



ANNUAL BUDGET

CITY OF MOUNT PLEASANT, TEXAS

FISCAL YEAR BEGINNING OCTOBER 1, 2017

CITY COUNCIL AND STAFF

Dr. Paul O. Meriwether

Robert Nance

Tim Dale

Michael McGahee

Brian Heavner

Danny Muskrat

Mayor

Mayor Pro-Tem

Council Member

Council Member

Council Member

Council Member

Mike Ahrens, City Manager

Darleen Denman, City Secretary

Scott Walters, Director of Finance

**Adopted by the
City Council
September 5, 2017**

This budget will raise more revenue from property taxes than last year's budget by an amount of \$82,205, which is a 2.98 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 \$50,504.

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 Tim Dale, Council Member Michael McGahee, Council Member Brian Heavner, Council Member Danny Muskrat

AGAINST: None

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

ABSENT: None

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>2018</u>	Fiscal Year <u>2017</u>
Adopted Property Tax Rate	\$0.3437	\$0.3437
Effective Tax Rate	\$0.3964	\$0.3414
Effective Maintenance and Operations Tax Rate	\$0.3454	\$0.3636
Rollback Tax Rate	\$0.4281	\$0.4228
Debt Tax Rate	\$0.0317	\$0.0302

The total amount of outstanding municipal debt obligations secured by property taxes is \$3,705,000.

Fiscal Year Principal and Interest Requirements for Debt Service are:

Property Tax Supported Debt: \$285,162.50

Building and Development	100-11	56
Animal Services	100-12	59
Police Department	100-13	62
Fire Department	100-14	65
Code Enforcement	100-16	68
Park Department	100-17	71
Community Services	100-18	74
General Fund Vehicle Services	100-21	77
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August 1, 2017

Honorable Mayor and Council:

I am pleased to present to you the proposed 2017-2018 Annual Budget for the Fiscal Year beginning October 1, 2017 and ending September 30, 2018.

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 2017-2018 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 2017-2018 for all funds totals \$31,219,039.

As reported by the Titus County Appraisal District, the certified appraised taxable value totals \$929,408,262 which is an increase of \$21,824,454 or 2.40% over last year's valuation of \$907,583,808. Of this increase, \$14,694,384 is new value added to the tax roll.

The effective tax rate for this budget year is calculated at .3454, an increase of .0017 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 current tax rate instead of the effective tax rate would result in a loss of \$15,345 in revenue to the General Fund.

This proposed budget does not contain information on several large City projects that are still under consideration and will be added as decisions are made. These include:

- Sports Complex
- Animal Shelter
- Police Radio System

The 2017-2018 budget is based on maintaining the city's current tax rate of .3437. This rate includes a debt tax of \$.0297, maintenance and operations (M & O) tax rate of \$.3115 and a Cemetery Fund tax rate of .0025.

Major expenditures planned for in this budget include:

- \$28,840 for 7 new ticket writers from the Court Technology Fund
- \$10,000 for a new part-time assistant librarian position. This position will allow for an expansion of open hours for the public
- The Police Department budget includes \$85,200 for the replacement of two Tahoe patrol units, \$21,865 for 12 vehicle cargo boxes to store police equipment in the patrol Tahoes, \$4,750 to replace the digital recorder in the Criminal Investigation Division office, and \$6,300 to add four lockers to the women's locker room. \$8,640 is budgeted in the police seizure account for the purchase of SWAT rifle sound suppressors. \$215,000 is budgeted in the General Capital Fund, a "savings account" for large items in the General Fund, for a police training/ vehicle evidence storage facility to be located at the police range.
- The Fire Department budget reflects the addition of the 6 new firefighter positions based on the new contract with Titus County. \$49,950 is budgeted in the Fire Department budget for the purchase of 9 Self Contained Breathing Apparatus (SCBA's). This amounts to one-third of the total number of SCBA's with the remainder to be replaced in subsequent years. An amount of \$9,000 is budgeted in the Rescue Recovery Budget for the replacement of one of three thermal imaging cameras in use by the department.
- The Parks Department budget includes the addition of one new full-time position, \$33,130 for the replacement of a tractor and mowing deck, \$26,765 for the replacement of two zero turn mowers, and \$44,080 for the replacement of two pickup trucks.
- \$100,000 has been budgeted in the Street Department for the beautification of the median and edges of Ferguson between the railroad trestle and Arizona.
- \$25,500 has been budgeted in the Street Department for the replacement of the cold planer and a truck mounted water tank.
- The Vehicle Services Budget is split evenly as follows: 50% - Utility Fund, 25% - General Fund, and 25% Street Fund. A total of \$104,000 to add climate controlled vehicle bays to the Service Center for protection of expensive mobile equipment from the weather. In addition, \$8,500 has been budgeted for replacement of the tire repair machine and \$11,200 is budgeted for the replacement of the shop air compressor.
- The following items have been budgeted in the Utility Fund:
 - \$740,000 has been budgeted for the Southside Interceptor wastewater main.
 - \$400,000 for the replacement and upsizing of the Silver Creek lift station.
 - \$315,000 for the "Orange Blossom" sewer line. 1/3 of this cost will be reimbursed by the property owner.

- \$125,000 for the rehab of the wastewater treatment plant sand filter.
- \$70,000 for the replacement of an F-550 truck with compressor and crane.
- \$103,000 for the replacement of an F-550 truck with small jet machine.
- \$25,000 to rebuild the clarifier gear box at the wastewater treatment plant.
- \$13,600 to replace roofs on the office building and blower building at the wastewater treatment plant.
- \$25,000 to replace the motor on clarifier #3 at the I-30 water treatment plant.
- \$12,300 has been budget for the purchase of an additional tractor and mower deck for the airport.
- \$9,750 has been budgeted at the Civic Center to continue with the replacement of tables.

This budget includes a 3% Cost of Living (COLA) 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.

The budget reflects a 10.5% increase in health insurances rates to maintain the same benefit level.

This budget contains no increase in utility rates or any city fees.

The budget does reflect a 2.0% increase in solid waste rates collected on the City water bills and payable to Republic Services. This increase is the average annual rate of increase in the Consumer Price Index (CPI) as specified in the contract. This is the first increase in solid waste rates since the 2014-2015 fiscal year.

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. 2017-10

AN ORDINANCE ADOPTING AND APPROVING A BUDGET FOR THE CITY OF MOUNT PLEASANT, TEXAS FOR THE FISCAL YEAR OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018.

WHEREAS, heretofore a budget for the fiscal year October 1, 2017 through September 30, 2018, 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.

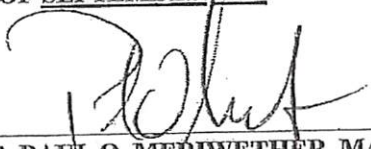
SECTION 2

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, 2017 and ending September 30, 2018.

PASSED, APPROVED AND ADOPTED THIS 5th DAY OF SEPTEMBER 2017.



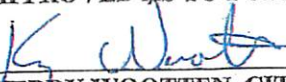
DR. PAUL O. MERIWETHER, MAYOR

ATTEST:



DARLEEN DENMAN, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:



KERRY WOOTTEN, CITY ATTORNEY

ORDINANCE NO. 2017-11

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 2017; 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;

NOTICE

"THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S RATE"

SECTION 1

That there shall be and the same is hereby levied and shall be assessed and collected for the year 2017 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.....	\$0.3115
For maintenance and operation of cemeteries.....	0.0025
For payment of principal and interest on general obligation debt.....	<u>0.0297</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 2017, 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, 2018. 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 2017 taxes, including penalty and interest thereon, that are unpaid and delinquent on July 1, 2018, 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.

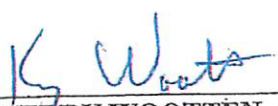
PASSED, APPROVED AND ADOPTED THIS 5TH DAY OF SEPTEMBER 2017.



DR. PAUL O. MERIWETHER, MAYOR

ATTEST:


DARLEEN DENMAN, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:


KERRY WOOTTEN, CITY ATTORNEY

ORDINANCE NO. 2017-12

AN ORDINANCE OF THE CITY OF MOUNT PLEASANT, TEXAS RATIFYING THE PROPERTY TAX INCREASE REFLECTED IN THE FISCAL YEAR 2017-2018 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 2.404% reflected in its fiscal year 2017-2018 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 2017-2018 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 5th DAY OF SEPTEMBER,
2017.



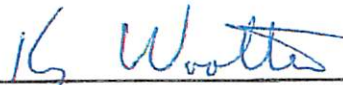
DR. PAULO. MERIWETHER, MAYOR

ATTEST:



DARLEEN DENMAN, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:



KERRY WOOTTEN, CITY ATTORNEY

ORDINANCE NO. 2017-13

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..... \$15.93
- (2) Commercial, hand collection..... \$33.75
- (3) Commercial cart service \$39.86
- (4) Commercial, containers:

<u>Cubic Yards</u>	Number of Collections Per Week				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
2	\$54.56	\$ 94.41	\$150.38	\$191.47	\$226.28
3	78.36	136.17	194.14	259.53	318.03
4	100.82	175.28	248.41	330.95	403.49
6	139.76	241.23	340.12	441.50	553.85
8	172.85	292.85	412.67	532.42	659.43

(5) Unscheduled Pick-ups:

<u>Cubic Yards</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>6</u>	<u>8</u>
	\$47.55	\$49.03	\$50.46	\$51.88	\$53.33

(6) Roll-Off Containers:

<u>Cubic Yards</u>	<u>20</u>	<u>30</u>	<u>40</u>	<u>42</u>
	\$490.83	\$613.47	\$736.30	\$761.36
Monthly rental	\$62.25	\$62.25	\$62.25	\$62.25

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, 2017.

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 5TH DAY OF SEPTEMBER, 2017.




DR. PAUL O. MERIWETHER, MAYOR

ATTEST:



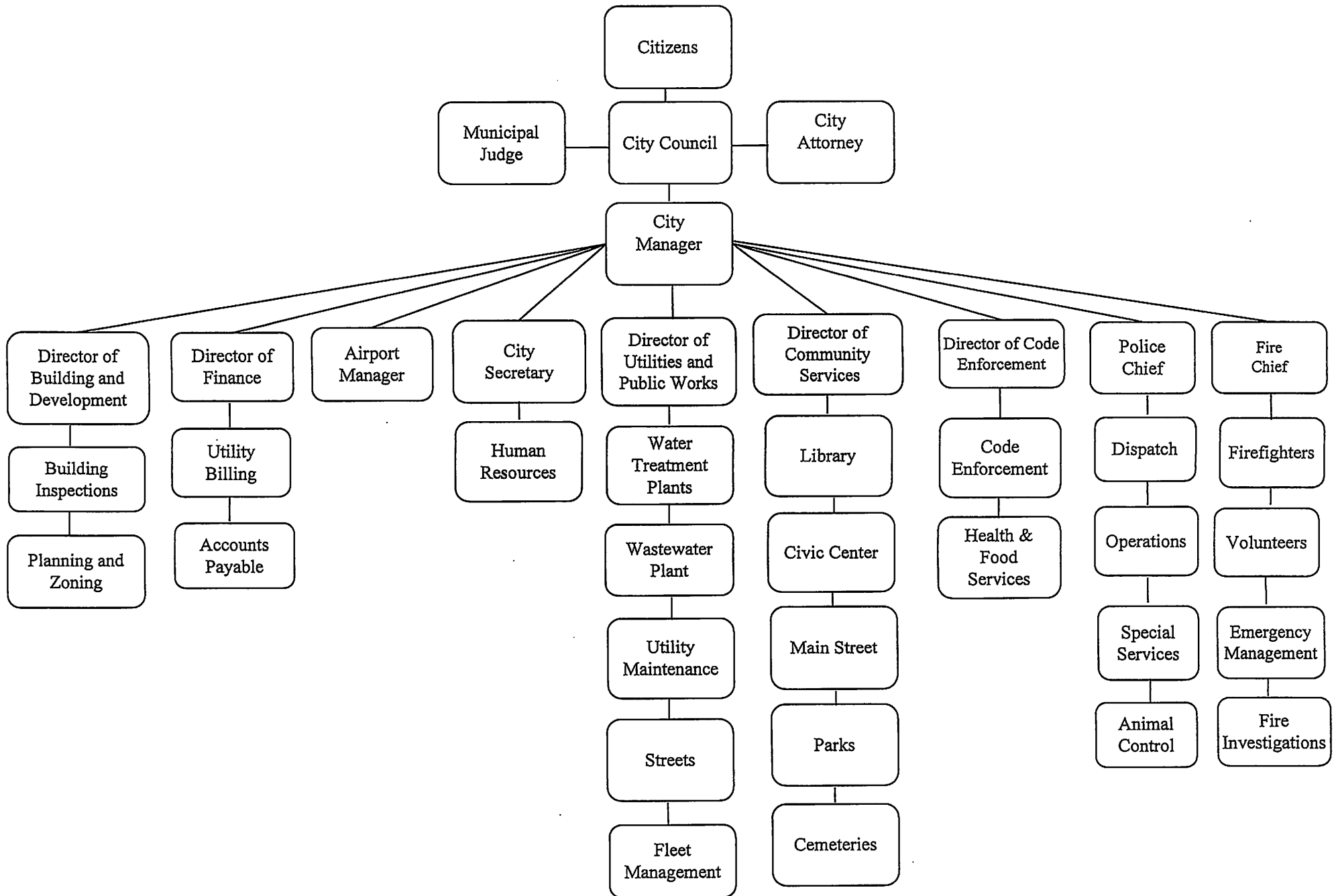
DARLEEN DENMAN, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:



KERRY WOOTTEN, CITY ATTORNEY

ORGANIZATION CHART





**CITY OF MOUNT PLEASANT
ANNUAL BUDGET
2017-2018**

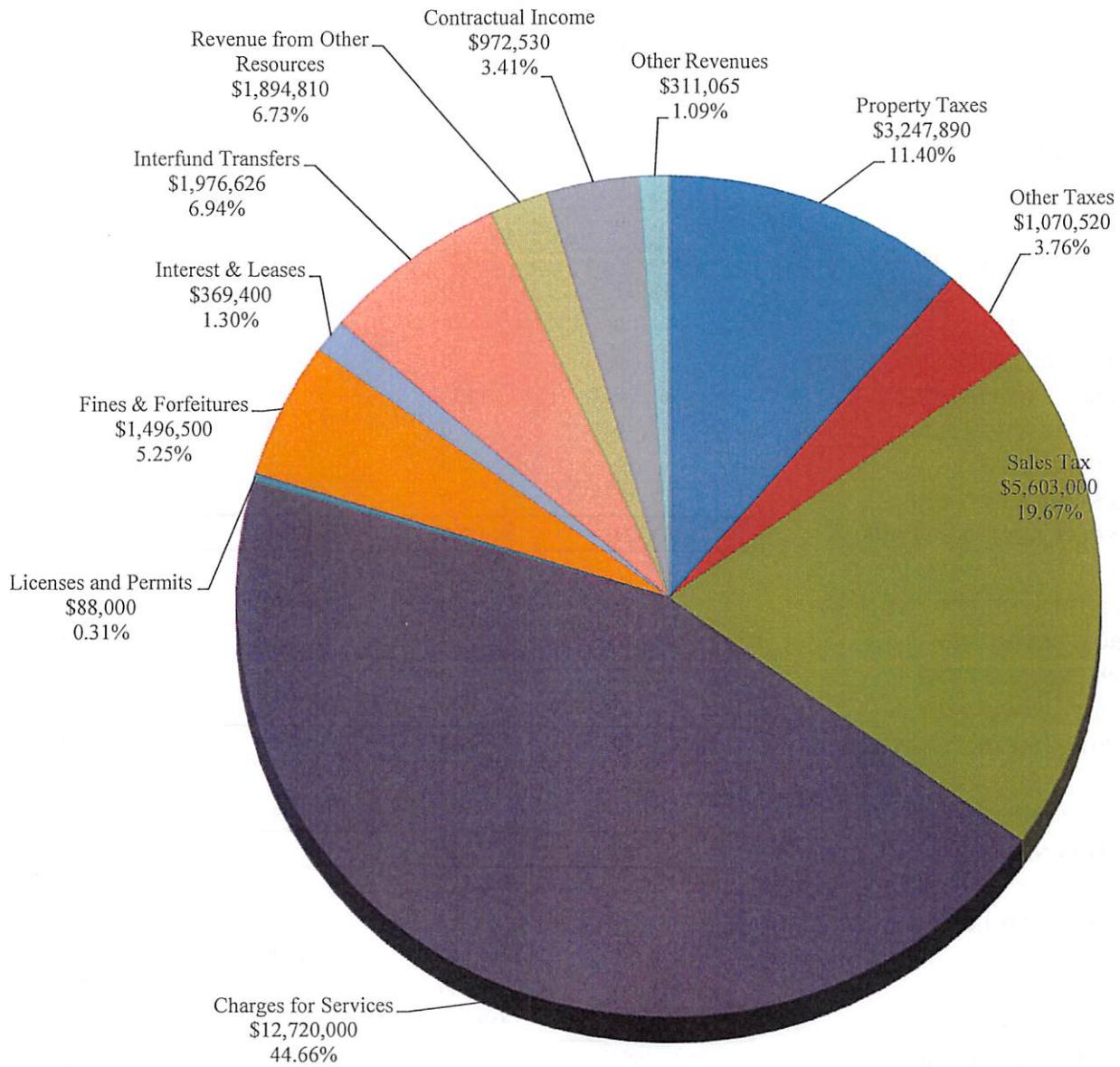
SUMMARY OF ALL FUNDS

	GOVERNMENTAL FUND TYPES	PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	TOTAL FUNDS
BEGINNING BALANCE	\$11,058,609	\$4,384,250	\$266,045	\$15,708,904
REVENUES	\$16,287,931	\$12,166,600	\$26,500	\$28,481,031
TOTAL FUNDS AVAILABLE	\$27,346,540	\$16,550,850	\$292,545	\$44,189,935
EXPENDITURES	\$17,770,392	\$13,278,622	\$10,000	\$31,059,014
ENDING BALANCE	\$9,576,148	\$3,272,228	\$282,545	\$13,130,921

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

	ACTUAL 2015-2016	PROJECTED 2016-2017	APPROVED 2017-2018
CURRENT PROPERTY TAXES	\$2,997,797	\$3,054,027	\$3,130,490
DELINQUENT PROPERTY TAXES	51,157	48,340	48,200
PENALTIES AND INTEREST	42,089	39,860	39,600
P.I.L.O.T.	4,283	4,573	29,600
UTILITY FRANCHISE FEES	1,204,610	1,205,195	1,218,000
SALES TAX COLLECTIONS	5,172,360	5,387,185	5,603,000
LIQUOR TAX	36,661	36,000	38,000
HOTEL OCCUPANCY TAX	546,859	530,400	525,000
OTHER TAXES	470,215	488,000	507,520
WATER SALES	6,022,351	6,400,000	6,400,000
SEWER CHARGES	1,439,888	1,550,000	1,550,000
TAPS AND CONNECT FEES	67,396	80,600	80,000
SOLID WASTE COLLECTION	2,524,073	2,540,000	2,595,000
PENALTIES - UTILITY BILLING	95,393	97,500	95,000
AVIATION FUEL SALES	752,132	625,000	650,000
ZONING AND PLATTING FEES	2,634	3,500	3,500
SWIMMING POOL CHARGES	22,606	23,400	24,000
VENDING AND CONCESSIONS	7,759	8,000	8,000
BUILDING PERMITS	38,288	55,000	55,000
ELECTRICAL PERMITS	1,390	1,500	2,000
PLUMBING PERMITS	1,585	2,000	2,000
MECHANICAL PERMITS	490	500	500
OTHER PERMITS AND LICENSES	24,287	25,000	25,000
MUNICIPAL COURT	938,746	1,470,000	1,450,000
SHELTER FEES	36,497	41,500	42,000
LIBRARY FINES	4,286	4,400	4,500
INTEREST INCOME	66,090	128,405	109,400
LEASES AND RENTALS	228,096	254,500	260,000
INTERGOVERNMENTAL REVENUE	104,849	70,860	68,965
SALE OF EQUIPMENT AND MATERIAL	61,773	53,740	26,000
SALE OF LAND	10,400	9,600	10,000
CONTRACTUAL INCOME	558,969	626,145	972,530
CONTRIBUTIONS AND MEMORIALS	18,696	18,000	50,500
INTERFUND TRANSFERS	2,113,314	2,570,684	1,976,626
MISCELLANEOUS REVENUE	590,947	319,130	155,600
REVENUE FROM OTHER RESOURCES	382,714	512,841	625,500
PARK USER FEES	27,195	25,000	25,000
VECTOR FEES	74,490	75,000	75,000
	<u>\$26,743,365</u>	<u>\$28,385,385</u>	<u>\$28,481,031</u>

**CITY OF MOUNT PLEASANT, TEXAS
SUMMARY OF REVENUES
BY CLASSIFICATION/SOURCE
FY 2017-2018**



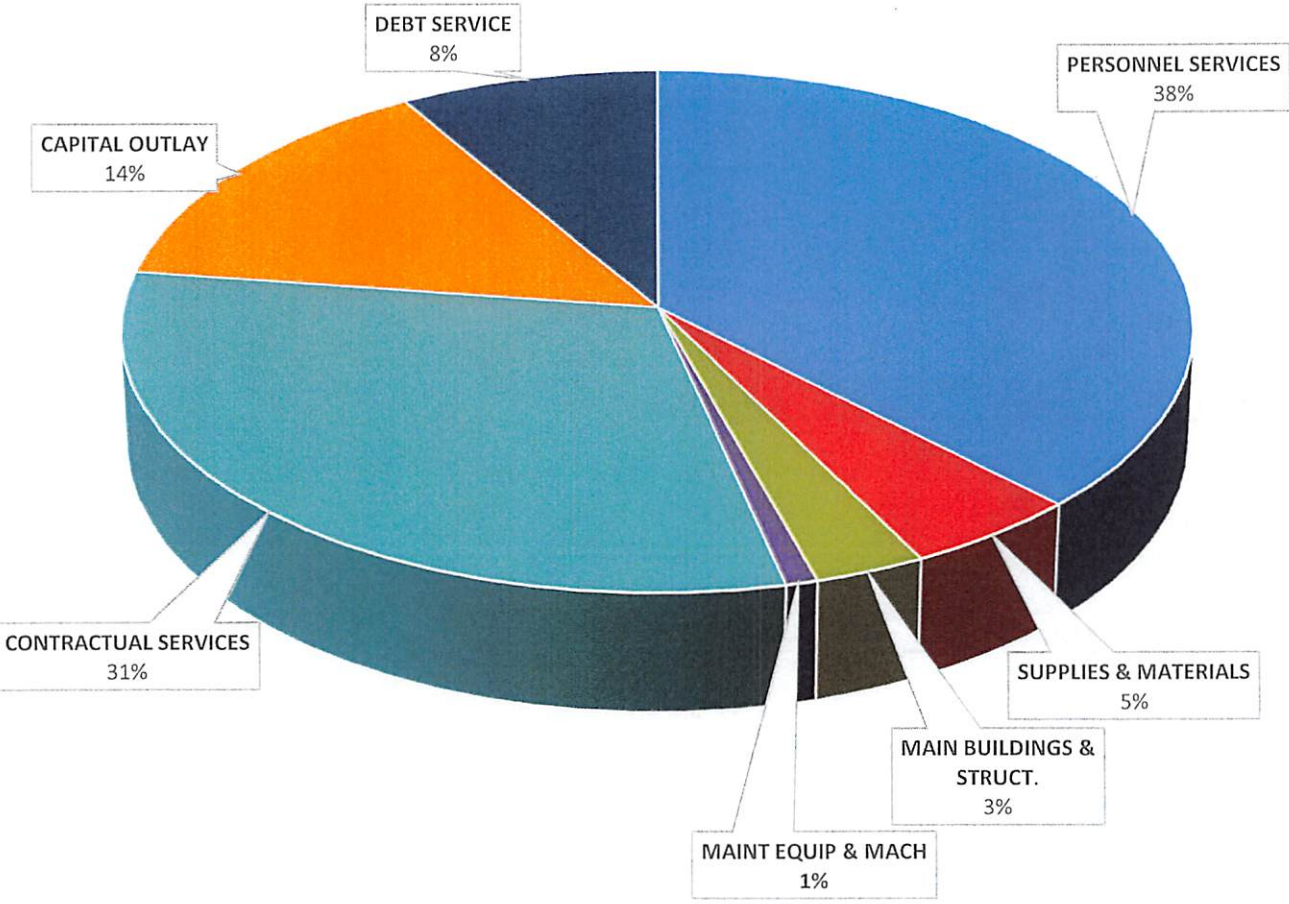
City of Mount Pleasant

SUMMARY OF EXPENDITURES 2017-2018

	PERSONNEL SERVICES	SUPPLIES AND MATERIALS	MAINT. BLDGS AND STRUCT.	MAINT. EQUIP AND MACHINERY
GOVERNMENTAL FUND TYPES				
GENERAL FUND	\$8,079,435	\$366,200	\$162,600	\$170,700
GENERAL CAPITAL FUND	0	0	0	0
STREET DEPARTMENT FUND	581,437	42,850	301,500	50,500
TOTAL GENERAL FUNDS	\$8,660,872	\$409,050	\$464,100	\$221,200
RESCUE RECOVERY FUND	\$0	\$0	\$0	\$0
LIBRARY GRANTS FUND	0	2,500	0	0
TOURISM/ HISTORICAL BUDGET FUND	0	24,000	0	0
CEMETERY FUND	0	500	500	0
POLICE SEIZURE PROCEEDS FUND	0	5,000	0	0
ANIMAL SHELTER DONATION FUND	0	2,500	25,000	0
TXDOT RAMP GRANT FUND	0	0	7,000	0
ECONOMIC DEVELOPMENT FUND	213,563	1,150	30,000	0
ATTORNEY GENERAL GRANT FUND	55,911	0	0	0
HOTEL/ MOTEL TAX FUND	0	0	0	0
LAW ENFORCEMENT EDUCATION FUND	0	0	0	0
TOBACCO ENFORCEMENT FUND	0	4,850	0	0
LIBRARY CONTRIBUTION FUND	0	0	0	0
FIREMEN'S RELIEF FUND	0	0	0	0
HOBBS' TRUST ACCOUNT FUND	0	0	0	0
TOTAL SPECIAL REVENUE FUNDS	\$269,474	\$40,500	\$62,500	\$0
NEW WATER TREATMENT PLANT FUND	\$0	\$0	\$0	\$0
PARK IMPROVEMENT FUND	0	0	0	0
STREET IMPROVEMENT 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	\$2,272,389	\$589,850	\$419,200	\$49,250
CIVIC CENTER FUND	274,594	36,530	9,000	1,200
AIRPORT FUND	220,697	438,000	2,500	8,600
TOTAL PROPRIETARY FUND TYPES	\$2,767,680	\$1,064,380	\$430,700	\$59,050
FIDUCIARY FUND TYPES				
POLICE ESCROW FUND	\$0	\$0	\$0	\$0
TOTAL FIDUCIARY FUND TYPES	\$0	\$0	\$0	\$0
TOTAL ALL FUNDS	\$11,698,026	\$1,513,930	\$957,300	\$280,250

CONTRACTUAL SERVICES	CAPITAL OUTLAY	DEBT SERVICE	TOTALS
\$1,737,496	\$487,480	\$0	\$11,003,911
0	215,000	0	215,000
514,025	525,500	454,213	2,470,025
\$2,251,521	\$1,227,980	\$454,213	\$13,688,936
\$0	\$9,000	\$0	\$9,000
2,500	5,000	0	10,000
48,000	0	0	72,000
30,380	0	0	31,380
2,000	8,640	0	15,640
1,000	0	0	28,500
6,280	0	0	13,280
984,110	0	322,469	1,551,292
0	0	0	55,911
536,680	0	0	536,680
2,500	0	0	2,500
0	0	0	4,850
0	10,000	0	10,000
1,100	0	0	1,100
0	0	0	0
\$1,614,550	\$32,640	\$322,469	\$2,342,133
\$0	\$0	\$0	\$0
301,302	0	0	301,302
50,000	923,508	0	973,508
0	175,000	0	175,000
\$351,302	\$1,098,508	\$0	\$1,449,810
\$0	\$0	\$289,538	\$289,538
\$0	\$0	\$289,538	\$289,538
\$5,221,220	\$2,036,520	\$1,563,922	\$12,152,351
58,790	0	0	380,114
64,050	12,300	0	746,147
\$5,344,060	\$2,048,820	\$1,563,922	\$13,278,612
\$10,000	\$0	\$0	\$10,000
\$10,000	\$0	\$0	\$10,000
\$9,571,433	\$4,407,948	\$2,630,142	\$31,059,029

CITY OF MOUNT PLEASANT, TEXAS
SUMMARY OF EXPENDITURES BY CLASSIFICATION
FY 2017-2018



INTRODUCTION

The City of Mount Pleasant's 2017-2018 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 seventeen active Special Revenue Funds, five 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, Rural Development Revolving Loan Fund, Animal Shelter Donation Fund, TxDOT Ramp Grant Fund, Federal Seizure Money Fund, Economic Development Fund, Attorney General Grant Fund, Hotel/Motel Tax Fund, Law Enforcement Educational Account Fund, Tobacco Enforcement Fund, Library Contribution Fund, and Firemen’s Relief 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. The current Capital Projects Funds are: New Water Treatment Plant Fund, Texas Water Development Board Fund, 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 July. The proposed budget is submitted to the governing body by August 1, as required by the City Charter. A series of workshops are held as needed in August and September. 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 workshops are 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 and the adopted budget is 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. 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 Texas state law. The Titus County Appraisal District determines the fair market value of all taxable property for the City of Mount Pleasant. 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 taxpayer believes 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.

By July 25 of each year, 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.

2016 PROPERTY TAX RATES

This notice concerns 2017 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	\$3,060,789
Last year's debt taxes	\$272,515
Last year's total taxes	\$3,333,304
Last year's tax base	\$897,329,060
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)	\$3,118,586
÷ This year's adjust tax base (after subtracting value of new property)	\$902,635,787
= This year's effective tax rate	\$0.345400/\$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)	\$3,578,926
÷ This year's adjust tax base	\$902,635,787
= This year's effective operating rate	\$0.396400/\$100
x 1.08 = this year's maximum operating rate	\$0.428100/\$100
+ This year's debt rate	\$0.031700/\$100
= This year's rollback rate	\$0.459800/\$100
- Sales tax adjustment rate	\$0.052900/\$100
= Rollback tax rate	\$0.406900/\$100

Statement of Increase/Decrease

If the City of Mount Pleasant adopts a 2017 tax rate equal to the effective tax rate of \$0.345400 per \$100 of value, taxes would increase compared to 2016 taxes by \$43,441.

Schedule C- Expected Revenue from Additional Sales Tax

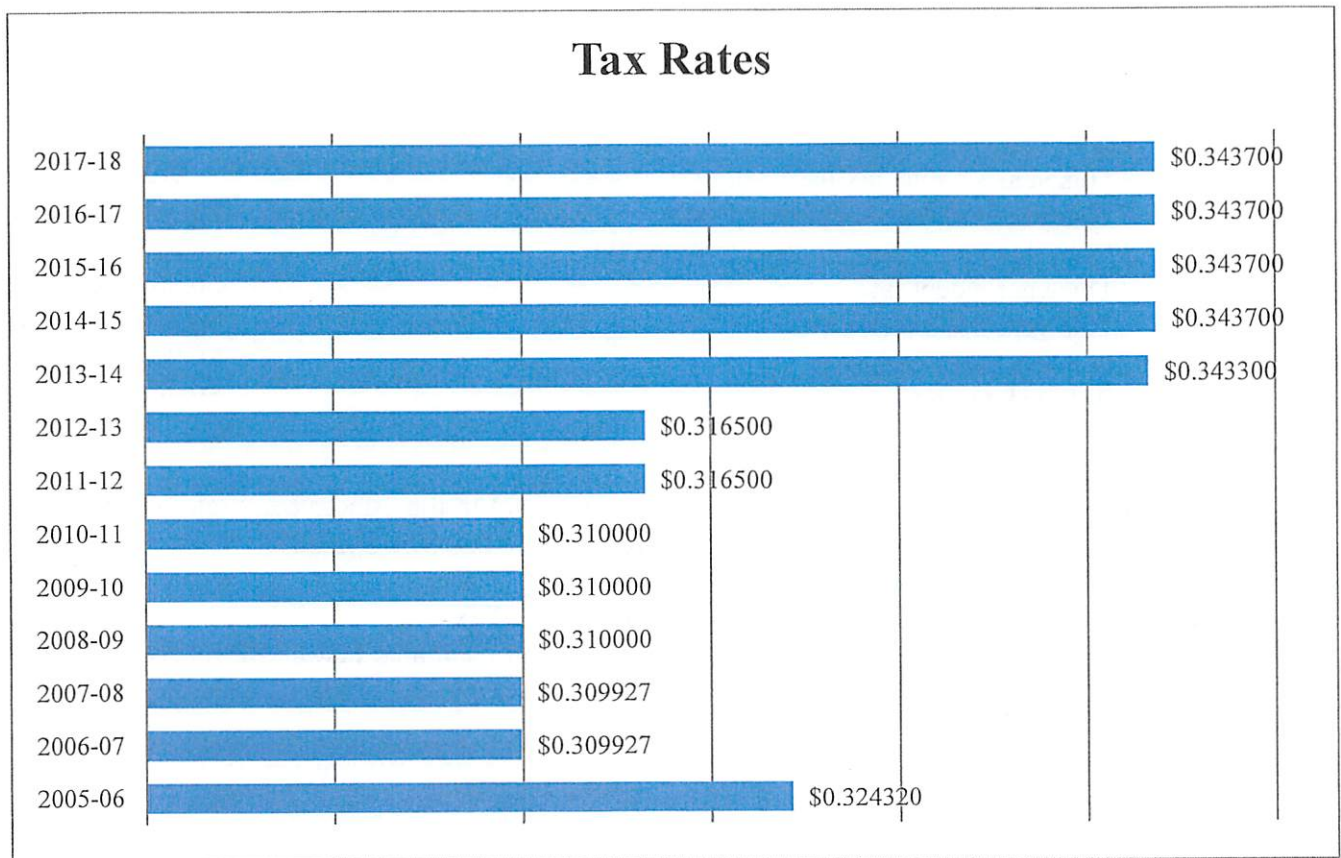
In calculating its effective and rollback tax rates, the unit estimated that it will receive \$486,668 in additional sales and use tax revenues.

**ANALYSIS OF TAX RATE
FISCAL YEAR 2017-2018**

Estimated assessed valuation of real and personal property	\$929,408,262
City Tax Rate	<u>\$0.3437</u>
Tax Levy	<u>\$3,194,376</u>
Estimated 98.0% collection	<u>\$3,130,488</u>

DISTRIBUTION OF AD VALOREM TAXES

	Tax Rate \$100 Valuation	Percent of Value	98.0% of Collection
General Fund	\$0.3115	90.63%	\$2,837,204
Cemetery Fund	\$0.0025	0.73%	\$22,770
Debt Service Fund	<u>\$0.0297</u>	8.64%	<u>\$270,513</u>
	<u>\$0.3437</u>	<u>100.00%</u>	<u>\$3,130,487</u>



STATISTICAL ANALYSIS OF 2017-2018 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

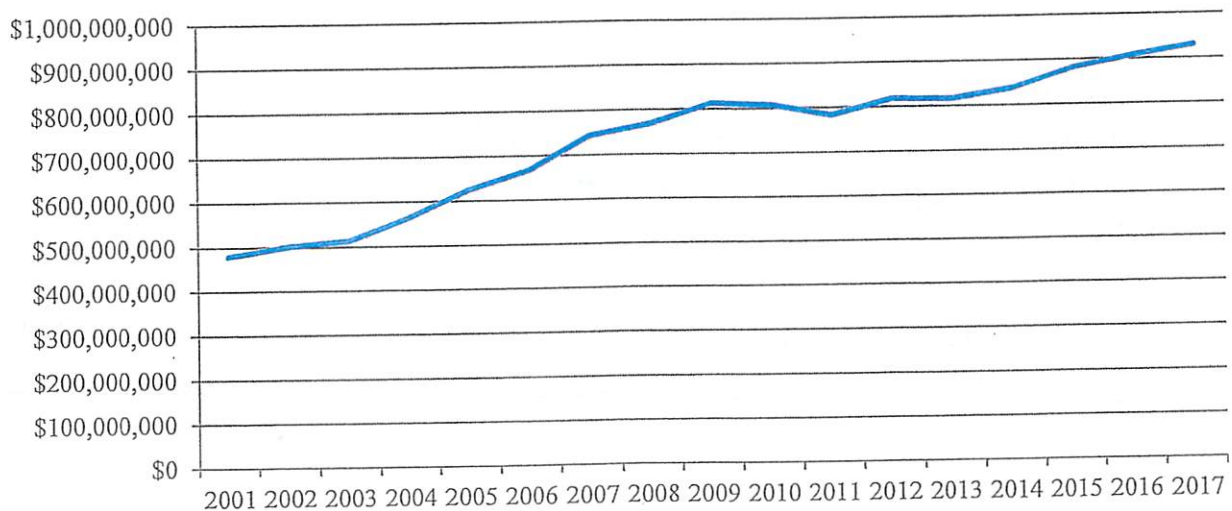
Property Taxes

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, by state law, establishes appraised values at 100% of estimated market value.

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 state law.

Certified property valuations provided by the Titus County Appraisal District totaled \$929,408,262 for 2017. Of this amount, \$14,694,384 is for new improvements and new personal property added to the tax roll.

Below is a trend of the assessed valuation. For 2017 the assessed valuation shows an increase of 2.40%.

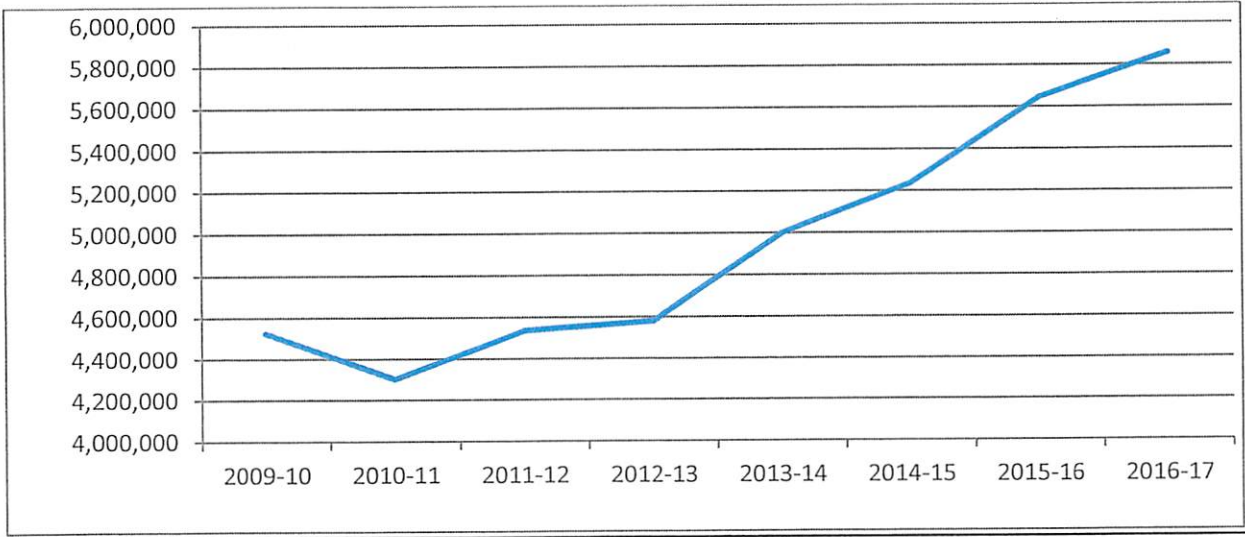


Property tax revenues are budgeted to generate \$3,098,545 this year based upon a 97% collection rate. Of this amount \$2,808,253 is for general maintenance and operations of the General Fund. Total property tax revenues in the General Fund, which includes delinquent taxes, penalties and interest, total \$2,918,205 and account for 26.86% 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 receipts budgeted in the General Fund total \$4,575,250 or 42.11% 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 eight years.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
October	340,603	321,657	330,006	356,803	466,718	390,863	427,503	468,023
November	378,903	381,629	393,294	415,027	399,865	452,369	483,487	537,694
December	339,006	301,801	331,399	301,351	358,657	415,535	449,230	457,362
January	315,781	332,003	343,489	372,476	361,388	408,005	449,471	452,418
February	437,371	456,272	458,539	493,674	494,252	511,382	592,475	563,845
March	304,377	285,206	304,586	338,086	348,463	367,865	380,986	427,259
April	303,763	323,876	344,144	400,579	380,928	397,999	440,156	457,790
May	395,937	443,082	465,515	455,095	465,468	495,205	546,057	576,330
June	347,522	344,389	359,582	372,395	408,455	433,304	441,246	467,350
July	609,645	343,321	398,688	369,712	428,111	416,684	457,958	467,298
August	426,170	416,657	439,787	431,364	464,441	511,572	534,430	517,103
September	327,571	351,658	368,174	273,730	424,622	434,331	439,577	464,046
	4,526,649	4,301,551	4,537,204	4,580,292	5,001,366	5,235,113	5,644,576	5,856,518



Other Taxes

The Other Taxes budget category totals \$67,600 or .62% of the total General Fund revenues. These taxes are Payment in Lieu of Taxes (P.I.L.O.T.) paid by the Mount Pleasant Housing Authority, Big Tex Trailers/ Broadstone Industrial Development District 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 \$35,500 and represent .33% 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. The budgeted amount totals \$84,500 or .78% of the General Fund revenues.

FINES AND FORFEITURES

Fines and Forfeitures represents revenue generated from the Municipal Court and other fines such as animal shelter fees and library fines. These revenues are budgeted at \$1,496,500 and represent 13.78% of the total budget. The fines for municipal court are projected at \$1,450,000 and represent 96.89% 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 cities of Pittsburg and Gilmer for animal shelter services. This totals \$972,530 and comprises 8.95% of the budget.

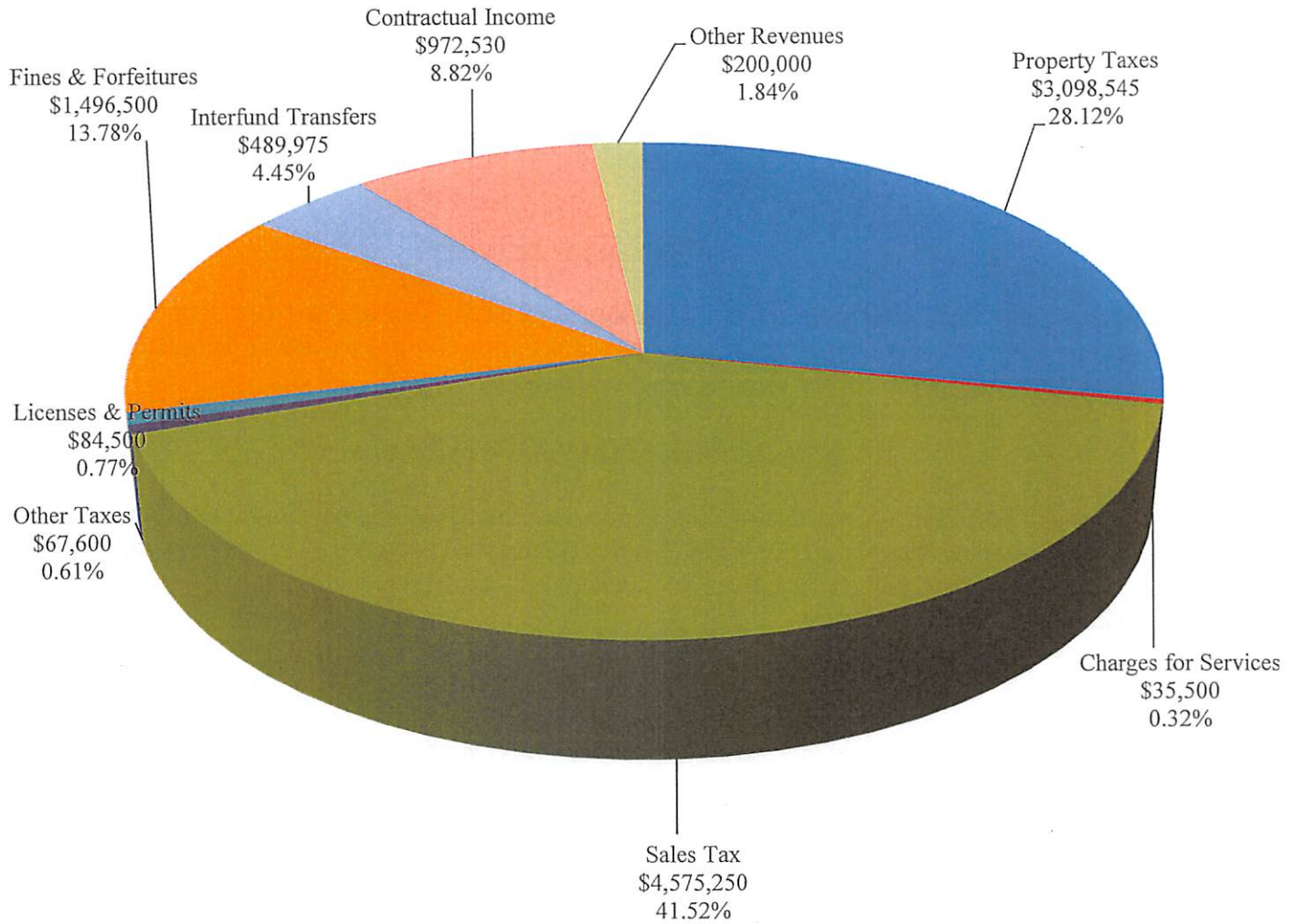
INTERFUND TRANSFERS

Interfund Transfers totals \$489,975. Funds are transferred to the General Fund from the Utility Fund for revenues earned on solid waste collection projected at \$362,000, \$5,000 for promotions from the Hotel/Motel Fund, \$10,000 from the Economic Development Fund for administrative cost and \$154,375 for one-half of the Vehicle Services budget from the Street Fund. This classification accounts for 4.51% 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 \$200,000 and represent 1.84% 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 \$11,003,911 for fiscal year 2017-2018. This represents an increase of \$1,160,706 or 8.24% above the projected budget of \$10,166,383 for fiscal year 2016-2017. Below is a summary of these expenditures.

Personnel

As the single largest expenditure category, personnel expenses total \$8,079,435 and account for 73.42% of the General Fund expenditures. An across the board cost of living increase of 3% is budgeted to take effect October 1, 2017. Some merit increases and pay adjustments have been made throughout the budget. Health insurance premiums will increase by 10%. This year the City introduced a voluntary high deductible health insurance plan with a Health Savings Account at a lower premium. Over 50% of employees opted to participate in the new voluntary plan. The City's contribution to the Texas Municipal Retirement System (TMRS) declined slightly from 15.66% to 15.42%. Under TMRS, each employee contributes 7% of their gross pay and the City matches this on a two to one basis. This budget includes the addition of 6 new firefighters due to a renegotiated contract with Titus County. Total proposed personnel costs in the General Fund, which includes benefits, increased by 8.20% over last year's projected cost of \$7,466,938.

Contractual and Fee Services

This is the second largest expenditure category in the General Fund and totals \$1,737,496 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 \$366,200 or 1.48% of the General Fund expenditures. Minor tools and equipment, office supplies, fuel and other supplies make up these amounts.

Maintenance

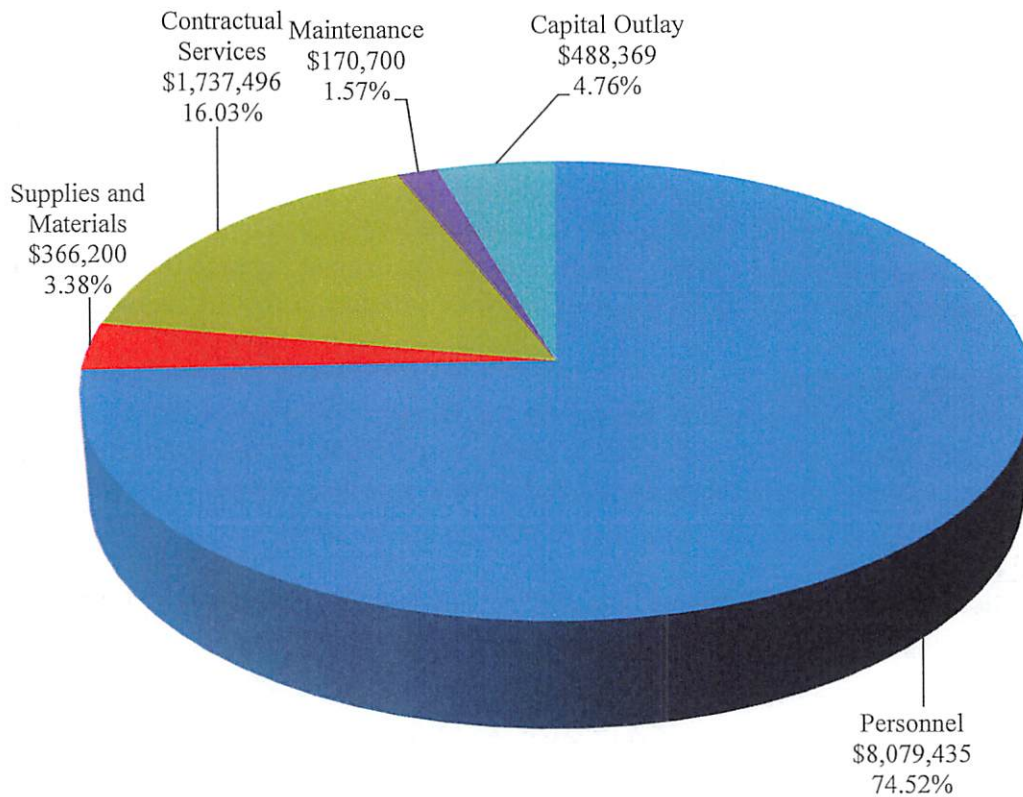
This classification totals \$170,700 or 1.55% of the General Fund and includes maintenance of buildings, structures, land, improvements, equipment and machinery.

Capital Outlay

Capital outlay totals \$487,480 or 4.43% of the General Fund. Below is a detail of the capital expenditures budgeted for the General Fund:

- \$28,8450 from Court Technology Fund for new mobile citation writers
- \$85,200 for two new patrol Tahoes for Police Department
- \$49,950 for the replacement of 9 SCBA's for Fire Department
- \$33,130 to replace tractor and mower deck for Parks Department
- \$44,080 to replace two pickup work trucks for Parks Department
- \$26,765 to replace two zero turn mowers for Parks Department
- \$52,000 for ½ cost to add equipment parking room at Service Center
- \$4,250 for ½ cost to replace tire machine for Vehicle Services
- \$5,600 for ½ cost to replace air compressor for Vehicle Services
- \$100,000 for General Fund contingency

GENERAL FUND EXPENDITURES

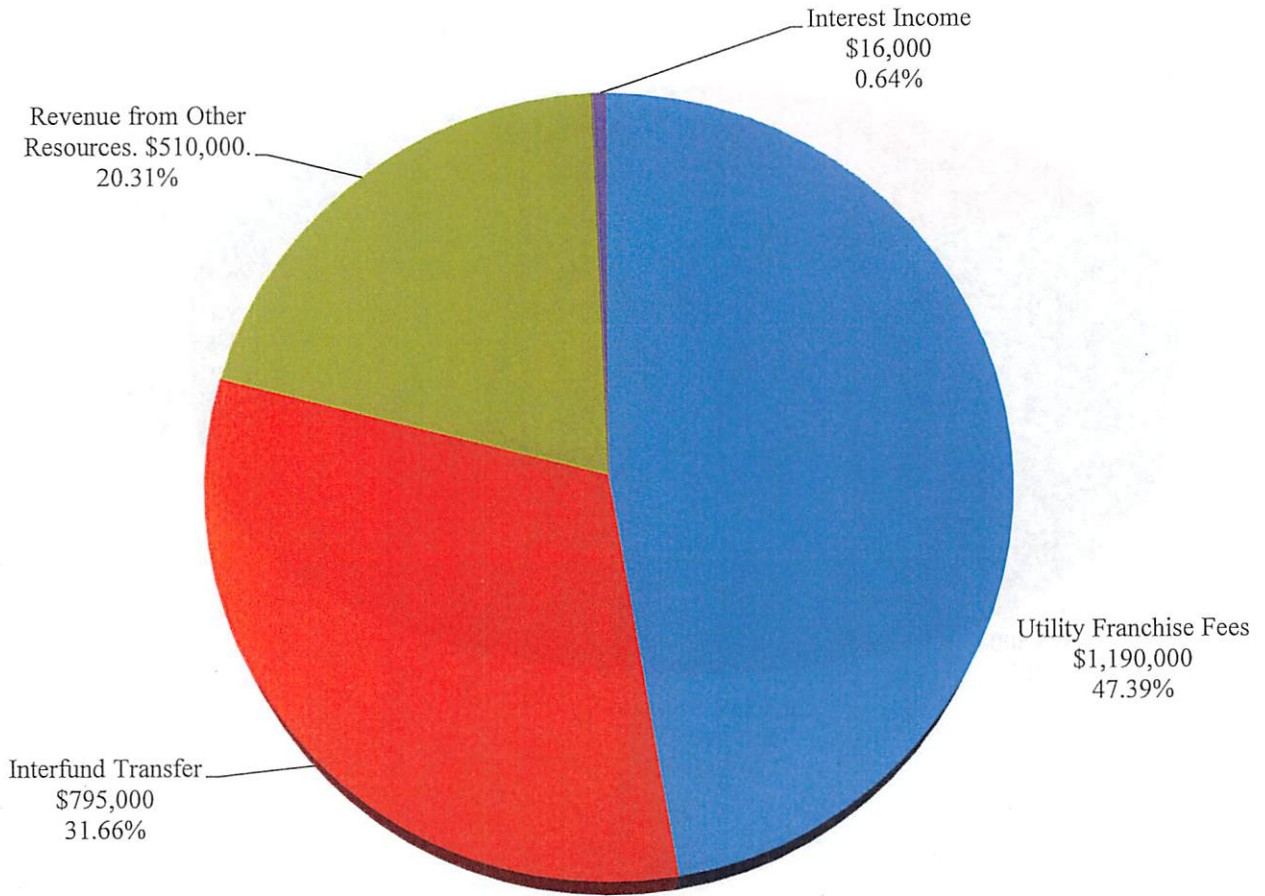


Other funds within the General Fund classification consist of the General Capital Fund and Street Fund. The General Capital Fund was formed to reserve funds for General Fund capital purchases. Money is transferred to this fund from the General Fund and the Street Fund to save for purchases of major capital items.

STREET FUND REVENUES

The Street Fund is projected to have revenues of \$2,517,000 during fiscal year 2017-18 which is an increase of 0.51% from the previous year projected revenue of \$2,504,246. Utility franchise fees in the amount of \$1,190,000 are paid by the various utility companies which operate inside the city limits. Revenue From Other Resources accounts for the gate royalty fees the City receives from Republic Services for operation of the landfill and is projected at \$510,000. Inter-fund Transfers total \$795,000. 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



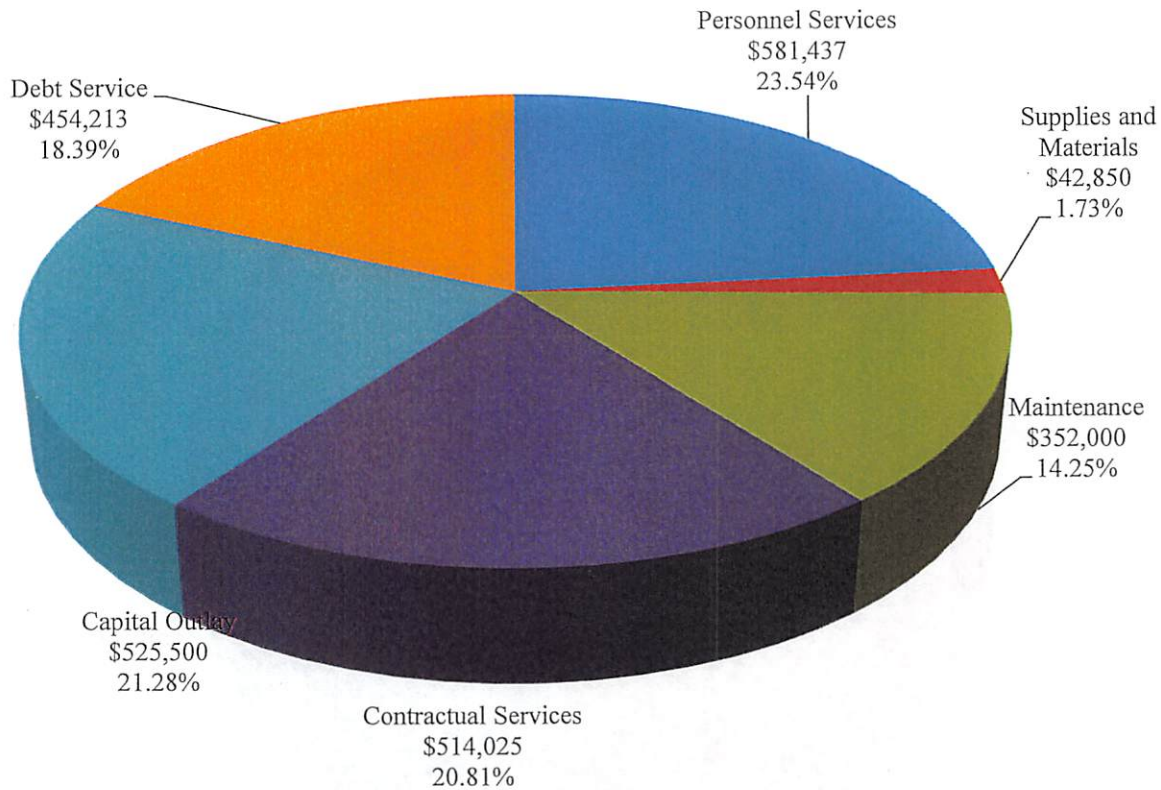
STREET FUND EXPENDITURES

Inter-fund Transfers within the Street Fund totals \$254,375. This amount consists of \$100,000 to be transferred to the Community Improvement Fund and \$154,375 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 \$500,000 reserved for the 2017-2018 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.

Debt service in the Street Fund totals \$454,213. 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 and the funding of the NW12 street improvement 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 2017-18 fiscal year include the Rescue Recovery Fund, Library Grants Fund, Tourism/Historical Budget Fund, Cemetery Fund, Police Seizure Proceeds 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, and Firemen's Relief 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 construction of NW12.
- 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 2017-2018 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 2017-2018 is \$276,015. 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

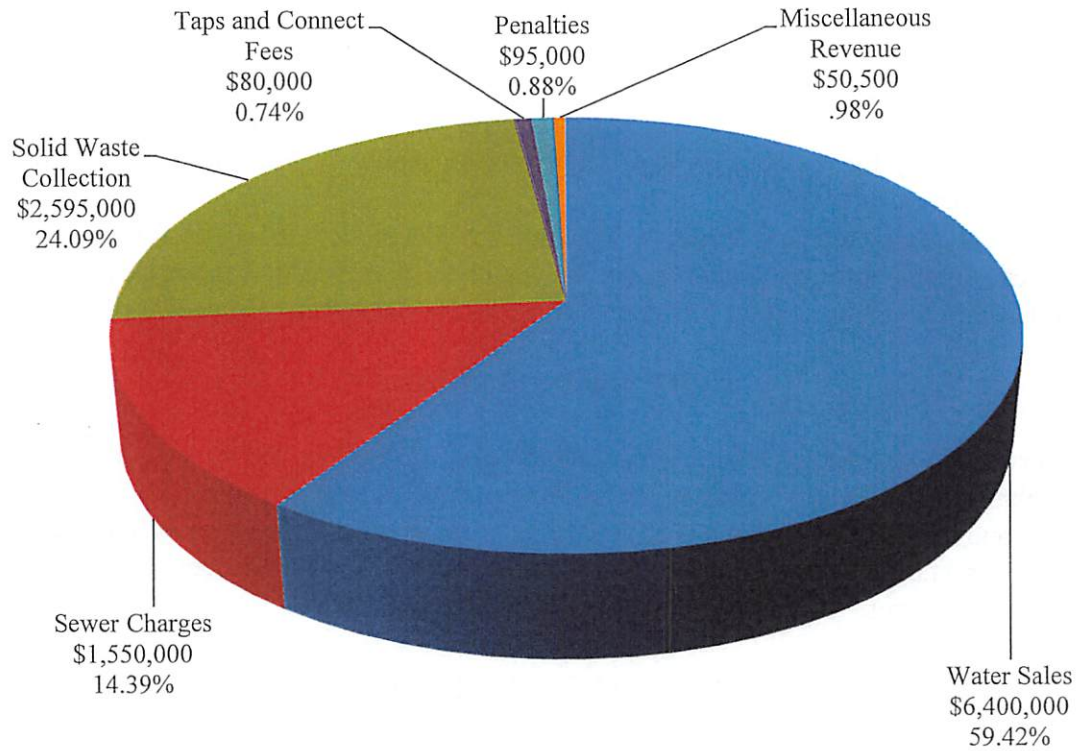
The city's proprietary funds consist of the Utility Fund, Civic Center Fund and Airport Fund. The Utility Fund revenues and expenditures are explained in greater detail in the following information as it is the largest of the proprietary funds. Revenues and expenditures in the Civic Center and Airport 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 \$10,927,000, a decrease of \$406,500 or 3.59% from the projected amount of \$11,333,500 during fiscal year 2016-17.

UTILITY FUND REVENUES



EXPENDITURES-COMPOSITION, ASSUMPTIONS AND CHANGES FROM PRIOR YEAR

The Utility Fund expenditures total \$12,152,351. This is an increase of \$1,683,671 or 16.08% from the projected 2016-2017 expenditures of \$10,468,680. The following is a summary of the expenditures for the Utility Fund.

Capital Outlay

Capital outlay in the Utility Fund totals \$2,036,520 or 16.76% of this year's proposed budget. Budgeted capital outlay expenditures include:

- \$25,600 to replace to replace one work pickup truck
- \$25,000 to replace motor on clarifier #3 at I-30 Water Treatment Plant
- \$13,600 to replace two building roofs at Wastewater Treatment Plant
- \$125,000 for sand filter rehab at Wastewater Treatment Plant
- \$25,000 to rebuild clarifier gear box at Wastewater Treatment Plant
- \$103,100 for replacement of F-550 with jet machine
- \$70,000 for replacement of F-550 crew 4x4
- \$740,000 for Southside Interceptor sewer main project
- \$400,000 to replace and upsize Silver Creek lift station

- \$315,000 for “Orange Blossom” sewer line project
- \$20,000 for lift station improvements
- \$100,000 for Utility Fund contingency

Debt Service

Debt service within the utility fund totals \$1,563,922 or 12.87% 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 \$2,272,389 or 18.70% of the total budget. Employees are projected to receive a 3% cost of living increase across the board to become effective October 1, 2016 with some employees receiving merit increases. Health insurance premiums have increased by 10%. The city’s contribution to the Texas Municipal Retirement System decreased slightly from 15.66% to 15.42%. Employees contribute 7% of their gross income 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 \$5,221,220 and accounts for 42.96% of the total expenditures of the Utility Fund.

Maintenance

This classification consists of maintenance of buildings, structures, equipment and machinery. These expenses total \$468,450 or 3.85% of the total Utility Fund budget.

Supplies and Materials

Supplies & Materials in the Utility Fund total \$589,850 or 4.85% of the total Utility Fund budget.

UTILITY FUND EXPENDITURES

