate continued stable performance and revenue.



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

## HOTEL OCCUPANCY FUND

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
<b>Revenues</b>					
Hotel/Motel Taxes	352,104	391,536	375,000	356,950	367,700
Other		12,508			
Interest Hotel/Motel	940	4,157	5,600	25,500	21,600
<b>Total</b>	<b>353,044</b>	<b>408,201</b>	<b>380,600</b>	<b>382,450</b>	<b>389,300</b>
<b>Expenditures</b>					
Advertising (minimum 1/7th)					
Community Events	3,550	4,350	5,000	4,350	5,000
Membership & Dues	-	-	1,000	1,000	1,000
Chamber of Commerce	1,300	3,300	1,500	1,300	1,500
Community Banners	-	8,040	10,000	1,150	10,000
Other	2,850	-	-	-	-
Sports Event Expenses					
Baseball Tournaments	20,000	27,000	25,000	44,000	30,000
Tourism Signage					
Arts & Historic Preservation					
Historic District Lights	25,524	16,904	5,000	4,600	5,000
Historic Preservation	-	-	-	-	-
Civic Facilities					
Civic Center Rehab	-	-	75,000	62,350	-
Civic Center Ops	80,000	90,000	100,000	100,000	100,000
Community House Ops	5,000	5,000	10,000	10,000	10,000
Transfer - Civic Center Debt	142,000	143,000	-	-	-
<b>Total</b>	<b>280,224</b>	<b>297,594</b>	<b>232,500</b>	<b>228,750</b>	<b>162,500</b>
<b>Beginning Fund Balance</b>	<b>381,365</b>	<b>454,185</b>	<b>555,745</b>	<b>564,792</b>	<b>718,492</b>
<b>Revenue Over/(Under)</b>	<b>72,820</b>	<b>110,607</b>	<b>148,100</b>	<b>153,700</b>	<b>226,800</b>
<b>Expenditures</b>					
<b>Ending Fund Balance</b>	<b>454,185</b>	<b>564,792</b>	<b>703,845</b>	<b>718,492</b>	<b>945,292</b>



**CITY OF CENTER  
FY 2024 BUDGET  
RECREATION FUND**

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

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>REVENUE</b>					
Registration	69,862	59,378	69,000	53,979	55,500
Event Proceeds	25,807	21,521	25,000	27,200	25,000
Concessions	21,225	28,017	-	677	-
Gate	3,789	4,515	4,500	1,880	4,500
Advertising	16,153	12,490	16,600	13,850	16,600
Merchandise	-	-	-	-	-
Donations	1,281	-	2,000	-	-
Transfers (From General)	7,000	7,150	4,700	-	-
<b>TOTAL</b>	<b>145,117</b>	<b>133,071</b>	<b>121,800</b>	<b>97,586</b>	<b>101,600</b>
<b>EXPENDITURES</b>					
Personnel	81,421	54,675	65,510	46,000	59,150
Supplies	50,192	53,339	45,400	37,127	45,400
Contractual	8,880	16,331	7,700	7,625	7,950
Utilities	-	-	-	-	-
Sundry	1,600	1,824	2,500	2,055	2,500
Maintenance	1,426	4,036	3,100	2,680	2,600
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>143,520</b>	<b>130,205</b>	<b>124,210</b>	<b>95,487</b>	<b>117,600</b>
Beginning Fund Balance	(7,692)	(6,095)	1,175	(3,229)	(1,130)
Revenues Over/(Under) Expenditures	1,597	2,867	(2,410)	2,099	(16,000)
Ending Fund Balance	(6,095)	(3,229)	(1,235)	(1,130)	(17,130)

**PERFORMANCE MEASUREMENTS**

<b>Number of Participants</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>YTD FY 2023</b>
Baseball	288	245	251	255	237	199	199	178
Soccer (Fall & Spring)	164	300	421	415	362	448	448	371
Football	118	110	112	115	94	113	113	102
Basketball	166	197	204	192	194	171	171	125
Softball	171	162	174	167	131	125	125	103



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**CITY OF CENTER  
FY 2024 BUDGET  
PARK FUND**

In 2014, the City Council established a Park Fund to properly account for park-specific grants and donations, and funding is 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 Amateur 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. The project funding was developed to use this fund to transfer a portion of those donations to the Debt Fund for payments against the 2016 CO's.

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Grants	-	143,281	1,000	16,719	1,000
Donations/Pledges	59,000	56,000	58,250	58,250	8,250
Interest	228	70	300	1,400	500
<b>Total Revenue</b>	<b>59,228</b>	<b>199,351</b>	<b>59,550</b>	<b>76,369</b>	<b>9,750</b>
<b>Expenditures</b>					
Maintenance	5,625	-			
Other				-	
Ballard St. Soccer Complex	31,363	-		-	
Project Engineering	10,943	8,631		-	
Perry Sampson Park	35,106	353,854		2,585	
Transfer to Debt Service	55,000	-	-	50,000	-
<b>Total Expenditures</b>	<b>138,037</b>	<b>362,485</b>	<b>-</b>	<b>52,585</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>213,991</b>	<b>135,182</b>	<b>(53,652)</b>	<b>(27,952)</b>	<b>(4,168)</b>
<b>Revenues Over/(Under) Expenditures</b>	<b>(78,809)</b>	<b>(163,134)</b>	<b>59,550</b>	<b>23,784</b>	<b>9,750</b>
<b>Ending Fund Balance</b>	<b>135,182</b>	<b>(27,952)</b>	<b>5,898</b>	<b>(4,168)</b>	<b>5,582</b>

The Fund established a dedicated portion for the completion of the Perry Sampson Park renovation project (\$75,000) and transformation of Community Park into the new Ballard Street Soccer Complex. In 2019, the Center Rotary and Lions Clubs made donations towards the Soccer Complex in addition to a grant from the Harris Foundation. In 2020, the City 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 award of a Local Park Grant from Texas Parks & Wildlife of \$150,000 to equal the local funds from the City (\$75,000) and pledged Community Donations ultimately contributed by Tyson Foods. As local pledges did not materialize, the ultimate project budget exceeded available funds. The Perry Sampson Park Renovation project was completed in FY 2022 and included additional expenditures for replacement of the outdated restrooms and fencing replacement. Revenue, inclusive of all donations anticipated was insufficient to project costs allocated from the Park Fund creating a temporary deficit. Upon completion of these designated projects, the Fund will improve fund balances enabling the resumption of distributions toward debt obligations. Additionally, Council delayed Portacool Park annual installment payments for FY 24 and FY 25.



### **Perry Sampson Park Project**

#### **Revenues/Sources of Funds \*\***

Texas Parks and Wildlife Grant	150,000
City of Center Match	115,000
Donations/Pledges	5,000
Tyson Foods Contribution	75,000
Project Deficit – from Park Fund	46,465
<b>Total</b>	<b>345,000</b>

#### **Expenditures**

General Construction (Basketball Court Rehab & Cover, Pavilion rehab, Playground, Sidewalks & Site)	253,705
Electrical	26,245
Misc. Signage	4,850
Playground Equipment & Safety Surface	28,965
Site Amenities & Tree Removal	12,025
Site Fencing & Paint	9,475
Design and Engineering	31,700
Features (Street Sign, Stone Columns & Portal Sign)	9,275
Restroom (New Installation & Demo)	15,225
Additional Fencing Replacement (Tree Damages and Tree Removal)	10,275
<b>TOTAL</b>	<b>401,740</b>

Project Balance/(Deficit) (56,740)

#### **Items to be scheduled**

Parking Improvements TBD

### **Ballard Street Soccer Complex**

#### **Revenues/Sources of Funds**

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
<b>Total</b>	<b>330,100</b>

#### **Expenditures**

Survey	5,700
Design	23,593
Demolition	6,900
Dirt Work	27,500
Boom Rental	2,500
Soccer Field Equipment	19,237
White Electric	90,820
Irrigation	25,100
Concession Building	118,100
Park Entrance	7,739
<b>TOTAL</b>	<b>327,189</b>

Project Balance/(Deficit) 2,911

#### **Items to be scheduled**

Parking Improvements TBD

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





**FY 2024 BUDGET  
LAW ENFORCEMENT SPECIAL FUNDS**

The City is authorized by State Law to collect state fee, local court costs and fines. Local costs are operated in four, independent Funds. Finally, State law requires maintaining proceeds from seizures in a dedicated fund.

**Court Technology Fund**

The City has purchased municipal court software for court operations integrated with other City financial software, training, computers and other technology equipment.

<b>Court Technology Fund (27)</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Fines & Fees	6,450	3,668	3,750	3,500	3,500
Other					
Interest	19	199	240	1,000	830
<b>Total</b>	<b>6,469</b>	<b>3,867</b>	<b>3,990</b>	<b>4,500</b>	<b>4,330</b>
<b>Expenditures</b>					
Other	1,343	600	3,320	3,320	3,320
Transfer	-	-	-	-	-
<b>Total</b>	<b>1,343</b>	<b>600</b>	<b>3,320</b>	<b>3,320</b>	<b>3,320</b>
<b>Beginning Fund Balance</b>	<b>17,943</b>	<b>23,069</b>	<b>23,824</b>	<b>26,336</b>	<b>27,516</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>5,126</b>	<b>3,267</b>	<b>670</b>	<b>1,180</b>	<b>1,010</b>
<b>Ending Fund Balance</b>	<b>23,069</b>	<b>26,336</b>	<b>24,494</b>	<b>27,516</b>	<b>28,526</b>

**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.

<b>Court Building Security Fund (57)</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Fines & Fees	8,948	4,983	5,000	4,000	4,000
Other					
Interest	18	220	300	1,200	1,000
<b>Total</b>	<b>8,966</b>	<b>5,203</b>	<b>5,300</b>	<b>5,200</b>	<b>5,000</b>
<b>Expenditures</b>					
Other	176	-	2,000	2,000	2,000
Transfer	-	-	-	-	-
<b>Total</b>	<b>176</b>	<b>-</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Beginning Fund Balance</b>	<b>16,168</b>	<b>24,958</b>	<b>30,033</b>	<b>30,161</b>	<b>33,361</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>8,790</b>	<b>5,203</b>	<b>3,300</b>	<b>3,200</b>	<b>3,000</b>
<b>Ending Fund Balance</b>	<b>24,958</b>	<b>30,161</b>	<b>33,333</b>	<b>33,361</b>	<b>36,361</b>



### **Jury Fund**

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

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
<b>Court Jury Fund (54)</b>					
<b>Revenues</b>					
Fines & Fees	149	99	100	75	100
Other					
Interest	-	-	-	-	-
<b>Total</b>	<b>149</b>	<b>99</b>	<b>100</b>	<b>75</b>	<b>100</b>
<b>Expenditures</b>					
Other	-	-	-	-	-
Transfer	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>-</b>	<b>149</b>	<b>224</b>	<b>248</b>	<b>323</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>149</b>	<b>99</b>	<b>100</b>	<b>75</b>	<b>100</b>
<b>Ending Fund Balance</b>	<b>149</b>	<b>248</b>	<b>324</b>	<b>323</b>	<b>423</b>

### **Court Truancy Fund**

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

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2024 Proposed
<b>Court Truancy Fund (55)</b>					
<b>Revenues</b>					
Fines & Fees	7,459	4,938	5,000	3,500	4,000
Other					
Interest	-	83	100	400	500
<b>Total</b>	<b>7,459</b>	<b>5,021</b>	<b>5,100</b>	<b>3,900</b>	<b>4,500</b>
<b>Expenditures</b>					
Other	-	-	-	-	-
Transfer	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>-</b>	<b>7,459</b>	<b>12,284</b>	<b>12,480</b>	<b>16,380</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>7,459</b>	<b>5,021</b>	<b>5,100</b>	<b>3,900</b>	<b>4,500</b>
<b>Ending Fund Balance</b>	<b>7,459</b>	<b>12,480</b>	<b>17,384</b>	<b>16,380</b>	<b>20,880</b>



### **Seizure Fund**

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

<b>Seizure/Forfeiture Fund (58)</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Fines & Fees	0	-	-	-	-
Other	1,199	0	1,000	5,660	1,000
Interest	20	127	200	650	600
<b>Total</b>	<b>1,219</b>	<b>127</b>	<b>1,200</b>	<b>6,310</b>	<b>1,600</b>
<b>Expenditures</b>					
Other	1,050	401	1,000	1,000	1,000
Transfer	-	-	-	-	-
<b>Total</b>	<b>1,050</b>	<b>401</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Beginning Fund Balance</b>	<b>16,451</b>	<b>16,620</b>	<b>16,245</b>	<b>16,346</b>	<b>21,656</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>169</b>	<b>(274)</b>	<b>200</b>	<b>5,310</b>	<b>600</b>
<b>Ending Fund Balance</b>	<b>16,620</b>	<b>16,346</b>	<b>16,445</b>	<b>21,656</b>	<b>22,256</b>

### **Opioid Fund**

As a result of the State's settlement with drug manufacturers and pharmaceutical distributors, the City was allocated funds to be used in compliance with the settlement and to address drug abuse or rehabilitation. As the program is defined, staff will present alternatives for use of these funds.

<b>Opioid Fund (59)</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Fines & Fees	-	-	-	-	-
Other	-	-	-	18,471	40,367
Interest	-	-	-	125	600
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,596</b>	<b>40,967</b>
<b>Expenditures</b>					
Other	-	-	-	-	5,000
Transfer	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>Beginning Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,596</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,596</b>	<b>35,967</b>
<b>Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,596</b>	<b>54,563</b>



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**FY 2024 BUDGET  
PERMANENT FUND**

**FUND NARRATIVE**

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

**ANIMAL WELFARE FUND**

In FY 2015, the City accepted the fiduciary responsibility of holding monies to be used for a future animal shelter project at the request of the former Shelby County Pet and Animal Welfare Society (PAWS). The City placed the \$40,000 corpus in a separate CD and the interest is booked towards a future project. Ordinance 2014-14 established this independent account and defines allowable uses, with an allocation noted this year for potential spay/neuter program being developed by a local non-profit.

**ANIMAL WELFARE FUND**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Donations	0	63	0	0	0
Other					
Interest	297	108	1,290	950	1,320
<b>Total</b>	<b>297</b>	<b>171</b>	<b>1,290</b>	<b>950</b>	<b>1,320</b>
<b>Expenditures</b>					
Other	-	-	-	-	2,500
Transfer	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>42,552</b>	<b>42,849</b>	<b>43,020</b>	<b>43,020</b>	<b>43,970</b>
<b>Revenue Over/(Under)</b>	<b>297</b>	<b>171</b>	<b>1,290</b>	<b>950</b>	<b>(1,180)</b>
<b>Expenditures</b>					
<b>Ending Fund Balance</b>	<b>42,849</b>	<b>43,020</b>	<b>44,310</b>	<b>43,970</b>	<b>42,790</b>

Funds are appropriated this year in response to a request by a local animal welfare association to provide partial funding toward a spay/neuter financial assistance program.



## CEMETERY ENDOWMENT FUND

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

## **FAIRVIEW CEMETERY FUND**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenues</b>					
Donations	0	200	0	0	0
Other					
Interest	121	890	1,180	3,775	3,670
<b>Total</b>	<b>121</b>	<b>1,090</b>	<b>1,180</b>	<b>3,775</b>	<b>3,670</b>
<b>Expenditures</b>					
Other	9,060	1,500	-	-	-
Transfer	-	-	-	-	-
<b>Total</b>	<b>9,060</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>127,809</b>	<b>118,870</b>	<b>117,770</b>	<b>118,460</b>	<b>122,235</b>
<b>Revenue Over/(Under)</b>	<b>(8,939)</b>	<b>(410)</b>	<b>1,180</b>	<b>3,775</b>	<b>3,670</b>
<b>Expenditures</b>					
<b>Ending Fund Balance</b>	<b>118,870</b>	<b>118,460</b>	<b>118,950</b>	<b>122,235</b>	<b>125,905</b>



**CITY OF CENTER  
FY 2024 BUDGET  
CAPITAL IMPROVEMENT PROGRAM**

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

This section will describe the assorted revenue streams that have funded the CIP. These include bond funds, grant monies, local tax dollars, and contributions from the community. Information about each of the 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**

<b>Project</b>	<b>Year Completed</b>	<b>Funding Source</b>
Community House Renovation	2013	2011 CO's
Ladder Truck	2012	2011 CO's
Mini-Park Renovation	2012	2011 CO's
City Hall Expansion	2013	2011 CO's
Softball Complex & Center Park Playground	2013	2011 CO's & 2014 Tax Notes
Hike & Bike Connectivity Trails	2012	TxDOT STEP Grant
Airport Weather Observation System (AWOS)	2013	TxDOT Grant & Donations
Downtown Streetscape Master Plan	2012	2011 CO's
Loop 500 Lift Station Elimination	2013	4A EDC & Local Funds
Lakewood Sewer	2014	2014 Tax Notes & Local Funds
Downtown Sidewalk Extensions	2015	TDA Grant & Local Funds
Airport CIP: runway lighting, drainage, pavement	2017	2016 CO's; TxDOT CIP
Portacool Park expansion	2017	2016 CO's; TPWD Grant; Donation
WWTP Solar Project	2017	CFE Grant & Utility Fund match
WWTP Rehab Project	2018	2016 CO's
Southside Sewer System	2018	2012 CO's & 2016 CO's
Police Technology Enhancement	2018	CJD Grant & 2017 debt issue
Airport Taxiway D and Runway Resurfacing	2020	2016 CO's, TxDOT CIP; Donations
US 96 Sewer Line	2020	2019 CO's
Henrietta Tank Rehab	2019	2019 CO's
Pinkston Plant Filter Rehab and Lagoon	2020	2019 CO's
Downtown Renewal Project	2020	2019 CO's
Downtown Revitalization – Phase II	2021	2019 CO's & TDA Grant
South Loop Elevated Storage Tank	2022	2019 CO's, TCDP Grant & ARPA

**Historical 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. All projects completed.

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. Project completed.



2014 Tax Notes – The City needed to issue additional debt to fund projects originally funded from the FY 2012-2014 CIP. All projects completed.

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. Project completed.

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. All projects completed.

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. Project completed.

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. Project completed.

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. Finally, a third local park grant was obtained to renovate Perry Sampson Park. Projects completed.

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. Toward the Completion of the Perry Sampson Park renovation, Tyson Foods contributed \$75,000 and Republic Services donated \$5,000. All donations and pledges are accounted in the Park Fund, see [Pg 143](#).

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**

### **Water Capacity – Aiken Plant Rehabilitation**

Council has established priorities for the remaining 2019 CO's dedicated for Utility Activities to project development, preliminary engineering design and pilot treatment studies to develop construction plans for major renovation of the Aiken Water Treatment Plant. This does not include resources and funding for construction. This project will be prepared for bond issuance for funding and approval to proceed to construction phase in FY 2024.

Council Goal E. Objective 5.1

Operating Impact:

Reduced Treatment Costs

### **Water Capacity – Industrial Reuse Project**

Council has established priorities for the remaining 2019 CO's dedicated for Utility Activities to project development, engineering, permitting, and water quality testing required for development of required submittals to TCEQ for the treatment of discharge wastewater for industrial reuse. This does not include



resources and funding toward construction. This project will be prepared for approval of submittal to TCEQ in FY 2024 and subsequent authorization of bond issuance to proceed with construction.  
Council Goal E. Objective 5.3 Operating Impact: Undetermined

### **Entryway Signage/Beautification**

Council has designated use of remaining 2019 CO's for Governmental Activities toward the installation of two additional entryway signs at Highway 7 East near Center Airport and Highway 94 North near Loop 500, and the planning for improvements of major TXDOT intersections at Hwy 96S/Hwy 7E and Hwy 96N/Hwy 87W. Contracts for design/construction of these improvements will be completed in FY 2024.

### **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 [Pg 156](#) for more information on the street program.

Council Goal E. Objective 5.1 Operating Impact: None

City staff will use FY 2024 to manage ongoing projects and begin to develop future improvements.



Rendering of the Downtown Renewal plan.



## POTENTIAL NEW PROJECTS

Staff maintains an accumulated 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 a project concept. These projects do not have funding identified for implementation.

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

DEPT.	PROJECT	DESCRIPTION	PROJECTED COST	COUNCIL STRATEGIC PLAN
Water	Production Capacity	Replacement/Upgrade of Aiken Plant Treatment Units	5,000,000	Goal E. Objective 1 – Utility Plant Improvements
		New Treatment for Reuse to add system capacity	2,250,000	Goal E. Objective 3 – Long Term Water Needs
Parks	Baseball and Softball Complex Improvements	Install turf at the existing seven fields and make assorted facility improvements	3,500,000	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	250,000	Goal C. Objective 3 - Park Development
Parks	Center trail improvements	Miscellaneous enhancements to Center trail system, including expanded nature trail, widened trail, lighting installation	500,000	Goal C. Objective 3 - Park Development
Police	Police Department remodel	Remodel of Police Station - painting, flooring, etc.	250,000	Goal E. Objective 4 – Public Safety
Civic Center	Foster Hall Flooring	Remodel of Windham Civic Center - new floor treatment for Foster Hall	50,000	Goal C. Objective 2 - Tourism
Street	Drainage System	Drainage System Design and Project(s) to reduce stormwater damage potential integrated with Public Space amenities	1,500,000	Goal E. Objective 2.1 - Drainage Goal C. Objective 3 - Park Development
	Entryway Signs	Installation of 3-5 entryway signs	50,000/ea	Goal C. Objective 1.4 - 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 - Utility Extensions
Public Works	Northside Sewer Project	To install new waste water collection lines to serve the new Loop extension area	3,000,000	



## Governmental projects appropriated for FY 2024

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Estimate	FY 2024 Proposed Budget
<b>Revenues</b>					
Bond Proceeds	0	0	0	0	0
Interest	1,155	568	0	2,900	1,650
Transfer	248,514	0	0	0	0
Donations	0	0	0	0	0
CLFRF/ARPA Grant **	0	0	400,000	0	0
Grant	15,750	329,900	0	(4,400)	0
Total	265,419	330,468	400,000	(1,500)	1,650
<b>Projects</b>					
Community House Remodel	0	0	0	0	0
Downtown Renewal	1,670,765	41,430	0	18,370	0
TDA Downtown Sidewalk	48,222	435,208	0	0	0
Broadband Connectivity **	0	0	400,000	0	0
Airport CIP Match	0	0	0	0	0
Perry Sampson Park	0	0	0	0	0
Ballard Street Park	0	0	0	0	0
Portacool Park	0	0	0	0	0
Entryway Sign	0	0	75,000	0	70,000
Police Technology	0	0	0	0	0
Fire Apparatus	0	0	0	0	0
Total	1,718,987	476,638	475,000	18,370	70,000
<b>Beginning Fund Balance</b>	<b>1,687,955</b>	<b>234,387</b>	<b>84,618</b>	<b>88,217</b>	<b>68,347</b>
<b>Revenues Over/(Under)</b>					
<b>Expenses</b>	<b>(1,453,568)</b>	<b>(146,170)</b>	<b>(75,000)</b>	<b>(19,870)</b>	<b>(68,350)</b>
<b>Ending Fund Balance</b>	<b>234,387</b>	<b>88,217</b>	<b>9,618</b>	<b>68,347</b>	<b>(3)</b>

\*\* The Broadband Connectivity Project expenses were funded directly from General Fund Balance and Council action dedicated all CLFRF/ARPA funding toward Utility Capital Projects.



## Enterprise/Utility projects appropriated for FY 2024

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed Budget</b>
<b>Revenues</b>					
Bond Proceeds	0	0	0	0	0
Interest	926	5,305	2,500	25,500	10,000
Transfers	0	0	0	0	0
CLFRF/ARPA Grant	0	441,780	441,780	858,785	0
Grant	0	114,524	161,500	160,476	0
<b>Total</b>	<b>926</b>	<b>561,609</b>	<b>605,780</b>	<b>1,044,761</b>	<b>10,000</b>
<b>Projects</b>					
Water System Model	17,748	0	0	0	0
Water Tank Maintenance	0	0	0	3,775	0
Lagoon Improvement	30	0	0	0	0
WWTP Rehab	0	0	0	0	0
Elevated Storage Tank	31,530	700,153	550,000	959,908	0
Downtown Utilities	0	0	0	0	0
Mill Creek Plant Rehab	0	25,140	0	4,280	0
Aiken Water Plant Rehab	0	0	50,000	38,193	250,000
Water Reuse Plant	0	0	25,000	44,915	125,000
Capital Water Lines	0	16,326	0	0	0
Capital Sewer Lines	274,462	10,969	0	0	0
<b>Total</b>	<b>323,770</b>	<b>752,588</b>	<b>625,000</b>	<b>1,051,071</b>	<b>375,000</b>
<b>Beginning Fund Balance</b>	<b>1,422,737</b>	<b>905,766</b>	<b>815,863</b>	<b>536,671</b>	<b>530,361</b>
<b>Revenues Over/(Under)</b>					
<b>Expenses</b>	<b>(322,844)</b>	<b>(190,979)</b>	<b>(19,220)</b>	<b>(6,310)</b>	<b>(365,000)</b>
<b>Ending Fund Balance</b>	<b>1,099,893</b>	<b>714,787</b>	<b>796,643</b>	<b>530,361</b>	<b>165,361</b>
<b>Prior Year Audit Adjustment</b>	<b>(194,127)</b>	<b>(178,116)</b>			
<b>Restated Fund Balance</b>	<b>905,766</b>	<b>536,671</b>			



## **FY 2024 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 AWOS system at Center Municipal Airport. The Corporation also made contributions to extend utility service to areas serviced by the new Loop 500 extension on the north side of the City.

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 2024 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 21<sup>st</sup> Century jobs.
- Diversify the local economy and tax base by engaging in an aggressive campaign to recruit advanced manufacturing firms.
- Solidify the local economic base by facilitating new institutions to locate in Center.
- Undergird all other goals by attracting workforce talent by enhancing the City's quality of life.
- Plan for sufficient infrastructure to facilitate new growth.

The FY 2024 budget allocates funding as approved by the Board of Directors on September, 2023.

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>Revenue</b>					
Sales Tax	473,163	501,262	501,400	542,200	558,500
Interest	9,114	23,239	29,200	66,800	29,100
Other	18,000	(62)	-	-	-
TIF Interest	5,744	5,944	5,275	5,275	4,587
Viatract Payment	-	-	-	-	-
<b>TOTAL</b>	<b>506,021</b>	<b>530,383</b>	<b>535,875</b>	<b>614,275</b>	<b>592,187</b>
<b>Expenditures</b>					
Supplies	105	5	500	-	500
Contractual	83,686	56,646	113,050	52,250	130,050
Sundry	5,037	1,986	14,000	1,500	14,000
Maintenance	2,983	3,000	3,000	3,000	3,000
Fund Transfers	85,000	60,000	30,000	30,000	30,000
<b>Total Operational</b>	<b>176,811</b>	<b>121,638</b>	<b>160,550</b>	<b>86,750</b>	<b>177,550</b>
Portacool Interim PA				90000	240000
Portacool PA allocation					
TDA-Industrial Park Note					
Broadband Payment				2100000	1050000
<b>TOTAL Expenditures</b>	<b>176,811</b>	<b>121,638</b>	<b>160,550</b>	<b>2,276,750</b>	<b>1,467,550</b>
<b>FUND BALANCE</b>					
<b>Beginning</b>	<b>2,336,079</b>	<b>2,665,289</b>	<b>3,095,061</b>	<b>3,074,034</b>	<b>1,411,559</b>
<b>Revenues Over/(Under)</b>	<b>329,210</b>	<b>408,745</b>	<b>375,325</b>	<b>(1,662,475)</b>	<b>(875,363)</b>
<b>Ending</b>	<b>2,665,289</b>	<b>3,074,034</b>	<b>3,470,386</b>	<b>1,411,559</b>	<b>536,196</b>



**FY 2024 BUDGET  
4B ECONOMIC DEVELOPMENT CORPORATION**

The FY 2024 budget allocates funding as approved by the Board of Directors on June 16, 2023. The following contains a modification from the budget approved by the Street EDC Board. That being the removal of the \$100,000 commitment toward the original downtown renovation project debt which is shown in this document to be delayed for FY 2024 to allow funding for planned concrete installation on the downtown, finishing some of the original planned improvements, and allowing use of those funds for debt at a later date when it may be more beneficial to the City's finances and valuable to the taxpayers.

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
<b>REVENUE</b>					
Sales Tax	946,324	1,002,525	1,002,800	1,084,400	1,117,000
Other					
Interest	8,424	8,839	6,000	66,000	55,800
<b>TOTAL REVENUE</b>	<b>954,748</b>	<b>1,011,364</b>	<b>1,008,800</b>	<b>1,150,400</b>	<b>1,172,800</b>
<b>EXPENDITURES</b>					
Administration	30,000	30,000	30,000	30,000	30,000
Other	929	-			
Contractual	3,000	1,520	3,900	4,200	4,200
Sundry	1,050	128	1,050	500	1,050
<u>Projects &amp; Commitments</u>					
Annual Street Program	1,438,308	432,928	750,000	649,491	975,000
Concrete/Drainage Construction					425,000
Transfer to Debt	150,400	150,000	100,000	100,000	-
Engineering	48,110	-	45,000	46,075	45,000
<b>TOTAL EXPENDITURES</b>	<b>1,671,797</b>	<b>614,576</b>	<b>929,950</b>	<b>830,266</b>	<b>1,480,250</b>
<b>BEGINNING FUND BALANCE</b>	1,860,799	1,143,750	1,254,240	1,540,538	1,860,673
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	(717,049)	396,788	78,850	320,134	(307,450)
<b>ENDING FUND BALANCE</b>	1,143,750	1,540,538	1,333,090	1,860,673	1,553,223





**FY 2024 BUDGET  
TAX INCREMENT REINVESTMENT DISTRICT #1  
FUND NARRATIVE**

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

How Does It Work?

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

TIRZ #1 was created to expedite the development of the vacant properties that have the potential for valuable commercial development. TIRZ #1 consists of a 72.29 acre tract of primarily vacant and agricultural land on the west side of the City. US 96 establishes the eastern boundary, Roughrider Drive is the southern boundary, and the Center ISD property (Center High School) serves as the western boundary. The TIRZ #1 has a term of 20 years, beginning on July 15, 2010 and expiring July 14, 2030. The governing Board of TIRZ #1 includes two appointees by the City of Center, two appointees by Shelby County and the majority property owner within the district boundary, or their representative, approved by the City Council.

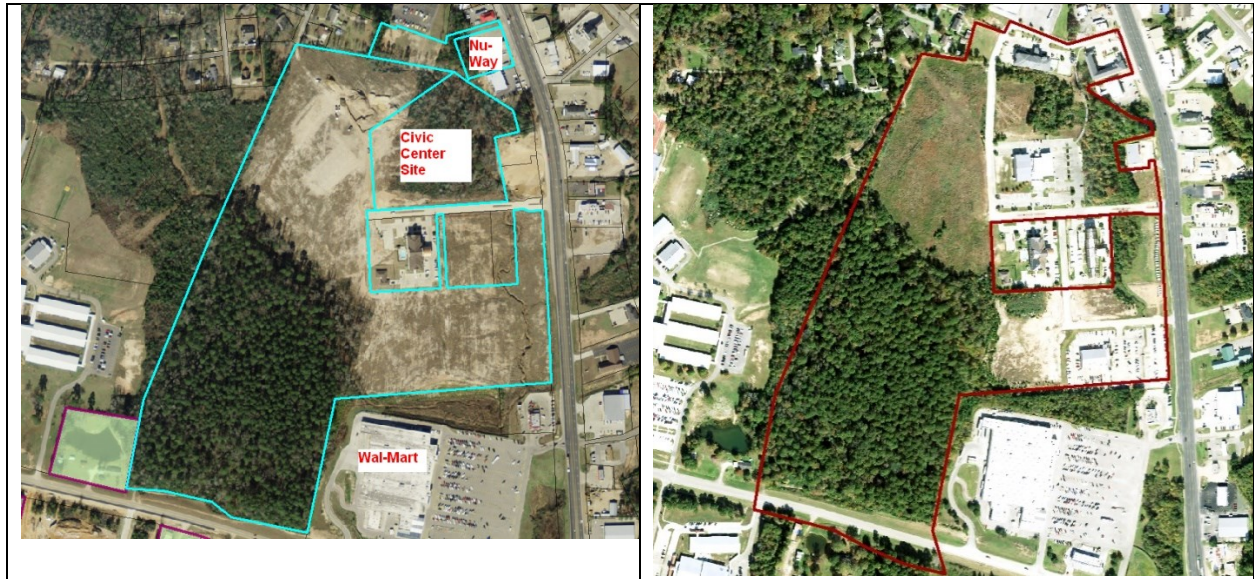


Tax Increment Reinvestment Zone #1 Map



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

Since the TIF's creation, two new hotels and Center Motors have been constructed with other Tax developments being planned and many others just outside of the district boundaries because of the significant increase in daily traffic, hotel guests and civic center events.



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

#### TIF FUNDED IMPROVEMENTS

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

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

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 2023 BUDGET  
TAX INCREMENT FINANCING ZONE #1**

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Total Increment Amount	4,052,651	4,348,591	5,070,951	5,070,951	5,223,100
TIF Revenue					
City of Center	25,095	26,928	31,400	30,560	31,480
Shelby County	28,478	31,427	32,620	35,233	32,610
Road & Bridge	0	0	4,030	0	3,680
Interest Earnings	89.98	1063	1,400	4,860	5,500
TOTAL	53,663	59,418	69,450	70,653	73,270
Debt Payments	28,223	28,223	28,225	28,223	28,225
Expenditures Over/(Under) Revenues	25,440	31,195	41,225	42,429	45,045
Beginning Fund Balance	83,730	109,170	139,802	140,365	182,795
Reserve Amount/Ending Fund Balance	109,170	140,365	181,027	182,795	227,840
Loan Balance	198,118	175,839	152,890	152,890	129,254

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

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

Interest Rate: 3%

Cumulative Interest: \$70,546

June 2014 Loan Amendment

Principal Refinanced: 336,926.74

Interest Rate: 3%

Cumulative Interest \$86,421.27



**FY 2024 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.

	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Adopted</b>	<b>FY 2023 Estimate</b>	<b>FY 2024 Proposed</b>
Revenues					
Contribution from City	0	0	0	0	0
Lot Sales	0	0	6500	18500	6500
Interest	10	8	10	250	10
Total Revenue	10	8	6,510	18,750	6,510
Expenditures					
Personnel	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	6366	2560	3000	2750	3000
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	6366	2560	3000	2750	3000
BEGINNING FUND BALANCE	\$ 31,770	\$ 25,414	\$ 22,866	\$ 22,862	\$ 38,862
REVENUES OVER/(UNDER)					
EXPENDITURES	\$ (6,356)	\$ (2,552)	\$ 3,510	\$ 16,000	\$ 3,510
ENDING FUND BALANCE	\$ 25,414	\$ 22,862	\$ 26,376	\$ 38,862	\$ 42,372



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## **APPENDIX A**

### **DEBT MANAGEMENT POLICY**

#### **INTRODUCTION**

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

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

#### **POLICY**

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

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

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

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

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

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

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

#### **Debt Limitations**

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

In 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.





## 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	<b>1,774,351</b>	<b>2,034,495</b>	<b>1,708,489</b>	<b>2,589,815</b>	<b>2,589,815</b>
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



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#### **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.



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#### **D. PRUDENCE**

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

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

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

#### **E. ETHICS AND CONFLICTS OF INTEREST**

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

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

#### **VII. COMPETITIVE TRANSACTIONS**

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

#### **VIII. SAFEKEEPING AND CUSTODY**

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

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

#### **IX. COLLATERAL**

Consistent with State law requirements, the City requires all bank deposits to be Federally insured or collateralized with eligible securities. Financial institutions serving as City depositories will execute a Depository Agreement. The safekeeping portion of the Agreement shall define the City’s rights to the



collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations.

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

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

## **X. REPORTING**

### **A. QUARTERLY REPORTING**

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

### **B. ANNUAL REPORT**

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

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

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

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



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## **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.



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

#### C. HOLDING PERIOD

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

#### D. RISK AND DIVERSIFICATION

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

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

#### E. DOWNGRADED SECURITIES

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



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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 \$1,500 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 \$1,500 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 \$1,500 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



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• 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



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## **APPENDIX E FINANCIAL POLICIES**

### **I. Internal Controls**

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

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

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

#### **Objectives**

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

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

#### **Responsibilities**

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

#### **Written Procedures**

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

### **II. Financial Reporting and Auditing**

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

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

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





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

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

### III. Expenditures and Accounts Payable

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

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

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

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

### IV. Accounts Receivable

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

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

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

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

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

### Collection Policy

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

**30 days** -- statement mailed by Billing Department

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

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

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





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## **APPENDIX F CITY ECONOMIC DEVELOPMENT POLICY**

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

### **Section I. Introduction**

Whereas it is the policy of The City of Center to be committed to desirable economic development and while 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.



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### Section III. Specific Criteria for Projects

#### Policy A.

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

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

#### Policy B.

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

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

#### Policy C.

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

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

### Section IV. Applications for Reinvestment Zones and Tax Abatement.

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

- A. A general description of the project including purpose and explanation of the improvements as how the project will meet the criteria established by this document.
- B. A plat showing the precise location of the property, all roadways within 500 feet of the site and land use within 500 feet of the site, (a complete legal description shall be provided if the property is described by metes and bounds.)
- C. A complete estimated cost of the project by "line item" approach.
- D. A description of the methods of financing all estimated costs and the time when related costs or monetary obligations are to be incurred.
- E. Estimated number of employment opportunities the project creates, distinguishing between employees to be 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	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	City Council



			<p>fund balance is to prepare for emergencies that result in a temporary loss of revenue. Per the City's fund balance policy, fund balance can be used to help the City manage through a crisis, and once over, the fund balance is to be replenished as soon as possible. It is expected that if the City were at this point then fund balance resources would be allowed to go below the 25% minimum threshold established by policy.</p>	
			<p>Temporary reduction in pay. An option for the Council to consider would be to temporarily reduce the employee's pay amounts.</p>	City Council
20%	20%	20%	<p>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.</p>	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.





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## BUDGET GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

**Bond:** A written promise to pay a specified amount of money (the principal) at a specified date or dates in time (maturity dates) and carrying interest at a specified rate. The most common form of bonds are general obligation bonds and certificates of obligation. Bonds are usually used to fund large construction projects that have a long life span and/or are too expensive for the City to pay for with cash. Some examples are public buildings, water and sewer infrastructure, and streets.

**Bonded debt:** The portion of indebtedness represented by unpaid bonds. Or, the amount of principal on all bonds issued by the City.

**Budget:** A financial plan for a specified period 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.

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

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

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

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

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

**Machinery and equipment:** Property that does not lose its 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.



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

**Property taxes:** See Ad Valorem taxes.

**Proprietary fund:** Also referred to as an Enterprise Fund. An accounting fund in which the business-like services provided, such as water and sewer, are financed and operated similar to those of a private business. The intent is 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.



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## Acronyms Used in the Budget Document

A/R	Account Receivable
ARPA	American Rescue Plan Act of 2021 (see also CLFRF)
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
CLFRF	Coronavirus Local Fiscal Recovery Fund - State of Texas
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
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers 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



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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