

**ANNUAL BUDGET
OF THE
CITY OF MOUNT PLEASANT, TEXAS
FOR THE
FISCAL YEAR BEGINNING OCTOBER 1, 2014**

CITY COUNCIL AND STAFF

**Dr. Paul O. Meriwether, Mayor
Robert Nance, Mayor Pro-Tem
Erman Hensel, Council Member
David Huffman, Council Member
Tim Dale, Council Member
Dr. Sue Hawkins, Council Member**

**Mike Ahrens, City Manager
Brenda Reynolds, Director of Finance/City Secretary**

**Approved by the
City Council
September 15, 2014**

**CITY OF MOUNT PLEASANT, TEXAS
BUDGET FOR FISCAL YEAR 2014-2015**

TABLE OF CONTENTS

Budget Message and Ordinances

Budget Message.....	1
Budget Ordinance.....	4
Tax Ordinance.....	5
Solid Waste Collection Ordinance.....	7
Organizational Chart.....	9

Executive Summary

Summary of All Funds.....	11
Summary of Revenues.....	12
Summary of Revenues by Classification/Source (Graph).....	13
Summary of Expenditures.....	14
Summary of Expenditures by Classification/Object Code Category (Graph).....	16
Introduction.....	17
The Budget Process.....	19
Statutory Requirements.....	20
2014 Property Tax Rates.....	21
Statistical Analysis of 2013-2014 Adopted Budget by Fund Type.....	23

Governmental Fund Types

General Fund

Total General Fund-Summary of Fund Balance.....	35
General Fund Summary of Revenues and Expenditures.....	36
Legislative 100-01.....	38
General Administration 100-02.....	40
Legal 100-03.....	43
Tax Assessment and Collection 100-04.....	45
Municipal Court 100-05.....	47
Elections 100-06.....	50
Library 100-08.....	52
Building and Development 100-11.....	55

Animal Shelter	100-12.....	58
Police Department	100-13.....	61
Fire Department	100-14.....	64
Code Enforcement	100-16.....	67
Park Department	100-17.....	70
Community Services	100-18.....	73
General Fund Vehicle Services	100-21.....	76
General Non-Departmental	100-22.....	79

General Capital Fund

General Capital Fund Summary of Revenues and Expenditures.....	81
General Capital	165-66.....82

Street Department Fund

Street Department Fund Summary of Revenues and Expenditures.....	83
Street Department	415-01.....84

Curb and Gutter Assessment Fund

Curb and Gutter Assessment Fund Summary of Revenues and Expenditures	87
Curb and Gutter Assessment	430-44.....88

Special Revenue Funds

Rescue Recovery Fund Summary of Revenues and Expenditures	92
Rescue Recovery	404-14.....93
PEG Fund Summary of Revenues and Expenditures	94
PEG	407-01.....95
Library Grants Fund Summary of Revenues and Expenditures	96
Library Grants	408-08.....97
Tourism/Historical Budget Fund Summary of Revenues and Expenditures	99
Tourism/Historical Budget	409-08.....100
Cemetery Fund Summary of Revenues and Expenditures	102
Cemetery	410-42.....103
Police Seizure Proceeds Fund Summary of Revenues and Expenditures	105
Police Seizure Proceeds	413-13.....106
DWI Step Grant Fund Summary of Revenues and Expenditures.....	108
DWI Step Grant	414-13.....109
Rural Development Revolving Loan Fund Summary of Revenues and Expenditures	111
Rural Development Revolving Loan	423-01.....112
Animal Shelter Donation Fund Summary of Revenues and Expenditures	113
Animal Shelter Donation	425-01.....114

Loop Project Fund Summary of Revenues and Expenditures	169
Loop Project 670-01	170
Park Improvements Fund Summary of Revenues and Expenditures.....	172
Park Improvements 680-69.....	173
Community Improvement Fund Summary of Revenues and Expenditures.....	175
Community Improvement 690-70.....	176

Debt Service Funds

Debt Service Fund Summary of Revenues and Expenditures	180
Debt Service 700-71.....	181

Proprietary Fund Types

Utility Fund

Utility Fund Summary of Revenues and Expenditures	183
Engineering 300-30.....	184
Utility Administration 300-31.....	187
Solid Waste Collection 300-32.....	190
Water Treatment 300-33.....	192
Fresh Water Supply 300-34.....	195
Wastewater Plants 300-35.....	197
Utility Department 300-36.....	200
Utility Department Vehicle Services 300-37.....	203
Utility Debt Service 300-38.....	206
Utility Non-Departmental 300-39.....	208

Civic Center Fund

Civic Center Fund Summary of Revenues and Expenditures.....	210
Civic Center 400-41.....	211

Airport Fund

Airport Fund Summary of Revenues and Expenditures.....	214
Airport 435-31.....	215

Fiduciary Fund Types

Police Escrow Fund Summary of Revenues and Expenditures.....	219
Police Escrow 520-53.....	220

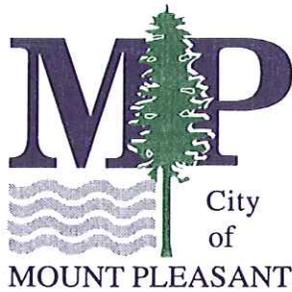
Debt Summary

Debt Policy	223
Certificates of Obligation	
Debt Service Fund-Series 2010	225
Street Fund-Series 2012	226

Utility System Revenue Bonds	
Utility Fund-Series 2006	227
Utility Fund-Series 2008	228
Utility System Revenue Refunding Bonds	
Utility Fund-Series 2010	229

Appendix

Position Classification and Compensation Plan.....	231
Salary Schedule	237
Salary Schedule-27 Day Work Period	239
Consolidated Description of Workforce and Listing of Positions	240
Budget Schedule	245
Chart of Accounts	246



September 17, 2014

Honorable Mayor and Council:

I am pleased to present to you the Annual Budget for the Fiscal Year beginning October 1, 2014 and ending September 30, 2015.

The Annual Budget is a fiscal plan which reflects the programs, goals and policies necessary to provide services to the citizens of Mount Pleasant. The proposed 2014-2015 Annual Budget is a financial guideline which attempts to maintain or increase the levels of service for which the City is responsible. The City is committed to enhancing the quality of life in Mount Pleasant by continuing to provide necessary services to its citizens and instituting programs and projects which will serve the long term interests of the community. The budget strives to balance the available resources of the City with the need to perform the activities requested by the public.

This Annual Budget includes financial information regarding the General Fund, Utility Fund, Street Fund, and the numerous other funds. The proposed budget for all funds totals \$33,016,435. This is a decrease of \$3,507,505 or 9.60% from last year's adopted budget of \$36,523,940. Most of this decrease is the conclusion of several big projects which should be finishing up during the coming year. Two major projects have been the Lake Bob Sandlin Water Treatment Plant and the improvements to the I-30 Water Treatment Plant.

As reported by the Titus County Appraisal District, the certified appraised value totals \$838,624,511 which is an increase of \$22,073,979 or 2.7% from last year's valuation of \$816,550,532. Of this increase \$10,150,295 is for new value added to the tax roll.

The effective tax rate for this budget year is calculated at \$0.3437, an increase of \$0.0004 over the current year tax rate of \$0.3433. The effective tax rate is the tax rate which will result in the same amount of tax revenue based on any increase or decrease in the property tax value (excluding new values).

We are proposing to adopt the effective tax rate of \$0.3437. This rate includes a debt tax of \$0.0298 and maintenance and operations tax rate of \$0.3139.

Major expenditures planned for in this budget include:

- Moved part-time employee at the Library to a full-time position
- \$47,373 to replace one 2008 Tahoe in the Police Department
- New full-time Park employee
- \$400,000 for Type 1 Engine for the Fire Department with the county paying the other half.
- \$1 million for the annual street program
- \$539,000 for completion of the automated meter reading system
- \$1,900,000 for completion of projects under the Texas Water Development Board funds
- \$1,423,144 for NW12 improvements
- \$28,000 for outdoor Kiosk for water office for payment of water bills
- \$38,750 for Lake Bob Sandlin Water Plant surveillance system
- \$125,000 for replacing the stand pipe at Edwards Water Tower
- \$600,000 for rehab of clarifier at I-30 Water Treatment Plant
- \$575,000 to replace grit chamber system at the wastewater treatment plant which was built 23 years ago
- \$760,000 for 4100' of 8" water main from N. Washington St. to Quille Ave. on 3rd St.
- \$40,000 for lift station maintenance and pump replacement
- \$21,000 for replacement of 630 ft. of sewer line from e. 3rd St. at Washington St. to E. 2nd St. to Lee St.
- \$20,000 for 450 feet of 10' sewer main on I-30 Service Rd to Edgewood St.
- \$50,000 for 625 feet of 8' sewer main on Washington St. to E. 3rd to E. 4th
- \$53,000 for a new LED full color increased resolution digital sign for marquee at the Civic Center

This budget proposes no increase in water/ wastewater rates or any city fees. An increase of 1.6% based on annualized Consumer Price Index (CPI) has been budgeted for solid waste billing as per the city's contract with Republic Waste.

This budget also includes a 3% Cost of Living (COL) increase in salary levels. I believe it is important to continue to reward our employees for the hard work they do and the value they provide to the City and its citizens.

I believe this budget reflects the City Council and Staff's continued commitment to provide a high quality of municipal services while maintaining an exceptionally low tax rate. It is my belief that municipal government in Mount Pleasant is a true bargain for the citizens and something for which the citizens of Mount Pleasant can take significant pride.

I appreciate the input and cooperation of city staff in the development of this document and the collaborative effort that is necessary for a successful budget.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read 'Mike Ahrens', written in a cursive style.

Mike Ahrens
City Manager

ORDINANCE NO. 2014-12

AN ORDINANCE ADOPTING AND APPROVING A BUDGET FOR THE CITY OF MOUNT PLEASANT, TEXAS FOR THE FISCAL YEAR OCTOBER 1, 2014 THROUGH SEPTEMBER 30, 2015.

WHEREAS, heretofore a budget for the fiscal year October 1, 2014 through September 30, 2015, has been prepared by Mike Ahrens, City Manager, Budget Officer for the City of Mount Pleasant, Texas; and

WHEREAS, said budget has been presented by the City Manager in accordance with Chapter 102 of the Texas Local Government Code and Article V, Section 1-13, of the Charter of the City of Mount Pleasant; and

WHEREAS, public notices of a public hearing upon this budget have been duly and legally made as required by law; and

WHEREAS, FURTHER, after full and final consideration, the public hearing having been held on said budget and the financial condition and comparative expenditures as filed having been duly considered, it is the opinion of the Mayor and City Council that the budget, as filed and amended, should be approved;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MOUNT PLEASANT, TEXAS;

SECTION 1

That the City Manager be authorized to transfer funds as needed within a department as long as the total departmental appropriation is not exceeded.

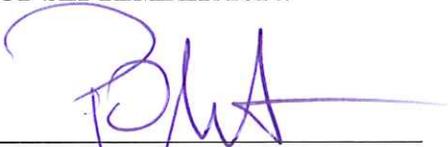
SECTION 2

That any transfers of funds between departments or additions to the budget appropriations included in this budget must first be approved by the City Council.

SECTION 3

That the City Council of the City of Mount Pleasant does hereby ratify, adopt, and approve the budget as filed for the fiscal year beginning October 1, 2014 and ending September 30, 2015.

PASSED, APPROVED AND ADOPTED THIS 15TH DAY OF SEPTEMBER 2014.



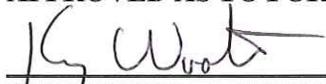
DR. PAUL O. MERIWETHER, MAYOR

ATTEST:



BRENDA REYNOLDS, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:



KERRY WOOTTEN, CITY ATTORNEY

ORDINANCE NO. 2014-13

AN ORDINANCE SETTING THE TAX RATE AND LEVYING A TAX UPON ALL PROPERTY SUBJECT TO TAXATION WITHIN THE CITY OF MOUNT PLEASANT, TEXAS, FOR THE YEAR 2014; APPORTIONING SAID LEVY AMONG THE VARIOUS FUNDS AND ITEMS FOR WHICH REVENUE MUST BE RAISED; PROVIDING FOR THE COLLECTION OF TAXES THEREIN LEVIED; ASSESSING PENALTY AND INTEREST FOR THE NON-PAYMENT OF SUCH TAXES WITHIN THE TIME SET; ADOPTING THE PROVISIONS OF SECTION 33.07 OF THE TEXAS PROPERTY TAX CODE TO DEFRAY THE COST OF ATTORNEY'S FEES FOR THE COLLECTION OF DELINQUENT TAXES; AND PROVIDING FOR PUBLICATION.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MOUNT PLEASANT, TEXAS;

SECTION 1

That there shall be and the same is hereby levied and shall be assessed and collected for the year 2014 on all taxable property, real, personal and mixed, situated within the corporate limits of the City of Mount Pleasant, Texas and not exempt by the Constitution of the State of Texas and valid State laws, an ad valorem tax of thirty four and thirty-seven cents (\$0.3437) on each one hundred dollars (\$100.00) worth of taxable property at one hundred percent (100%) assessed valuation.

SECTION 2

That the taxes herein levied, when collected, shall be appropriated among the funds and departments of the municipal government of the City of Mount Pleasant, Texas, for the purposes hereinafter set forth as follows, to-wit:

For maintenance and operation for the general fund.....	\$0.3108
For maintenance and operation of cemeteries.....	0.0031
For payment of principal and interest on general obligation debt.....	0.0298
	<u>\$0.3437</u>

SECTION 3

That the tax assessor-collector for the City of Mount Pleasant, Texas, is hereby directed to assess, extend and enter upon the tax rolls of said city, for the year 2014, the amounts and rates herein levied and to keep a current account of same, and when so collected, the same to be deposited in the depository of said city to be distributed in accordance with this ordinance.

SECTION 4

That the taxes herein levied are payable in one installment on or before January 31, 2015. Penalty and interest shall accrue on any unpaid amount thereafter said date in accordance with the rates established by the State of Texas.

SECTION 5

That the taxes herein levied are payable in Mount Pleasant, Texas, at the offices of the Titus County Appraisal District; and that the city shall have available all the rights and remedies provided by State law for the enforcement of the collection of taxes herein levied.

SECTION 6

That the City of Mount Pleasant, Texas, hereby adopts the provisions of Section 33.07 of the Texas Property Tax Code so that hereafter an additional penalty of twenty percent (20%) will be imposed on all 2014 taxes, including penalty and interest thereon, that are unpaid and delinquent on July 1, 2015, in order to defray the costs of attorney's fees for the collection of such taxes.

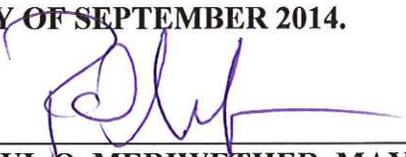
SECTION 7

That all ordinances and resolutions of the City of Mount Pleasant, Texas, are hereby repealed to the extent that said ordinances, resolutions, or parts of either, are in conflict herewith.

SECTION 8

That publication of this ordinance after its passage and adoption shall be made one (1) time as provided by the Revised Civil Statutes of the State of Texas and the Charter of the City of Mount Pleasant, Texas.

PASSED, APPROVED AND ADOPTED THIS 15TH DAY OF SEPTEMBER 2014.

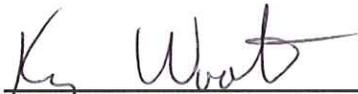


DR. PAUL O. MERIWETHER, MAYOR

ATTEST:


BRENDA REYNOLDS, SECRETARY

APPROVED AS TO FORM AND LEGALITY:



KERRY WOOTTEN, CITY ATTORNEY

ORDINANCE NO. 2014-14

AN ORDINANCE AMENDING SECTION 53.60 OF TITLE V OF CHAPTER 53 OF THE CODE OF ORDINANCES TO INCREASE CHARGES FOR SOLID WASTE COLLECTION; REPEALING ALL CONFLICTING ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR PUBLICATION.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MOUNT PLEASANT, TEXAS:

SECTION 1

That from and after the effective date of this Ordinance, Section 53.60 of Title V of Chapter 53 of the Code of Ordinances of the City of Mount Pleasant, Texas, is hereby amended to read as follows:

"Sec. 53.60. Charges by city for solid waste collection.

(a) Charges for solid waste collection services shall be as follows:

- (1) Residential, per month..... \$15.62
- (2) Commercial, hand collection..... \$33.09
- (3) Commercial cart service \$39.08
- (4) Commercial, containers:

	Number of Collections Per Week				
<u>Cubic Yards</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
2	\$53.49	\$ 93.05	\$147.43	\$187.72	\$221.84
3	76.82	133.50	190.33	254.44	311.79
4	98.84	171.84	243.54	324.46	395.58
6	137.02	236.50	333.45	432.84	542.99
8	169.46	287.11	404.58	521.98	646.50

(5) Unscheduled Pick-ups:

<u>Cubic Yards</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>6</u>	<u>8</u>
	\$46.62	\$48.07	\$49.47	\$50.86	\$52.28

(6) Roll-Off Containers:

<u>Cubic Yards</u>	<u>20</u>	<u>30</u>	<u>40</u>	<u>42</u>
	\$481.21	\$601.44	\$721.86	\$746.43
Monthly rental	\$61.03	\$61.03	\$61.03	6.5% above Olympic

SECTION 2

That all ordinances, orders or resolutions heretofore passed and adopted by the City Council of the City of Mount Pleasant, Texas, are hereby repealed to the extent that said ordinances, orders or resolutions, or parts thereof, are in conflict herewith.

SECTION 3

If any section, subsection, clause, phrase or provision of this Ordinance is for any reason held unconstitutional or void by a court of competent jurisdiction, such holding shall not affect any valid provision of this or any other ordinance of the City of Mount Pleasant, Texas.

SECTION 4

This Ordinance shall take effect and be in full force from and after October 1, 2014.

SECTION 5

Only the descriptive caption of this Ordinance shall be published once as provided by the Revised Civil Statutes of the State of Texas.

PASSED, APPROVED AND ADOPTED THIS THE 15TH DAY OF SEPTEMBER, 2014.

DR. PAUL O. MERIWETHER, MAYOR

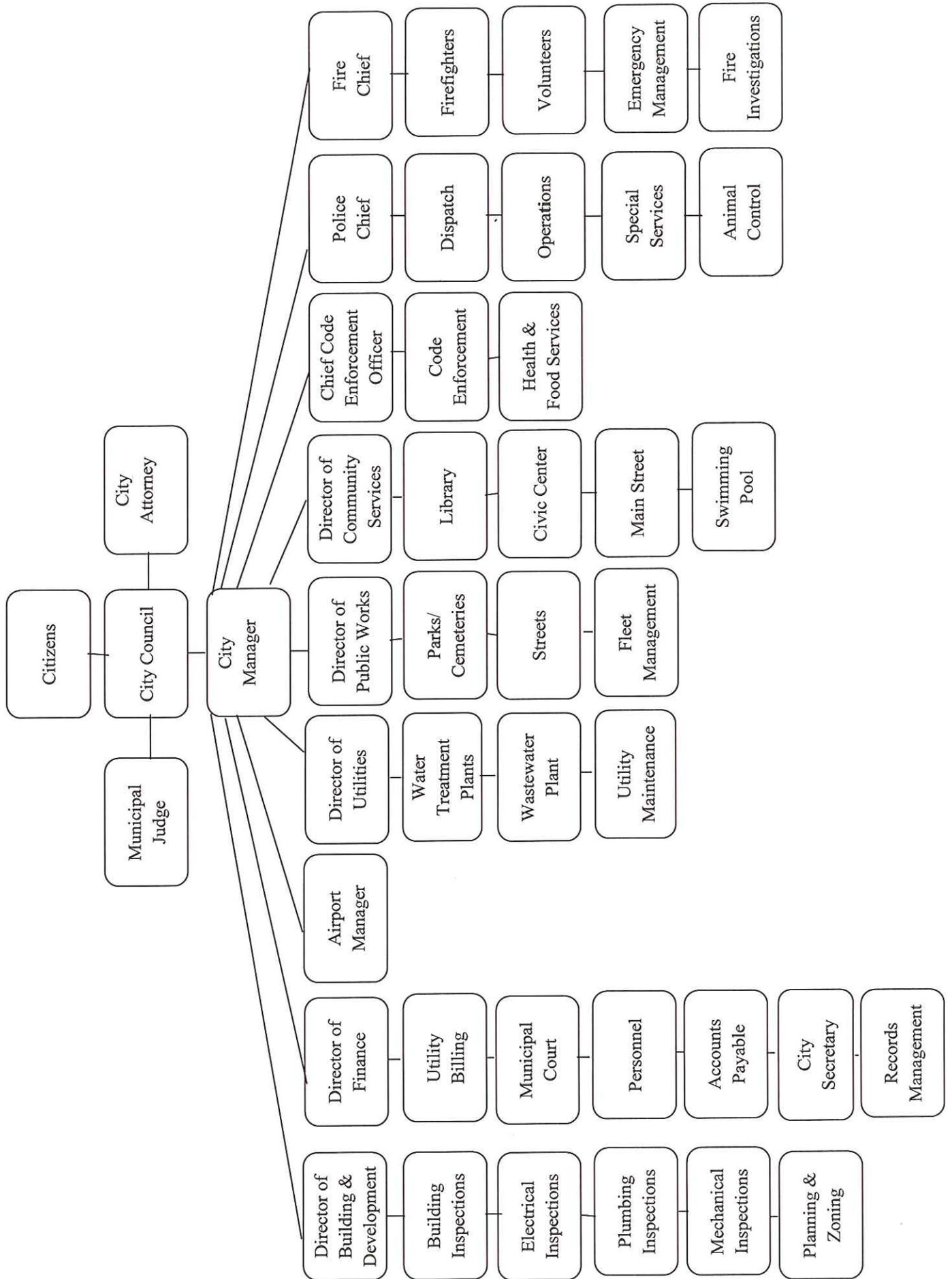
ATTEST:

BRENDA REYNOLDS, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:

KERRY WOOTTEN, CITY ATTORNEY

ORGANIZATION CHART





**CITY OF MOUNT PLEASANT
ANNUAL BUDGET
2014-2015**

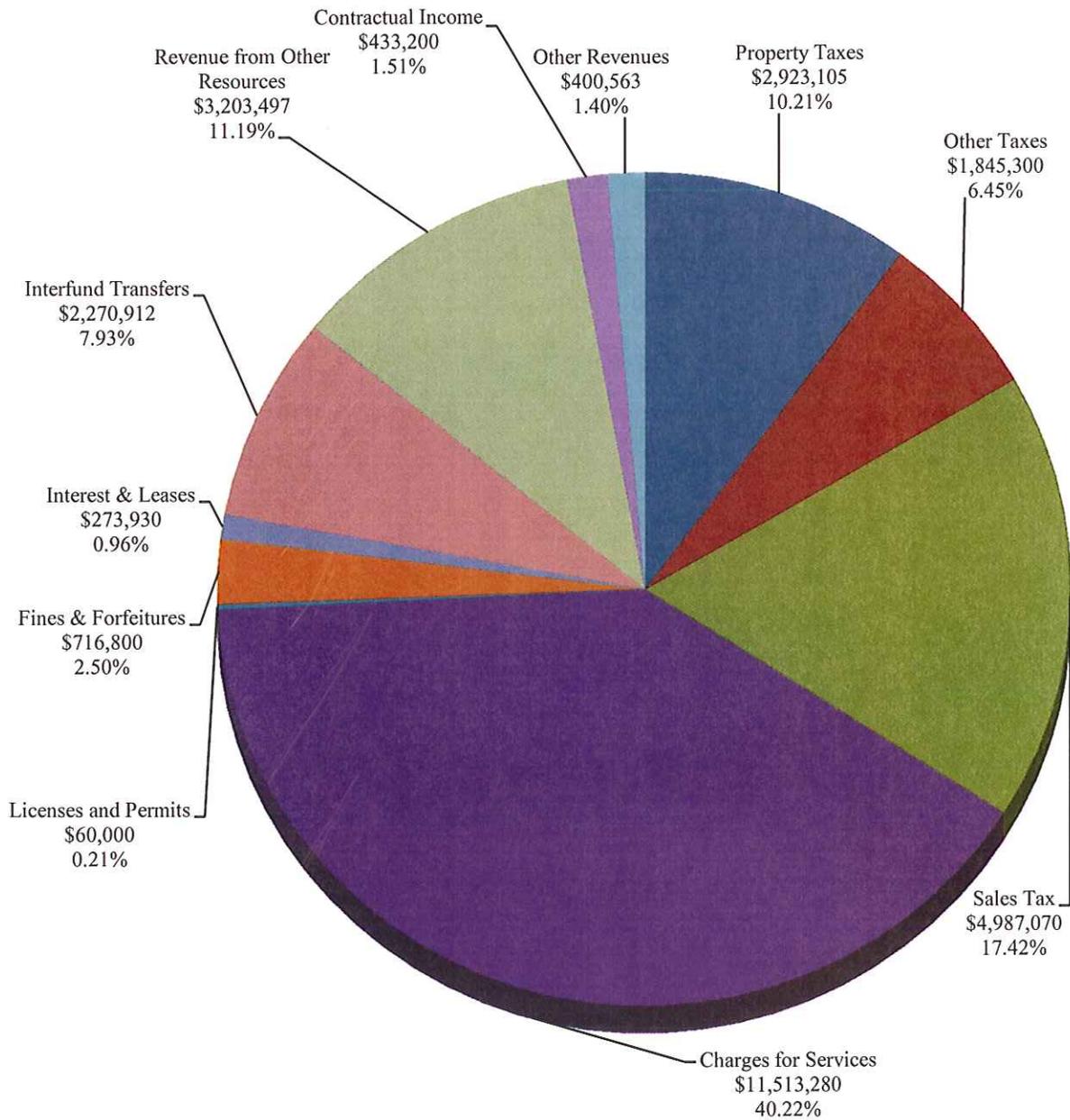
SUMMARY OF ALL FUNDS

	GOVERNMENTAL FUND TYPES	PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	TOTAL FUNDS
BEGINNING BALANCE	\$10,715,877	\$4,855,612	\$107,632	\$15,679,121
REVENUES	16,396,265	12,191,302	40,090	28,627,657
TOTAL FUNDS AVAILABLE	\$27,112,142	\$17,046,914	\$147,722	\$44,306,778
EXPENDITURES	18,806,017	14,173,418	37,000	33,016,435
ENDING BALANCE	\$8,306,125	\$2,873,496	\$110,722	\$11,290,343

**CITY OF MOUNT PLEASANT, TEXAS
SUMMARY OF REVENUES**

	ACTUAL	PROJECTED	APPROVED
	2012-2013	2013-2014	2014-2015
CURRENT PROPERTY TAXES	\$2,542,177	\$2,746,770	\$2,824,705
DELINQUENT PROPERTY TAXES	52,215	52,850	54,850
PENALTIES AND INTEREST	44,029	43,588	43,550
P.I.L.O.T.	3,868	3,800	3,800
UTILITY FRANCHISE FEES	1,249,867	1,267,000	1,273,500
SALES TAX COLLECTIONS	4,198,601	4,437,427	4,570,550
LIQUOR TAX	25,401	28,000	28,000
HOTEL OCCUPANCY TAX	511,597	520,000	540,000
OTHER TAXES	381,691	404,388	416,520
WATER SALES	6,291,897	5,900,000	6,200,000
SEWER CHARGES	1,387,113	1,400,000	1,400,000
TAPS AND CONNECT FEES	72,134	65,000	65,000
SOLID WASTE COLLECTION	2,568,011	2,780,000	2,824,480
PENALTIES - GARBAGE BILLING	167,041	100,000	130,000
AVIATION FUEL SALES	902,009	820,800	860,000
ZONING AND PLATTING FEES	981	2,000	2,000
SWIMMING POOL CHARGES	23,814	26,000	26,000
VENDING AND CONCESSIONS	5,793	5,800	5,800
BUILDING PERMITS	28,919	38,000	30,000
ELECTRICAL PERMITS	1,455	1,500	1,500
PLUMBING PERMITS	1,828	2,200	2,500
MECHANICAL PERMITS	1,061	800	1,000
OTHER PERMITS AND LICENSES	20,780	28,000	25,000
MUNICIPAL COURT	686,432	675,000	680,000
SHELTER FEES	28,807	30,000	30,000
LIBRARY FINES	7,722	6,800	6,800
INTEREST INCOME	38,372	18,209	15,210
LEASES AND RENTALS	220,015	236,647	258,720
INTERGOVERNMENTAL REVENUE	16,172	83,999	82,551
SALE OF EQUIPMENT AND MATERIAL	199,101	73,177	0
SALE OF LAND	13,168	12,200	7,500
CONTRACTUAL INCOME	422,616	428,184	433,200
CONTRIBUTIONS AND MEMORIALS	12,937	39,500	24,500
INTERFUND TRANSFERS	1,983,290	2,907,919	2,270,912
MISCELLANEOUS REVENUE	330,559	195,995	189,012
REVENUE FROM OTHER RESOURCES	9,936,693	2,200,875	3,203,497
CURB & GUTTER ASSESSMENTS	30	1,658	0
PARK USER FEES	25,335	24,000	25,000
VECTOR FEES	72,050	72,000	72,000
	\$34,475,582	\$27,680,086	\$28,627,657

**CITY OF MOUNT PLEASANT, TEXAS
SUMMARY OF REVENUES
BY CLASSIFICATION/SOURCE
FY 2014-2015**

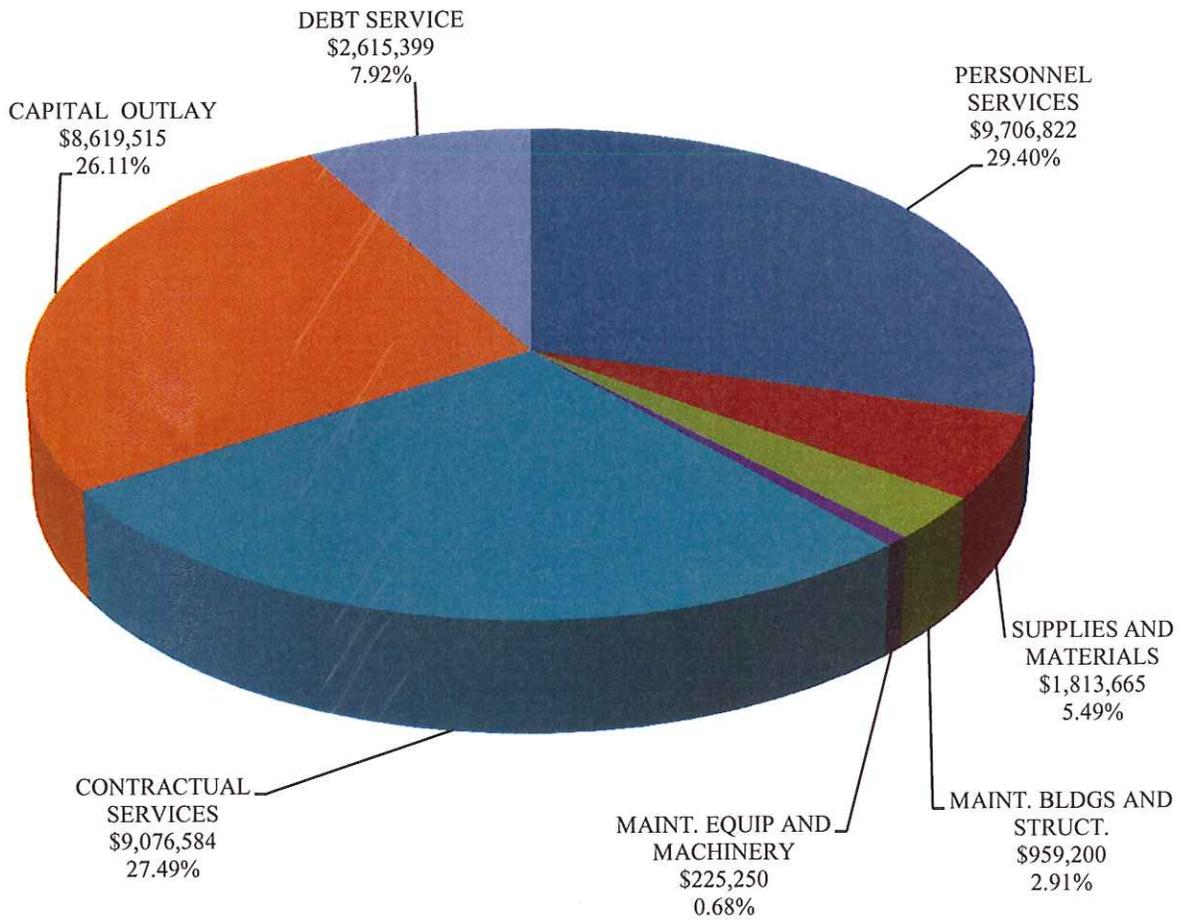


City of Mount Pleasant
SUMMARY OF EXPENDITURES
2014-2015

	PERSONNEL SERVICES	SUPPLIES AND MATERIALS	MAINT. BLDGS AND STRUCT.	MAINT. EQUIP AND MACHINERY
GOVERNMENTAL FUND TYPES				
GENERAL FUND	\$6,261,735	\$404,350	\$112,100	\$126,400
GENERAL CAPITAL FUND	0	0	0	0
STREET DEPARTMENT FUND	566,150	62,500	301,500	42,700
TOTAL GENERAL FUNDS	\$6,827,885	\$466,850	\$413,600	\$169,100
LIBRARY GRANTS FUND	0	1,500	0	0
TOURISM/HISTORICAL BUDGET FUND	0	65,000	0	0
CEMETERY FUND	0	500	8,500	0
POLICE SEIZURE PROCEEDS FUND	0	3,000	0	0
DWI STEP GRANT FUND	6,570	0	0	0
ANIMAL SHELTER DONATION FUND	0	1,500	0	0
TXDOT RAMP GRANT FUND	0	0	7,000	0
ECONOMIC DEVELOPMENT FUND	197,809	1,250	30,000	0
ATTORNEY GENERAL GRANT FUND	43,841	1,000	0	0
HOTEL/MOTEL TAX FUND	0	0	0	0
LAW ENFORCEMENT EDUCATION FUND	0	0	0	0
TOBACCO ENFORCEMENT PROGRAM	0	5,000	0	0
LIBRARY CONTRIBUTION FUND	0	1,000	0	0
FIREMEN'S RELIEF FUND	0	0	0	0
HOBBS' TRUST ACCOUNT FUND	0	0	0	0
TOTAL SPECIAL REVENUE FUNDS	\$248,220	\$79,750	\$45,500	\$0
NEW WATER TREATMENT PLANT FUND	\$0	\$0	\$0	\$0
WATER DEVELOPMENT BOARD FUND	0	0	0	0
STREET IMPROVEMENTS	0	0	0	0
TOTAL CAPITAL PROJECT FUNDS	\$0	\$0	\$0	\$0
DEBT SERVICE FUND	\$0	\$0	\$0	\$0
TOTAL DEBT FUNDS	\$0	\$0	\$0	\$0
PROPRIETARY FUND TYPES				
UTILITY FUND	\$2,083,567	\$554,450	\$478,100	\$47,750
CIVIC CENTER FUND	344,733	50,615	20,000	1,100
AIRPORT FUND	202,417	662,000	2,000	7,300
SUBTOTAL	\$ 2,630,717	\$ 1,267,065	\$ 500,100	\$ 56,150
FIDUCIARY FUND TYPES				
POLICE ESCROW FUND	\$0	\$0	\$0	\$0
SUBTOTAL	\$0	\$0	\$0	\$0
TOTAL ALL FUNDS	\$9,706,822	\$1,813,665	\$959,200	\$225,250

CONTRACTUAL SERVICES	CAPITAL OUTLAY	DEBT SERVICE	TOTALS
\$1,334,138	\$211,973	\$0	\$8,450,696
0	400,000	0	400,000
499,360	1,054,000	453,313	2,979,523
\$1,833,498	\$1,665,973	\$453,313	\$11,830,219
0	1,000	0	2,500
20,000	0	0	85,000
28,800	0	0	37,800
15,900	6,500	0	25,400
0	0	0	6,570
2,000	0	0	3,500
6,280	31,000	0	44,280
261,300	1,229,995	315,948	2,036,302
1,500	0	0	46,341
549,970	0	0	549,970
2,500	0	0	2,500
0	0	0	5,000
0	5,000	0	6,000
800	0	0	800
4,000	3,053	0	7,053
\$893,050	\$1,276,548	\$315,948	\$2,859,016
\$0	\$539,000	\$0	\$539,000
900,000	1,000,000	0	1,900,000
0	1,423,144	0	1,423,144
\$900,000	\$2,962,144	\$0	\$3,862,144
\$0	\$0	\$254,638	\$254,638
\$0	\$0	\$254,638	\$254,638
\$5,222,026	\$2,640,850	\$1,591,500	\$12,618,243
54,940	58,000	0	529,388
136,070	16,000	0	1,025,787
\$ 5,413,036	\$ 2,714,850	\$ 1,591,500	\$ 14,173,418
\$37,000	\$0	\$0	\$37,000
\$37,000	\$0	\$0	\$37,000
\$9,076,584	\$8,619,515	\$2,615,399	\$33,016,435

**CITY OF MOUNT PLEASANT, TEXAS
SUMMARY OF EXPENDITURES
BY CLASSIFICATION/OBJECT CODE CATEGORY
FY 2014-2015**



INTRODUCTION

The City of Mount Pleasant's 2014-2015 annual operating budget is the result of many hours of deliberation as well as a response to both internal and external forces that have imposed fiscal constraints in its preparation. The discussion that follows sets forth and summarizes the contents of the budget document. Organization of the budget is designed to help the reader locate information, both financial and non-financial, in a timely fashion.

The governmental fund types are divided into the General Funds, Special Revenue Funds, Capital Projects Funds and a Debt Service Fund. Within the General Fund there are sixteen different departments, a General Capital Fund and Street Fund. There are twenty active Special Revenue Funds, four active Capital Project Funds and one Debt Service Fund. The proprietary funds consist of three separate funds: the Utility Fund, the Civic Center Fund and the Airport Fund. Within the Utility Fund there are ten different departments. The fiduciary fund type consists of the Police Escrow Fund.

BASIS OF ACCOUNTING/BUDGETING

The budgetary and accounting policies contained in the proposed budget conform to generally accepted accounting principles (GAAP) as established by the governmental accounting standards board (GASB). The accounts of the city are organized on the basis of funds and account groups, each of which is considered a separate budgetary and accounting entity. Within the budget, the city's various funds are grouped into the following categories of fund types:

The governmental fund types include the General Funds, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund and use a financial resources measurement focus and are accounted for and budgeted using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures represent a decrease in net financial resources and are recorded when the fund liability is incurred, if measurable.

The proprietary fund types include the Utility Fund, Airport Fund and Civic Center Fund and are accounted and budgeted for on a cost of services using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. For purposes of this budget presentation, depreciation is not displayed and capital expenditures and bond principal payments are shown as uses of funds.

Governmental Fund Types

Governmental fund types are those through which most governmental functions of the city are financed. The acquisition, use, and balances of the city's expendable financial resources and the related liabilities (except those accounted for in the proprietary and fiduciary fund types) are accounted for through governmental fund types.

1. **General Funds** – The General Fund is the general operating fund of the city. It is used to account for all revenues and expenditures except those required to be accounted for in other funds. Major functions financed by the General Fund include: general

government, judicial, public safety, public services and public works. The General Capital Fund and the Street Fund are also a part of the General Fund although they are accounted for in separate funds.

2. Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects. The Special Revenue Funds include the Rescue Recovery Fund, PEG Fund, Library Grants Fund, Tourism/Historical Budget Fund, Cemetery Fund, Police Seizure Proceeds Fund, DWI Step Grant Fund, Rural Development Revolving Loan Fund, Animal Shelter Donation Fund, TxDOT Ramp Grant Fund, Federal Seizure Money Fund, Economic Development Fund, Economic Development Marketing Fund, Attorney General Grant Fund, Hotel/Motel Tax Fund, Law Enforcement Educational Account Fund, Tobacco Enforcement Fund, Library Contribution Fund, Firemen’s Relief Fund and Hobbs Trust Account Fund.
3. Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital items or facilities. This year the Capital Projects Funds are: New Water Treatment Plant Fund, Texas Water Development Board Fund, Street Improvement Fund and Community Improvement Fund.
4. Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Fund Types

ENTERPRISE FUNDS – Enterprise funds are used to account for operations that are either financed and/or operated in a manner similar to private business enterprises, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

1. Utility Fund – This fund accounts for water, wastewater and solid waste collection for the city. All activities necessary to provide such services are accounted for in the fund, including administration, operation, billing and collection, maintenance, financing and related debt service.
2. Civic Center Fund – This fund accounts for the operations of the civic center and is funded through rental and hotel occupancy tax. All activities necessary to provide such services are accounted for in the fund, including administration, operation and maintenance.
3. Airport Fund – This fund accounts for the operations of the airport and is funded totally by hangar leases and fuel sales. All activities necessary to provide such services are accounted for in the fund, including administration, operation and maintenance.

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the city’s own programs.

1. Police Escrow Fund – This fund holds money seized from drug seizures through the police department until such time as the court releases it. At that time, the funds can then be released to the city and courts or returned to the individual from whom it was seized.

THE BUDGET PROCESS

The process of developing and preparing the city's proposed budget begins during May of each year; at which time, an initial planning meeting is held with all department heads and administrative budget staff for the purpose of distributing and reviewing the budget preparation schedule and departmental budget request forms and accompanying instructions. Completed departmental budget request forms are subsequently submitted by department heads to the City Manager and Director of Finance during the middle of June.

During June, the City Manager and Director of Finance conduct a series of individual budget hearings with all department heads for the purposes of reviewing both the accuracy and validity of departmental requests for operational and capital expenditures and adjusting such requests as necessary.

Upon completion of the budget hearings with department heads, the City Manager and Director of Finance, begin the process of preparing revenue projections and balancing requested departmental expenditures with projected revenues and beginning balances. Final preparations for submission of the proposed budget to the Mayor and City Council are completed in late July and early August. Subsequently, the proposed budget is submitted to the Mayor and City Council for their review and consideration during workshops held in late August. During the workshops, the Mayor and City Council may amend or modify the proposed budget as they deem appropriate and in the best interest of the city and its citizens. Public notice of the workshop is posted and the general public may attend.

Upon completion of the budget workshops with the Mayor and City Council, the proposed budget is filed with the City Secretary, and public notice is both posted and published to notify the general public of the time and place of the required public hearing on the proposed budget. This notice also advises the general public of the availability of the proposed budget for review and inspection prior to the scheduled public hearing, which is generally held during early to mid September.

After the public hearing, the City Council, by ordinance, adopts the proposed budget and establishes the tax rate for the corresponding tax year. The budget document is then prepared by the Director of Finance which includes the executive summary with completion of statistical information and graphs. The adopted budget is then filed with the City Secretary and the County Clerk of Titus County as required by the city's charter, and is placed at the public library for inspection by the general public. Copies of the adopted budget are distributed to all department heads and to the media, appropriate financial institutions, debt rating agencies, investment and financial advisors, regulatory agencies, intergovernmental grantors and other interest citizens and parties.

BUDGETARY CONTROL

Budgetary control is established and maintained after adoption of the budget by the preparation of monthly revenue and expenditure statements which provide monthly and year-to-date amounts and percentages of budgeted appropriations expended by fund, department, account and line items. These monthly statements are distributed to the Mayor and City Council and all department heads. The City Manager is authorized to transfer budgeted amounts within a department to any line-item within the same department; however, any amendments or revisions to the adopted budget that alter total expenditures for any department must be approved by the City Council.

STATUTORY REQUIREMENTS

The ad valorem tax, better known as the property tax, is an important financial resource for the General Fund. It is important for all citizens to fully understand the makeup of the taxes levied against their properties. The following synopsis provides a basic working knowledge of property taxes and how they are determined.

Much of what taxing authorities such as cities, school districts, counties and special districts are allowed to levy for property taxes is determined by the State of Texas. The state legislature provided for the establishment of county appraisal districts. The purpose of these appraisal districts is to determine fair market values of all taxable property within a specific county. The taxable value of property is determined as of January 1 of each year.

The appraisal district generally notifies taxpayers of their assessed valuations in March and allows for them to challenge the valuations if the taxpayers believe them to be in error. A tax appraisal review board hears all tax protests and determines if the original valuation is correct or in error. On May 25 of each year, the appraisal district is required to provide taxing authorities with a certified estimate of total appraised value. The preliminary estimate is used by the City to help project what revenues will be available in the next fiscal year. The preliminary estimate, while providing indications of an increasing or decreasing tax roll, is subject to fluctuations because of possible tax protests mentioned above.

The most important date relating to the appraisal district is July 25. On that date a certified appraisal roll must be provided to all taxing authorities. The certified roll provides a basis upon which a tax rate can be applied to produce necessary revenues for the operation of city services.

After determination of a tax rate for the upcoming budget year there are several procedures and tests that must be applied to the rate in order for state law to be met. They include:

- **Calculation and publication of the effective tax rate.** The effective tax rate is the tax rate that when applied to the taxable assessed valuation, would produce the same total taxes as last year when properties taxed in both years are compared. The objective of the effective tax rate is to generate equal tax revenues using taxable valuations from different years.
- **Determination of whether the proposed tax rate exceeds the effective tax rate or rollback rate.** Texas state law requires that if a taxing authority's tax rate raises their tax rate above the effective then there must be a proposal on the agenda that the City Council

will propose an increase in the tax rate, a vote must be taken on that proposal and a notice of public hearing must be published with two public hearings scheduled.

2014 PROPERTY TAX RATES

This notice concerns 2014 property tax rates for the City of Mount Pleasant. It presents information about three tax rates. Last year's tax rate is the actual rate the taxing unit used to determine property taxes last year. This year's *effective* tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's *rollback* tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per \$100 of property value.

Last year's tax rate:

Last year's operating taxes	\$2,544,864
Last year's debt taxes	\$234,811
Last year's total taxes	\$2,779,675
Last year's tax base	\$809,692,612
Last year's total tax rate	\$0.343300/\$100

This year's effective tax rate:

Last year's adjusted taxes (after subtracting taxes on lost property)	\$2,882,474
÷ This year's adjust tax base (after subtracting value of new property)	\$838,624,511
= This year's effective tax rate	\$0.343700/\$100

This year's rollback tax rate:

Last year's adjust operating taxes (after subtracting taxes on lost property and adjusting for any transferred function, tax increment financing, state criminal justice mandate and/or enhanced indigent health care expenditures)	\$3,044,246
÷ This year's adjust tax base	\$838,624,511
= This year's effective operating rate	\$0.363000/\$100
x 1.08 = this year's maximum operating rate	\$0.392000/\$100
+ This year's debt rate	\$0.029900/\$100
= This year's rollback rate	\$0.421900/\$100
- Sales tax adjustment rate	\$0.046600/\$100
= Rollback tax rate	\$0.375300/\$100

Statement of Increase/Decrease

If the City of Mount Pleasant adopts a 2014 tax rate equal to the effective tax rate of \$0.343700 per \$100 of value, taxes would increase compared to 2013 taxes by \$20,055.

Schedule C- Expected Revenue from Additional Sales Tax

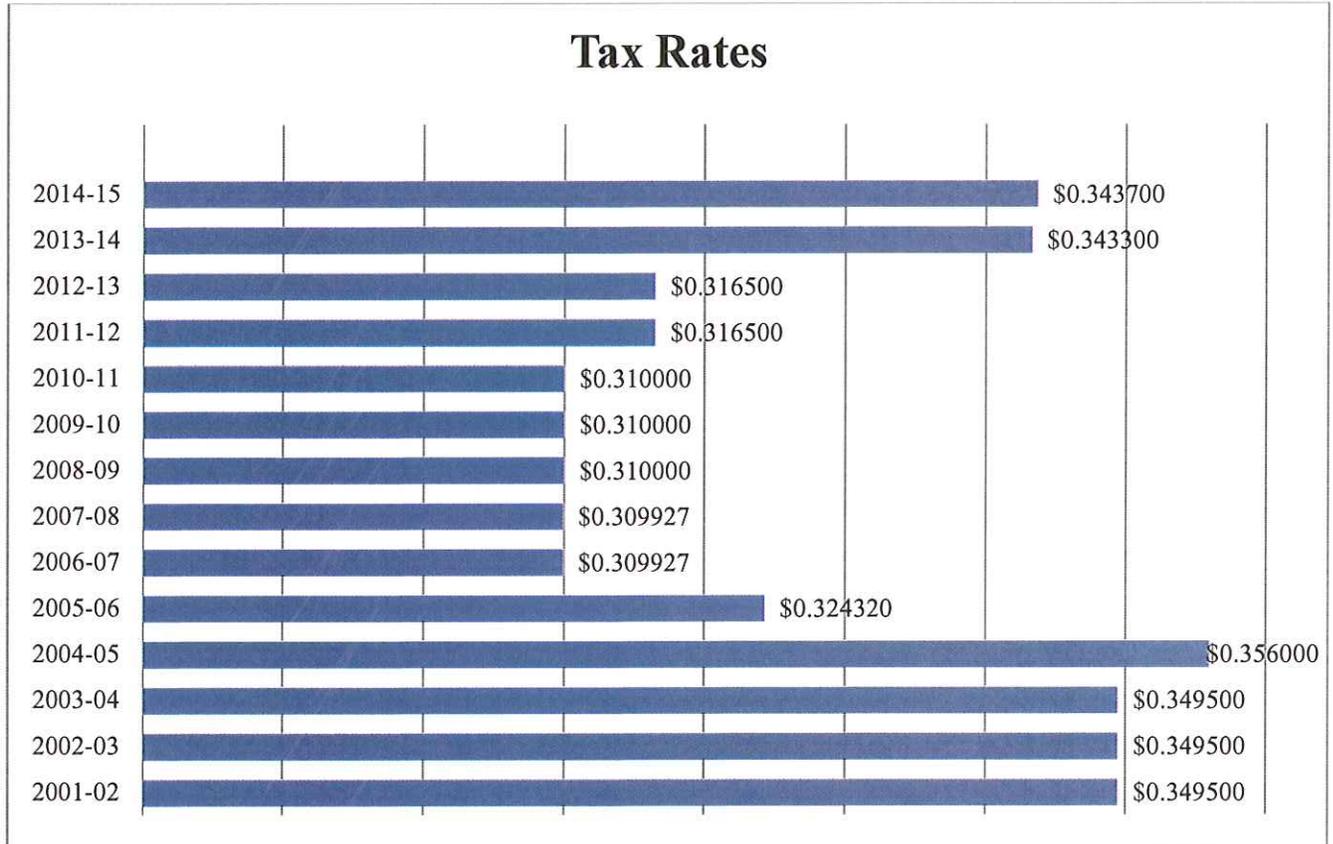
In calculating its effective and rollback tax rates, the unit estimated that it will receive \$396,583 in additional sales and use tax revenues.

**ANALYSIS OF TAX RATE
FISCAL YEAR 2014-2015**

Estimated assessed valuation of real and personal property	\$838,624,511
City Tax Rate	<u>\$0.3437</u>
Tax Levy	<u>\$2,882,352</u>
Estimated 98.0% collection	<u>\$2,824,705</u>

DISTRIBUTION OF AD VALOREM TAXES

	Tax Rate \$100 Valuation	Percent of Value	98.0% of Collection
General Fund	\$0.3108	90.44%	\$2,554,705
Cemetery Fund	\$0.0031	.89%	\$25,000
Debt Service Fund	<u>\$0.0298</u>	<u>8.67%</u>	<u>\$245,000</u>
	<u>\$0.3437</u>	<u>100.00%</u>	<u>\$2,824,705</u>



STATISTICAL ANALYSIS OF 2014-2015 ADOPTED BUDGET BY FUND TYPE

Further analysis of the budget is by fund type. The city maintains three fund types: Governmental, Proprietary and Fiduciary. These three fund types consist of a variety of funds, which are broken down by departments, which represent cost centers to the city.

GOVERNMENTAL FUND TYPES GENERAL FUND

REVENUES – COMPOSITION, ASSUMPTIONS, AND CHANGES FROM PRIOR YEAR

Funding the city's General Fund operations is derived from six revenue categories. Each of these categories is detailed below with a brief description.

TAXES

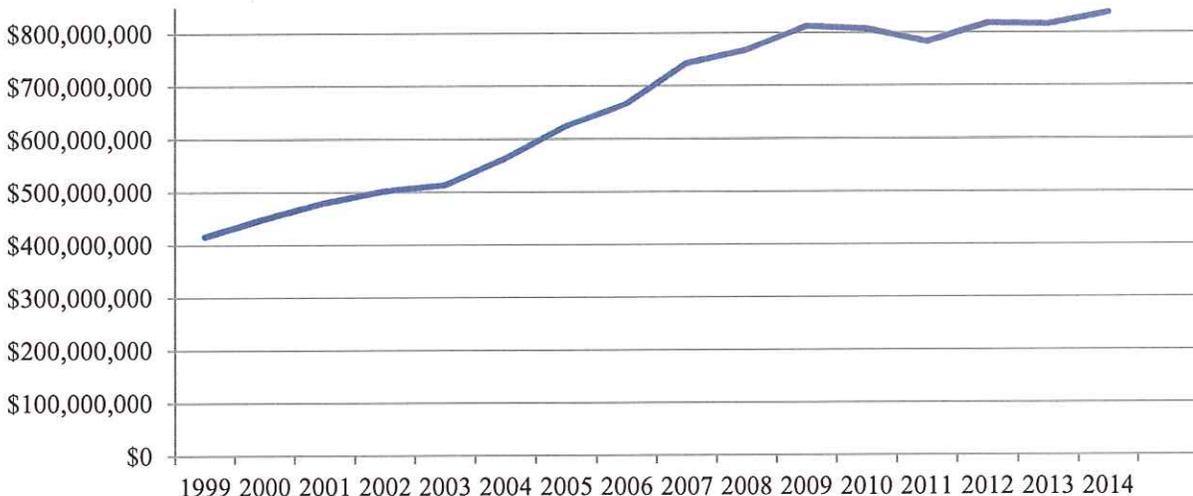
Property Taxes

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located within the city. Assessed values represent the appraised value less applicable exemptions authorized by the city council. The Titus County Appraisal District at 100% of estimated market value establishes appraised values.

Taxes are due October 1, immediately following the January 1 lien date, and are delinquent after the following January 31. Delinquent taxes are subject to a 15% penalty and 6% interest according to Texas State law.

Certified property valuations provided by the Titus County Appraisal District totaled \$838,624,511 for 2014, of this amount \$1,596,128 is for new properties annexed into the city and \$10,150,295 is for new improvements and new personal property added to the tax roll.

Below is a trend of the assessed valuation. For 2014 the assessed valuation shows an increase of 2.70%.

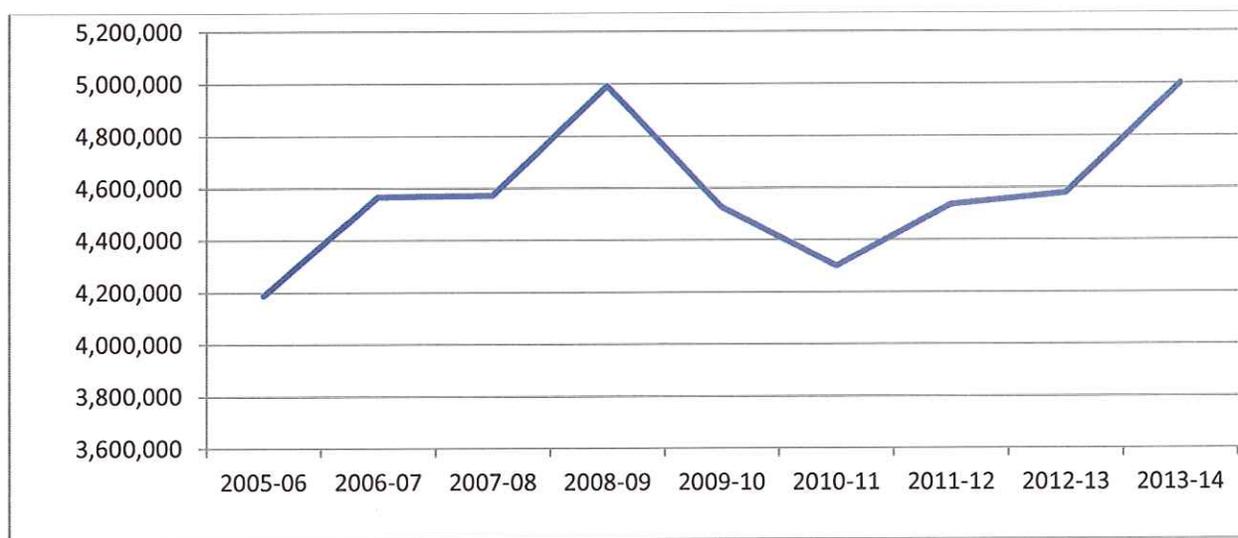


Property tax revenues are budgeted to generate \$2,824,705 this year based upon a 98% collection rate. Of this amount \$2,554,705 is for general maintenance and operations within the General Fund. Total property tax revenues in the General Fund which includes delinquent taxes and penalties and interest total \$2,644,705 and account for 30.81% of all General Fund revenues.

Sales Tax

Sales tax revenues continue to be a major revenue source for the city’s General Fund. Sales tax budgeted in the General Fund totals \$3,748,674 or 43.67% of the total budget. The sales tax for the City of Mount Pleasant is 8.25% with the state receiving 6.25%, the county receiving .5% and the city receiving the remaining 1.5%. Of the City’s 1.5%, the .5% is divided between the General Fund and the Economic Development Fund. The Economic Development Fund receives ¾ of the .5% with the remaining ¼ left in the General Fund for the reduction of property taxes. The following table reflects total sales tax received for the past nine years.

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
October	328,306	361,178	350,178	408,976	340,603	321,657	330,006	356,803	466,718
November	291,683	443,144	394,481	465,937	378,903	381,629	393,294	415,027	399,865
December	297,330	333,034	361,532	425,276	339,006	301,801	331,399	301,351	358,657
January	348,535	358,529	348,342	379,084	315,781	332,003	343,489	372,476	361,388
February	425,446	496,626	460,225	540,136	437,371	456,272	458,539	493,674	494,252
March	292,823	347,090	317,533	376,227	304,377	285,206	304,586	338,086	348,463
April	307,458	340,500	330,121	370,292	303,763	323,876	344,144	400,579	380,928
May	385,595	436,656	402,481	482,405	395,937	443,082	465,515	455,095	465,468
June	330,668	345,273	404,575	362,123	347,522	344,389	359,582	372,395	408,455
July	351,772	342,235	369,316	362,581	609,645	343,321	398,688	369,712	428,111
August	466,156	407,994	429,463	471,695	426,170	416,657	439,787	431,364	464,441
September	363,774	356,351	405,242	349,280	327,571	351,658	368,174	273,730	424,622
	4,189,546	4,568,610	4,573,489	4,994,012	4,526,649	4,301,551	4,537,204	4,580,292	5,001,366



Other Taxes

Other taxes total \$31,800 or .37% of the total General Fund taxes. These taxes are P.I.L.O.T. which is paid by the Mount Pleasant Housing Authority and liquor taxes collected within the city.

CHARGES FOR CURRENT SERVICES

This revenue category accounts for funds earned by the city in exchange for specific types of services provided. Examples of services include zoning/platting fees and swimming pool charges. Total charges for services are budgeted at \$33,800 and represent .39% of total General Fund revenues.

LICENSES & PERMITS

License and permits revenue includes fees charged by the City for certain types of operator licenses and permits for construction and other items regulated by city ordinances. Building activity has increased slightly during fiscal year 2013-14 and we are projecting a small increase for the coming year. The budgeted amount totals \$60,000 or .70% of the General Fund revenues.

FINES AND FORFEITURES

Fines and forfeitures represent revenue generated from the municipal court and other fines such as animal shelter fees and library fines. These revenues are budgeted at \$716,800 and represent 8.35% of the total budget. The fines for municipal court are projected at \$680,000 and represent 94.87% of this classification.

CONTRACTUAL INCOME

Contractual income represents the payment from Titus County for the fire contract, animal shelter contract and emergency management contract also included is the contribution from the City of Pittsburg for the animal shelter contract. This totals \$433,200 and comprises 5.05% of the budget.

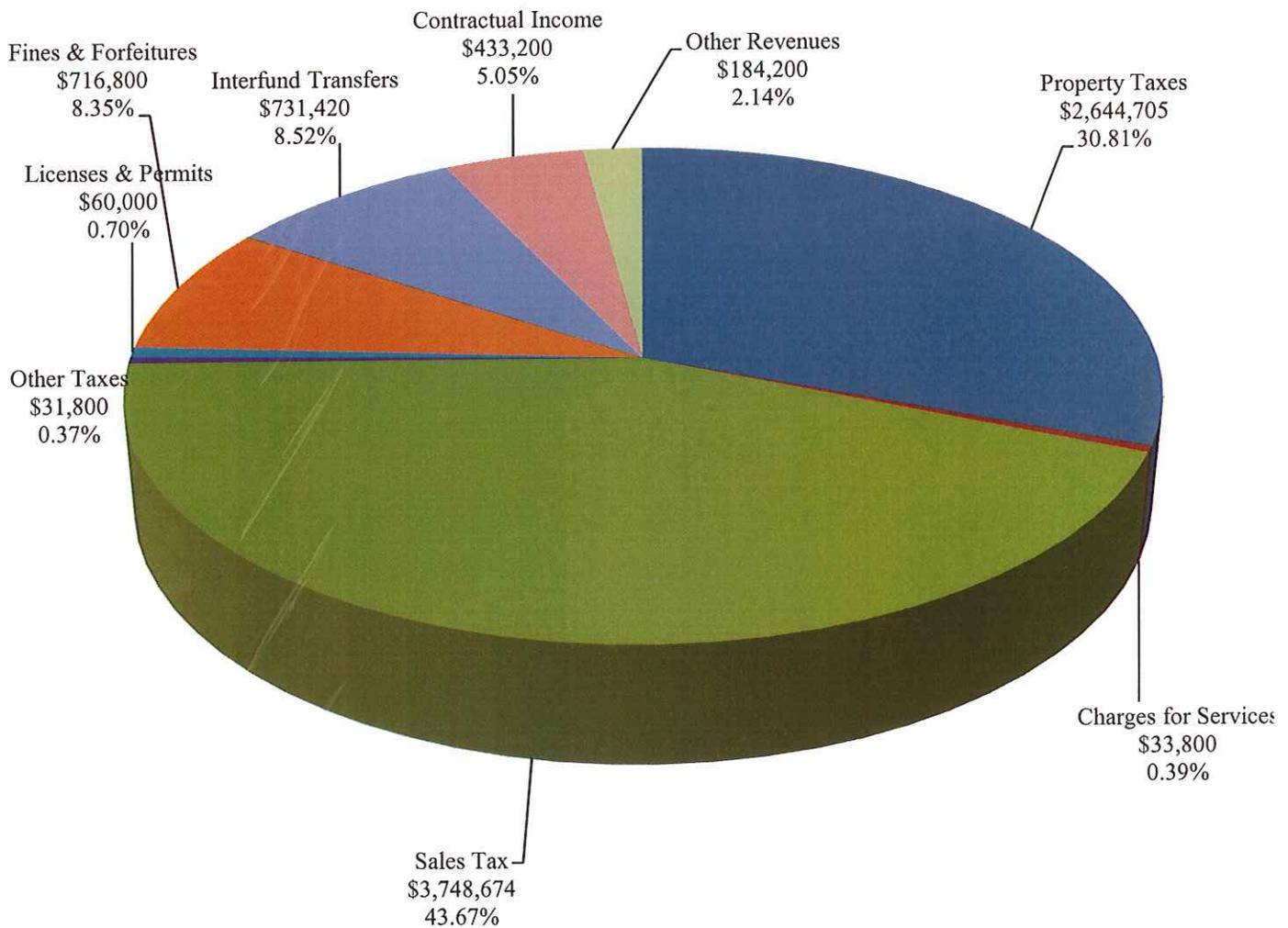
INTERFUND TRANSFERS

Interfund transfer totals \$731,420. Funds are transferred to the General Fund from the Utility Fund for revenues earned on solid waste collection projected at \$518,160, \$8,400 from the Police Seizure Proceeds Fund for K-9 pay paid to the officers that care for the drug dogs, \$5,000 for promotions from the Hotel/Motel Fund, \$75,000 from the Airport Fund for repayment of a loan on the maintenance T-hanger, \$10,000 from the Economic Development Fund for administrative cost and \$114,860 for one-half of the vehicle maintenance cost from the Street Fund. This classification accounts for 8.52% of the General Fund revenues.

OTHER REVENUES

The balance of revenue sources in the General Fund come from interest income, park user fees vector assessments and miscellaneous revenue. These revenues are budgeted at \$184,200 and represent 2.14% of the total General Fund revenue budget.

GENERAL FUND REVENUES



EXPENDITURES-COMPOSITION ASSUMPTIONS, AND CHARGES FROM PRIOR YEAR

Budgeted expenditures in the General Fund total \$8,450,696 for fiscal year 2014-2015. This represents an increase of \$356,327 or 4.40% above the projected budget of \$8,094,369 for fiscal year 2013-2014. Below is a summary of these expenditures.

Personnel

As the single largest expenditure category, personnel expenses total \$6,261,735 and account for 74.10% of the General Fund expenditures. An across the board cost of living increase of 3% is budgeted to take effect October 1, 2014. Some merit increases and pay adjustments have been made throughout the budget. Health insurance will increase slightly by 4.2% and dental insurance will increase 7.3% and have a guaranteed rate for two years. The city's contribution to the Texas Municipal Retirement System decreased slightly from 16.80% to 16.17%. The employee contributes 7% of their gross pay and the city matches this on a two to one basis. Total proposed personnel costs in the General Fund which includes benefits increased by 4.31% over last year's projected cost of \$6,003,224.

Contractual and Fee Services

This is the second largest expenditure category in the General Fund and totals \$1,334,138 or 15.79% of the total budget. This classification is for payments made for communication expense, insurance expense, training, electrical payments and other contractual and fee payments.

Supplies and Materials

This classification totals \$404,350 or 4.78% of the General Fund expenditures. Minor tools and equipment, office supplies, fuel and other supplies make up these amounts.

Maintenance

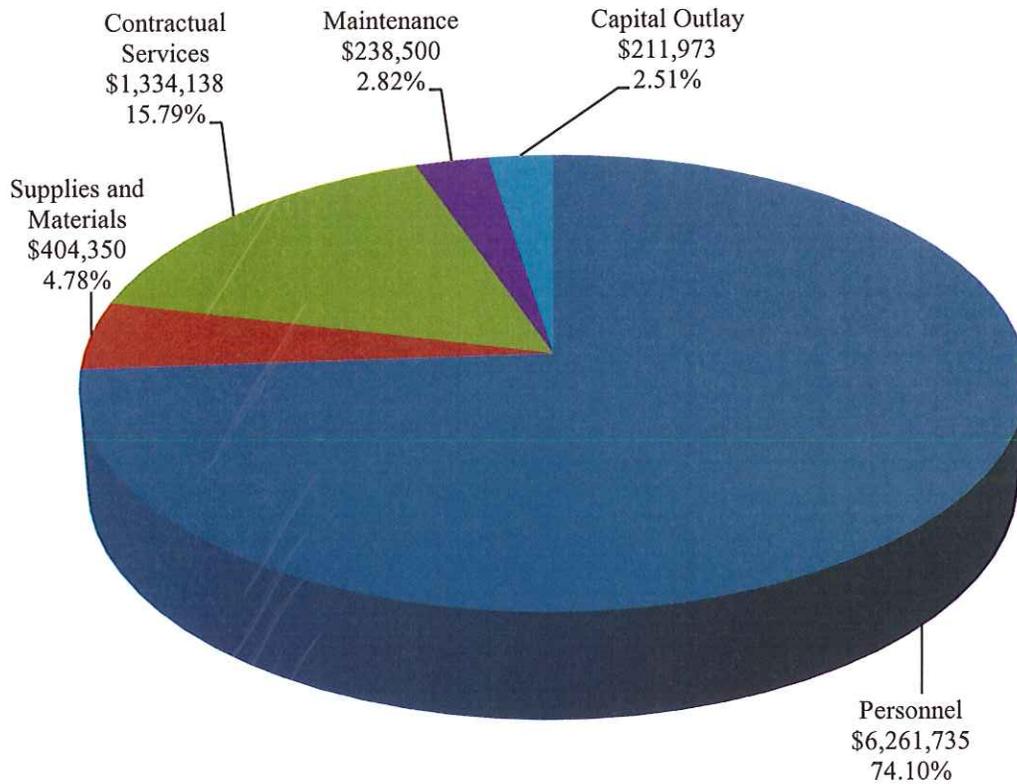
This classification totals \$238,500 or 2.82% of the General Fund and includes maintenance of buildings, structures, land, improvements, equipment and machinery.

Capital Outlay

Capital outlay totals \$211,973 or 2.51% of the General Fund. Below is a detail of the capital expenditures budgeted for the General Fund:

- \$33,000 for library books
- \$6,100 for FLIR hand held unit to support patrol and SWAT finding suspect locations
- \$47,373 for one Tahoe for the police department
- \$10,000 for thermal imaging camera for fire department
- \$15,500 for zero-turn mower for parks
- \$100,000 for General Fund contingency

GENERAL FUND EXPENDITURES

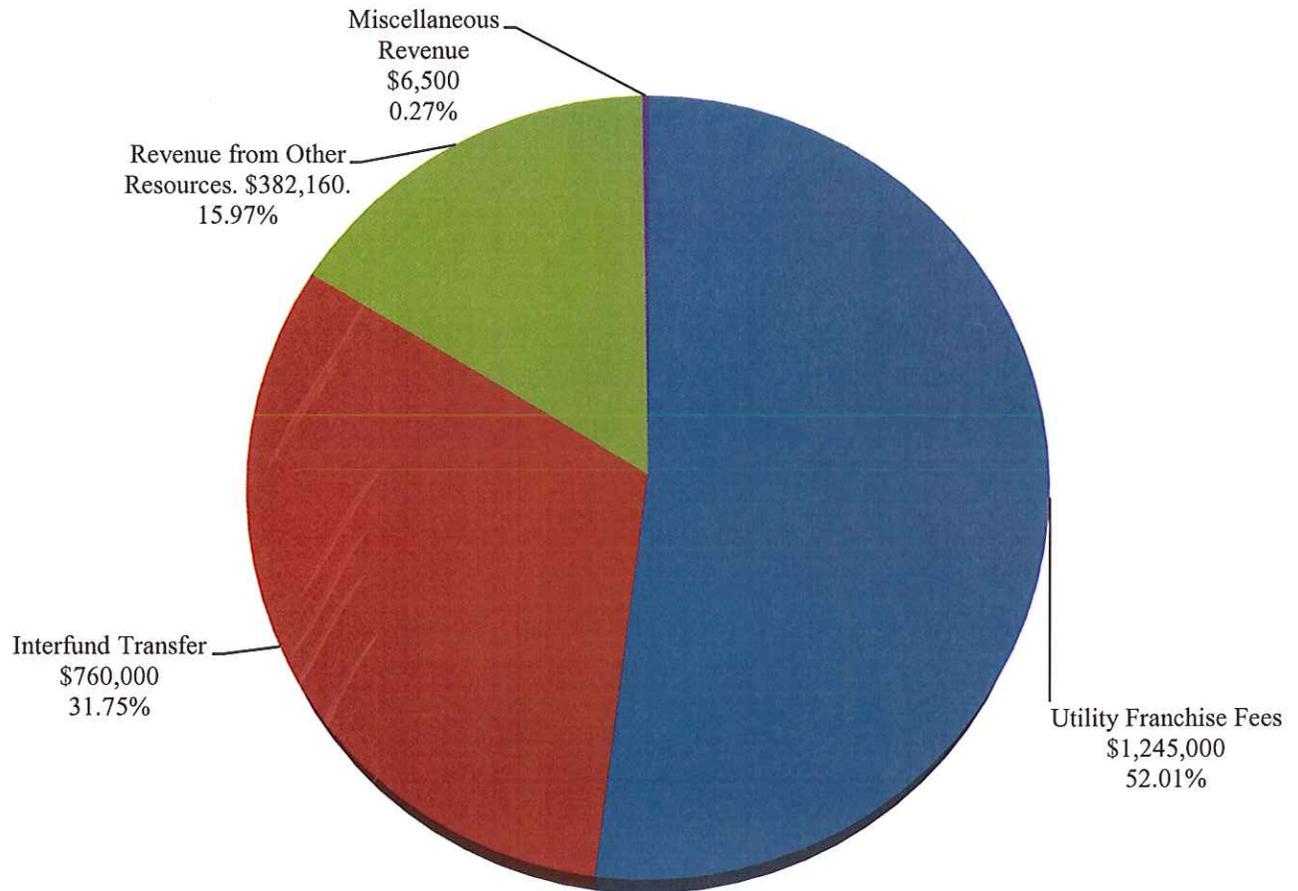


Other funds within the General Fund classification consist of the General Capital Fund and Street Fund. The General Capital Fund was formed to begin a savings for capital purchases that need to be made for General Fund needs. Money is transferred here from the General Fund and the Street Fund to save for purchases of major capital items. During the fiscal year 2014-2015 \$400,000 has been budgeted for the purchase of a new fire truck. The city will contribute one-half of the cost with Titus County contributing the other half.

STREET FUND REVENUES

The Street Fund is projected to have revenues of \$2,393,660 during fiscal year 2014-2015 which is a small increase of 1.45% from the previous year of \$2,359,523. Utility franchise fees in the amount of \$1,245,000 are from franchise fees paid by the various utility companies which operate inside the city limits. Revenue from Other Resources is the gate royalty fees we receive from Republic Services and is projected at \$382,160. Interfund transfers total \$760,000. This amount consist of the 10% franchise fee that the Utility Fund transfers to the Street Fund based upon water and sewer revenues.

STREET FUND REVENUES



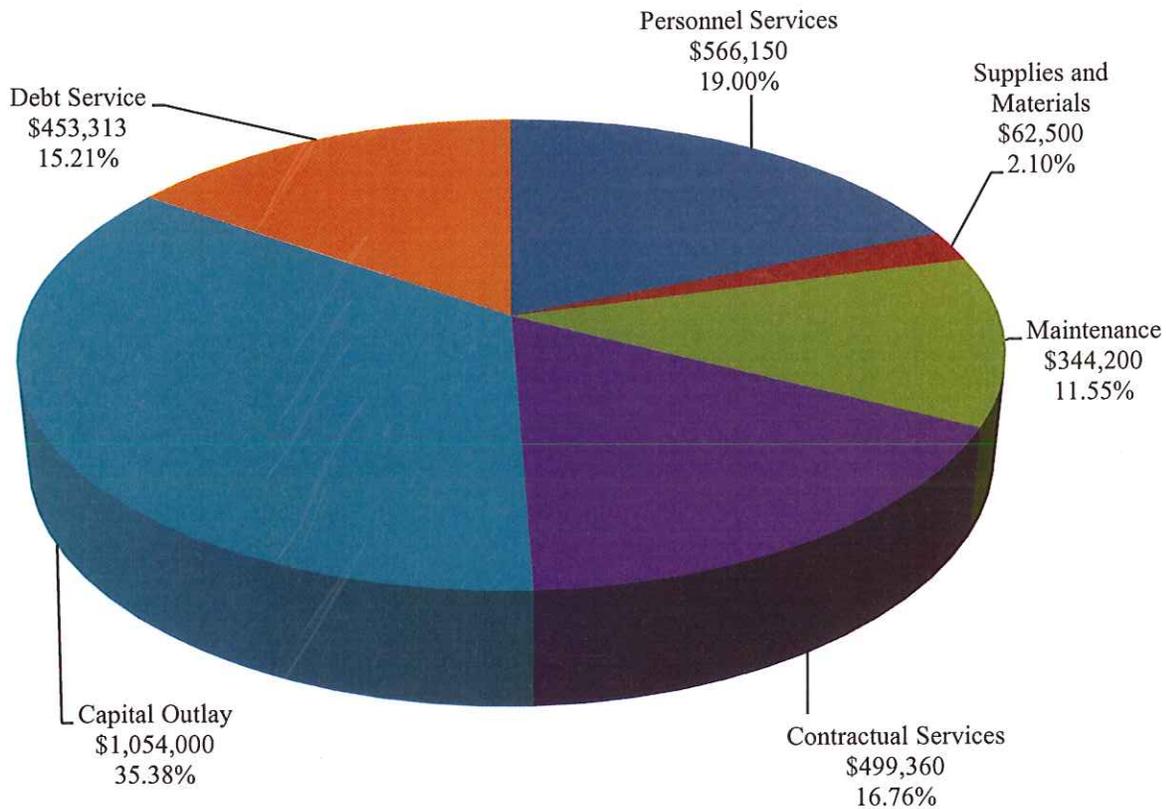
STREET FUND EXPENDITURES

Interfund transfers within the Street Fund totals \$214,860. This amount consists of \$100,000 to be transferred to the Community Improvement Fund and \$114,860 to be transferred to the General Fund for one-half the cost of the General Fund Vehicle Services budget.

Capital outlay within the Street Fund has \$1,000,000 projected for the 2014-2015 annual street project. This will be based on the streets that need to be upgraded during the year and a determination will be made as to what streets will be included. There is also \$54,000 budgeted for a towable steel wheel compactor.

Debt service in the Street Fund totals \$453,313. This will repay Series 2012 Certificates of Obligation which were issued in December 2012 and used for the payment of \$4,000,000 to Titus County for the city's commitment to the loop project. The remaining funds will be used for the continuation of the NW 12 street project.

STREET FUND EXPENDITURES



SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenue from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and also include intergovernmental revenue in the form of State and Federal funds. These funds that include expenditures during the 2014-2015 fiscal year include the Library Grants Fund, Tourism/Historical Budget Fund, Cemetery Fund, Police Seizure Proceeds Fund, DWI Step Grant Fund, Animal Shelter Donation Fund, TxDOT Ramp Grant Fund, Economic Development Fund, Attorney General Grant Fund, Hotel/Motel Tax Fund, Law Enforcement Education Fund, Tobacco Enforcement Program Fund, Library Contribution Fund, Firemen's Relief Fund, and Hobbs Trust Account Fund.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds. This fund includes the following capital projects funds:

- **New Water Treatment Plant Fund:** This fund was established for the design phase of the new water treatment plant. The city issued \$3,320,000 in 2006 for the engineering cost for the new plant. After funds were received from the Texas Water Development Board some of the engineering costs were reimbursed, so these funds are available for any other water projects. The remaining funds will be used during fiscal year 2014-2015 to complete the automated meter reading system.
- **Texas Water Development Board Fund:** This fund was set up to receive funds issued through the Texas Water Development Board for a new water treatment plant, improvements to the raw water supply facilities, water distribution system and also for improvements to the I-30 Water Treatment Plant. The total debt will be approximately \$24,785,000. Debt is issued as construction costs are incurred. During 2014-2015 we anticipate the close-out of the construction of the new water treatment plant and the upgrade of the I-30 water treatment plant which began during fiscal year 2013-2014.
- **Street Improvement Fund:** This fund was set up to account for the \$7,115,000 Certificates of Obligation that were issued in December 2012. Of these monies, \$4,000,000 was paid to Titus County for the loop project. Funds during fiscal year 2013-2014 were used for Phase I of the NW12 street project. The remaining funds of \$1,423,144 will be used on the NW12 project during fiscal year 2014-2015.
- **Community Improvement Fund:** This fund is budgeted to be used for beautification projects around the city. These projects have not yet been identified. The Street Fund and the Utility Fund have each committed \$100,000 to be transferred to this fund during the 2014-2015 fiscal year.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term debt principal and interest and related costs on debt issued by the city. Total debt service requirements budgeted for 2014-2015 is \$254,638. Debt was issued May 15, 2010 in the amount of \$4,500,000 for a new library and renovations to the current police department. Revenues for the debt service fund are from a dedicated portion of the property tax levy.

PROPRIETARY FUND TYPES

The city's proprietary funds consist of the Utility Fund, Civic Center Fund and Airport Fund. The Utility Fund revenues and expenditures are explained in greater detail in the following information as it is the largest of the proprietary funds. Revenues and expenditures in the Civic Center and Airport Fund can be found in the budget summaries that follow.

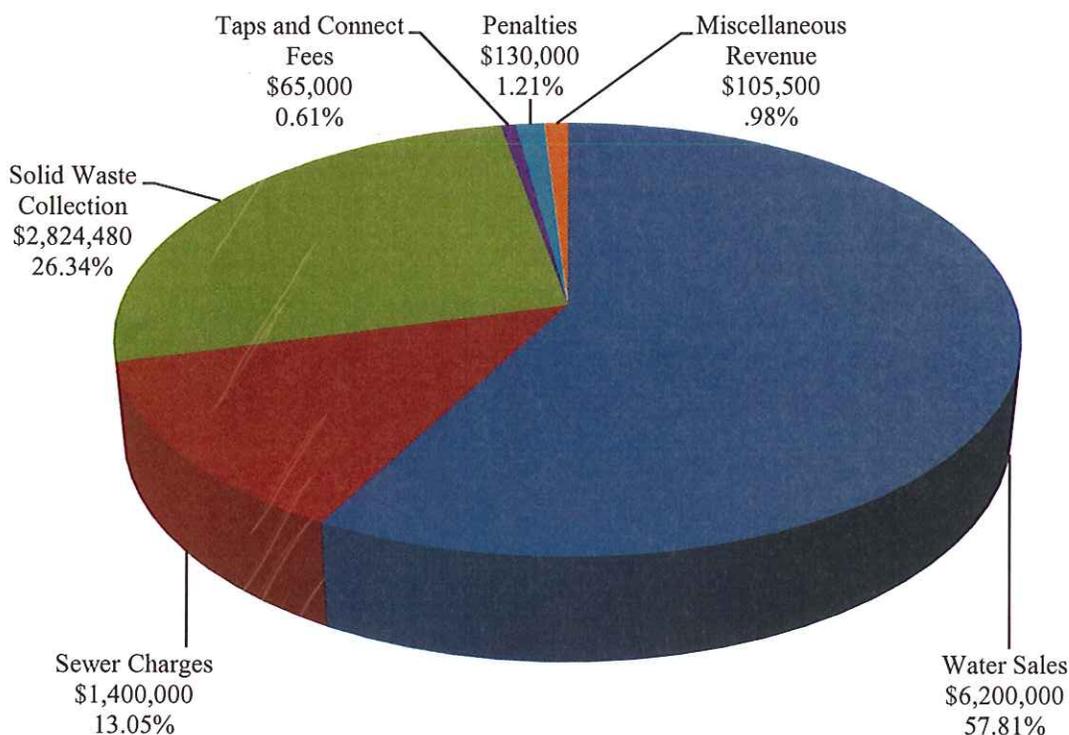
UTILITY FUND

REVENUES-COMPOSITION, ASSUMPTIONS AND CHANGES FROM PRIOR YEAR

Revenues in the Utility Fund are projected at \$10,724,980, an increase of \$358,474 or 3.46% above the projected amount of \$10,366,506 during fiscal year 2013-2014.

Below is a graph which summarizes the revenues within the utility fund:

UTILITY FUND REVENUES



EXPENDITURES-COMPOSITION, ASSUMPTIONS AND CHANGES FROM PRIOR YEAR

The Utility Fund expenditures total \$12,618,243. This is an increase of \$1,335,870 or 11.84% above the projected 2013-2014 expenditures of \$11,282,373. The following is a summary of the expenditures for the Utility Fund.

Capital Outlay

Capital outlay in the Utility Fund totals \$2,640,850 or 20.93% of this year's proposed budget. Budgeted capital outlay expenditures include:

- \$28,000 for outdoor kiosk for water office for payment of water bills
- \$19,000 for pick-up replacement for the water treatment plants
- \$38,750 for Lake Bob Sandlin Water Plant surveillance system
- \$600,000 for rehab of clarifier at I-30 Water Treatment Plant (this is the first of four clarifiers that will need to be rehabilitated)
- \$125,000 for replacing the stand pipe at Edwards Street Water Tower
- \$70,000 for engineering design for Tankersley Spillway
- \$57,500 for F-750 Chassis at the Wastewater Treatment Plant which will replace an old TXDOT truck (current dump bed will be attached to new chassis)
- \$575,000 to replace grit chamber system at the Wastewater Treatment Plant which was built 23 years ago
- \$20,200 for return activated sludge pump replacement at the Wastewater Treatment Plant
- \$28,500 for F-250 Regular cab 4x4 to replace Unit 21 in the utility department
- \$28,000 for F-350 Pick-up to replace Unit 131 in the utility department which is a 1997 F-750 dump truck purchased from TXDOT and was retrofitted with a fifth wheel hitch to haul the dozer
- \$10,500 for trailer for utility department to haul the dozer
- \$760,000 for 4100' of 8" water main from N. Washington St. to Quille Ave. on E. 3rd Street
- \$40,000 for pump replacement on lift stations
- \$21,000 for replacement of 630' of sewer line from e. 3rd St. at Washington St. to E. 2nd St. to Lee St.
- \$20,000 for 450' of 10' sewer main on I-30 Service Rd. to Edgewood St.
- \$50,000 for 625' of 8' sewer main on Washington St. from E. 3rd to E. 4th
- \$24,000 for two shop vehicle lifts for fleet services
- \$25,400 to replace a 1993 GMC pick-up-Unit #18 for fleet services
- \$100,000 for Utility Fund contingency

Debt Service

Debt service within the utility fund totals \$1,591,500 or 12.61% of the total expenses. This is for debt payments for the water and sewer system, water improvements, and purchase of water rights.

Personnel

Personnel costs in the utility fund total \$2,083,567 or 16.51% of the total budget. Again, employees are projected to receive a 3% cost of living increase across the board to become effective October 1, 2014 with some employees receiving merit increases of 2.5%. Health insurance has increased 4.2%. The dental insurance has increased 7.3% but has a guaranteed rate for two years. The city's contribution to the Texas Municipal Retirement System decreased from 16.80% to 16.17%. Employees contribute 7% of their gross to the retirement system with the city matching those funds 2 to 1.

Contractual and Fee Services

Contractual and fee services is this year's largest expense in the Utility Fund. This classification consists of payments to Republic Services for solid waste collection, engineering contracts, utility services, business and travel, casualty and liability insurance, and payment to other vendors. Also included in this classification is interfund transfers which includes the transfer to the Street Fund for its franchise payment of 10% of water and sewer revenues, a transfer to the General Fund for the city's profit on solid waste collection and a \$100,000 transfer to the Community Improvement Fund. This classification totals \$5,222,026 and accounts for 41.39% of the total expenditures of the Utility Fund.

Maintenance

This classification consists of maintenance of buildings, structures, equipment and machinery. These expenses total \$525,850 or 4.17% of the total Utility Fund budget.

Supplies and Materials

Supplies with the utility fund total \$554,450 or 4.39% of the total Utility Fund budget.

UTILITY FUND EXPENDITURES

