



ANNUAL BUDGET

CITY OF MOUNT PLEASANT, TEXAS

FISCAL YEAR BEGINNING OCTOBER 1, 2015

CITY COUNCIL AND STAFF

Dr. Paul O. Meriwether

Robert Nance

Erman Hensel

David Huffman

Tim Dale

Dr. Sue Hawkins

Mayor

Mayor Pro-Tem

Council Member

Council Member

Council Member

Council Member

Mike Ahrens, City Manager

Brenda Reynolds, Director of Finance/City Secretary

**Approved by the
City Council
September 21, 2015**

This budget will raise more revenue from property taxes than last year's budget by an amount of \$115,205, which is a 3.88 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$33,408.

The record vote of each member of the governing body by name voting on the adoption of the budget was as follows:

FOR: Mayor Pro Tem Robert Nance, Council Member Erman Hensel, Council Member David Huffman, Council Member Time Dale

AGAINST: None

PRESENT and not voting: Mayor Paul O. Meriwether (does not vote unless there is a tie vote)

ABSENT: Council Member Sue Hawkins

The municipal property tax rates for the preceding fiscal year, and each municipal property tax rate that has been adopted or calculated for the current fiscal year, include:

| | Fiscal Year <u>2016</u> | Fiscal Year <u>2015</u> |
|---|----------------------------|----------------------------|
| Adopted Property Tax Rate | \$0.3437 | \$0.3437 |
| Effective Tax Rate | \$0.3335 | \$0.3437 |
| Effective Maintenance and Operations Tax Rate | \$0.3542 | \$0.3630 |
| Rollback Tax Rate | \$0.4128 | \$0.3753 |
| Debt Tax Rate | \$0.0303 | \$0.0299 |

The total amount of outstanding municipal debt obligations secured by property taxes is \$3,985,000.

Fiscal Year Principal and Interest Requirements for Debt Service are:

Property Tax Supported Debt: \$267,250

| | | |
|-------------------------------|--------------|----|
| Animal Shelter | 100-12 | 58 |
| Police Department | 100-13 | 61 |
| Fire Department | 100-14 | 64 |
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September 21, 2015

Honorable Mayor and Council:

I am pleased to present to you the proposed 2015-2016 Annual Budget for the Fiscal Year beginning October 1, 2015 and ending September 30, 2016.

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 2015-2016 Annual Budget is a financial guideline that outlines our efforts 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. As with most communities, the need for capital improvements exceeds available resources. The budget strives to balance the available resources of the City with the need to perform the activities requested by the public.

This proposed Annual Budget includes financial information regarding the General Fund, Utility Fund, Street Fund, and the numerous special funds: The proposed budget for Fiscal Year 2015-2016 for all funds totals \$28,742,311.

As reported by the Titus County Appraisal District, the certified appraised taxable value totals \$881,528,357 which is an increase of \$35,980,343 or 4.25% over last year's valuation of \$845,548,014. Of this increase, \$7,234,423 is new value added to the tax roll and \$2,684,203 is new value due to annexation.

The effective tax rate for this budget year is calculated at .3335, a decrease of .0102 from the current year tax rate of .3437. 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). Adopting the effective tax rate instead of the current tax rate would result in a loss of \$89,915 in revenue to the General Fund.

The 2015-2016 budget is based on maintaining the city's current tax rate of .3437. This rate includes a debt tax of \$.0299, maintenance and operations (M & O) tax rate of \$.3097 and a Cemetery Fund tax rate of .0041.

Major expenditures planned for in this budget include:

- Three new firefighter positions are budgeted along with uniforms, bunker gear and radios at a cost of \$182,109. This amount is to be split by contract amendment with Titus County in the amount of \$91,055 each.
- \$71,334 is budgeted for a radio upgrade for the Police Department radio system. This amount will be reduced by a grant for \$41,344 from the Ark-Tex Council of Governments.
- This budget includes \$60,488 for salary and benefits for the hiring of an additional investigator in the Police Department to reduce the current case load.
- The budget includes \$40,154 in salary and benefits for the hiring of an additional employee in the Parks Department. This employee will be assigned to the Main Street District to improve maintenance of downtown and assist with Main Street activities. This new position will allow the City to reduce the budget for contracted mowing at City facilities by \$15,000.
- \$24,000 is budgeted to retrofit the downtown street lighting with LED lights. This will result in a savings over time in replacing existing lights and ballasts.
- A new street maintainer will be purchased for \$278,248 with a guaranteed buyback after 3 years of \$240,000. The City will receive at least \$220,000 in buyback or auction of the existing maintainer.
- A new street sweeper is budgeted in the amount of \$203,341 to replace a current street sweeper that is no longer functional and not worth repairing.
- Funds are budgeted in the amount of \$24,000 for the replacement of the Edwards Cemetery fence with a black coated cyclone fence in the amount of \$24,000.
- An amount of \$79,000 is budgeted for the replacement of an airport fuel truck. TxDOT-Aviation will contribute \$24,000 of this cost through the RAMP program.
- An amount of \$2,044,161 is budgeted for Phase II of the NW 12 street construction project which is currently being engineered.
- \$125,000 is budgeted to replace the standpipe at the Edwards elevated water storage tank. Deficiencies in the standpipe were identified during the tower painting last year.
- \$30,000 is budgeted in the Utility Fund to begin installing a GIS mapping system.
- Replacement of or addition to the FM 4000 sewer line is budgeted in the Utility Budget at \$650,000. This line drains a large portion of the commercial and industrial development on South Jefferson and is at capacity.
- \$37,720 is budgeted at the Civic Center for replacement of chairs, tables and the addition of a mobile stage.
- An amount of \$125,000 is budgeted in the Community Improvement Fund for the installation of a splash pad at Caldwell Park.

- \$50,000 is budgeted in the Community Improvement Fund for a “Mount Pleasant” sign on South Jefferson

This budget proposes no increase in water/ wastewater rates or any city fees. However, a substantial decrease in water revenues over the past two years due to excessive rainfall events and the continuing need for infrastructure improvements may require an increase next year if lower revenue trends continue. By the terms of our contract with Republic Services for trash pickup, there will be no increase in solid waste fees this year.

This budget includes a 2% Cost of Living (COL) increase in salary levels. Our city employees continue to perform at a high level and the City of Mount Pleasant is able to accomplish more with fewer employees than many of our peer cities around the State. 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 and elected officials in the development of this document and the collaborative effort that is necessary for a successful budget.

Respectfully Submitted,



Mike Ahrens,
City Manager

ORDINANCE NO. 2015-14

AN ORDINANCE ADOPTING AND APPROVING A BUDGET FOR THE CITY OF MOUNT PLEASANT, TEXAS FOR THE FISCAL YEAR OCTOBER 1, 2015 THROUGH SEPTEMBER 30, 2016.

WHEREAS, heretofore a budget for the fiscal year October 1, 2015 through September 30, 2016, 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.

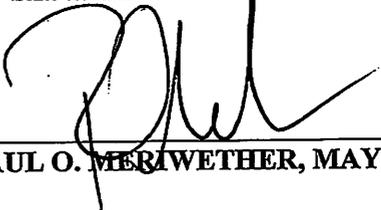
SECTION 2

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, 2015 and ending September 30, 2016.

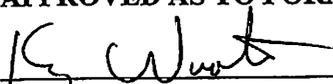
PASSED, APPROVED AND ADOPTED THIS 21ST DAY OF SEPTEMBER 2015.



DR. PAUL O. MERIWETHER, MAYOR

ATTEST:


BRENDA REYNOLDS, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:


KERRY WOOTTEN, CITY ATTORNEY

ORDINANCE NO. 2015-15

AN ORDINANCE OF THE CITY OF MOUNT PLEASANT, TEXAS RATIFYING THE PROPERTY TAX INCREASE REFLECTED IN THE FISCAL YEAR 2015-2016 CITY OF MOUNT PLEASANT, TEXAS BUDGET AS REQUIRED BY SECTION 102.007 OF LOCAL GOVERNMENT CODE; PROVIDING FOR REPEAL; PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1

The City of Mount Pleasant, Texas, acting through its duly elected Council, hereby ratifies the tax increase of 3.88% reflected in its fiscal year 2015-2016 budget adopted by the Council at a prior vote. This ratification was adopted in a separate vote from a vote to adopt the fiscal year 2015-2016 budget and separate from a vote to set the current tax rate required by the Texas Tax Code.

SECTION 2

That all ordinances, orders, 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 to be 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 immediately after passage, approval and adoption.

PASSED, APPROVED AND ADOPTED THIS THE 21ST DAY OF SEPTEMBER, 2015.



DR. PAUL O. MERIWETHER, MAYOR

ATTEST:



BRENDA REYNOLDS, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:



KERRY WOOTTEN, CITY ATTORNEY

ORDINANCE NO. 2015-16

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 2015; 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 2015 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..... | \$0.3097 |
| For maintenance and operation of cemeteries..... | 0.0041 |
| For payment of principal and interest on general obligation debt..... | <u>0.0299</u> |
| | <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 2015, 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, 2016. 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 2015 taxes, including penalty and interest thereon, that are unpaid and delinquent on July 1, 2016, 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 21ST DAY OF SEPTEMBER 2015.

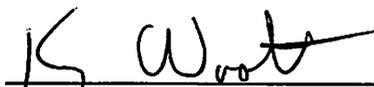


DR. PAUL O. MERIWETHER, MAYOR

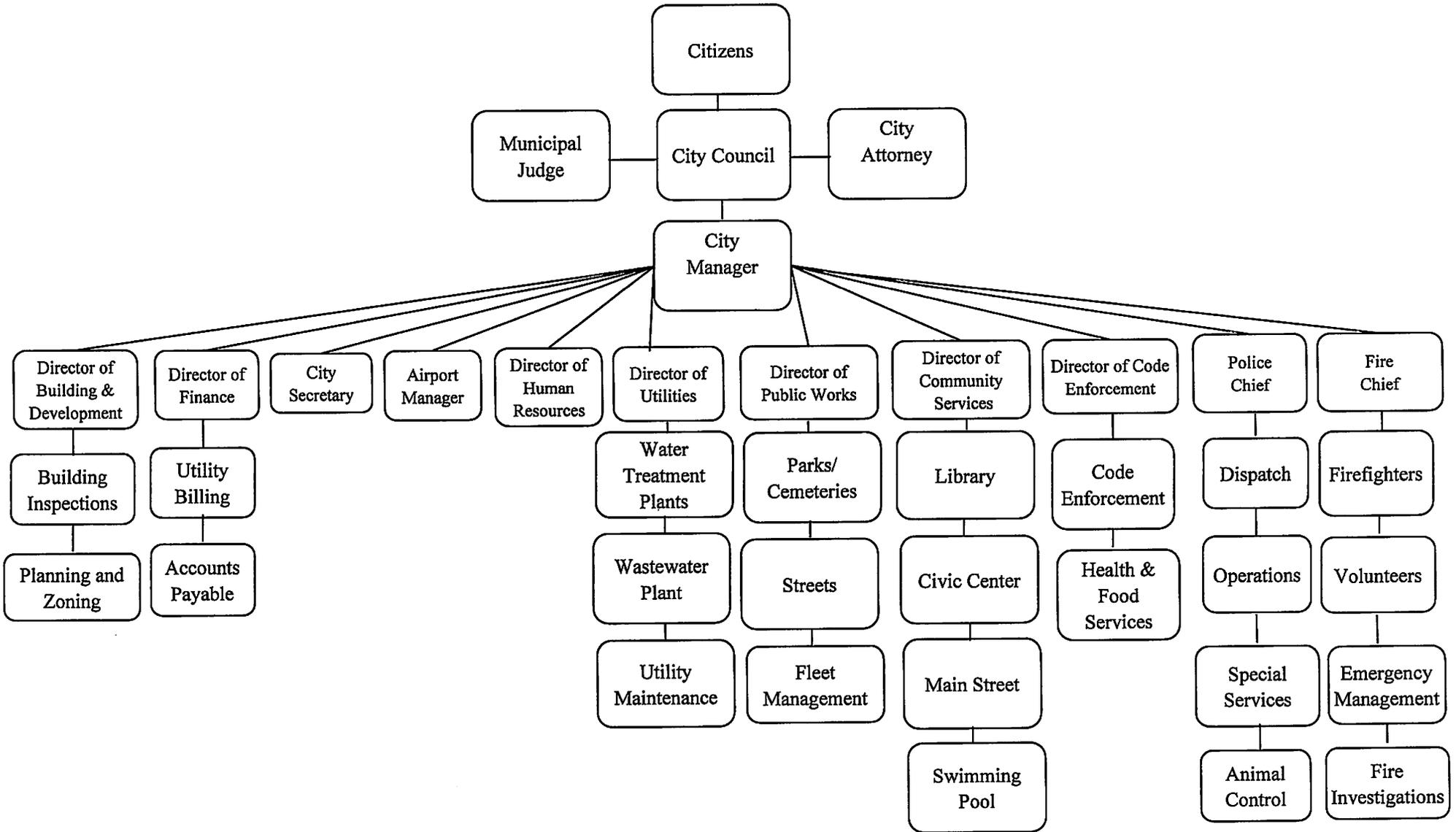
ATTEST:

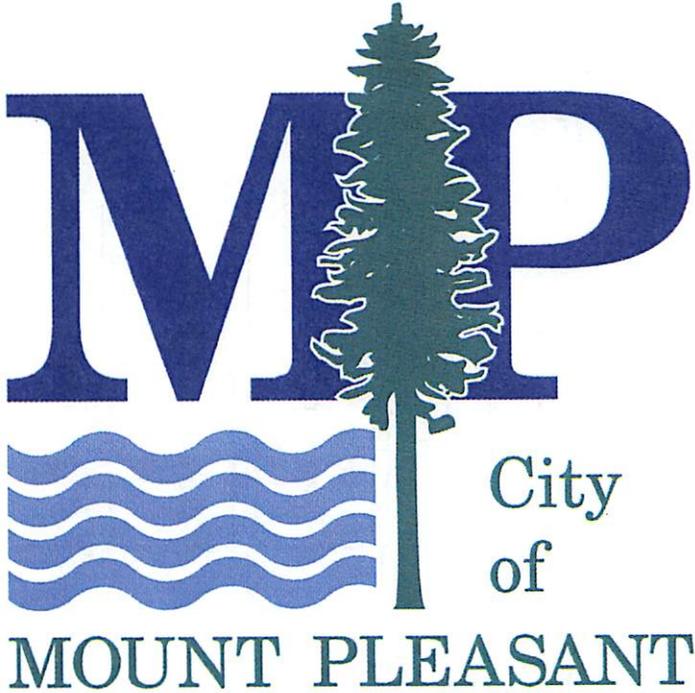

BRENDA REYNOLDS, SECRETARY

APPROVED AS TO FORM AND LEGALITY:


KERRY WOOTTEN, CITY ATTORNEY

ORGANIZATION CHART





**CITY OF MOUNT PLEASANT
ANNUAL BUDGET
2015-2016**

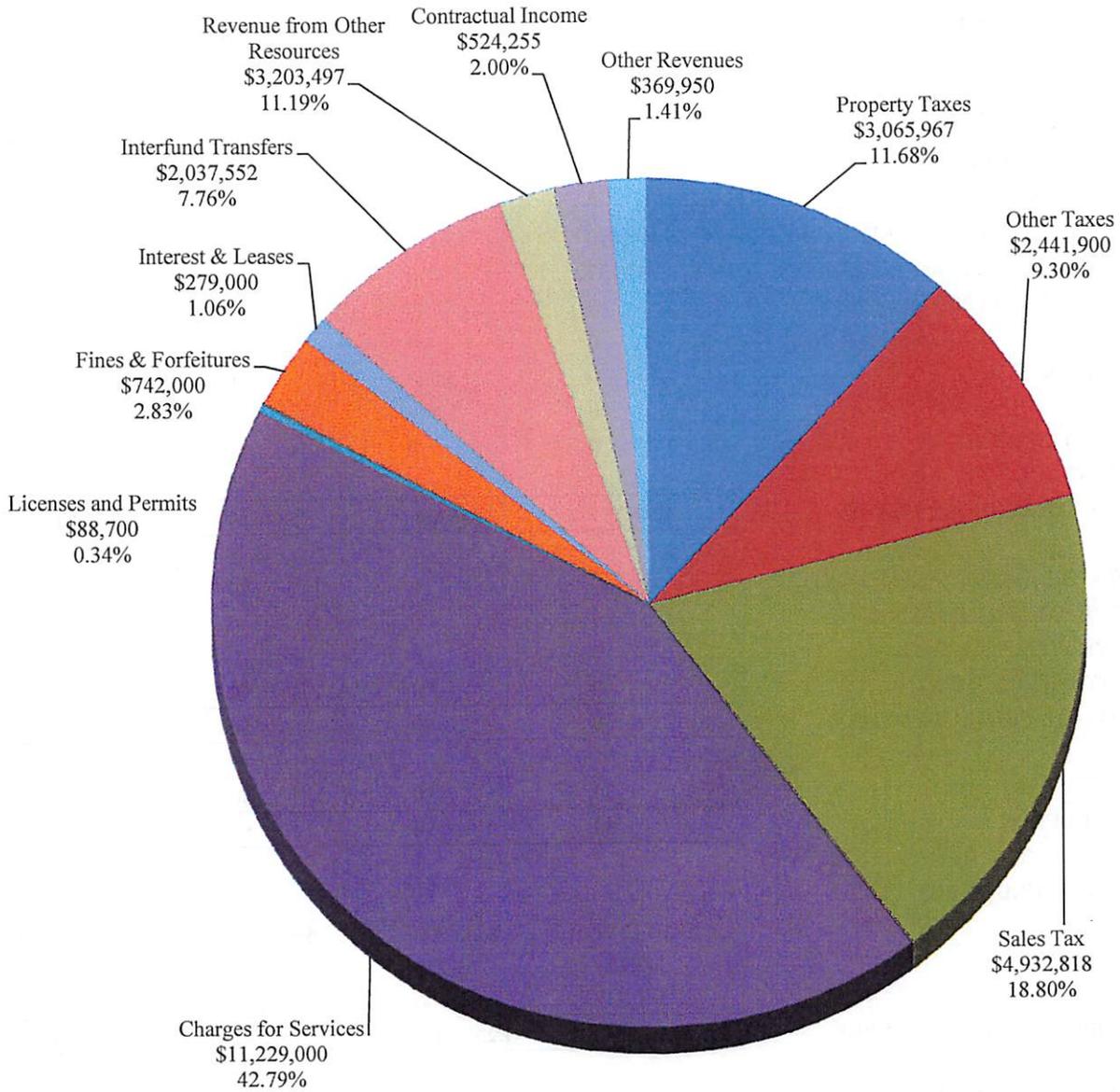
SUMMARY OF ALL FUNDS

| | GOVERNMENTAL FUND TYPES | PROPRIETARY FUND TYPES | FIDUCIARY FUND TYPES | TOTAL FUNDS |
|-----------------------|------------------------------------|-----------------------------------|---------------------------------|------------------------|
| BEGINNING BALANCE | \$10,419,914 | \$2,408,404 | \$88,792 | \$12,917,110 |
| REVENUES | \$14,282,894 | \$11,946,907 | \$15,090 | \$26,244,891 |
| TOTAL FUNDS AVAILABLE | \$24,702,808 | \$14,355,311 | \$103,882 | \$39,162,001 |
| EXPENDITURES | \$16,602,191 | \$12,125,120 | \$15,000 | \$28,742,311 |
| ENDING BALANCE | \$8,100,617 | \$2,230,191 | \$88,882 | \$10,419,690 |

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

| | ACTUAL 2013-2014 | PROJECTED 2014-2015 | APPROVED 2015-2016 |
|--------------------------------|-----------------------------|--------------------------------|-------------------------------|
| CURRENT PROPERTY TAXES | \$2,643,646 | \$2,847,700 | \$2,969,217 |
| DELINQUENT PROPERTY TAXES | 47,800 | 46,130 | 49,100 |
| PENALTIES AND INTEREST | 45,175 | 38,550 | 43,550 |
| P.I.L.O.T. | 4,164 | 4,000 | 4,100 |
| UTILITY FRANCHISE FEES | 1,296,635 | 1,326,000 | 1,427,000 |
| SALES TAX COLLECTIONS | 4,584,586 | 4,755,464 | 4,932,818 |
| LIQUOR TAX | 28,755 | 32,000 | 32,000 |
| HOTEL OCCUPANCY TAX | 546,141 | 535,000 | 540,000 |
| OTHER TAXES | 416,781 | 430,000 | 442,900 |
| WATER SALES | 5,674,470 | 5,750,000 | 6,200,000 |
| SEWER CHARGES | 1,372,517 | 1,400,000 | 1,400,000 |
| TAPS AND CONNECT FEES | 65,808 | 65,000 | 65,000 |
| SOLID WASTE COLLECTION | 2,607,734 | 2,585,000 | 2,585,000 |
| PENALTIES - GARBAGE BILLING | 97,151 | 85,000 | 85,000 |
| AVIATION FUEL SALES | 845,317 | 700,000 | 800,000 |
| ZONING AND PLATting FEES | 1,823 | 1,500 | 1,500 |
| SWIMMING POOL CHARGES | 23,736 | 23,000 | 23,000 |
| VENDING AND CONCESSIONS | 6,166 | 6,000 | 6,000 |
| BUILDING PERMITS | 38,554 | 55,000 | 40,000 |
| ELECTRICAL PERMITS | 965 | 1,500 | 1,500 |
| PLUMBING PERMITS | 2,626 | 2,200 | 2,200 |
| MECHANICAL PERMITS | 540 | 500 | 500 |
| OTHER PERMITS AND LICENSES | 29,593 | 20,000 | 20,000 |
| MUNICIPAL COURT | 689,889 | 700,000 | 700,000 |
| SHELTER FEES | 34,934 | 34,000 | 34,000 |
| LIBRARY FINES | 8,492 | 8,000 | 8,000 |
| INTEREST INCOME | 18,640 | 15,934 | 17,695 |
| LEASES AND RENTALS | 224,055 | 237,566 | 261,305 |
| INTERGOVERNMENTAL REVENUE | 92,162 | 108,018 | 126,249 |
| SALE OF EQUIPMENT AND MATERIAL | 75,095 | 240,000 | 10,000 |
| SALE OF LAND | 14,400 | 12,000 | 12,000 |
| CONTRACTUAL INCOME | 428,184 | 433,200 | 524,255 |
| CONTRIBUTIONS AND MEMORIALS | 39,888 | 23,100 | 31,000 |
| INTERFUND TRANSFERS | 2,199,378 | 1,969,373 | 2,037,552 |
| MISCELLANEOUS REVENUE | 217,712 | 261,475 | 310,950 |
| REVENUE FROM OTHER RESOURCES | 2,584,722 | 2,429,174 | 407,500 |
| CURB & GUTTER ASSESSMENTS | 1,658 | 0 | 0 |
| PARK USER FEES | 20,265 | 22,000 | 22,000 |
| VECTOR FEES | 72,088 | 72,000 | 72,000 |
| | \$27,102,245 | \$24,275,384 | \$26,244,891 |

**CITY OF MOUNT PLEASANT, TEXAS
SUMMARY OF REVENUES
BY CLASSIFICATION/SOURCE
FY 2015-2016**

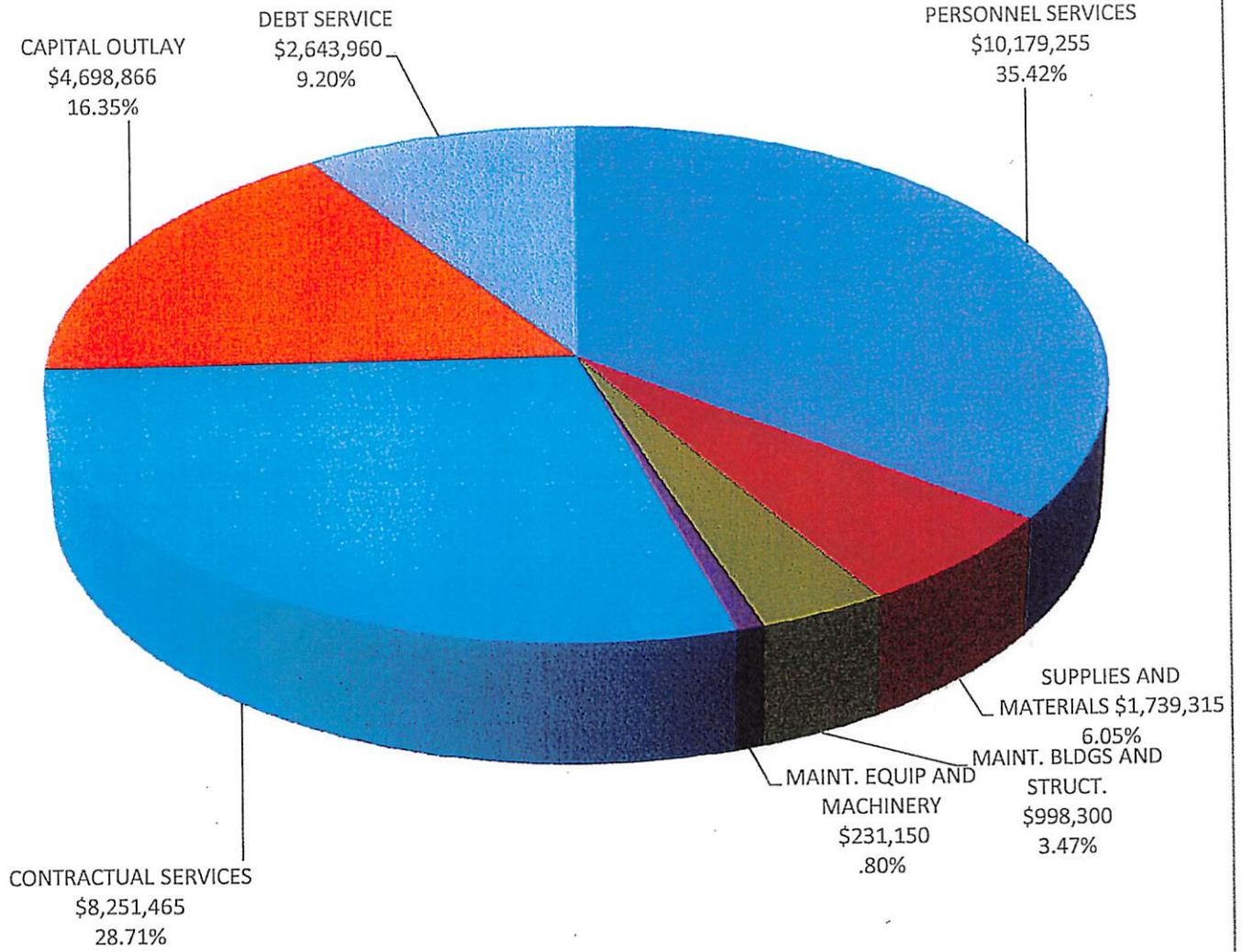


City of Mount Pleasant
SUMMARY OF EXPENDITURES
2015-2016

| | PERSONNEL SERVICES | SUPPLIES AND MATERIALS | MAINT. BLDGS AND STRUCT. | MAINT. EQUIP AND MACHINERY |
|-------------------------------------|-----------------------|---------------------------|-----------------------------|-------------------------------|
| GOVERNMENTAL FUND TYPES | | | | |
| GENERAL FUND | \$6,765,535 | \$404,190 | \$129,600 | \$123,800 |
| GENERAL CAPITAL FUND | 0 | 0 | 0 | 0 |
| STREET DEPARTMENT FUND | 567,032 | 50,850 | 325,500 | 47,700 |
| TOTAL GENERAL FUNDS | \$7,332,567 | \$455,040 | \$455,100 | \$171,500 |
| LIBRARY GRANTS FUND | 0 | 1,500 | 0 | 0 |
| TOURISM/ HISTORICAL BUDGET FUND | 0 | 24,000 | 0 | 0 |
| CEMETERY FUND | 0 | 500 | 500 | 0 |
| POLICE SEIZURE PROCEEDS FUND | 0 | 10,000 | 0 | 1,500 |
| DWI STEP GRANT FUND | 0 | 0 | 0 | 0 |
| ANIMAL SHELTER DONATION FUND | 0 | 1,500 | 0 | 0 |
| TXDOT RAMP GRANT FUND | 0 | 0 | 7,000 | 0 |
| ECONOMIC DEVELOPMENT FUND | 198,640 | 3,150 | 30,000 | 0 |
| ATTORNEY GENERAL GRANT FUND | 47,537 | 0 | 0 | 0 |
| HOTEL/ MOTEL TAX FUND | 0 | 0 | 0 | 0 |
| LAW ENFORCEMENT EDUCATION FUND | 0 | 0 | 0 | 0 |
| TOBACCO ENFORCEMENT FUND | 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 | \$246,177 | \$46,650 | \$37,500 | \$1,500 |
| NEW WATER TREATMENT PLANT FUND | \$0 | \$0 | \$0 | \$0 |
| WATER DEVELOPMENT BOARD FUND | 0 | 0 | 0 | 0 |
| STREET IMPROVEMENTS FUND | 0 | 0 | 0 | 0 |
| COMMUNITY IMPROVEMENT | 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 | \$2,054,987 | \$563,900 | \$492,700 | \$49,650 |
| CIVIC CENTER FUND | 343,753 | 61,725 | 11,000 | 1,200 |
| AIRPORT FUND | 201,771 | 612,000 | 2,000 | 7,300 |
| TOTAL PROPRIETARY FUND TYPES | \$ 2,600,511 | \$ 1,237,625 | \$ 505,700 | \$ 58,150 |
| FIDUCIARY FUND TYPES | | | | |
| POLICE ESCROW FUND | \$0 | \$0 | \$0 | \$0 |
| TOTAL FIDUCIARY FUND TYPES | \$0 | \$0 | \$0 | \$0 |
| TOTAL ALL FUNDS | \$10,179,255 | \$1,739,315 | \$998,300 | \$231,150 |

| CONTRACTUAL SERVICES | CAPITAL OUTLAY | DEBT SERVICE | TOTALS |
|----------------------|--------------------|---------------------|----------------------|
| \$1,521,692 | \$263,616 | \$0 | \$9,208,433 |
| 0 | 0 | 0 | 0 |
| 481,291 | 1,481,589 | 457,112 | 3,411,074 |
| \$2,002,983 | \$1,745,205 | \$457,112 | \$12,619,507 |
| 0 | 1,000 | 0 | 2,500 |
| 36,000 | 0 | 0 | 60,000 |
| 28,800 | 24,000 | 0 | 53,800 |
| 11,900 | 2,500 | 0 | 25,900 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 1,500 |
| 6,280 | 57,500 | 0 | 70,780 |
| 112,695 | 0 | 322,470 | 666,955 |
| 0 | 0 | 0 | 47,537 |
| 549,970 | 0 | 0 | 549,970 |
| 2,515 | 0 | 0 | 2,515 |
| 0 | 0 | 0 | 5,000 |
| 0 | 5,000 | 0 | 6,000 |
| 1,100 | 0 | 0 | 1,100 |
| 2,716 | 0 | 0 | 2,716 |
| \$751,976 | \$90,000 | \$322,470 | \$1,496,273 |
| \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 |
| 300,000 | 1,744,161 | 0 | 2,044,161 |
| 0 | 175,000 | 0 | 175,000 |
| \$300,000 | \$1,919,161 | \$0 | \$2,219,161 |
| \$0 | \$0 | \$267,250 | \$267,250 |
| \$0 | \$0 | \$267,250 | \$267,250 |
| \$4,998,425 | \$913,500 | \$1,597,128 | \$10,670,290 |
| 56,608 | 0 | 0 | 474,286 |
| 126,473 | 31,000 | 0 | 980,544 |
| \$ 5,181,506 | \$ 944,500 | \$ 1,597,128 | \$ 12,125,120 |
| \$15,000 | \$0 | \$0 | \$15,000 |
| \$15,000 | \$0 | \$0 | \$15,000 |
| \$8,251,465 | \$4,698,866 | \$2,643,960 | \$28,742,311 |

**CITY OF MOUNT PLEASANT, TEXAS
SUMMARY OF EXPENDITURES BY CLASSIFICATION
FY 2015-2016**



INTRODUCTION

The City of Mount Pleasant's 2015-2016 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, three 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: Street Improvement Fund, Parks 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 rate 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.

2015 PROPERTY TAX RATES

This notice concerns 2015 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 | \$2,661,324 |
| Last year's debt taxes | \$251,973 |
| Last year's total taxes | \$2,913,297 |
| Last year's tax base | \$845,548,014 |
| Last year's total tax rate | \$0.343700/\$100 |

This year's effective tax rate:

| | |
|---|------------------|
| Last year's adjusted taxes (after subtracting taxes on lost property) | \$2,906,148 |
| ÷ This year's adjust tax base (after subtracting value of new property) | \$871,609,731 |
| = This year's effective tax rate | \$0.333500/\$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) | \$3,087,689 |
| ÷ This year's adjust tax base | \$871,609,731 |
| = This year's effective operating rate | \$0.354200/\$100 |
| x 1.08 = this year's maximum operating rate | \$0.382500/\$100 |
| + This year's debt rate | \$0.030300/\$100 |
| = This year's rollback rate | \$0.412800/\$100 |
| - Sales tax adjustment rate | \$0.049000/\$100 |
| = Rollback tax rate | \$0.363800/\$100 |

Statement of Increase/Decrease

If the City of Mount Pleasant adopts a 2015 tax rate equal to the effective tax rate of \$0.343700 per \$100 of value, taxes would increase compared to 2014 taxes by \$26,600.

Schedule C- Expected Revenue from Additional Sales Tax

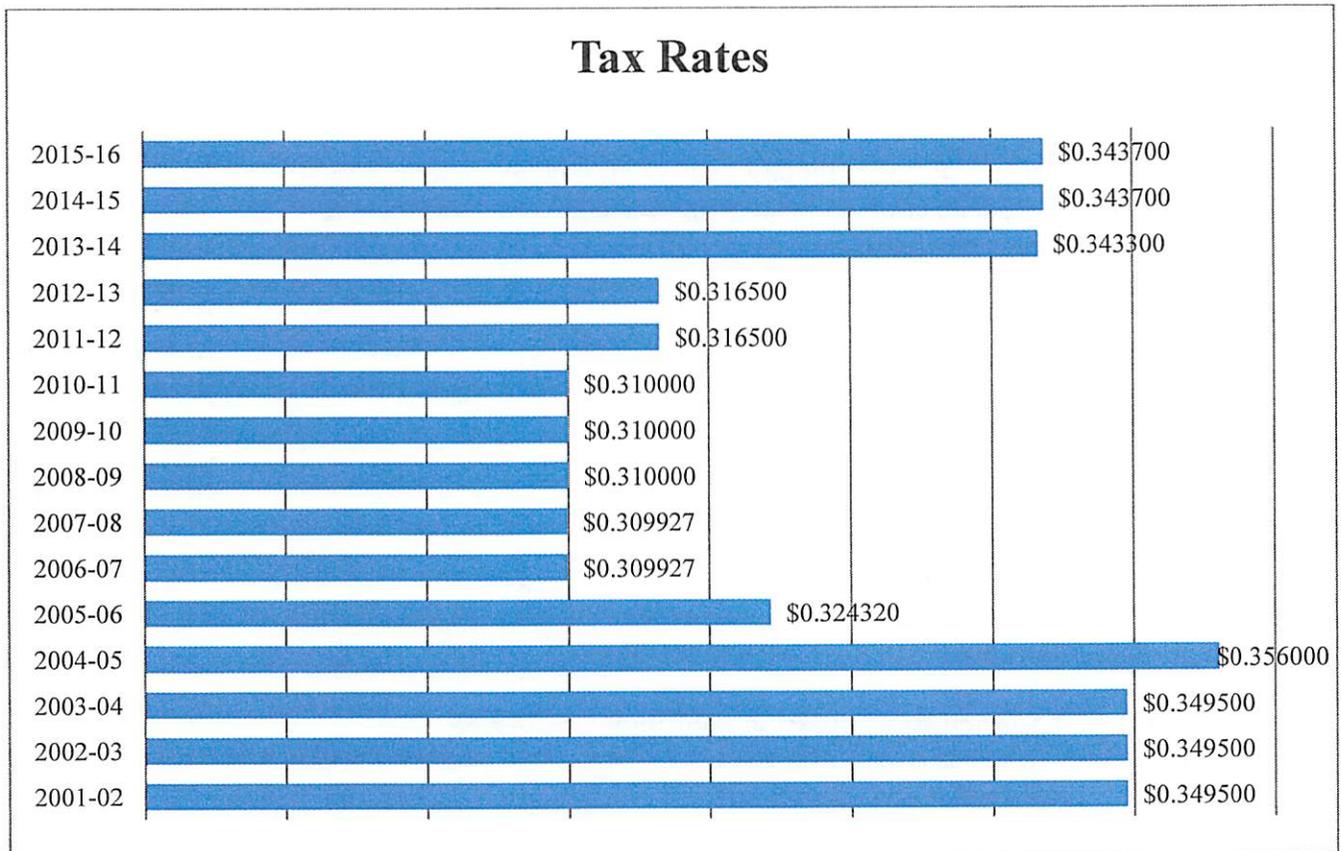
In calculating its effective and rollback tax rates, the unit estimated that it will receive \$432,474 in additional sales and use tax revenues.

**ANALYSIS OF TAX RATE
FISCAL YEAR 2015-2016**

| | |
|--|--------------------|
| Estimated assessed valuation of real and personal property | \$881,528,357 |
| City Tax Rate | <u>\$0.3437</u> |
| Tax Levy | <u>\$3,029,813</u> |
| Estimated 98.0% collection | <u>\$2,969,217</u> |

DISTRIBUTION OF AD VALOREM TAXES

| | Tax Rate \$100 Valuation | Percent of Value | 98.0% of Collection |
|-------------------|-------------------------------------|-----------------------------|--------------------------------|
| General Fund | \$0.3097 | 90.12% | \$2,675,727 |
| Cemetery Fund | \$0.0041 | 1.19% | \$35,320 |
| Debt Service Fund | <u>\$0.0299</u> | 8.69% | <u>\$258,170</u> |
| | <u>\$0.3437</u> | <u>100.00%</u> | <u>\$2,969,217</u> |



STATISTICAL ANALYSIS OF 2015-2016 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

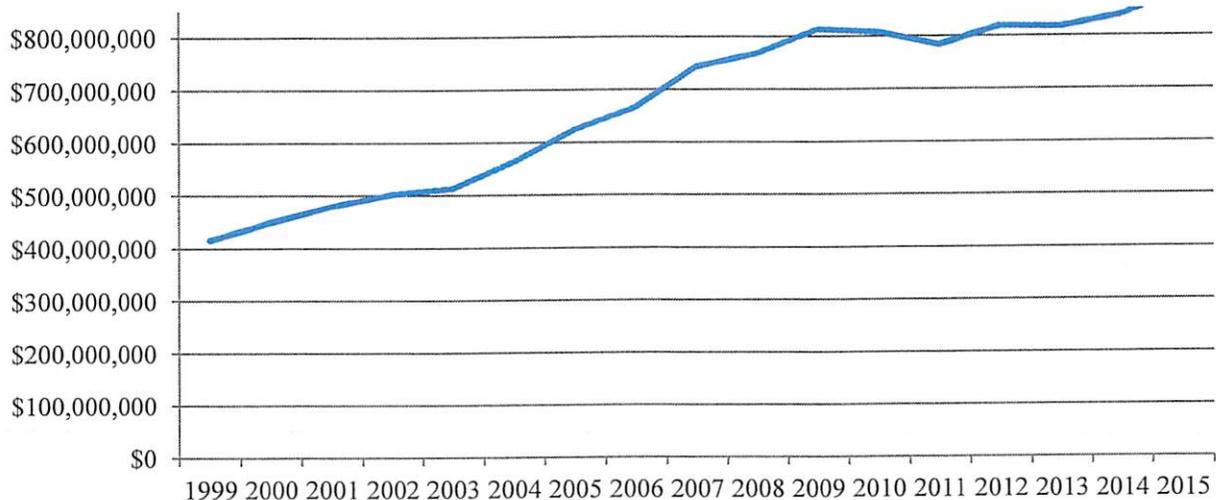
Property Taxes

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 \$881,528,357 for 2015, of this amount \$2,684,203 is for new properties annexed into the city and \$7,234,423 is for new improvements and new personal property added to the tax roll.

Below is a trend of the assessed valuation. For 2015 the assessed valuation shows an increase of 4.25%.

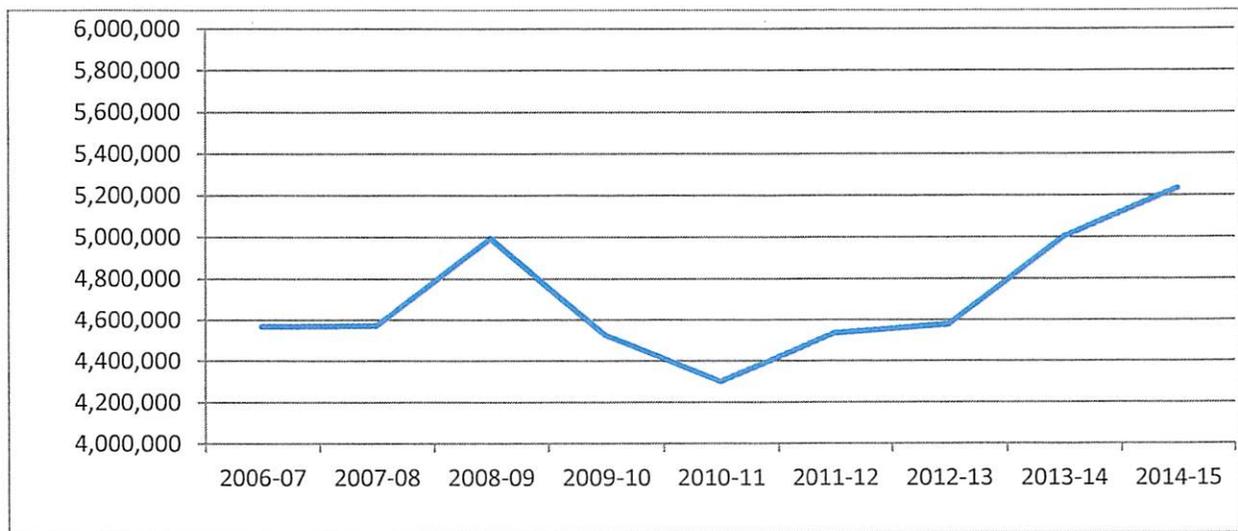


Property tax revenues are budgeted to generate \$2,969,217 this year based upon a 98% collection rate. Of this amount \$2,675,727 is for general maintenance and operations within the General Fund. Total property tax revenues in the General Fund which includes delinquent taxes and penalties and interest total \$2,760,727 and account for 30.71% 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 \$4,049,218 or 44.05% 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% sales tax, the City receives 1% for general revenue, .125% for the reduction of property taxes and .375% for the Economic Development Fund. The following table reflects total sales tax received for the past nine years.

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| October | 361,178 | 350,178 | 408,976 | 340,603 | 321,657 | 330,006 | 356,803 | 466,718 | 390,863 |
| November | 443,144 | 394,481 | 465,937 | 378,903 | 381,629 | 393,294 | 415,027 | 399,865 | 452,369 |
| December | 333,034 | 361,532 | 425,276 | 339,006 | 301,801 | 331,399 | 301,351 | 358,657 | 415,535 |
| January | 358,529 | 348,342 | 379,084 | 315,781 | 332,003 | 343,489 | 372,476 | 361,388 | 408,005 |
| February | 496,626 | 460,225 | 540,136 | 437,371 | 456,272 | 458,539 | 493,674 | 494,252 | 511,382 |
| March | 347,090 | 317,533 | 376,227 | 304,377 | 285,206 | 304,586 | 338,086 | 348,463 | 367,865 |
| April | 340,500 | 330,121 | 370,292 | 303,763 | 323,876 | 344,144 | 400,579 | 380,928 | 397,999 |
| May | 436,656 | 402,481 | 482,405 | 395,937 | 443,082 | 465,515 | 455,095 | 465,468 | 495,205 |
| June | 345,273 | 404,575 | 362,123 | 347,522 | 344,389 | 359,582 | 372,395 | 408,455 | 433,304 |
| July | 342,235 | 369,316 | 362,581 | 609,645 | 343,321 | 398,688 | 369,712 | 428,111 | 416,684 |
| August | 407,994 | 429,463 | 471,695 | 426,170 | 416,657 | 439,787 | 431,364 | 464,441 | 511,572 |
| September | 356,351 | 405,242 | 349,280 | 327,571 | 351,658 | 368,174 | 273,730 | 424,622 | 434,331 |
| | 4,568,610 | 4,573,489 | 4,994,012 | 4,526,649 | 4,301,551 | 4,537,204 | 4,580,292 | 5,001,366 | 5,235,113 |



Other Taxes

Other taxes total \$36,100 or .40% of the total General Fund taxes. These taxes are Payment in Lieu of Taxes (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 \$30,500 and represent .34% 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 2014-15 and we are projecting a small increase for the coming year. The budgeted amount totals \$64,200 or .71% 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 \$742,000 and represent 8.26% of the total budget. The fines for municipal court are projected at \$700,000 and represent 94.34% 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 \$524,255 and comprises 5.83% of the budget.

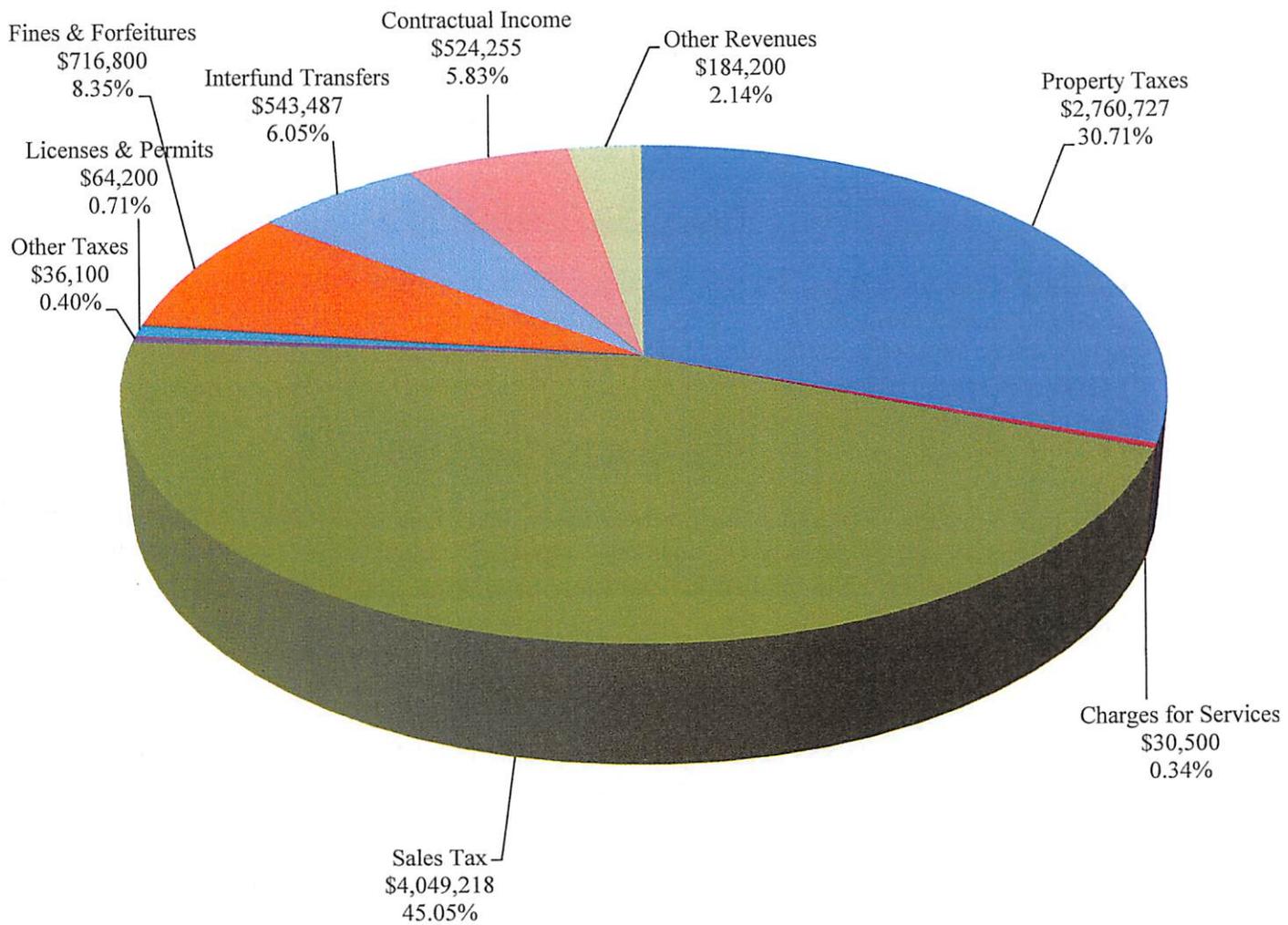
INTERFUND TRANSFERS

Interfund transfer totals \$543,487. Funds are transferred to the General Fund from the Utility Fund for revenues earned on solid waste collection projected at \$355,000, \$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, \$50,000 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 \$115,087 for one-half of the vehicle maintenance cost from the Street Fund. This classification accounts for 6.05% 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 \$237,844 and represent 2.65% 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 \$9,208,433 for fiscal year 2015-2016. This represents an increase of \$757,737 or 8.96% above the projected budget of \$8,450,696 for fiscal year 2014-2015. Below is a summary of these expenditures.

Personnel

As the single largest expenditure category, personnel expenses total \$6,765,535 and account for 73.47% of the General Fund expenditures. An across the board cost of living increase of 2% is budgeted to take effect October 1, 2015. Some merit increases and pay adjustments have been made throughout the budget. Health insurance premiums will increase slightly by 3.61%. The City's contribution to the Texas Municipal Retirement System decreased from 16.17% to 15.53%. 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 8.04% over last year's projected cost of \$6,261,735.

Contractual and Fee Services

This is the second largest expenditure category in the General Fund and totals \$1,521,692 or 16.53% 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 \$404,190 or 4.39% of the General Fund expenditures. Minor tools and equipment, office supplies, fuel and other supplies make up these amounts.

Maintenance

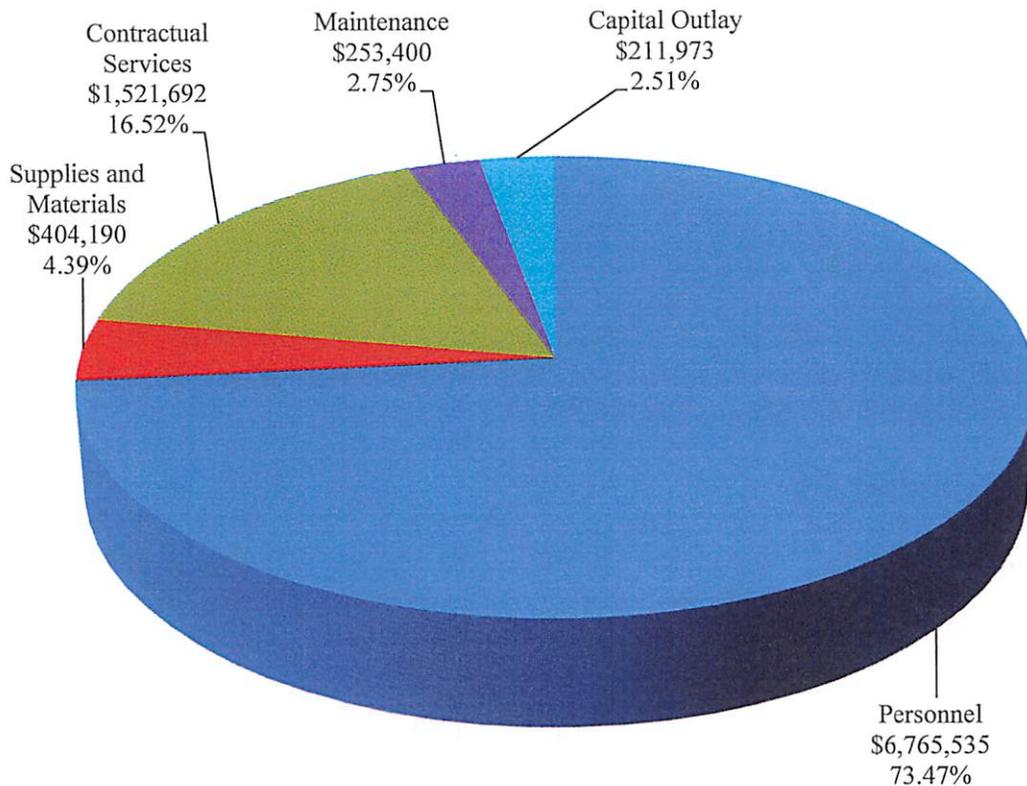
This classification totals \$253,400 or 2.75% of the General Fund and includes maintenance of buildings, structures, land, improvements, equipment and machinery.

Capital Outlay

Capital outlay totals \$263,616 or 2.86% of the General Fund. Below is a detail of the capital expenditures budgeted for the General Fund:

- \$33,000 for library books
- \$71,344 for Police radio tower upgrade. (\$41,344 will be paid by grant funds)
- \$18,772 upgrade to video camera server
- \$8,000 for fire station riding mower
- \$21,000 for new PU truck for code enforcement
- \$8,000 for zero turn mower for parks department
- \$3,500 for wheel balancer for fleet services
- \$100,000 for General Fund contingency

GENERAL FUND EXPENDITURES

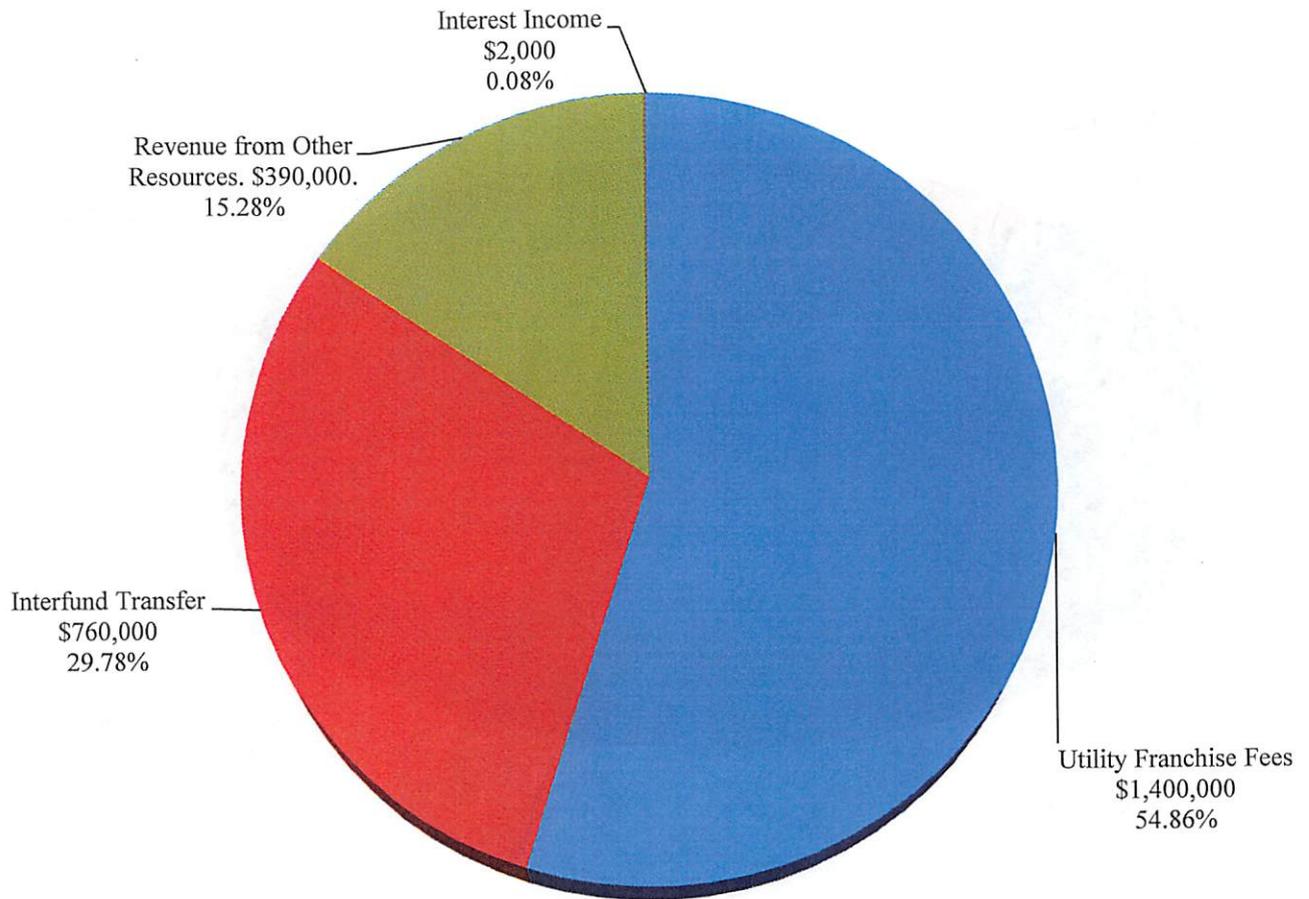


Other funds within the General Fund classification consist of the General Capital Fund and Street Fund. The General Capital Fund was formed to begin a savings for capital purchases that need to be made for General Fund needs. Money is transferred here from the General Fund and the Street Fund to save for purchases of major capital items.

STREET FUND REVENUES

The Street Fund is projected to have revenues of \$2,552,000 during fiscal year 2015-16 which is an increase of 6.62% from the previous year of \$2,393,660. Utility franchise fees in the amount of \$1,400,000 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 \$390,000. Inter-fund transfers total \$760,000. This amount consists of the 10% franchise fee that the Utility Fund transfers to the Street Fund based upon water and sewer revenues.

STREET FUND REVENUES



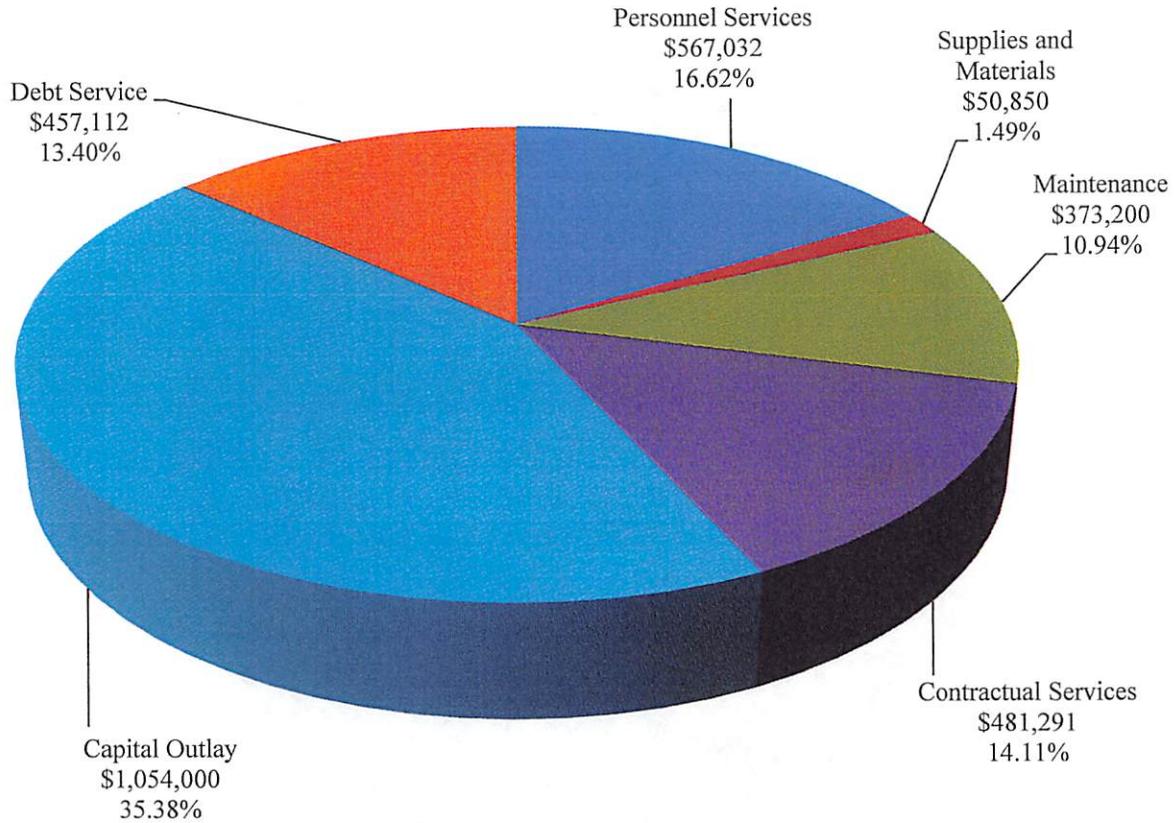
STREET FUND EXPENDITURES

Interfund transfers within the Street Fund totals \$214,673. This amount consists of \$100,000 to be transferred to the Community Improvement Fund and \$114,673 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 reserved for the 2015-2016 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 \$24,000 budgeted to retrofit downtown street lighting with LED's. An amount of \$278,248 is budgeted for a new motor grader to be purchased with a 3 year repurchase agreement. A new street sweeper is budgeted at \$203,341.

Debt service in the Street Fund totals \$457,112. This repays the 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.

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 2015-16 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:

- **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. The remaining funds of \$2,044,161 will be used on the NW12 project during fiscal year 2015-2016.
- **Community Improvement Fund:** This fund is budgeted to be used for improvement projects around the city. The Street Fund and the Utility Fund have each committed \$100,000 to be transferred to this fund during the 2015-2016 fiscal year. Projects budgeted for this year include \$125,000 for a splash pad at Caldwell Park and \$50,000 for a highway entrance sign on S. Jefferson.

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 2015-2016 is \$267,250. 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.

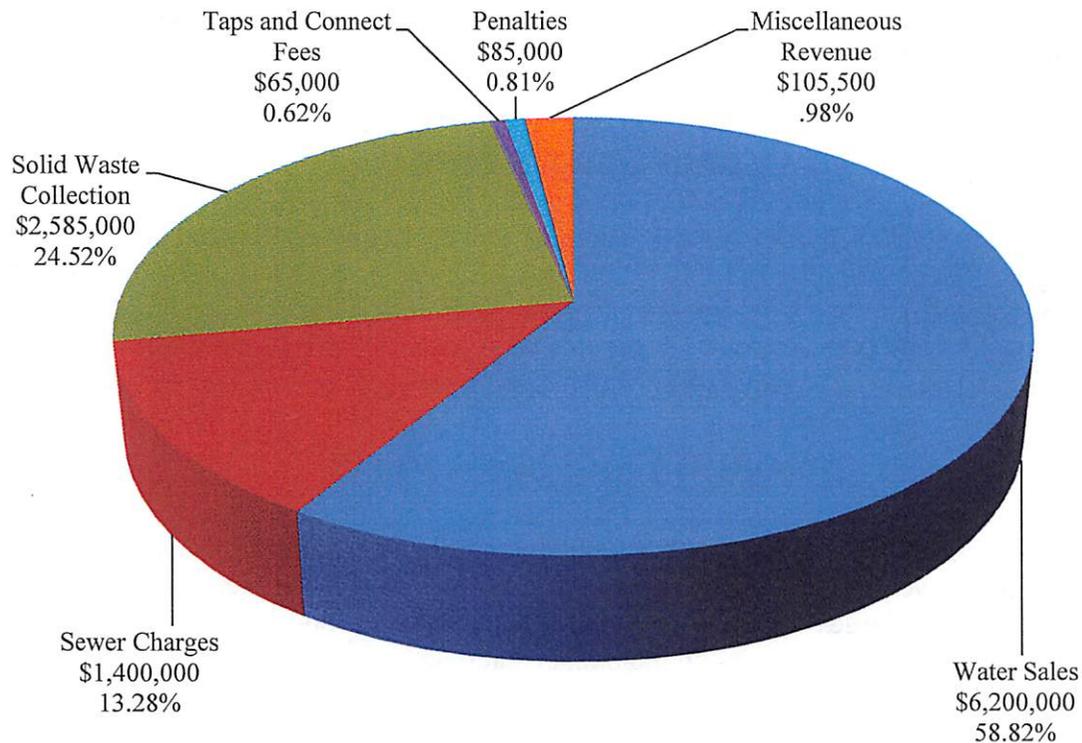
UTILITY FUND

REVENUES-COMPOSITION, ASSUMPTIONS AND CHANGES FROM PRIOR YEAR

Revenues in the Utility Fund are projected at \$10,541,000, a decrease of \$183,980 or 1.71% from the projected amount of \$10,724,980 during fiscal year 2014-15.

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 \$10,670,290. This is a decrease of \$1,947,953 or 15.43% from the projected 2014-2015 expenditures of \$12,618,243. The following is a summary of the expenditures for the Utility Fund.

Capital Outlay

Capital outlay in the Utility Fund totals \$913,500 or 8.56% of this year's proposed budget. Budgeted capital outlay expenditures include:

- \$125,000 for the replacement of the standpipe at Edwards St elevated tower
- \$685,000 for a parallel sewer main on FM 4000
- \$100,000 for Utility Fund contingency

Debt Service

Debt service within the utility fund totals \$1,597,128 or 14.97% 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 \$2,054,987 or 19.26% of the total budget. Employees are projected to receive a 2% cost of living increase across the board to become effective October 1, 2015 with some employees receiving merit increases. Health insurance premiums have increased by 3.61%. The city's contribution to the Texas Municipal Retirement System decreased from 16.17% to 15.53%. 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 Inter-fund 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 \$4,998,425 and accounts for 46.84% of the total expenditures of the Utility Fund.

Maintenance

This classification consists of maintenance of buildings, structures, equipment and machinery. These expenses total \$542,350 or 5.08% of the total Utility Fund budget.

Supplies and Materials

Supplies with the utility fund total \$563,900 or 5.28% of the total Utility Fund budget.

UTILITY FUND EXPENDITURES

