



## Filing Receipt

**Received - 2022-02-17 10:56:26 AM**  
**Control Number - 52890**  
**ItemNumber - 9**

10:23 AM

01/28/22

Cash Basis

# Flat Fork Water Supply

## Profit & Loss

### January through December 2020

	Jan - Dec 20
<b>Income</b>	
4101 · Bulk Water Sales	227,241.88
5391 · Interest income	1,804.78
<b>Total Income</b>	229,046.66
<b>Expense</b>	
6100 · Bulk Water Purchased	6,501.50
6124 · Water tests	792.23
61340 · Contract Services.	2,178.00
61341 · Contract Labor Other	4,000.00
6141 · Fuel and Lubricants	638.33
6142 · Water treatment	3,412.75
6144 · Maint and Repairs Materials	3,310.49
6145 · Meter Expense	11,243.64
61520 · Well Electricity	9,736.55
6311 · Payroll Expenses	72,858.52
63230 · Membership & Consulting Fees	642.70
63231 · Management & Regulatory Fees	2,970.06
6326 · Permit and Filing Fees	20.00
6333 · Bookkeeping	3,431.50
6334 · Contract Services	12,514.90
6340 · Office Equipment	11,788.77
6341 · Payroll Taxes	1,011.98
6350 · Postage	3,114.30
6351 · Telephone	6,957.31
63520 · Electricity	342.94
63521 · Water	345.06
63522 · Internet	1,579.76
6353 · Insurance	2,556.75
6358 · Rent	7,000.00
6359 · Software Subscriptions	3,247.76
6360 · Miscellaneous Expenses	
63601 · Bank Service Charge	
636011 · Bank Service Fee	205.68
636012 · Credit card fees	70.36
<b>Total 63601 · Bank Service Charge</b>	276.04
63602 · Continuing Education	933.76
63603 · Depreciation Expense	66,101.00
63605 · Miscellaneous	247.90
63606 · Penalties and Interest	128.56
<b>Total 6360 · Miscellaneous Expenses</b>	67,687.26
<b>Total Expense</b>	239,883.06
<b>Net Income</b>	<b>-10,836.40</b>

10:21 AM  
01/28/22  
Cash Basis

**Flat Fork Water Supply**  
**Balance Sheet**  
As of December 31, 2020

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**ASSETS**

**Current Assets**

**Checking/Savings**

1110 · Farmers Operating Account  
1111 · Farmers Debit Card Account  
1122 · Sabine Membership Reimburs Acct  
1131 · CD BTH Bank Membership Fees  
1140 · CD Farmers Reserved Op Exp  
3005 · CD Shelby Savings Reserved Impr

**Total Checking/Savings**

**Total Current Assets**

**Fixed Assets**

1300 · Accumulated Depreciation  
13101 · Fixed Assets  
1311 · Building Improvement  
1312 · Water System  
13121 · Distribution Systems (Distribution System 1969,1984,1990)  
13122 · Pressure Tanks  
13123 · Pump Station  
13124 · Water Tank (2002)  
13125 · Well (1977 and controls 2008)  
1312 · Water System - Other

**Total 1312 · Water System**

1315 · Equipment. (2016,2017,2018,2019, 2020)  
13151 · Generator (1998)  
1315 · Equipment. (2016,2017,2018,2019, 2020) - Other

**Total 1315 · Equipment. (2016,2017,2018,2019, 2020)**

**Total 13101 · Fixed Assets**

**Total Fixed Assets**

**Other Assets**

1310 · Land

**Total Other Assets**

**TOTAL ASSETS**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Other Current Liabilities**

2111 · Direct Deposit Liabilities (Direct Deposit Liabilities)  
2113 · Payroll Liabilities (Unpaid payroll liabilities. Amounts withheld or accrued, but not yet paid)

**Total Other Current Liabilities**

**Total Current Liabilities**

**Total Liabilities**

**Equity**

**TOTAL LIABILITIES & EQUITY**

10:21 AM  
01/28/22  
Cash Basis

Flat Fork Water Supply  
**Balance Sheet**  
As of December 31, 2020

Dec 31, 20

121,750.03  
877.84  
14,221.37  
51,308.59  
108,929.18  
100,199.45

397,286.46

397,286.46

-542,879.81

5,853.00

184,279.00  
8,900.00  
234,101.00  
18,896.00  
24,500.00  
56,729.46

527,405.46

20,985.00  
176,538.08

197,523.08

730,781.54

187,901.73

250.00

250.00

**585,438.19**

2,833.20  
1,276.74

4,109.94

4,109.94

4,109.94

581,328.25

**585,438.19**





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# City of Center

## Fiscal Year 2021-2022

### Budget Cover Page

### August 23, 2021

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

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

**FOR:**

Leigh Porterfield, Mayor Pro Tem  
Joyce Johnson, Dist. 1  
Howell Howard, Dist. 3

Terry Scull, At Large  
Jerry Lathan, Dist. 2  
Randy Collard, Dist. 4

**AGAINST:**

**PRESENT** and not voting:

**ABSENT:**

### Property Tax Rate Comparison

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



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

**FY 2022 BUDGET  
CITY OF CENTER, TEXAS  
PRINCIPAL OFFICIALS**

**MAYOR**

David Chadwick

**CITY COUNCIL**

Leigh Porterfield – Mayor Pro Tem

Joyce Johnson – District 1

Jerry Lathan – District 2

Howell Howard – District 3

Randy Collard – District 4

Terry Scull – At Large

**CITY MANAGER**

Chad D. Nehring

**CITY SECRETARY**

Brianna Suell

**CITY ATTORNEY**

John Price



---

## ACKNOWLEDGEMENTS

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

**CENTER ECONOMIC DEVELOPMENT CORPORATION**

John Snider, Corporation Board President

**CENTER ECONOMIC DEVELOPMENT FOR STREET IMPROVEMENTS CORPORATION**

Buster Bounds, Corporation Board President

**HOTEL/MOTEL ADVISORY BOARD**

Fred Wulf, Board Chairman

**PLANNING AND ZONING COMMISSION**

Stephen Shires, Board Chairman

**POLICE CHIEF**

Jim Albers

**FIRE CHIEF**

Keith Byndom

**PUBLIC WORKS DIRECTOR**

Marcus Cameron

**WASTEWATER PLANT SUPERINTENDENT**

Larry Weaver

**JOHN D. WINDHAM CIVIC CENTER DIRECTOR**

Tommy Hughes

**PURCHASING MANAGER**

Michael Boyd

**ACCOUNTING ADMINISTRATOR**

Amanda Willey

**HUMAN RESOURCE ADMINISTRATOR**

Esther Elizondo



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Center  
Texas**

For the Fiscal Year Beginning

**October 01, 2020**

*Christopher P. Morill*

Executive Director



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August 18, 2021

The following is the City of Center financial plan and budget for Fiscal Year 2022. We expect this document will provide significant information in an easy to read and understandable format. I know that the City staff, corporation officers, and advisory board volunteers have worked hard to generate this budget. The Council and I express our gratitude to those that have participated in this budget process.

A budget serves many purposes. It is a statement of priorities; each year the Council weighs different needs and requests from our community. This budget expresses services the people of Center can expect to receive with their tax dollars. The budget is a strategic planning tool; offering a roadmap for achieving our goals and prioritizing the use of our resources. The budget is a control tool; providing the legal authority for our staff to ensure continuity of operations. Finally, the budget is a management tool; demonstrating the methods of service delivery and monitoring service value and efficiency.

Center is a Home Rule city that provides a full range of municipal services to its citizens. As such, Center is very progressive in using tax-payer funds to make long term investments into the community in areas such as public safety, parks, community facilities, and critical infrastructure.

Planning the future of our City is not a spectator sport; I would encourage everyone to attend a City Council meeting or consider volunteering for service on a board or committee.

I do hope that you enjoy the budget format and if you have any questions you may contact the City Manager, Chad D. Nehring at 936/598-2941.

Sincerely,

David Chadwick  
Mayor, City of Center



Date: August 18, 2020

To: Mayor, City Council Members and Residents of Center

From: Chad D. Nehring, City Manager

Subject: FY 2022 Budget Transmittal Letter

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2021-2022 Budget. This budget book is intended to provide a significant level of detail of the City's budget in a transparent manner and accomplish the four recognized purposes of a budget.

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

#### **COVID-19**

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

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

#### **Property Tax**

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

#### **Legislative Issues**

In 2019, the Texas Legislature passed SB 2, changing the names of the required tax rates, making significant revisions to the tax rate calculation methods, implementing property tax revenue caps, and altering the City's budget and tax rate adoption schedules.

The Effective Rate, which is the rate required to generate the same amount of levy as the previous year, is now referred to as the No-New-Revenue Rate; the Rollback Rate is roughly similar to the new Voter Approval Rate.

The City is required to calculate the No-New-Revenue tax rate in a similar manner as the old Effective Rate. The Voter Approval Rate is calculated to generate a levy 3.5% greater than the No-New-Revenue rate, adjusting for Debt Rate changes and several other factors. Prior to SB 2, the City could



raise an additional 8% without the option of an election. Now, an election is mandatory if the City wishes to adopt a rate greater than the Voter Approval Rate. However, SB 2 created the De Minimis Rate, which allows the City to levy an additional \$500,000 without triggering an election. The City is eligible to use a De Minimis Rate up to \$0.75705/\$100 valuation because Center has a population less than 30,000 and additional can utilize up to three years of increment, which is the difference between the adopted rate and the Voter Approval Rate.

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

### **Utility Rates**

The Council was presented recommended alterations to the Utility rate structure adjusting rates for users placing greater demands on the system. Commercial development has necessitated new and expanded sewer lines. Industrial customers have caused treatment issues at the Waste Water Treatment Plant. Therefore, residential water rates are separated from commercial and commercial sewer is separated from industrial.

### **Strategic Development and Service Enhancement**

There are a number of initiatives the City is planning for FY 2022, while completing the capital projects underway from the 2019 bond issue and subsequent grant awards.

#### Capital Project Completion

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

#### Quality of Life Projects

The City has received a Texas Parks and Wildlife Department park grant which will provide funding for the renovation of Perry Sampson Park. The City has been successful in applying and receiving other funds for this project including local match from Tyson Foods.

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

#### Community Direction/Service Enhancement

The Council has expressed a desire to explore beautification programs/projects. These remain undefined to determine a policy or regulatory approach, or specific projects to meet this goal but focus on highway entryways, downtown enhancement and general cleanliness.

#### Comprehensive Personnel Assessment

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

#### Economic Development



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

#### Public Safety

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

#### Utility Projects

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

### **Long Range Financial Situation**

The City is Center heads into the FY 2022 Budget in a healthy financial position. With revenues projecting to slightly increase, allowing expenditure growth where directed and necessary for desired service levels and some enhanced priorities. The City's fund balance is at a sustainable level that will provide security for the City into the foreseeable future. City staff will remain vigilant in monitoring sales tax data due to the City's heavy reliance on that revenue stream and its' potential volatility.

### **Summary**

Development of the FY 2022 Budget was not the most difficult but did present its share of challenges. Continued COVID-19 pandemic, federal policy changes, state legislative mandates and external stimuli inject an undesirable degree of uncertainty and variability into financial forecasts as well as creating localized economic challenges and impacts. New laws and economic conditions will consistently present pressure on the City's ability to raise additional funds for service enhancements, new programs or capital projects.

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

This Budget exemplifies a City striving to enhance both its physical infrastructure and service delivery and desire for improved quality of place in hopes of attracting additional investment and community spirit. Center is a great place to live, work, visit, and do business because of a progressive spirit that builds towards the future while providing quality and affordable community services. Center is fortunate to have community leaders, volunteers, and employees dedicated to pursuing these goals.



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## **FY 2022 BUDGET EXECUTIVE SUMMARY**

This section of the FY 2022 Budget provides a general overview and summary of the City of Center's budget. It will show how the City is addressing the City Council's goals and objectives, the general budget issues that the reader needs to be aware of, as well as providing a summary of the City's budget.

The Council's goals for the FY 2022 Budget are:

- Stabilization of property tax rate and corresponding revenue relative to sales tax income;
- Completion of 2016 -2020 Capital Improvements Program projects and planning for future needs;
- Maintaining personnel benefits to attract and retain qualified employees;
- Thoroughly analyze City operations and seek ways to improve the City;
- Focus on service levels to provide for the operation and maintenance of community assets, and;
- Optimization of utility rates where the structure is commensurate with system demand and uses.

More information on the City's Strategic Plan can be found on Pg 37.

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

### **Sales Tax**

Understanding the City's sales tax revenue stream is the starting point for comprehending the overall budget. Sales taxes represent approximately 42% of the City's total revenue – One cent, or 50% of the total two cent local option goes directly to the City. Another ¼ cent, or 12.5% of the total, reverts back to the City for Property Tax Relief. The other ¼ cent funds the Type A Center Economic Development Corporation, and the remaining ½ cent goes to the Type B Center Street Improvements for Economic Development Corporation.



In spite of the ongoing COVID-19 pandemic, City sales taxes have increased over FY 2021. While this has definitely been unexpected but welcome news that reflects a healthy, growing economy, a part of this sales tax growth is a result of non-recurring payments. In FY 2022, the City is anticipating sales taxes to increase 2% from 2021 less the construction related non-recurring receipts and accounting for inflationary economic conditions, this could be a conservative projection.

For more information on Sales Taxes, visit Pg. 80.

### **Sales and Property Tax Relationship**

The City Council became aware the precarious position it was in the last time sales tax revenue behaved erratically. City sales tax revenues saw a large spike starting in 2010 through 2013 and the City's policy at the time was to rely on this growth for operations effectively utilizing it to reduce demands for property tax revenues. Consequently, the Council made the policy decision to start to shift operational reliance to prior levels of property tax revenue.

While sales tax revenue is high and growing, there is less pressure to consider property tax revenue increases. In fact, when studying the historical patterns, the City actually used climbing sales tax revenue to fund property tax rate reductions. Property tax is one of the few areas that the City can earn substantial revenue entirely through its own decision making. When sales tax takes a decline, the City must look for other ways to overcome revenue gaps placing pressure on the property tax rate.

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

For more on the relationship between Sales and Property Tax, look on Pg 89.

### **Property Tax**

Approximately 22% of the City's General Fund comes from property tax levy. There are a number of factors that were considered when developing the property tax budget.

#### Tax base

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

For more information on the Property Tax base, visit Pg. 82.

#### Transfer to debt fund

The Maintenance and Operation (M&O) rate was able to increase with reduction in Debt needs and reduced dependance on other funding sources to Debt. This reduction in the



Interest & Sinking (I&S) rate along with savings from Debt refinancing in 2021, was used toward the M&O rate to reduce necessity of raising the total tax rate.

#### Overall expenditure growth

While the City's FY 2022 operational budget increases 4% compared to the FY 2021 estimate, it is worth noting that the City's budget has grown over the long term. One of the issues identified in the City's financial forecast is the fact that expenses rise at a faster rate than revenues. There are a number of explanations for this: increases in personnel costs, which has a direct correlation to increased payroll taxes and retirement contributions; increases in health insurance costs – which on average rise 7-8% each year; enhanced service levels and expectations; and, the creation of internal service funds.

The Council has made decisions for enhanced service levels, specifically in Parks and Police. Since 2013, an additional one and a half positions are now funded in Parks department and three positions have been reinstated in Police. The City has also added new park facilities and downtown enhancements, which are expected to be maintained at an attractive level. The table below shows five major governmental departments and how their total budgets have grown since FY 2015.

Programs cost increase	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Budget	Average Annual Increase
Police	1,776,959	1,782,288	1,877,258	1,961,780	2,034,021	2,059,062	2,227,050	2,288,050	3.6%
City Hall	727,194	741,882	783,115	754,547	796,794	831,163	892,350	885,300	2.7%
Parks	118,771	140,514	124,189	179,907	232,269	226,993	292,800	259,300	14.8%
Fire	467,374	446,990	447,084	479,719	472,556	497,977	580,500	550,600	2.2%
Streets	380,784	417,400	365,949	319,284	334,294	392,847	399,650	462,100	2.7%

The Council has a goal of financial sustainability; one method of achieving this goal is the use of internal service funds. These funds allow the City to self-finance large capital purchases through a dedicated funding mechanism. This approach also allows the City to make lower payments and regulate the budget as compared to enduring substantial, one time expenditures. Properly managing and appropriately funding the city's two internal service funds also results in slightly larger operational budgets.

The table below provides an approximation on where City property tax revenues are spent internal to the General Fund. For more information on this point, go to Pg 87.





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



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#### Council projects effect the debt rate

Lastly, the Council has made decisions to engage in projects and programs to enhance the local quality of place since 2011. The result is that 16.5 cents of the debt rate can be attributed to these projects. This is over three quarters of the total debt rate; the remaining portion can be attributed to interest and bond issuance costs.

For more detail on the City's debt structure, start on Pg. 131.

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

#### **Personnel**

Personnel represents the City budget's largest cost category. The FY 2022 Budget does not have a cost of living adjustment (COLA) directly identified as historically instituted. Resources are budgeted for personnel adjustments related to the recommendation of the payroll scale and pay grade system study. The City did have 3% health insurance premium adjustment and a slight decrease in the retirement (TMRS) actuarial contribution rate. One new half-time position was added in the Recreation Fund to accommodate for service and revenue enhancement. The City is the recipient of a COPS grant which is funding two police officer positions added last year as filled.

#### **Structural Balance**

An analysis of the General Fund's structural balance was begun last year. This is an exercise of separating recurring and non-recurring revenues and expenditures to explore how these coincide. The goal is for recurring revenues to accommodate recurring expenses. The positive news is that the City's fiscal state is structurally balanced.

For more information visit Pg. 128.

#### **Fiscal Health**

The City's audit presents a number of different data points – however, these are rarely directly integrated in the context of budget and financial planning. These include the City's net position, total assets, cash to current liabilities, fund balance and debt levels. A brief discussion follows that describes trends and recommendations for future decisions.

See Fiscal Health Section on Pg. 57.

#### **Capital**

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

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

Visit the Capital Improvements Section on Pg. 175.



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### **Internal Service Fund**

The City manages two internal service funds – the Technology Fund and the Vehicle Replacement Fund. The City expends money that accumulates to fund large capital purchases. These purchases normally would require debt financing or special decisions that would result in a tax rate increase or use of fund balance.

The two funds are fully self-sustaining and require no additional capital injection or debt financing.

For more info on these visit page 161.

### **Economic Development Corporations**

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

The Type A EDC is planning to intensify the City's economic development program and establish a number of different initiatives that seek to supplement the Council's goals of improving the local quality of life and place.

The Type B EDC will again engage in an aggressive street reconstruction program which makes significant contributions to the City's transportation infrastructure.

### **Hotel Occupancy Taxes**

The City collects a 7% Hotel Occupancy Tax (HOT) on each hotel room rented in Center. These funds have dedicated special uses as dictated by State Law. With the COVID pandemic and decreased regional energy industry activity, HOT revenue was expected to decline in FY 2021. Fortunately, with 2021 baseball tournaments and more energy sector activity, revenues actually increased slightly and are projected flat into FY 2022.

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

For more information on HOT please visit Pg. 171.



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### Budget Summary

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

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

### Looking Forward

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



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## **FY 2022 BUDGET BUDGET USER GUIDE**

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

**Fund Structure and Basis of Budgeting.** The City of Center operates a number of different funds that perform different functions and use different methods of accounting. This section defines the different funds, their functions, which method of accounting and budgeting they use. This information is also presented graphically for the user to gain a full understanding of City operations.

**Budget Format.** This is a description of how the City's budgetary information is presented to the reader.

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

**Budget Management.** Once the budget is adopted, there are certain activities that occur to ensure the City stays within its' budget. This section describes some operational detail on how the City manages its' finances.

**Policy Compliance.** The City Council has established a number of different policies to set parameters on how it manages the City's finances. This section provides a snapshot of how the City performed in complying with its own policies.

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

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

The City of Center annual budget is prepared consistent with Generally Accepted Accounting Principles (GAAP). Portions of the City's budget uses different basis of accounting models. A basis of accounting refers to the point in time where revenues and expenditures are recognized in the City's financial system and statements.

The modified accrual basis of accounting recognizes revenues when they become available and recognizes liabilities when they are incurred. The Governmental Funds use this basis of accounting.

The accrual basis of accounting recognizes events regardless of when the transaction occurs. The concept is to match incoming revenues to outgoing expenses when a transaction occurs rather than when cash is exchanged. The benefit of this approach is to provide a longer-term view of the City's financial position. The Proprietary Funds use this basis of accounting.

Some exceptions to the above basis are as follows:

- Capital outlay and expenditures are capitalized and recorded as assets on a GAAP basis (if the threshold is met), but expensed annually on the budgetary basis. The budgetary method provides a more accurate description of the actual capital outlays made and planned during the year.
- Any depreciation expense is not shown in the budget as any applicable capital outlays are expressed as expenses in the budget.
- The budgetary basis does not show the value of employee leave balances that are recorded as a liability on the City's Balance Sheet in the audit report.



- The budget includes debt principal payments as budgetary expenditures. However, in the City's audit report, debt principal payments are treated as a reduction from the associated liability.

### Fund Structure

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

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

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

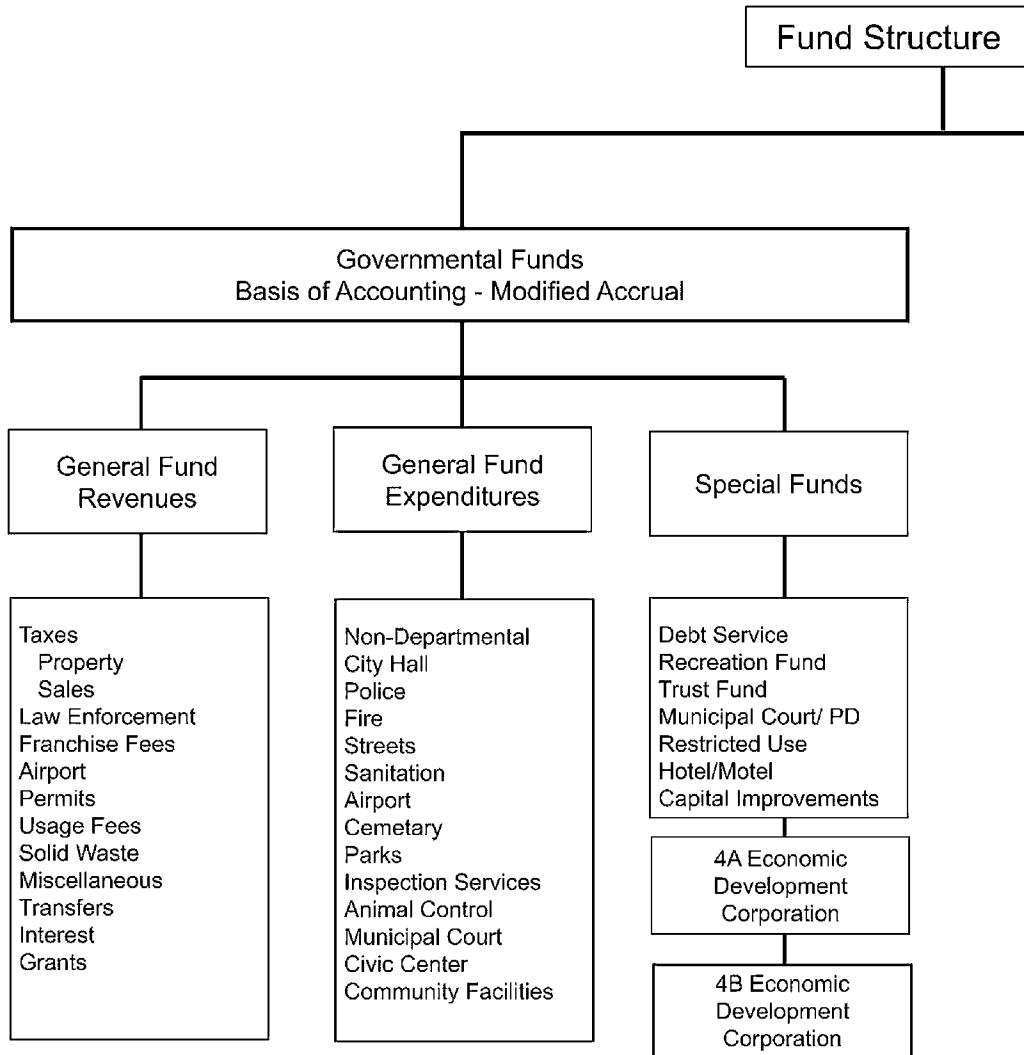
- Enterprise Funds – The Utility and Solid Waste Funds are budgeted for those City operations that mirror a private business to provide a good or service to customers which are financed through user charges. This budget is presented as a modified accrual basis to enhance the understanding of how funds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



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**CITY OF CENTER  
FUND STRUCTURE**

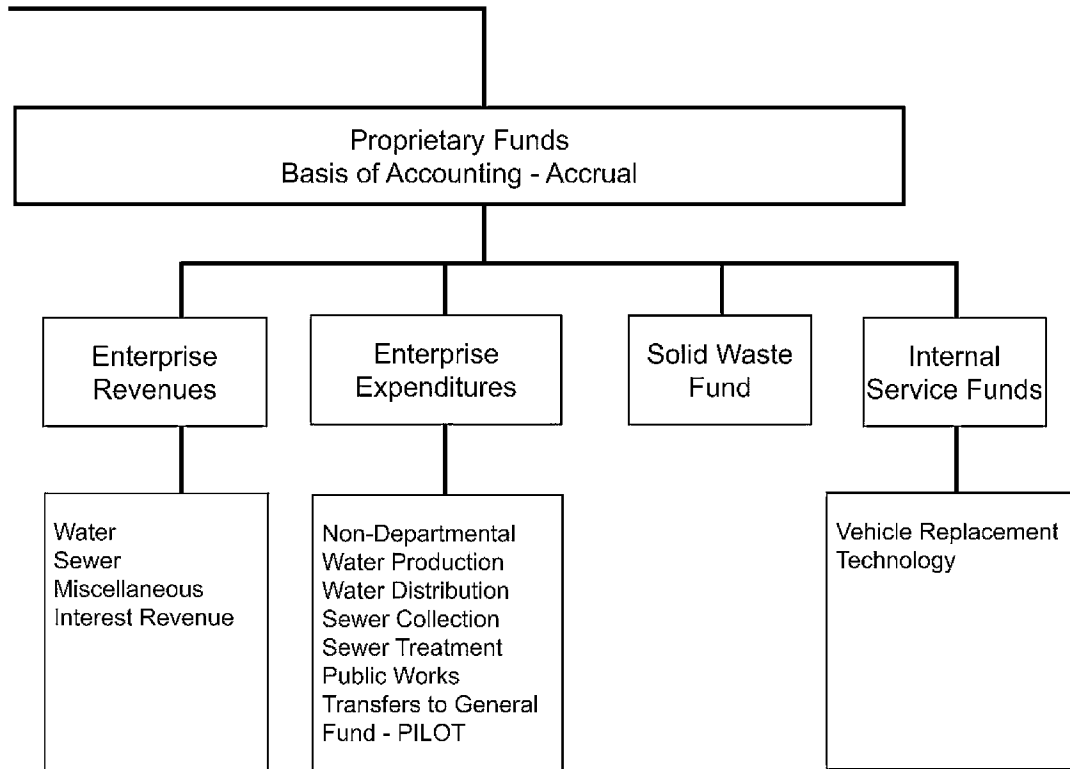


**Definitions**

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

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







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## BUDGET FORMAT

The budget format for the FY 2022 Budget is enhanced to present more information than prior budgets.

### Financial Format

The information included in the budget is organized into columns (financial data over time) and budget units. The financial information contained in the budget is as follows.

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

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

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

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

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

### Prime Accounts

A prime account is a line item which gives a sub-total amount to expense accounts of a similar nature. For example, all accounts associated with personnel costs are sub-totaled to "Personnel Services". This budget employs the following prime accounts:

**Personnel** – All costs associated with city employees, including salary/wages, retirement contributions (TMRS), health insurance, Social Security, workers compensation insurance, etc.

**Supplies** – All costs associated with purchasing materials to fulfill department objectives

**Contractual** – All costs associated with securing outside contractual services

**Utilities** – All costs associated with the operations of a building such as electricity, gas and phone

**Maintenance** – All costs associated with maintaining equipment, rolling stock, buildings, and infrastructure

**Sundry** – All costs miscellaneous to the operations of the department

**Capital** – All costs associated in capital purchases of major equipment, buildings, or other assets



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## **BUDGET FORMULATION AND DEVELOPMENT PROCESS**

Each year, the City of Center is required by the City Charter to adopt a balanced budget such that revenues are greater than or equal to authorized expenditures. The City's budget serves as direction for providing City services to the public. The budget contains general information regarding the City's Strategic Plan, financial projections for the next five years, each City function and department, objectives and major accomplishments.

### **Budget Pre-Planning**

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

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

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

### **Budget Development**

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

The City Council is provided a copy of the budget draft for review and comment. Advisory boards that review specific budgets, i.e. Center Economic Development Corporations, Hotel/Motel Advisory Board, etc., provide input and recommendations to the City Council. The City Council will also hold a number of workshops to review budget development. Once budgetary figures are finalized, they are entered into the budget book for adoption.

### **Budget Adoption**

Per the City Charter, the Proposed Budget must be filed with the City Secretary 45 days prior the start of the fiscal year – this must be done on or before August 15 of each year. Per State Law, the City must post the adopted budget on the City website and the City will make the proposed budget available at public facilities. The City must hold one public hearing on the Proposed Budget prior to Council adoption.

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

### **Property Tax Rate Adoption**

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



#### Utility Rate and User Fee Adoption

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

### **BUDGET CALENDAR**

#### Budget Pre-Planning

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

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

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

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

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

#### Budget Development

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

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

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

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

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

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

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

August 9, 2021 – City Council holds Proposed Budget Hearing

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

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

October 1, 2021 – New budget is implemented, new rate schedule goes into effect



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## **BUDGET MANAGEMENT**

Department Heads receive monthly expense reports which contain prior years' spending, current budget, amount expensed in the particular month, amount expensed in the entire year, and amount remaining in the budget. Department Heads are responsible for managing their operation within the appropriation levels established by the Budget.

The City's purchase order system assists Department Heads with oversight of their budget. Please reference the City's Purchasing Policy in Appendix D for more detail on the process. For non-emergency or non-maintenance items over \$1,000, Department Heads are required to secure a purchase order prior to acquisition to ensure budget availability or if adjustments are necessary.

### **Budget Transfers**

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

### **Budgetary Reporting**

Each month, the Finance Department provides the City Council a Financial Dashboard which shows current month spending in relation to prior years to see if spending exceeds historic patterns. Also, summary budget information is presented showing the total budget, spending for the month and year. The amount of revenue is also presented to the Council to show if the City is spending more than it has received.

Each quarter, the Finance Department prepares the required Cash and Investment Report which provides details on the City's cash position. This report includes the City's position at the beginning of the fiscal year, the current quarter, and the end of the quarter. The report also details the City's investment instruments and interest income.

### **Audit**

At the close of each fiscal year, the City conducts an independent audit from a qualified CPA firm licensed by the State of Texas. While the audit process examines the City's books, it also studies the City's financial processes/internal controls and compliance.

## **BALANCED BUDGET**

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

## **FOR MORE INFORMATION**

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

For additional information about the City, to download important forms and applications and to view meeting agendas, please visit the City of Center website at [www.centertexas.org](http://www.centertexas.org)

## **POLICY COMPLIANCE AND VERIFICATION**



The City of Center maintains a number of different policies which can be found as Appendixes at the end of the budget document. This brief section summarizes each section and whether the City is in a compliance status with each policy.

**Debt Management Policy – Appendix A.** Policy imposing limitations on the amount of debt that the City can issue, measuring as a percentage of outstanding principle to the tax base, maintaining a tax rate less than or equal to comparison cities, ensuring that the tax rate will be in relative balance, and debt instruments not exceeding a maximum term.

Policy Metric	Verification	Status
Outstanding principle not to exceed 4% of total tax base	FY 2022 outstanding principle - \$8,738,750 FY 2022 tax base - \$310,820,719 Percentage – 2.8%	In Compliance
Competitive tax rate with peer communities	FY 2022 property tax rate - \$0.619233 Peer community average - \$0.6762	In Compliance
Tax rate ratio balance	M&O Rate - \$0.408150 66% I&S Rate - \$0.211083 34% Total - \$0.619233	In Compliance
Debt instruments not to exceed 20 years	Issue Maturity date Time Remaining 2011 CO's 2023 2 2012 Ref 2023 2 2016 CO's 2036 15 2019 CO's 2039 18 2021 Ref 2030 9	In Compliance

**Fund Balance Policy – Appendix B.** Policy establishing the City's minimum and optimum amount to retain as fund balance for emergencies. Fund balance is measured as a percentage of annual expenditures

Policy Metric	Verification	Status
A minimum fund balance of 25% of annual expenditures and an optimum fund balance of 30% of expenditures	FY 2020 audited expenditures - \$4,844,339 FY 2020 audited end fund bal - \$2,118,612 Percent fund balance/expenditures – 43.7%	In Compliance

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

Policy Metric	Verification	Status
Reporting. City is to submit three quarterly reports and one annual report to the City Council	Three quarterly Cash & Investment Reports One annual Cash & Investment Report	In Compliance
Bank collateral. Goal is 102% collateralization per Section 9	Collateralization at 109%	In Compliance
Investments are to be compliant with Section 11.B of the Investment Policy.	77.5% of investments are in Local Government Pools, allowed under Section 11.B.1.F 0.5% of investments are in Certificates of Deposit, allowed under Section 11.B.1.D 19.7.% of investments are in Securities, allowed under Section 11.B.1.B/C	In Compliance
Figures are as of June 30, 2021		

**Balanced Budget Policy – City of Center Charter Requirement.** The City Council is required to adopt a budget where expenditures do not exceed revenues plus reserves. Operationally, the City



has developed a budget that does not employ reserves to meet operational needs and revenues are greater than or equal to current expenditures, exclusive of Capital Improvement Fund activities.

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

**Purchasing Policy – Appendix D.** The City's purchasing policy provides guidance and structure to the procurement process for goods, supplies, and services.

Policy Metric	Verification	Status
Purchase orders issued	141 PO's issued – FY 2020 78 PO's issued YTD(July) – FY 2021	In Compliance

**Financial Policies – Appendix E.** The City's financial policies cover a number of topics such as internal controls, expenditures, financial reporting, accounts payable, and accounts receivable. It is meant to provide guidance to Council and reassurance to the public that the City seeks to manage public resources in a responsible manner.

Policy Metric	Verification	Status
Audit report from independent auditors	Clean, Unqualified Opinion - FY 2020 audit	In Compliance

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

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

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



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

**VISION STATEMENT**

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

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

The Center City Council adopted an updated Comprehensive Plan in 2014 that identifies a number of issues that warrant attention. The list can be condensed into four primary categories: Economic Development, which includes housing development and tourism promotion; Quality of Life which includes community beautification and community amenities; Growth and Physical Development of the utility and transportation system; and Improvements in understanding and communication.

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

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

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

Strengths

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

Opportunities

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

Weaknesses

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

Threats

Loss of industry/employers  
Continuing 'run down' appearance





To assist in budget development, in Spring of 2017, the Council was provided a survey to assist staff in crafting budget priorities, which also serves to justify the continuation of strategic plan goals and objectives.

The Council's top 5 goals in order of importance are:

- Economic Development
- Financial Stability and Sustainability
- Growth Planning
- Ensure Quality Utility Operations
- Address Public Safety Concerns

The following sections will explain in detail the strategic imperatives the City wishes to achieve progress on. Particular budgeted items are identified under the appropriate category along with the responsible department or entity.

**GOAL A. ECONOMIC DEVELOPMENT: THE CITY OF CENTER WILL BE A PLACE WITH A VIBRANT BUSINESS ENVIRONMENT WITH A DIVERSIFIED ECONOMIC BASE.**

Objective 1. Develop relationships with local industries to foster active listening and communication so that the City can be responsive to their needs. (Comp Plan #13)

1. Conduct a periodic business survey
2. Conduct annual site visits to local industries
3. Resume quarterly industrial breakfasts
4. Provide market and other necessary data and technical assistance for local businesses

Objective 2. Expand and diversify the local industrial base.

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

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

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

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



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

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

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

**Objective 6. Develop Center as a retail hub.**

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



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**GOAL B. METHODICALLY GROW THE CENTER CITY LIMITS AND POPULATION IN AN ORDERLY MANNER****Objective 1. Grow the physical boundaries of the City**

1. Review the Future Land Use Maps and revise the City's zoning map to reflect Future Land Uses.
2. Identify utility extension projects which will allow for system growth; Coordinate utility system expansions to encourage voluntary annexations
3. Identify areas that are candidates for annexation and pre-emptively secure development agreements

**Objective 2. Create a vibrant housing market in Center with a mix of full life-cycle housing units (Comp Plan #23)**

1. Develop strategies to encourage the construction of single and multi-family developments (e.g. TIRZ, utility and street construction, construction rebates, tax abatements) (Comp Plan #27)
2. Encourage appropriate residential in-fill development (Comp Plan #25)
3. Seek to stabilize neighborhoods, housing stock, and property values by creating a housing maintenance program (Comp Plan #26)
4. Encourage individual home ownership by helping to create a pipeline of potential home buyers.
5. Encourage volunteer teams to repair blighted housing units
6. Sponsor HOME grant applications and other governmental assistance programs

Parker Place Subdivision	\$0	Market and sell lots for new home construction	Center Local Government Corporation
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**Objective 3. Coordinate efforts with Center ISD regarding population growth rates and direction.****GOAL C. PROACTIVELY ENGAGE IN ACTIONS THAT WILL ENHANCE CENTER'S QUALITY OF LIFE****Objective 1. Engage in creative efforts to aesthetically enhance Center's physical appearance**

1. Promote the creation of a Keep Center Beautiful program
2. Aesthetically enhance targeted areas (e.g. Roughrider Drive, Hurst Street, focal points, community facilities)
3. Identify strategic locations in the City for placement of forms of public art (e.g. murals, sculptures, display art)
4. Install entryway and directional signage (Comp Plan #21)
5. Adopt signage, landscaping, and property maintenance codes (Comp Plan #19, 20)
6. Continue demolition of blighted structures

Community Banner Program	\$10,000	Purchase and install new community banners	HOT Trust Fund
Downtown lights	\$10,000	Installation and maintenance of downtown building lights	HOT Trust Fund
Blight removal	\$2,500	House demolition and blight removal	Solid Waste Fund



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

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

State and regional tournaments	\$20,000	Sponsorship amounts for tournament attraction	HOT Trust Fund
Event sponsorship	\$6,000	Community event sponsorship through the Chamber	HOT Trust Fund

**Objective 3. Build the best park system for a mid-sized East Texas City**

1. Continue implementation of the Parks Master Plan
2. Promote walkability and pedestrian connectivity (Comp Plan #22)
3. Complete Ballard Street Soccer Complex and planned Perry Sampson Park projects

Perry Sampson Park	\$350,000	Perry Sampson Park renovation	Park Fund
Recreation program	\$142,000	Recreation program enhances local quality of life	Recreation Fund

**Objective 4. Enhance the area's health care system****GOAL D. ENGAGE THE COMMUNITY BY IMPROVING UNDERSTANDING AND COMMUNICATION****Objective 1. Enlarge the City's marketing and external recognition efforts.**

1. Develop a branding strategy to promote a consistent and cohesive identity for Center (Comp Plan #16)
2. Develop a media strategy involving the creation of compelling content with social media activity
3. Resume community outreach programs (e.g. Coffee with the Mayor, quarterly mayors meetings, industrial breakfasts)
4. Seek out external awards to earn recognition for efforts.
5. Continually update data on websites
6. Create themed months to generate awareness of certain topics.

**GOAL E. ENHANCE CORE PUBLIC SERVICE DELIVERY****Objective 1. The City of Center will construct a reliable and safe utility infrastructure system which will provide excellent service to all customers**

1. Develop plant improvement programs (i.e. water production and sewer treatment plants)
2. Implement the water master plan to address future needs
3. Explore long term water needs
4. Identify those areas of the City that are in need of enhanced pressure or reliability enhancements
5. Identify those areas where utility lines need to be replaced or enlarged
6. Continue negotiations with other water supply corporations for the City to provide water or acquire systems.



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**Objective 2. Enhance drainage systems to protect property**

1. Identify drainage projects for maintenance or enlargement
2. Review FEMA floodplain maps and regulations
3. Enforce storm water prevention standards on large developments

**Objective 3. Implement the Center Municipal Airport Capital Improvements Plan**

**Objective 4. Enhance public safety programs and outreach**

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

1. Continue the annual street maintenance program
2. Develop collector street system based on areas planned for infrastructure expansion (Comp Plan #7)
3. Coordinate with TxDOT for highway improvements

Street program	\$600,000	Annual street construction program	4B EDC
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The City Council began a review of the Strategic Plan in Summer 2019 focusing on economic development, civic pride, and quality of place development.



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## **CITY OF CENTER LONG RANGE FINANCIAL FORECAST FY 2022 – FY 2026**

In FY 2015, the City of Center developed a formal process of considering a five-year financial forecast. The Financial Forecast's purpose is to look prospectively to anticipate problems and assess opportunities. This exercise allows the City Council to plan future goals. Some issues addressed in this financial forecast and throughout the budget are:

- **Fund Balance.** Ensuring the City's fund balance and cash reserve position so that it complies with the Fund Balance policy (Appendix B).
- **Revenue and Expense Policy.** Each year the City reviews the tax and utility rates as well as analyzes how Center compares with other communities. The forecast allows for expenditure issues that can be managed over time.
- **Debt capacity and payment requirements.**

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

1. Orchestrating policy decisions with long term implications.
2. Anticipating future fiscal conditions, so that strategies can be developed and action implemented to correct, minimize or counteract potential difficulties.
3. Assist the City Manager and departments in operational planning.
4. Provide more accurate estimates of revenues and expenditures during the annual budget process.
5. Indicate to bond rating agencies and other interested parties that Center has a systematic financial planning process in place.
6. Help the general public understand long-term costs associated with and implications of current and proposed City decisions.

### **FORECAST PREPARATION**

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

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

### **Forecasting Methodology**

The City of Center uses three basic techniques to forecast revenue and expenditures: expert judgment, trend analysis, and incremental change.



The expert judgment, also known as the “best guess” approach, is used to project some revenues. This method relies on City staff’s expertise as well as outside sources. Trend analysis assumes that revenues and expenditures are a function of linear factors, most often time. Once revenues or expenditures are separated into line item accounts, the City’s future activity can be projected based upon trends experienced over the past several years.

Expenditures and revenues are also forecast using an incremental and deterministic model unless specifically denoted. This assumes a consistent level of services, unless otherwise noted, that accounts for inflation yet ignores service enhancement or improvement. Personnel expenditures reflect cost of living adjustments and increases to volatile health insurance costs, yet does not show any staffing increases. The forecast separates expenditures by prime accounts and provides for an annual inflation factor.

### **Potential Economic and Environmental Conditions and Risk Assessment**

There are a number of regulatory, economic and policy factors which could significantly impact the City’s ability to generate revenue, increase demands for service, or generally increase the cost of operations.

#### **Energy Industry Activity**

The United States in general and Texas in particular, began exporting crude oil and natural gas in late 2015/early 2016. The United States is poised to become a world leader in energy commodity exports over the next 20 years. This could result in a resurgence in activity in the Haynesville Shale. An energy activity renaissance would cause an influx of temporary workers, boosting Hotel Occupancy Taxes around 200%, bringing revenues back to 2010-2011 levels. The City could also experience a 25% increase in sales tax revenues, similar to 2012 levels, however, this would be volatile and temporary. Property tax could see an increase as there are not many value producing wells inside the City; value increases would come from some property appreciation but mostly from business personal property and inventories. The TIRZ#1 could be the largest beneficiary in terms of property valuations, as the two hotels could have high valuation increases.

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

2019 saw a pull-back of regional energy industry activity and Hotel taxes started to decline. However, sales tax receipts showed continued modest strength. 2021 has seen a dramatic



contraction of the global energy industry with the impacts of COVID-19 and shifting federal policies. While natural gas prices have performed well relative to crude oil prices, the fact remains that travel volumes have suffered. It is currently uncertain how long this situation will continue.

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

#### Health Insurance Rate Volatility

The City's health insurance premium jumped 20% in FY 2017 due to a particularly bad loss ratio year and the implementation of Affordable Care Act mandates and regulations.

The risk that the City will experience chronic large loss ratio years requires a long-term mitigation approach. Working with the insurance provider and Personnel Department, employees are encouraged to participate in the wellness program. Due to turnover and attrition, the City's average employee age is less than it was a few years ago.

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

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

#### Poultry Industry

Center's reliance on the poultry industry places it in danger to at least 3 hazards. The first is a bird flu event that results in the culling of large numbers of birds, limiting production at the local plant. The second is the detection of a bio-hazard at the Tyson plant, and the third is a shortage of water for the Tyson plant.

There have been a few isolated incidents of avian flu affecting poultry in other parts of the Country – it has never been detected in Shelby County. In the event of an avian disease event, many of the exposed birds are culled and are not able to be processed for human





consumption. The impact would be two-fold. First, the contract growers may not be paid for culled birds. The growers rely on these payments to meet their needs and repay their loans with local banks. Loan defaults under this scenario could lead to a localized financial crisis. Second, the supply of birds to the Tyson plant would be severely reduced, resulting in less need for water (bought from the City) and reduced production shifts.

In 2015, listeria was discovered at the Blue Bell ice cream plant in Brenham and the plant was closed down for about nine months. An event like that would also devastate the local economy. Along similar lines, with the COVID-19 pandemic and the reaction by Health Departments effected meat plants specifically, there could be potential of a situation causing the workforce to stay home and thereby halting production.

With both of these scenarios, the City would receive significantly reduced payments from taxes and utilities. Tyson is the largest property tax payor to the City. If they halt production for an extended period, then they could request a reappraisal of their facility for tax purposes. Tyson Foods is the City's largest utility customer, providing over 40% of the City's Utility Fund revenue. If Tyson payroll dollars are not circulating in the local economy, the City is not receiving sales tax revenue. Further, local grower losses and payroll declines would place local banks under operational stress. This could, in turn, prevent local businesses from receiving financing and deter consumers from making large purchases.

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

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

#### Regulatory

The Texas Legislature could pass potentially harmful legislation expanding upon actions from prior sessions:

Revenue Caps – SB2, passed in 2019, exempted the City of Center from the 3.5% Voter Approval Rate election mandate, via the De Minimis Rate. However, this could be amended in the future limiting the City's ability to meet new service demands via property tax revenue.

Franchise Fees – Essentially eliminating the ROW (franchise fee) for telephone and cable payments would be terribly detrimental to annual revenues.



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

Other Potential Events

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

For the purposes of this forecast, none of these risk events are included for planning purposes.

**General Fund Revenue Assumptions**

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

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

Sales tax revenues are projected to increase 2% each year through the forecast period.

Franchise revenues were examined at a line item level. Historically, the electricity franchise has generated revenue in a tight range; this trend will continue with very little projected growth. The phone and cable franchise revenues, however, are projected to continue an overall decline. This is due to the fact customers continue switching to non-franchise fee collecting mobile communication and satellite services.

Each year the Utility and Solid Waste Funds transfer to the General Fund to offset the costs of administration and functions as a franchise payment for use of City rights of way. A study was conducted in FY 2013, and updated in FY 2019, to determine the funding adequacy of this revenue stream and determined that the General Fund was subsidizing Utility Fund operations. The study indicated that the transfer should increase to \$420,000 in FY 2022 and \$425,000 beginning FY 2024. A similar transfer/administration fee is assessed to the Solid Waste Fund. For FY2018, a 3% franchise fee was assessed to the Utility Fund was established in FY 2018 similar and in addition to the 10% Solid Waste franchise fee. The two Economic Development Corporations also pay a fee to the City for reimbursement of administrative costs. These costs are projected to slightly increase



through the forecast period. Finally, the transfer from Hotel Occupancy Taxes are used to offset the costs of maintenance and operation of the Civic Center and Community House. In FY 2013, the Civic Center transfer was reduced to reflect depressed occupancy tax revenues. The forecast anticipates stabilizing Hotel Occupancy Tax revenues to allow the transfer amount to eventually be restored by 2025.

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

### Sales Tax Revenue

For a time, the City became over-reliant on sales tax revenue to fund operations – sales tax receipts would be greater than or equal to 50% of total general fund revenues. As evidenced from FY 2010 to 2014, sales tax revenue can be very elastic and, at times, volatile. Over reliance on this revenue stream is contrary to the Council's stated policy goal of financial stability. In FY 2018, the City began to experience a resurgence in energy industry activity which resulted in a modest sales tax revenue increase (4.7% in FY 2018 and 4.8% in FY 2019). COVID-19 pandemic effect on the City's sales tax receipts was positive rather than the projected negative primarily due to continued construction activity but also less travel resulting in increased local retail activity. The FY2022 budget projects a slight decrease of 1.5% from current year estimate. This includes 2% retail growth but net of the identifiable non-recurring construction-related receipts specific to May and June, 2021. Moving forward, the City will again be on the path projecting 3% annual growth.

Year	Total	Percent Change	City	Prop Tax Relief	Total City Sales Tax	4B EDC	4A EDC
FY 2019 Actual	3,353,326	4.8%	1,676,663	419,166	2,095,829	838,332	419,166
FY 2020 Actual	3,517,648	4.9%	1,758,824	439,700	2,198,524	879,412	439,706
FY 2021 Estimated	3,750,000	6.6%	1,875,000	468,800	2,343,800	937,500	468,800
FY 2022 Proposed	3,693,750	-1.5%	1,846,875	461,700	2,308,575	923,400	461,700
FY 2023 Projected	3,804,600	3.0%	1,902,300	475,600	2,377,900	951,200	475,600
FY 2024 Projected	3,918,700	3.0%	1,959,350	489,800	2,449,150	979,700	489,800
FY 2025 Projected	4,036,300	3.0%	2,018,150	504,500	2,522,650	1,009,100	504,500
FY 2026 Projected	4,157,400	3.0%	2,078,700	519,700	2,598,400	1,039,400	519,700

### Property Tax Rate

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

Revenue sources that are under the City's control, such as the property tax rate, will need to be evaluated as the rising costs of personnel services exceeds the City's ability to generate revenue from sales taxes and valuation increase. The current year appraised values will be revised as almost 4% of taxable value (\$11,719,840) which is a substantial deviation, is currently under protest. This forecast also anticipates the City moving towards 70%-30% target for the M&O/I&S rate split.



Tax Year	Taxable Value	M&O Rate	I&S Rate	Total Rate	M&O %	I&S %
2019	282,534,449	0.343303	0.256697	0.600000	57.2%	42.8%
2020	298,213,144	0.353166	0.256834	0.610000	57.9%	42.1%
2021	294,829,703	0.384509	0.234724	0.619233	62.1%	37.9%
2022	298,820,719	0.408150	0.211083	0.619233	65.9%	34.1%
2023	307,785,341	0.425448	0.193785	0.619233	68.7%	31.3%
2024	320,096,754	0.431832	0.187401	0.619233	69.7%	30.3%
2025	332,900,624	0.440369	0.178864	0.619233	71.1%	28.9%
2026	346,216,649	0.436819	0.182414	0.619233	70.5%	29.5%

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

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

#### General Fund Revenue Summary

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

#### Utility Fund Revenue Assumptions

The financial position of the Utility Fund is very different than the General Fund. Council acted in FY 2014 to reduce and eventually eliminate the Utility Fund's subsidy from the General Fund, making it self-sustaining. This was accomplished by slightly increasing water rates, a moderate increase to sewer rates, and increasing the transfer to the General Fund. This model continues the policy of establishing each cost center (water and sewer) to be self-sustaining with their respective rate structures and for the Utility Fund collectively.

Further, the City considered an altered utility rate structure for the FY 2021 Budget to separate residential from commercial customers and adjusting the rates to target increases to those customer classes driving system demands.



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

- Water revenues will increase each year mostly due to growth in the number of accounts, consumption increases, and slight rate adjustments.
- Sewer revenues will increase 4% each year mostly due to rate adjustments and growth in the number of accounts until sewer revenues sustain sewer operations.

#### Utility Fund Revenue Summary

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

All other accounts essentially remained constant throughout the forecast period.

#### EXPENDITURE ASSUMPTIONS

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

Personnel costs are expected to increase through annual adjustments by 3% each year. Increases in salaries translate into proportionate increases in Social Security and Pension contribution. While rate is not projected to change now that the City is funding the full contribution rate. Health insurance premiums are projected to rise an additional 6% each year. Workers Comp and Unemployment Insurance are projected to remain flat through the forecast period. At this point no new personnel are projected to be included in the forecast indicating no additional demand on services or elected enhancements. Further, there are no vacancy rates projected in the budget.

Costs of Supplies is projected to grow at 7% each year; Maintenance Costs will increase at 5% each year; Contractual and Utilities costs will rise 3% each year; and Capital estimated.



## General Fund Summary

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

The conclusion is that the General Fund is balanced in FY 2022 and projects well into FY 2024.

However, the forecast does expose the potential of notable revenue deficits starting in FY 2025.

## Utility Fund Summary

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

Projected cost escalations are slightly different with the Utility Fund. The personnel increases are projected to be the same as the General Fund. However, Maintenance and Utility costs are expected to rise 3% each year; Contractual expenses will increase 2% each year, Supplies will increase 1.5% annually and Sundry will rise 1% each year.

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



## FUND BALANCE

The City refined its Fund Balance Policy in the FY 2019 Budget. The Policy directs fund balance be a minimum of 25% of annual expenditures; the policy establishes a goal of 30% or three months of expenditures.

It is important to note that the fund balance position is not a true cash position. Included in reported fund balance are various receivables and other non-cash assets.

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

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

The forecast indicates, given the assumptions, that the City should monitor staffing levels, revenue policy, and expenditure control measures in order to progress through the forecast period with a compliant fund balance.



## DEBT SERVICE

The City has six debt instruments serviced through the property tax supported debt service fund – the Utility Fund has three. The ad valorem debt structure sustained through a debt bubble in 2019 and 2020, due mostly to the final payments of the 2014 Tax Notes. This debt bubble is also the primary driver behind raising the tax rate to \$0.60 in FY 2019. The City also issued debt in 2019 to fund the Downtown Renewal plan. The 2021 Refunding of the callable amounts of the 2011 COs resulted in annual savings. Other resources will be transferred to the Debt Fund to further reduce tax levy required for debt obligations. The forecast period's total debt schedule is shown below with totals to be paid with partial contributions from other sources, e.g. Park Fund, CJD Grant, etc.

General Fund Supported Debt - Total Principal and Interest Payment										
Year	2011 CO's	2012 Refunding	2016 CO's	Police Technology	2019 CO's	2021 Refunding	Total Debt Service	Park Fund Transfer	Transfer from 4B EDC	Annual Total
2022	155,000	231,125	65,416	72,100	242,550	73,275	839,466	(50,000)	(150,000)	639,466
2023	155,000	230,625	65,791	-	242,050	72,975	766,441	(20,000)	(150,000)	596,441
2024	-	-	64,891		236,300	468,675	769,866	(20,000)	(150,000)	599,866
2025	-	-	66,041		235,550	465,850	767,441	(30,000)	(142,000)	595,441
2026	-	-	65,866		239,550	463,988	769,403	(50,000)	(100,000)	619,403

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

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





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## **FY 2022 BUDGET PHILOSOPHY**

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

1. To link comprehensive and strategic plan components to the annual operating budget.
2. The long term financial stability of the organization
3. The alignment of organizational priorities to focus efforts on those capital projects that will affect long term growth of the City. These projects include
  - a. Quality of life projects (parks, athletic facilities, sidewalks and trails) that seek to make Center a more desirable place to live, and
  - b. Sustainable growth projects (water projects, water system upgrades, and street renovation)
4. Ensuring a competitive city workforce by maintaining a competitive pay and benefits schedule.
5. Providing a reasonable property tax rate that minimizes the property tax burden on citizens and commercial property while seeking to stabilize any tax rate fluctuations.
6. Sustaining current levels of service that our citizens have come to expect of the City.
7. The moderate growth of financial reserves to a targeted level, to ensure that the city has sufficient cash to continue operations through a short-term disruption of income. This is to ensure our ability to provide uninterrupted services during times of disaster or short-term economic decline.
8. Continue to be good stewards of the tax payer's money by keeping a balanced budget where expenditures do not exceed revenue and maintaining a solid and improving credit rating.



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## FY 2022 BUDGET FISCAL HEALTH ANALYSIS

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

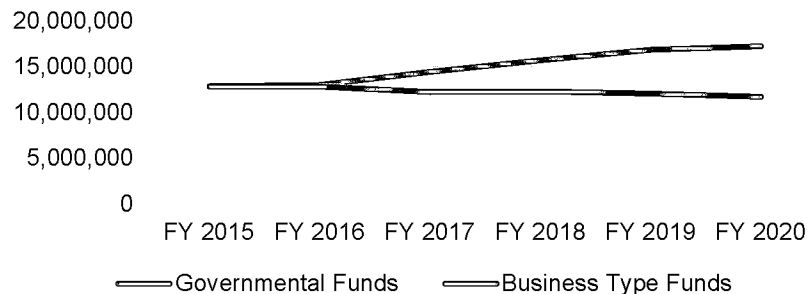
Even though the City is required by Charter to adopt a balanced budget [See Balanced Budget section] the City should strive for both prudent management and fiscal health. This is further reinforced by the Council's continuing desire for financial sustainability. This section is broken down by the different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

### Net Position

The City's net position reflects the City's equity (Assets minus Liabilities) on the balance sheet. This is the number that best describes how the City is performing if it were a private business. The trend for the Government Type activities is a substantial increase since 2016, while the Business Type activities are relatively stable although slightly decreasing.

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

### Net Position



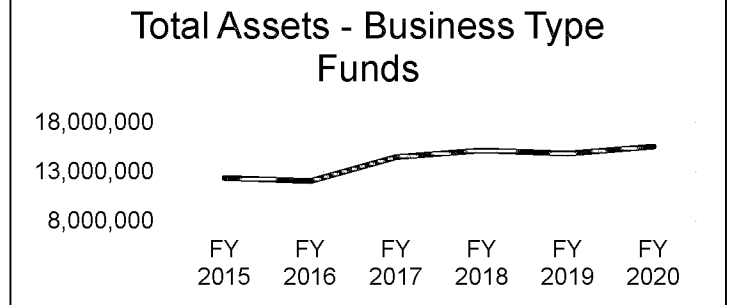
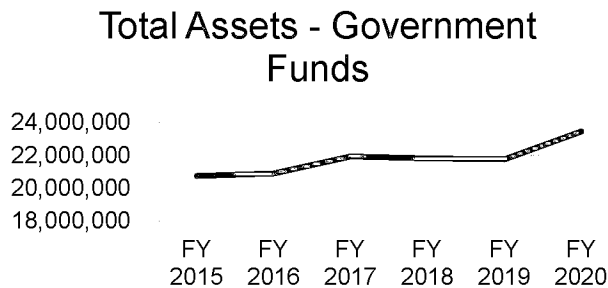
### Total Assets

A component part of the City's net position is the amount of assets that the City possesses. These assets are not just cash and investments held by the City, but also includes all infrastructure, facilities, plants, land, and buildings. As far as fiscal matters are concerned, this is the primary indicator for growth. Governmental and Business Type activities show growth from FY 2015 to FY 2019.

Total Assets	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Governmental Funds	20,729,922	20,886,757	21,908,448	21,807,004	21,748,038	13,452,834
Business Type Funds	12,363,299	12,029,788	14,455,700	15,147,133	14,806,696	15,549,271



The amount of total assets presented in the table above is after different assets are depreciated. The visible increase after FY 2016 is a result of the large bond issue from that year.



#### Cash to Current Liabilities

Comparing the amount of the City's liquidity to its Current Liabilities (Those liabilities that are payable within one year) represents a measure of the City's ability to pay its' outstanding obligations. If this number is low, then the City has a high amount of liquidity. If the number is high, then the City might have a difficult time gathering sufficient cash to meet its obligations. The General Fund, has a high degree of liquidity, whereas the Utility Fund has lower degree of liquidity.

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

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

#### General Fund Balance

One of the most easily identifiable financial metrics is the City's General Fund Balance. This is the amount of funds held in reserve by the City in case of an emergency or economic correction that would affect tax revenue. The City's Fund Balance Policy in Appendix C states that the City should have a certain amount of money held in reserve. The City has exceeded its minimum fund balance policy since FY 2016.

AUDITED FIGURES	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
General Fund Fund Balance	1,464,517	1,082,056	1,583,305	1,543,300	1,774,351	2,118,612
General Fund Expenditures	5,433,290	4,592,325	4,445,060	4,611,076	4,927,832	4,844,339
% FB to Expenditures	27.0%	23.6%	35.6%	33.5%	36.0%	43.7%
Policy Minimum	25%	25%	25%	25%	25%	25%
Policy Optimum	33%	33%	33%	33%	33%	33%

#### Debt Levels

The City's General Fund and Utility Fund have two different methods to calculate the policy limitations on how much debt can be issued at any given time. The General Fund places a limitation that outstanding principal shall not exceed 4% of the City's total taxable value. The Utility Fund shall not pay more than 20% of the total budget to debt payments. The General Fund approached the 4% limit in 2019 following the issuance of Certificates of Obligation (CO's) primarily to fund the Downtown Renewal project, whereas the Utility Fund is well below the 20% threshold.



General Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
City's Taxable Value	263,621,780	280,829,746	280,224,688	279,923,149	282,534,449	298,213,144
Total Principal Outstanding	6,900,000	7,455,000	6,955,000	6,440,000	10,038,750	9833750
Debt Policy Limit - 4%	10,544,871	11,233,190	11,208,988	11,196,926	11,301,378	11,928,526
Principal Outstanding to Taxable	2.6%	2.7%	2.5%	2.3%	3.6%	3.3%
Utility Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Utility Fund Operating Revenues	3,689,121	3,670,280	3,681,385	3,821,141	3,621,018	3,768,299
Non Operating Revenue	(43,288)	(45,116)	119,766	229,752	328,641	(155,561)
Total Revenue	3,645,833	3,625,164	3,801,151	4,050,893	3,949,659	3,612,738
Contribution Limit 20%	729,167	725,033	760,230	810,179	789,932	722,548
Annual Fund Debt Transfers	490,500	231,250	390,000	366,000	350,000	471,500
Debt Transfer Percentage	13.5%	6.4%	10.3%	9.0%	8.9%	13.1%

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

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

#### Recommendations:

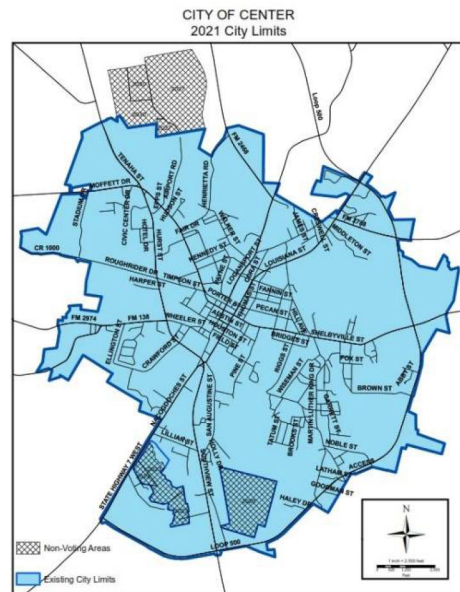
City should try to increase the Business Type activities net position by improving the amount of cash and investments and offset depreciation by adding increased asset values.

Governmental Type activities' net position will improve once 2019 CO projects are converted to assets.

## FY 2022 BUDGET PROFILE OF CENTER, TEXAS



Although the FY 2022 budget is primarily a financial document, it is also an opportunity to acquaint the reader with some of the history, highlights, facilities, and economy of Center, which make it a great place to visit, live, work and do business.

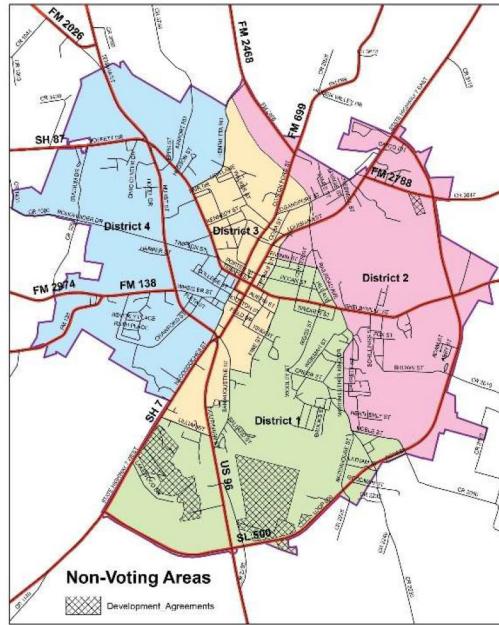


### City Government

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



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



Center, Texas  
Current Voting District Map

## History of Center

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

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

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

The Center post office opened in October 1866. In 1869, Jesse Amason donated fifty acres of land for the town site of Center.



On the night of May 31, 1882, a fire erupted at the courthouse and the building was a complete loss. The county contracted with J.J.E. Gibson, an Irish immigrant, to construct a new courthouse and jail. In November 1885, the new courthouse was completed and remains standing to this day. The courthouse serves as an icon in the downtown city square and has been the hub of commerce and public life in the community ever since.



1885 Shelby County Irish Castle Courthouse – Downtown Center

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

### **Economy of Center**

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

The economy of Center has evolved through four distinct stages. The first stage was cotton; Center boasted a number of cotton gins. Cotton production eventually was superseded by timber production; there were two pulpwood mills located in the city. In the 1950's the poultry industry was introduced in Center as the timber industry became less lucrative. In the early 2000's, the Haynesville Shale gas formation was discovered in Shelby County and natural gas production activity became a staple of the economy.

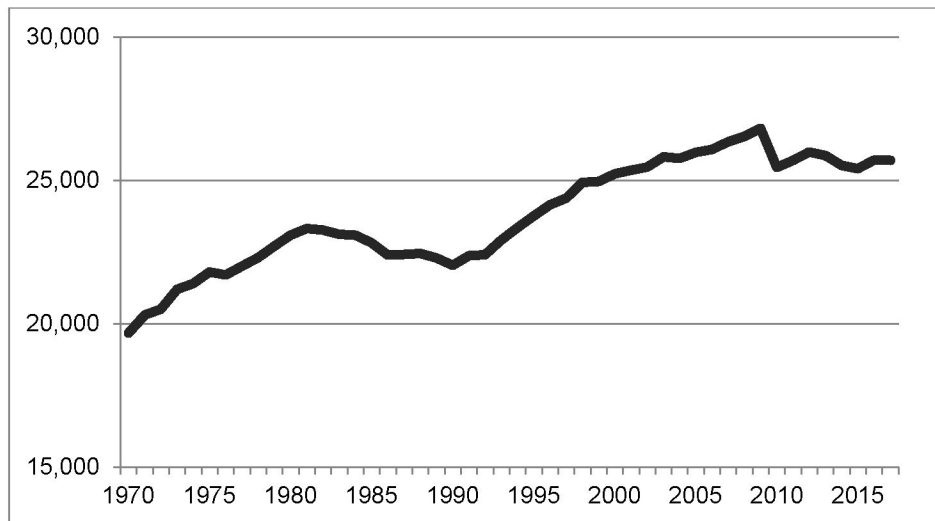
One of the recurring trends illustrated in this section is just how bound Shelby County's economy is to the State of Texas. This is indicated in nearly all of the economic factors discussed below.



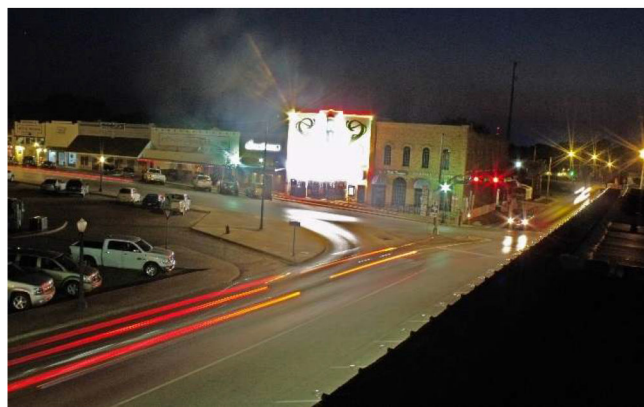
## Population

The population of Shelby County has changed dramatically over the last 40 years. As graph 1 indicates, the population of the county has increased 36% over this time period, representing about a 1% increase each year. The population adjusted following the 2010 census and has since stabilized.

The first peak in population in the late 1970's and early 1980's represents a relative prosperous time in the State of Texas prior to the oil bust. The population of the county continued to decline through the late 1980's until making a correction in the early 1990's. The trend of population growth has increased since then, reflecting the overall population growth and demographic changes in the State of Texas. The current trend is that Shelby County struggles with population growth, which is part of the larger trend of rapid urbanization in Texas and population moving from rural areas.



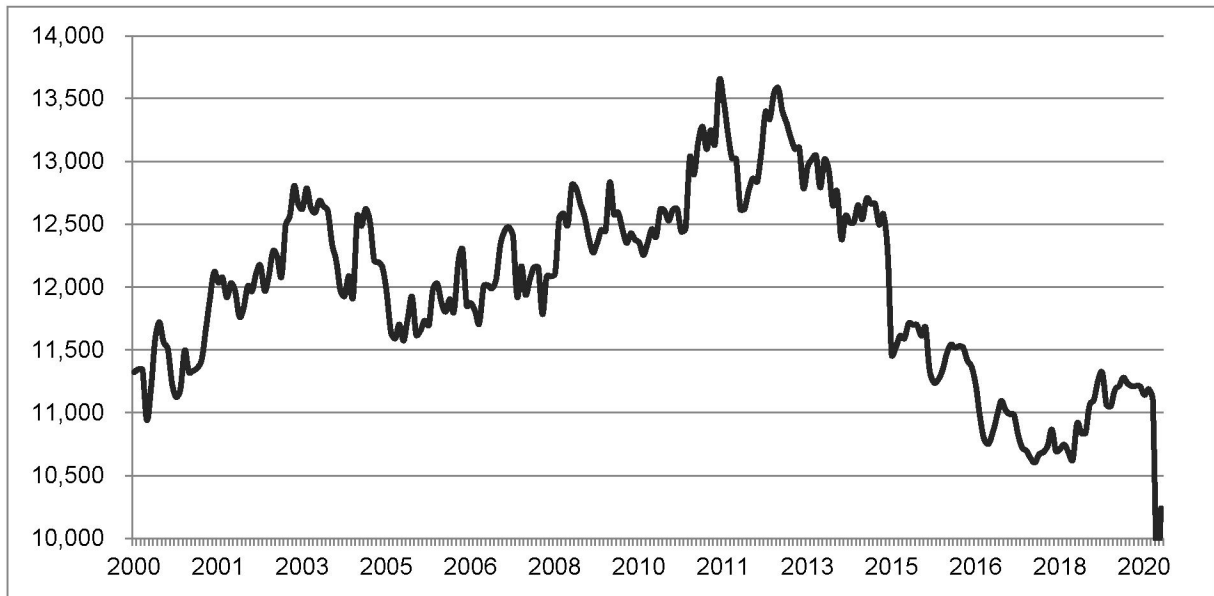
Graph 1 – Population trends in Shelby County 1970-2017  
Source: Texas Workforce Commission



Downtown Center Square at Night

## Labor Force

The size of the labor force in a given area can indicate the relative health of the local economy. As graph 2 indicates, the size of the Shelby County labor force has declined from record levels and appears to have bottomed out at 9,700 in April 2020 due to the effects of the COVID-19 pandemic. The months where the number is above 12,500 would indicate the time period where gas development was strong in the county and there were simply more individuals working in the county. The County's labor force size should improve once national and local economic conditions improve.



Graph 2 – Size of the labor force – Shelby County – January 2000 to May 2020  
Source: Texas Workforce Commission



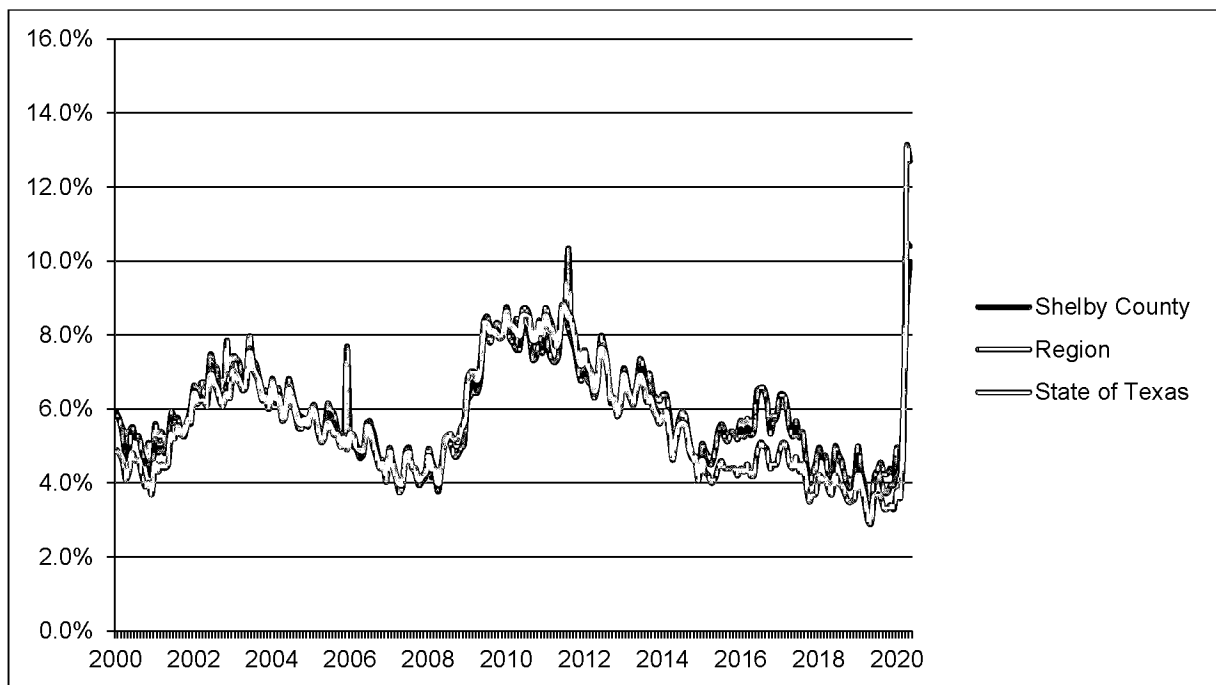
Tyson Foods is the largest employer in Center



## Unemployment

The unemployment rate in Shelby County remained stubbornly high following the 2009 recession and has seen another peak following the economic effects of COVID-19. Along with the nationwide economic downturn, Shelby County has also felt its share of hard times. Following a brief plateau period through 2010, the unemployment rate slowly began its descent. After flirting with some of the lowest unemployment rates in the County's history, the unemployment rate of both Shelby County and the Region (the surrounding five counties) have begun a peculiar pattern of bifurcating from the State's rate. It appears that the trend of convergence has resumed. The State's low unemployment rate can partially be explained by the robust energy sector in other parts of the State as well as strong labor markets in large metro areas.

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

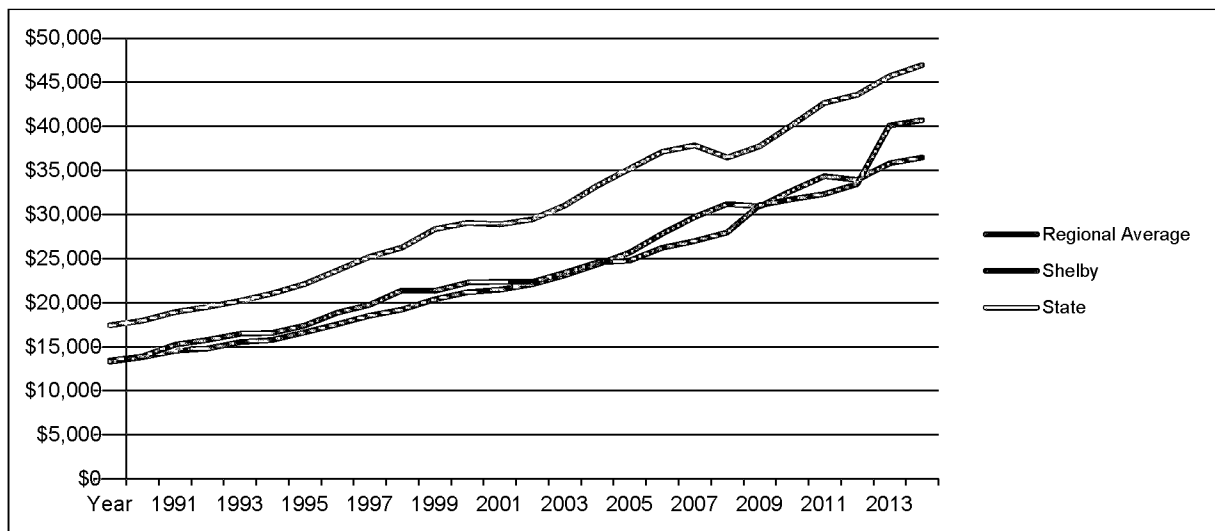


Graph 3 – Unemployment Rate of Shelby County, Region (Nacogdoches, Panola, Rusk, Sabine and San Augustine Counties) and State of Texas – Not Seasonally Adjusted – January 2000 to May 2020  
Source: Texas Workforce Commission



## Income

Graph 4 shows the per capita income of Shelby County, the State of Texas and the Region (the five surrounding counties). Unsurprisingly, the State's per capita income far exceeds that of Shelby County and the Region. However, Shelby County's per capita income is the highest of all six counties. It would be foolish to expect that Shelby County's income levels would meet or exceed that of the State, but in the last ten years, the gap has closed. In 2006-2007, this gap was over 40% - in 2014-2015 the gap was 14-15%. Some explanations for this are that local industries have become more productive which results in higher wages. There also have been new business developments in the County.



Graph 4 – Per capita income of Shelby County and the State of Texas – 1990 – 2015  
Source: Texas Workforce Commission

## Economic Clusters

Economic clusters, according to information from the U.S. Economic Development Administration, are geographic concentrations of competing, complimentary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. This analysis can be beneficial for a small community in an attempt to identify its unique clusters.

A total of seven industrial clusters were identified based on the data accessed. The seven strongest industrial clusters in Shelby County are: Agribusiness, Forestry, Fishing and Hunting; Mining and Gas Extraction; Construction; Manufacturing; Retail Trade; Finance and Information Services; and Health Care.



Industry	Number of Firms	Number of Employees	Annual Wages (\$1,000)
Agribusiness, Forestry, Fishing & Hunting	29	277	7,429
Mining, Gas Extraction	13	177	13,424
Construction	37	249	13,789
Manufacturing	14	2,246	75020
Retail Trade	80	853	21,605
Finance and Information	47	564	22,767
Health Care	42	611	18,263
Total – All Sectors	496	6,407	219,951

Table 1 – Shelby County Industrial Clusters – 2017  
Source: County Business Patterns [www.census.gov](http://www.census.gov)

### Major Employers

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

Employer	Product	Number of Employees
Tyson Foods	Poultry	1,700
Center Independent School District	Education	400
Wal-Mart Supercenter	Retail	281
Port-A-Cool LLC	Manufacturing	270
Shelby County	Government	130
Holiday Nursing	Health Care	93
General Shelters of Texas	Manufacturing	85
Pine Grove Nursing	Health Care	81
City of Center	Government	79
Green Acres Nursing	Health Care	72
Hallmark – Center Fixture Operations	Manufacturing	54
Spartan Structures	Manufacturing	50
Nacogdoches Medical – ER Department	Health Care	49

Table 2 - Center Major Employers  
Source: Shelby County Chamber of Commerce

### Location Quotient

The location quotient of a community looks at the proportion of a type of worker in a given area and the percentage of a worker in a comparison area such as the state or nation and divides those two numbers. In other words, a location quotient is a measurement of a particular workforce's specialization. A quotient greater than or equal to 1 indicates that there is a strong proportion of an occupation in comparison to another area. Table 3 examines those workers in four



different industries and creates a multi-year location quotient table compared to the State of Texas.

Economic Area/Industry	2019	2018	2017	2016	2015	2014
Financial Activities	1.21	1.23	0.97	0.90	0.85	0.72
Manufacturing	2.87	2.88	3.07	2.91	2.85	2.67
Trade, Transportation & Utilities	0.94	0.92	0.91	0.94	0.96	0.94
Natural Resources & Mining	10.53	8.62	6.36	8.27	8.25	9.16

Table 3 – Location Quotients in Shelby County – December 2019  
Source: Bureau of Labor Statistics

Table 4 provides evidence that Shelby County is one of the top counties in the State that specializes in manufacturing

County	2019 Manufacturing Location Quotient
Morris	4.96
Titus	4.08
Calhoun	3.32
Harrison	2.98
Shelby	2.87

Table 4 – Top 5 Texas Counties – Manufacturing Location Quotients – December 2019  
Source: Bureau of Labor Statistics

These two points of data indicate the strength of the agricultural and manufacturing base in Shelby County.



Portacool, LLC is the second largest manufacturer in Center with its' World Headquarters is in Center



### Building Permits as an Indicator

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

Year	Residential		Commercial/Industrial		Total	
	# Permits	\$ Value	# Permits	\$ Value	# Permits	\$ Value
2002	5	48,000	7	101,970	12	149,970
2003	3	10,150	7	291,100	10	301,250
2004	33	2,811,090	6	8,660,000	39	11,471,090
2005	4	441,710	11	2,311,000	15	2,752,710
2006	3	21,500	7	3,745,754	10	3,767,254
2007	15	738,800	11	535,160	26	1,273,960
2008	11	686,513	23	13,104,921	34	12,781,434
2009	10	499,359	25	13,989,157	35	14,488,516
2010	10	2,005,614	16	2,233,795	26	4,239,409
2011	10	470,000	18	22,774,492	28	23,244,492
2012	19	1,269,866	12	4,205,686	31	5,475,552
2013	13	803,350	4	854,000	17	1,657,350
2014	9	376,445	9	4,741,266	18	5,117,711
2015	13	60,419	3	1,294,900	16	1,355,319
2016	20	227,051	11	2,810,851	31	3,037,902
2017	15	312,659	14	874,034	29	1,186,693
2018	12	70,135	6	2,188,800	18	2,258,935
2019	16	421,779	33	9,397,905	49	9,819,684
2020	12	367,785	5	232,500	17	600,285

Table 6 – Building permits issued

Source: City of Center

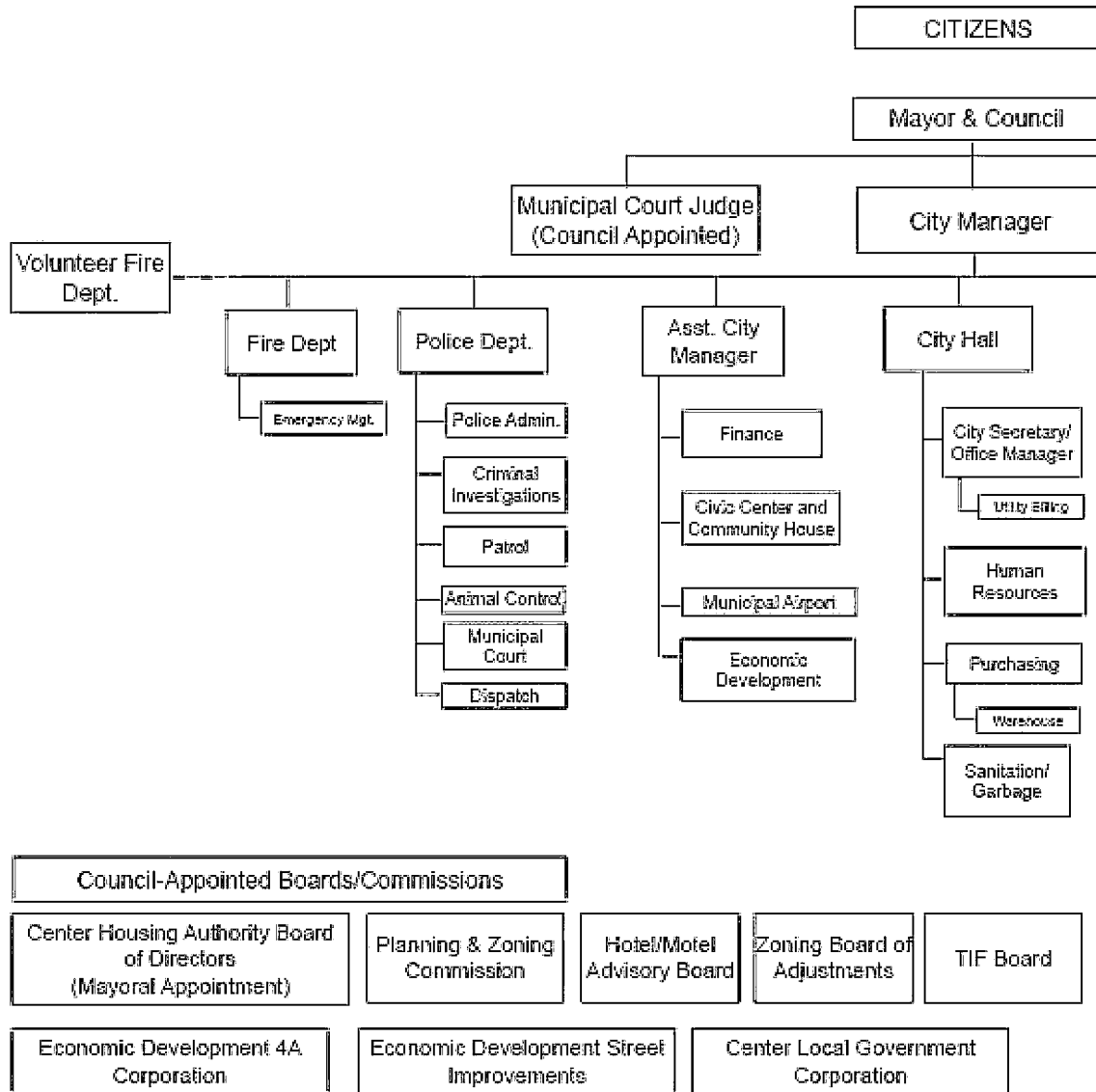
There was marginal increase in building permit activity in 2018 with some major industrial construction and other minor commercial construction. 2019 witnessed a large increase in value with new industrial projects.

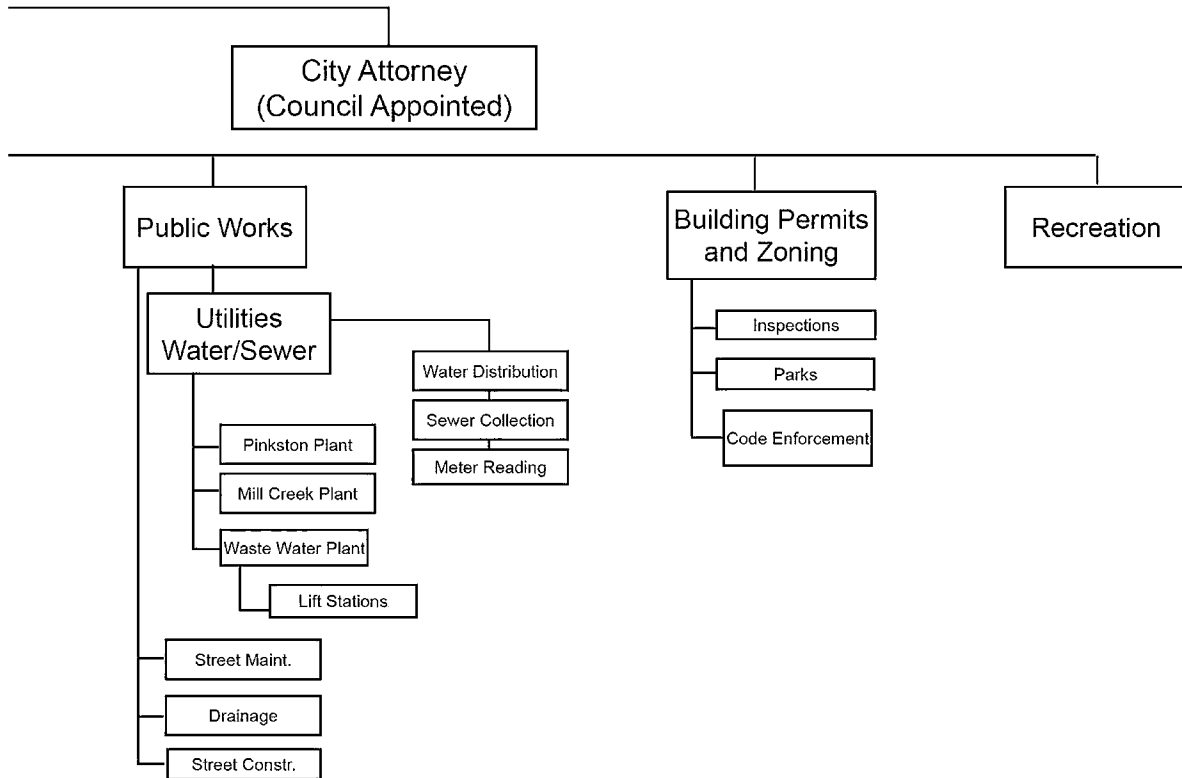






City of Center  
Organizational Chart







**FY 2021 BUDGET  
STAFFING CHART**

Department	Job Title	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2021 Proposed Budget	FY 2022 Proposed Budget
<b>City Hall</b> <b>(Includes annex and warehouse)</b>	City Manager	1	1	1	1
	Asst. City Manager	1	1	1	0
	City Secretary	1	1	1	1
	Finance/Budget Manager	0	0	1	1
	Purchasing Agent	1	1	1	1
	HR Administrator	0.5	1	1	1
	Finance Assistant	0.5	1	.75	1
	Clerks	4.5	4	4	4.5
	IT	1	1	1	1
<b>Subtotal - City Hall</b>		<b>10.5</b>	<b>11</b>	<b>11.75</b>	<b>11.5</b>
<b>Police Department</b>	Police Chief	1	1	1	1
	Lieutenant	1	1	1	1
	Sergeant	3	3	3	3
	Detective	4	3	3	3
	Patrol Corporal	0	2	2	2
	Patrol Officer	8	7	7	9
	Warrant Officer/Bailiff	0	0	0	0
	Dispatchers	6	6	5.5	5.5
	Admin. Assistant	1	1	1	1
	Janitor	1	1	1	1
<b>Subtotal - Police Department</b>		<b>25</b>	<b>25</b>	<b>24.5</b>	<b>26.5</b>
<b>Fire Department</b>	Fire Chief	1	1	1	1
	Fire Fighter/Investigator	0	0	0	1
	Fire Fighter	5	5	5	4
	<b>Subtotal - Fire Department</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Street Department</b>	Foreman/Superintendent	1	1	1	0.5
	Street Maintenance	2	3	4	4.25
	<b>Subtotal - Street Department</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4.75</b>
<b>Municipal Airport</b>	Airport Manager	0.5	0.5	0.5	0.5
	<b>Subtotal - Airport</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Parks Department</b>	Parks Maintenance	1.5	1.5	2	2
	Parks Supervisor	0.5	0.5	0.5	0.5
	<b>Subtotal - Parks</b>	<b>2</b>	<b>2</b>	<b>2.5</b>	<b>2.5</b>
<b>Inspection Services</b>	Building Permit Clerk	0	0	0	0
	Building Official	0.25	0.25	0.25	0.5
	Code Compliance Officer	0.25	0.25	0.25	0.5
	<b>Subtotal - Inspection Services</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>1</b>



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



**FY 2022 BUDGET  
CONSOLIDATED FUND PRESENTATION**

	Governmental Funds							
	General Fund	Debt Service	Court Technology	Building Security	Seizure Fund	Park Fund	Recreation Fund	TIF Fund
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>2,034,495</b>	<b>171,465</b>	<b>15,860</b>	<b>12,633</b>	<b>15,485</b>	<b>211,991</b>	<b>0</b>	<b>109,140</b>
<b>REVENUES</b>								
Taxes	3,525,100	639,500	0	0	0	0	0	25,500
Permits and Licenses	15,300	0	0	0	0	0	0	0
Charges for Service	834,700	0	0	0	0	0	119,000	0
Fines and Penalties	225,700	0	4,000	3,500	0	0	0	0
Interest	5,000	400	150	150	150	200	0	1,000
Miscellaneous Receipts	6,700	0	0	0	0	215,250	15,850	29,400
Transfers	695,000	816,000	0	0	0	0	7,150	0
<b>Total Revenues</b>	<b>5,496,700</b>	<b>1,455,900</b>	<b>4,150</b>	<b>3,650</b>	<b>150</b>	<b>215,450</b>	<b>142,000</b>	<b>55,900</b>
<b>TOTAL RESOURCES</b>	<b>7,531,195</b>	<b>1,627,365</b>	<b>20,010</b>	<b>16,283</b>	<b>15,635</b>	<b>427,441</b>	<b>142,000</b>	<b>165,040</b>
<b>EXPENDITURES</b>								
Personnel	3,741,200	0	0	0	0	0	58,500	0
Supplies	144,000	0	0	0	0	0	56,000	0
Contractual	809,900	0	0	0	0	0	21,900	0
Utilities	257,100	0	0	0	0	0	0	0
Sundry	195,450	0	700	0	2,000	0	2,500	0
Maintenance	310,900	0	0	0	0	0	3,100	0
Capital	31,000	0	0	1,000	0	330,000	0	0
Fund Transfers	7,150	0	0	0	0	50,000	0	0
Debt Service	0	1,455,900	0	0	0	0	0	28,250
<b>Total Expenditures</b>	<b>5,496,700</b>	<b>1,455,900</b>	<b>700</b>	<b>1,000</b>	<b>2,000</b>	<b>380,000</b>	<b>142,000</b>	<b>28,250</b>
<b>REVENUE OVER/ (UNDER) EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>3,450</b>	<b>2,650</b>	<b>(1,850)</b>	<b>(164,550)</b>	<b>0</b>	<b>27,650</b>
<b>ENDING BALANCE</b>	<b>2,589,815</b>	<b>171,465</b>	<b>19,310</b>	<b>15,283</b>	<b>13,635</b>	<b>47,441</b>	<b>0</b>	<b>136,790</b>



	Internal Service Funds		Enterprise Funds		Economic Development Corporations		TOTAL
Hotel/ Motel Fund	Vehicle Replacement Fund	Technology Fund	Utility Fund	Solid Waste Fund	4A EDC	4B Street Improvement EDC	
<b>439,015</b>	<b>121,069</b>	<b>243,031</b>	<b>946,000</b>	<b>254,000</b>	<b>2,242,926</b>	<b>950,899</b>	<b>7,383,774</b>
300,000	0	0	0	0	478,100	951,200	5,235,500
0	0	0	0	0	0	0	15,700
0	0	0	3,830,800	1,662,450	0	0	6,284,000
0	0	0	0	0	0	0	232,700
500	300	500	5,200	250	10,000	2,000	75,150
0	0	0	1,900	0	28,200	0	188,900
0	151,250	215,950	0	0	0	0	1,979,500
<b>300,500</b>	<b>151,550</b>	<b>216,450</b>	<b>3,837,900</b>	<b>1,662,700</b>	<b>516,300</b>	<b>935,400</b>	<b>14,011,450</b>
<b>739,515</b>	<b>236,528</b>	<b>396,760</b>	<b>4,783,900</b>	<b>1,916,700</b>	<b>2,759,226</b>	<b>1,904,099</b>	<b>21,395,224</b>
0	0	75,200	1,268,900	0	0	0	4,665,800
12,000	0	18,500	385,600	1,200	500	0	594,200
41,300	0	61,000	387,500	1,450,000	215,600	3,900	2,966,950
0	0	0	368,200	0	0	0	616,100
0	0	2,500	63,300	10,000	73,000	1,000	332,550
0	0	0	360,300	1,500	3,000	0	682,900
0	97,000	40,000	27,000	0	0	640,000	682,300
238,000	0	0	1,004,100	200,000	62,000	180,000	1,742,300
0	0	0	0	0	0	0	1,516,850
<b>291,300</b>	<b>97,000</b>	<b>197,200</b>	<b>3,837,900</b>	<b>1,662,700</b>	<b>352,100</b>	<b>824,900</b>	<b>13,797,950</b>
<b>9,200</b>	<b>87,400</b>	<b>19,250</b>	<b>0</b>	<b>0</b>	<b>164,200</b>	<b>128,300</b>	<b>213,500</b>
<b>448,215</b>	<b>305,669</b>	<b>262,281</b>	<b>946,000</b>	<b>254,000</b>	<b>2,407,126</b>	<b>1,079,199</b>	<b>7,647,274</b>



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## FY 2022 BUDGET GENERAL FUND OVERVIEW

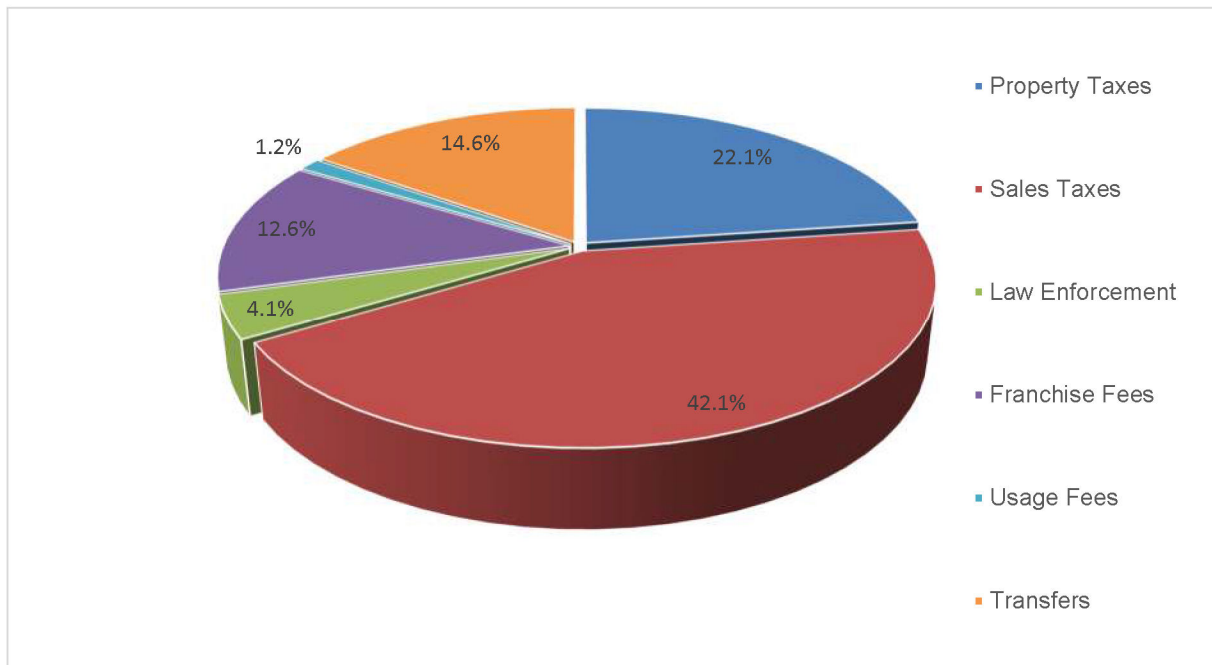
The General Fund provides financing for the City's governmental services, which consist of all public safety functions, including police, animal control, and fire services; community services, including streets, parks, inspections, planning, library, airport and code enforcement; and administrative functions, which includes general management, finance, human resources and purchasing. The City's main governmental buildings are maintained and operated as assets within the General Fund. General Fund services excludes water and wastewater utility, solid waste, and recreation program operations.

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

### GENERAL FUND REVENUE

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

Graph 1 and Table 1 both illustrate how the vast majority, over 91%, of general fund revenues are collected from four categories: sales tax receipts, property tax payments, fund transfers, and franchise fees.



Graph 1 - FY 2022 Proposed Budget – Major Revenue Sources





#### Top Revenue Sources

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

**Total Revenue 5,496,700**

Table – 1 - Top City Revenue Sources

#### Sales Taxes

The largest source of City revenues is from sales tax receipts, which are projected to account for 40% of the City's general fund revenue. FY 2022 sales tax revenues are budgeted at \$2,312,200, which is a 1.5% decrease from the FY 2021 estimate. Please see table 2 for a description of historic total City sales tax receipts, which is the full 2% local option collected by the City.

FY 2012 Actual	3,498,572
FY 2013 Actual	3,022,640
FY 2014 Actual	2,977,904
FY 2015 Actual	2,987,519
FY 2016 Actual	3,069,326
FY 2017 Actual	3,055,709
FY 2018 Actual	3,199,187
FY 2019 Actual	3,353,326
FY 2020 Actual	3,517,648
FY 2021 Estimate	3,750,000
FY 2022 Proposed	3,693,750

Table 2 – Total City sales tax receipts

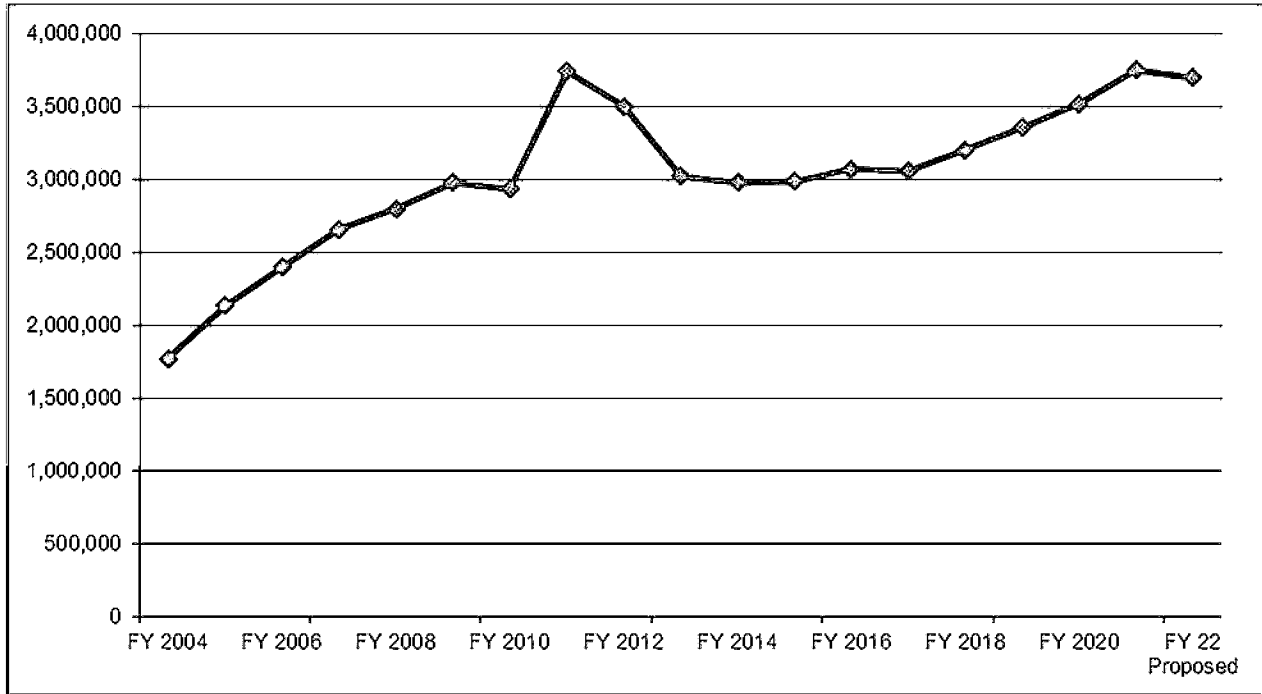
Total City sales tax receipts are split four ways to fund different activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements. One quarter cent, or 12.5% of total revenues, is dedicated to fund the City's 4A Economic Development Corporation. Finally, the last quarter cent, or 12.5% of revenues, is dedicated to provide property tax relief for Center tax payers and is included in the General Fund sales tax totals above.

In fact, the property tax relief sales tax reduces approximately \$0.13 from the City's property tax rate.

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



Total sales tax receipts began a correction mode in FY 2013, experiencing a 19% slide from the FY 2011 peak. Sales tax collections in FY 2011 and 2012 represent a windfall where the City experienced a tremendous increase in receipts, shattering the \$3 million barrier. This growth is directly attributed to the oil and gas activity in Shelby County and the corresponding industrial and commercial development within the community. The City was experiencing a modest rebound in sales tax revenue, starting in 2017, as a result of the return of some energy industry activity. This rebound was interrupted in Spring 2020 with the onset of the COVID-19 pandemic which resulted in a revenue correction.



Graph 2 – Total sales tax collection history. FY 2004 – FY 2022 Proposed

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

#### Property Taxes

Table 3 exhibits the increases in appraised value from the 2001 tax year, and how the appraised taxable value has doubled since 2002. As mentioned in the Financial Forecast and the Budget Philosophy, the City Council has expressed its desire for financial stability. Following the sales tax correction in FY 2013-2014, the Council took the position to not rely on sales tax revenue as much. Over the last 10 years, the City has also taken on additional debt for capital improvements. Both of these factors, when coupled with the relatively flat taxable values, results in the trend of rate increases. Moving forward debt instruments will continue to retire and the taxable value should increase, however, the City looks to employ a greater share of property tax revenue to fund the City's maintenance and operations (M&O) and use excess sales tax revenues to fund one time capital or special projects.

Tax Year	Tax Rate	Appraised Taxable Value
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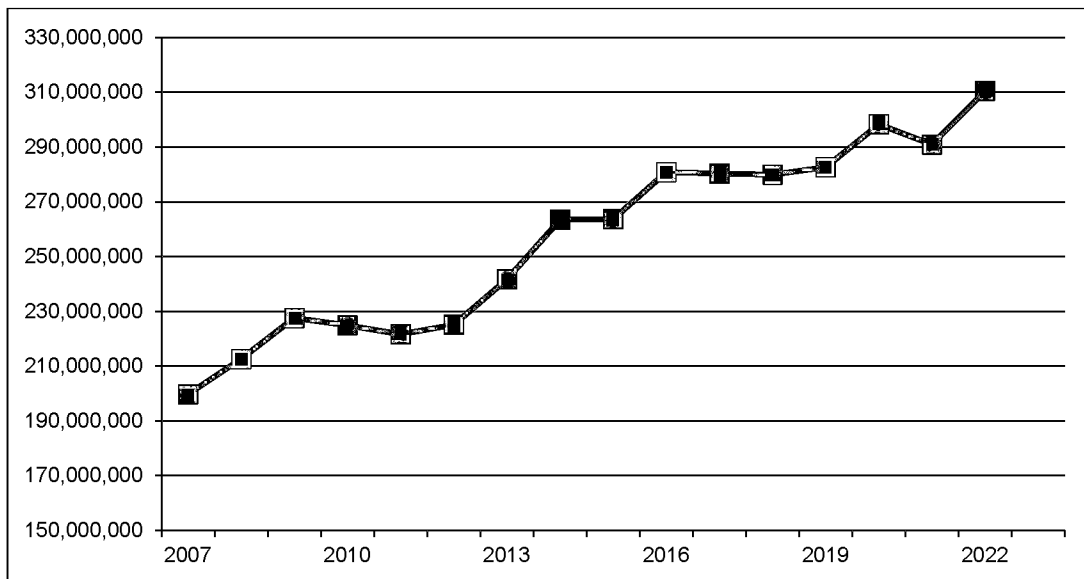


2002	0.622856	140,069,602
2003	0.604100	151,844,181
2004	0.562100	169,059,857
2005	0.536750	183,209,901
2006	0.536000	189,050,972
2007	0.523300	199,725,654
2008	0.508780	212,508,699
2009	0.476000	227,529,570
2010	0.490250	224,839,614
2011	0.490250	221,532,434
2012	0.500000	225,067,201
2013	0.510000	241,616,065
2014	0.500000	263,443,994
2015	0.530000	263,621,780
2016	0.540000	280,829,746
2017	0.560000	280,224,688
2018	0.575000	279,923,149
2019	0.600000	282,534,449
2020	0.610000	298,213,144
2021	0.619233	294,829,703
2022 Proposed	0.619233	*310,540,559

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

Table 3 – City tax rate history

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



Graph 3 – Certified Taxable Value History – 2007 - 2022

The City's total property tax rate is divided into two portions. The first is the Maintenance and Operations rate (M&O); this part of the property tax levy is deposited into the City's general fund and is merged with other revenues to pay for the operation of the City each year. The second portion is the Interest and Sinking rate (I&S); proceeds from this levy are deposited into a separate fund and is used to repay debt



that has been secured with ad valorem tax revenues. Table 4 shows how the I&S and the M&O rates fluctuate from year to year and the goal is to have the two operate in a balance. The reason why the I&S rate is historically higher than usual is that the City took on additional property-tax secured debt in FY 2014, FY 2016 and FY 2019 as part of the Capital Improvements Program.

Tax Year	M & O Rate	I & S Rate	Total Tax Rate
2003	0.392953	0.211147	0.604100
2004	0.340300	0.221800	0.562100
2005	0.327890	0.208860	0.536750
2006	0.327536	0.208464	0.536000
2007	0.326500	0.196800	0.523300
2008	0.296540	0.212240	0.508780
2009	0.276600	0.199400	0.476000
2010	0.293350	0.196900	0.490250
2011	0.337800	0.162200	0.490250
2012	0.251000	0.249000	0.500000
2013	0.260500	0.249600	0.510000
2014	0.290953	0.209047	0.500000
2015	0.327787	0.202213	0.530000
2016	0.328430	0.211570	0.540000
2017	0.325760	0.234240	0.560000
2018	0.333514	0.241486	0.575000
2019	0.343068	0.256932	0.600000
2020	0.353166	0.256834	0.610000
2021	0.384509	0.234724	0.619233
2022	0.408150	0.211083	0.619233

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

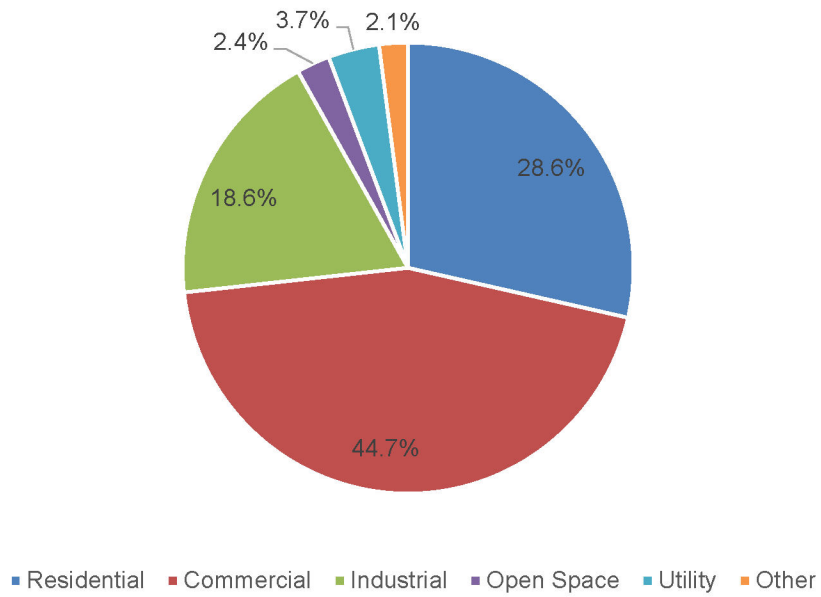
Table 5 below shows how, over time, the composition of the Center tax base has slightly changed. Until the 2012 tax year, the highest single percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial real property. The last few years has seen residential and commercial properties achieve a balance. Due to reappraisals in 2019, commercial and industrial values have seen a modest increase. The City's residential tax base composition is now less than 30%. Additional detail is provided in Table 6.

	2012	2013	2014	2015	2016	2017	2018	2019
Single family residential	34.2%	29.66%	33.87%	32.4%	33.3%	34.7%	28%	27.7%
Multi-family residential	0.73	0.67	0.59	0.55	0.6%	0.6%	0.6%	0.79%
Vacant lots	0.74	0.68	0.75	0.68	0.7%	0.7%	0.7%	0.72%
Commercial – Real	30.76	33.74	34.94	32.57	33.4%	34.5%	33.8%	33%
Industrial - Real	4.67	4.75	4.54	4.66	5.2%	3.9%	4.0%	4.0%
Personal – commercial	12.12	11.45	12.90	13.19	12.8%	12.5%	11.5%	11.7%
Personal – industrial	8.91	11.59	14.39	16.52	15.6%	13.1%	14.6%	14.6%

Table 5 – Composition of Center tax base – Taxable Values

Graph 4 below provides a visual representation of the composition of the City's tax base by major category. Table 6 on the following page provides detail into the changes of tax base.

### Taxable Value Composition



Graph 4 – 2019 Taxable Value by Category

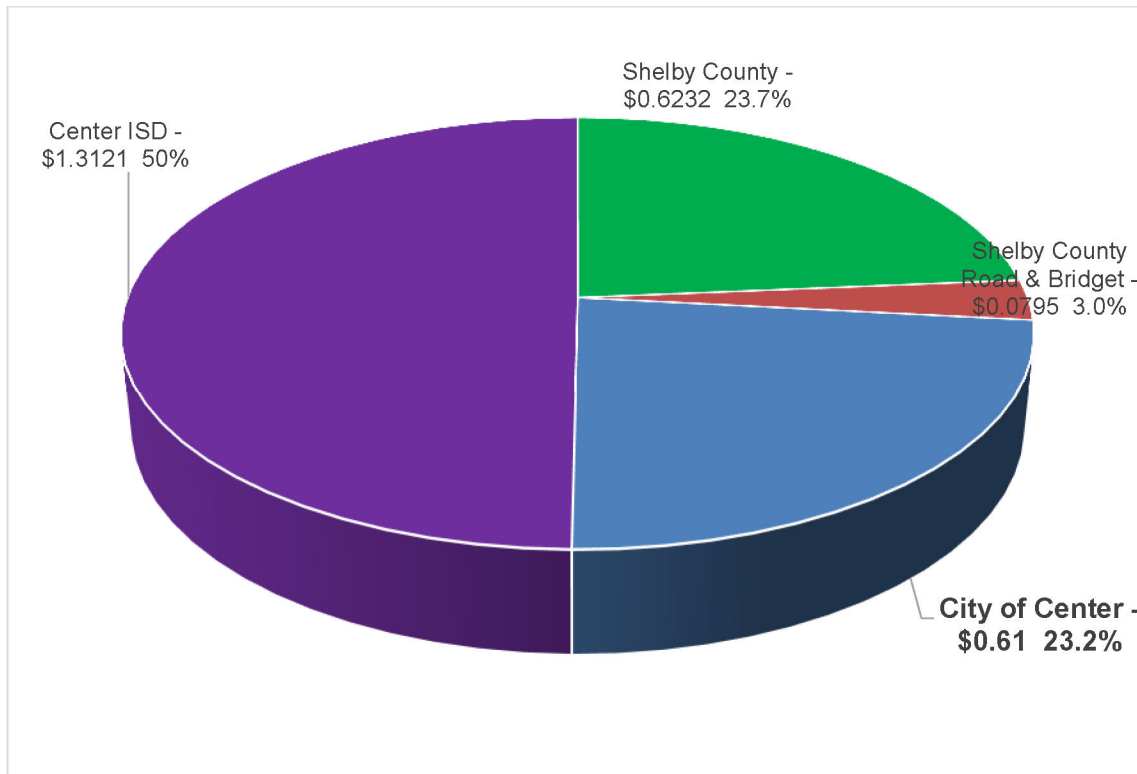


Property Description	2019 Taxable Value	2020 Market Value	2020 Taxable Value	Diff	Percent Change
Single Family	83,563,984	98,884,030	81,855,745	(1,708,239)	
Multi Family	1,681,512	2,345,180	2,335,752	654,240	
Residential	85,245,496	101,229,210	84,191,497	(1,053,999)	-1.2%
Vacant Lots and Land	2,099,661	2,128,540	2,123,690	24,029	
Qualified Open Space	232,444	11,320,950	226,820	(5,624)	
Open Space Improvements	133,271	182,650	182,613	49,342	
Rural Land	3,992,983	5,181,240	4,538,133	545,150	
Open Space	6,458,359	18,813,380	7,071,256	612,897	9.5%
Commercial Real Property	100,758,731	97,970,770	97,117,201	(3,641,530)	
Commercial Personal Property	34,411,010	34,702,530	34,702,530	291,520	
Commercial	135,169,741	132,673,300	131,819,731	(3,350,010)	-2.5%
Industrial Real Property	11,902,640	12,242,440	11,697,890	(204,750)	
Industrial Personal Property	43,395,460	48,576,840	43,142,220	(253,240)	
Industrial	55,298,100	60,819,280	54,840,110	(457,990)	-0.8%
Gas Distribution	501,460	560,170	560,170	58,710	
Electric Company	5,387,240	5,647,370	5,647,370	260,130	
Telephone Company	1,134,380	1,070,550	1,070,550	(63,830)	
Railroad	2,626,670	2,867,670	2,867,670	241,000	
Cable	610,650	625,110	625,110	14,460	
Utility	10,260,400	10,770,870	10,770,870	510,470	5.0%
Other Tangible Property	1,291,258	1,856,230	1,363,039	71,781	
Residential Inventory	30,410	30,710	30,710	300	
Special Inventory	4,459,380	442,490	4,742,490	283,110	
Other	5,781,048	2,329,430	6,136,239	355,191	6.1%
TOTAL	298,213,144	326,635,470	294,829,703	(3,383,441)	-1.13%
TOTALLY EXEMPT PROPERTY	46,585,110	45,945,630		(639,480)	

Table 6 – Property Valuation Analysis.  
Source: Shelby County Central Appraisal District



Many citizens are often unclear as to how much of their total tax bill represents City taxes compared to other taxing entities. For those property taxpayers in the City, there are three property tax entities: the City, the Center Independent School District, and Shelby County, which also includes a separate Road and Bridge Tax. Graph 5 provides a graphical representation of the 2019 tax rates and how the City's rate stands in comparison.



Graph 5 – City of Center taxing entities tax rate comparison - 2021

The City of Center portion of a property owner's total tax bill is approximately 23% without adjusting for exemptions.

In 2018, the City engaged in a detailed analysis of comparison cities, specifically identifying those cities with a similar residential/non-residential tax base mix. Previous budgets selected comparison cities based on similar population or geography. The comparison cities criteria were expanded to include other factors like median household income, median home value, median age, educational attainment and ISO rating. The conversations generated following the Council's review were productive from a tax policy standpoint (e.g. determining the ideal tax base mix) but also that the City needs to engage in more activities to improve local demographics and quality of life. The list of comparison cities shows that Center has a competitive tax rate.

A metric added in the FY 2020 Budget is the Residential Tax Levy per Capita divided by Per Capita Income. This is intended to be a measure of the relative tax burden that a governing body places on their citizens. The percentage of the residential tax base is pulled from the data set and is multiplied by the total levy (total net taxable/100 x total tax rate). Then this figure is divided by the total population to yield the Residential Tax Levy Per Capita. Then this figure is divided by the community's Per Capita Income. For Center, this metric is very similar to the average of the comparison cities. This analysis also shows that Center residents have a similar tax burden placed upon them.





City	Population	Total Net Taxable	Total Tax Rate	% Residential Tax Base	Residential Tax Levy	Residential Tax Levy per Capita	Per Capita Income	RTLpc/Per Capita Income
El Campo	11,766	667,661,601	0.568870	62.6%	2,377,627	202	30,216	0.7%
Farmersville	3,542	233,629,754	0.750000	65.1%	1,140,697	322	28,244	1.1%
Crockett	6,950	268,479,800	0.596791	52.7%	844,393	121	15,722	0.8%
Teague	3,527	119,043,755	0.776732	n/a	n/a	n/a	n/a	n/a
Decatur	6,989	791,013,848	0.649000	46.2%	2,371,760	339	24,731	1.4%
Liberty	9,349	697,627,119	0.585100	49.1%	2,004,172	214	25,039	0.9%
Groesbeck	4,366	122,821,212	0.718900	n/a	n/a	n/a	n/a	n/a
Whitehouse	8,799	392,236,106	0.792891	82.5%	2,565,754	292	25,344	1.2%
Kilgore	14,948	1,286,304,772	0.539000	32.0%	2,218,618	148	23,318	0.6%
Gladewater	6,441	323,869,836	0.749990	66.8%	1,622,566	252	20,363	1.2%
Bullard	3,986	278,765,648	0.605347	74.6%	1,258,875	316	29,059	1.1%
White Oak	6,544	375,038,130	0.602400	72.1%	1,628,905	249	25,167	1.0%
Mexia	7,539	291,820,888	0.850900	50.9%	1,263,900	168	17,159	1.0%
Jacksonville	14,923	703,210,597	0.690000	54.7%	2,654,128	178	17,879	1.0%
Madisonville	4,735	221,072,209	0.658900	46.0%	670,057	142	17,759	0.8%
Gilmer	5,216	321,959,841	0.629523	55.2%	1,118,800	214	22,790	0.9%
Average	7,476	443,409,695	0.672772	57.9%	1,695,732	226	23,056	1.0%
Center	5,401	291,329,967	0.610000	36.6%	650,423	120	14,150	0.9%

Table 7 – Property tax rate by comparison cities. Tax rates – 2020  
Source: TML Annual Tax Rate Survey

#### Property Tax Allocation by Department/Cost of Services to City Property Tax Payers

A rudimentary study was conducted in FY 2019 to further refine the approximate allocation of revenues across city departments. The approach was that certain departments generate revenues and a portion of their expenditures are offset with these revenues. For example, two thirds of the Law Enforcement revenues were applied to the Police Department and then a portion of Sales Tax and Property Tax revenues were allocated to create a picture of how much in property taxes were being used to fund the Police Department.

Not only is this a useful analysis to calculate how much an average homeowner pays for City services, but also for the Council to use for determining tax and allocation policy.





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

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

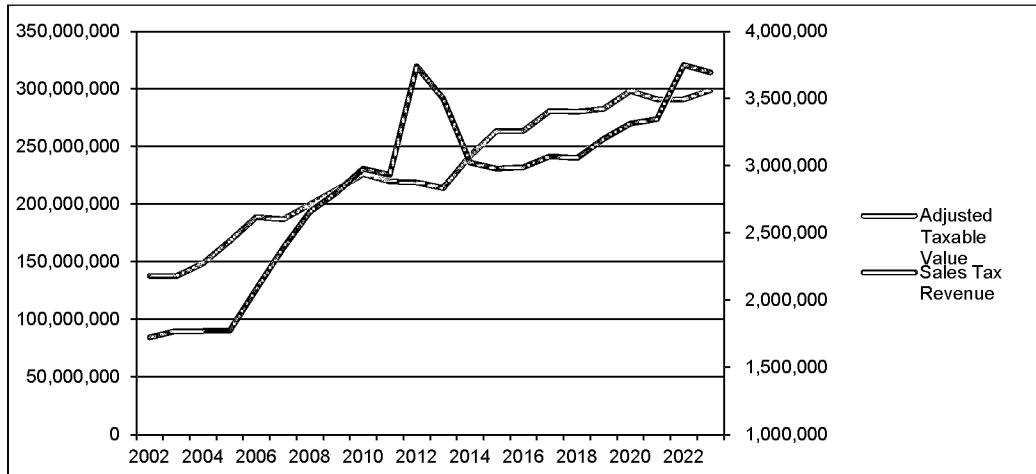
Assuming the average homestead value of \$79,470 and a 20% homestead exemption, the property's taxable value is \$63,576. The approximate annual tax bill per department can also be calculated.

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



### Sales Tax and Property Tax Revenue Relationship

The final area of analysis depicts the relationship between sales and property tax revenues (not counting the I&S portion). Graph 5 illustrates this relationship where Center's adjusted taxable values started a significant increase in 2004 coupled with the rapid rise in total sales tax revenues. The City's tax structure is such that the City reduced its property tax rate (Reference Table 4) providing a form of enhanced property tax reduction even beyond that provided by the dedicated sales tax for property tax relief. Further, due to annexations, new development and general property appreciation, the adjusted taxable values also increased which places further downward pressure on tax rates. There was a short period where excess sales tax revenues allowed the City to lower property tax rates. One can see that the decline in sales tax receipts has now temporarily reversed the trend and in order to maintain service levels, the City must utilize property tax revenue to solidify overall funding. The FY 2022 Budget raises property tax revenue from new values to provide increased resources for city operations.



Graph 5 – Relationship between sales tax and property tax revenues

Graph 6 presents this information by a different approach with actual revenue streams plotted. The top red line represents the City's general fund sales tax allocation and the bottom blue line is total property tax levy. Attention is called to the decoupling of property tax and sales tax revenues, starting in 2010. At their height, the difference between them was \$1.33 million. This gap has shrunk 50% to date, reflecting the City's increased reliance upon property tax revenues as a foundation for governmental services. Unless the City experiences a large degree of development or annexations, property tax revenue should not be greater than or equal to sales tax revenue.



Graph 6 – Relationship between sales tax and property tax revenues



### Internal Fund Transfers

The City of Center relies heavily upon invoicing other funds for administrative services or operational expenses to supplement the General Fund. The General Fund is the cost and accounting center for a number of activities that otherwise would be paid directly by other funds. Without creating organizational and accounting mechanisms, the City simply moves funds to cover these costs.

The transfers that come to the General Fund are from the Utility Fund, the Solid Waste Fund, the 4A and 4B Economic Development Corporations, and Hotel/Motel Occupancy Tax-Trust Fund.

Each year, the City updates an allocation study to determine the approximate level of transfer to provide rationale for the amounts. Included in the allocation study is the Franchise Fees paid by the Utility and Solid Waste Funds for the use of City rights-of-way and reimbursement for other expenses.

#### *Utility Fund Transfer*

The transfer from the Utility Fund to the General Fund is meant to cover certain costs in Non-Departmental that relate to the costs of the City Council providing overall guidance to the City. The City Hall Department includes the management, finance, billing, cash collection, and purchasing functions of the City that are shared with the Utility Fund.

	FY 2022 Budget	Allocated to Utility Fund
Total Non Departmental	410,350	112,050
Total City Hall	885,300	450,900
Total Allocated Expenditure		562,950
 FY 2022 Budgeted Transfer		420,000
FY 2022 Budgeted Franchise Fee		112,500
TOTAL TRANSFER TO GENERAL FUND		532,500

#### *Solid Waste Transfer*

Similar to the Utility Fund transfer, the Solid Waste transfer amount is meant to cover the Non-Departmental and City Hall costs associated with managing, billing, and executing the Solid Waste contract. Also included is a provision for the funding a portion of the City's Street Maintenance Department. The Street Department is charged with maintaining all of the City's streets and other rights-of-ways. One of the original purposes of the Solid Waste franchise fee was to fund any repairs necessary to the City streets that would allow for the collection of the City's solid waste.

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



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#### *Other Fund Transfers*

The City also receives transfers from the Hotel Occupancy Tax-Trust Fund, which is meant to offset costs associated with operating the Windham Civic Center and the Community House. There is no allocation study involved with establishing this funding amount; it is normally determined based on the performance of Hotel Occupancy Tax revenues.

The City also receives administration fees from the 4A and the 4B Economic Development Corporations used to offset the personnel and soft costs of managing the two entities.

#### Franchise Fees

Franchise fees are essentially access rights or lease payments from utility companies for the use of City owned and maintained rights-of-way. Utility companies locate their service lines along City streets which basically allow them to use City property to provide their services. The franchise fee is paid by the customer on the utility bill but remitted to the City. These revenues are predominately slated towards street repairs and right-of-way maintenance and are relatively stable from prior year revenues.

Starting with the FY 2018 Budget, the City began assessing a franchise fee to the Utility Fund.

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



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**FY 2022 BUDGET  
REVENUE SUMMARY**

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



**FY 2022 BUDGET  
REVENUE DETAIL**

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



	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Adopted</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Proposed</b>
Suddenlink Lease Riggs St	2,700	2,400	3,600	3,600	3,600
Rental Community House	11,905	9,630	12,000	8,000	9,000
Rental Civic Center	44,682	22,935	45,000	32,000	44,000
Rental Civic Center Caterer Fee	4,325	1,700	2,000	1,800	2,000
Civic Center Security	2,525	910	2,000	2,200	2,000
Civic Center Alcohol Fee	2,100	2,100	1,000	2,600	2,600
Civic Center OT Fee	75				
Equipment Rental	3300	220	2000	1000	1000
<b>Usage Fees</b>	<b>71,117</b>	<b>40,045</b>	<b>67,600</b>	<b>51,200</b>	<b>64,200</b>
Reimb. Fire Dept Calls	-	476		400	
Insurance Claims	18,873	12,324		82,200	
Refunds Return - TML IRP		830			
Downtown Elect Access	25		100		100
Licenses & Permit Fees	112	229	100		100
Workers Comp Discount		(5,135)	1,000		1,000
Others	4,580	32	1,000	700	1,000
Copies	73	144			
Surplus Equipment	150	16,226	1,000		1,000
DETEC Capital Refund		2,337	1,000		1,000
Donations Fire Dept	781	1,500		100	
<b>Miscellaneous</b>	<b>31,124</b>	<b>28,963</b>	<b>4,200</b>	<b>83,400</b>	<b>4,200</b>
Transfers Interfund Water	415,000	415,000	415,000	415,000	420,000
Transfers Intrafund	-	-	-		
Transfers HM Comm House	5,000	5,000	5,000	5,000	5,000
Transfer HM Civic Center Ops	80,000	80,000	80,000	80,000	90,000
EDC Street Admin Fees	25,000	30,000	30,000	30,000	30,000
Economic Development Adm Fee	55,000	60,000	60,000	60,000	60,000
Transfers Interfund Solid Waste	200,000	200,000	200,000	200,000	200,000
<b>Transfers</b>	<b>780,000</b>	<b>790,000</b>	<b>790,000</b>	<b>790,000</b>	<b>805,000</b>
Interest General Fund	36,471	20,417	20,000	5,000	5,000
<b>Interest</b>	<b>36,471</b>	<b>20,417</b>	<b>20,000</b>	<b>5,000</b>	<b>5,000</b>
COPS Hiring Grant	0	0	0	49000	75,000
Police Training Grant	1,538	4,577	1,600	1,700	1,700
Police JAG Grant	-	-	-		
Arson Investigator Grant					
Homeland Security Grant		21,463		32,100	-
Airport TXDOT Ramp Grant	16,282	22,452	5,000	11,900	5,000
TxDOT CARES Grant		16,032		12,700	-
CRF - TDEM				293,975	
<b>Grants</b>	<b>17,820</b>	<b>64,524</b>	<b>6,600</b>	<b>401,375</b>	<b>81,700</b>
<b>TOTAL</b>	<b>5,057,431</b>	<b>5,193,214</b>	<b>5,072,600</b>	<b>5,830,175</b>	<b>5,496,700</b>



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## FY 2022 BUDGET EXPENDITURE OVERVIEW

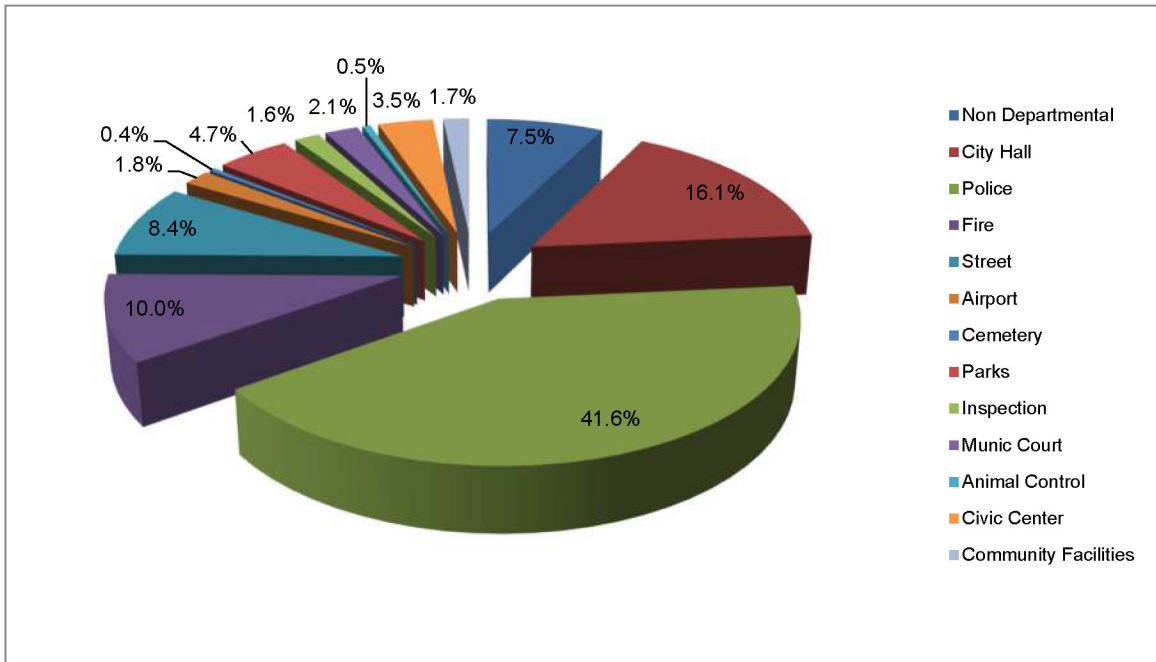
The City of Center general fund is organized into fourteen different departments. For the purposes of this document, each department will have its own section describing its mission statement, what their function is within the organization, some of their achievements for the past fiscal year, and department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

The 2022 Budget also groups the departments into broad functional categories to provide an additional layer of detail for the reader to better understand how the City spends money.

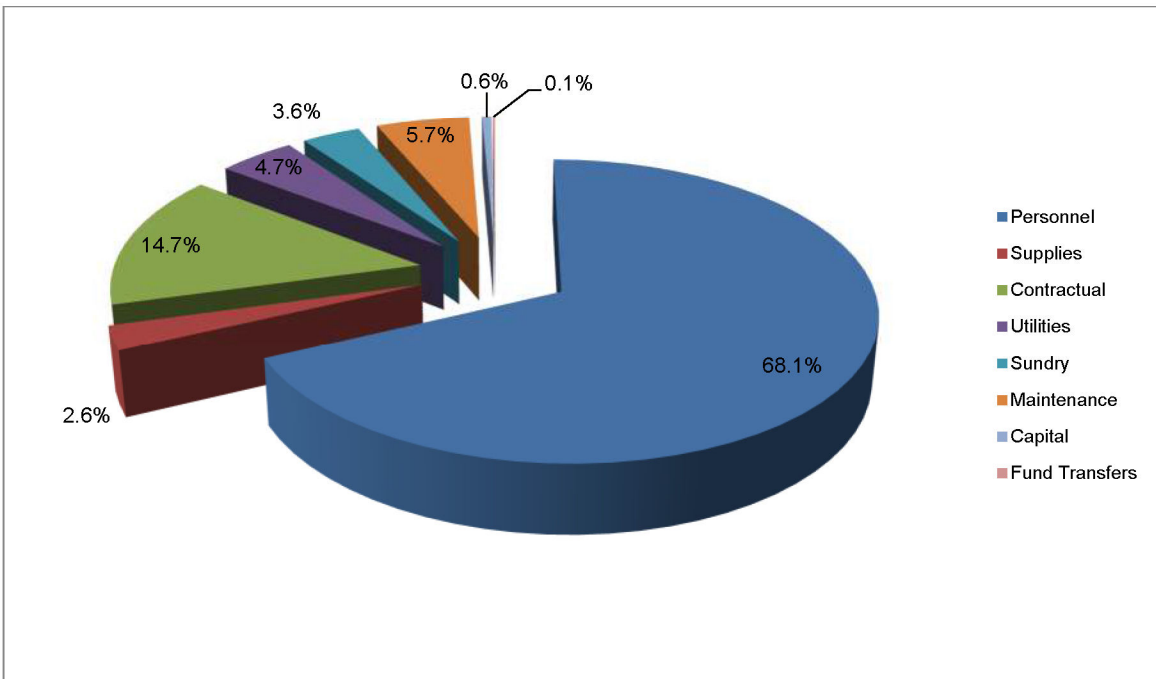
Each department's page will provide financial data on each prime account. There is also a description of the capital purchases within each department and denotes differences between the FY 2021 Estimate and the FY 2022 Proposed Budget.

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

### FY 2022 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



### FY 2022 GENERAL FUND BUDGET – BY PRIME ACCOUNT

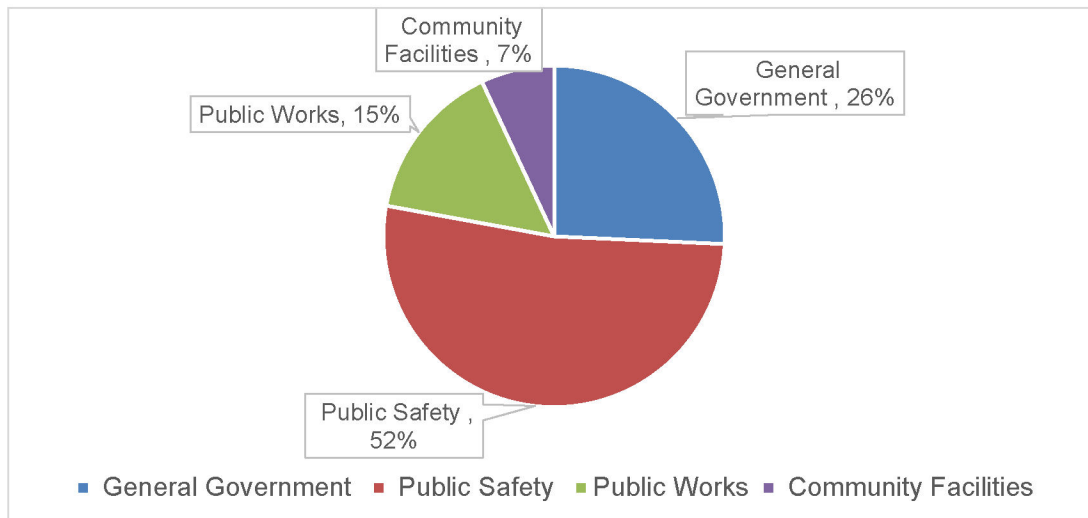




## FY 2022 GENERAL FUND BUDGET EXPENDITURES – BY FUNCTION

The FY 2022 Budget also categorizes General Fund expenditures by general function for further analysis on the City's broad functional areas. The functions are grouped into General Government, Public Safety, Public Works, and Community Facilities to correlate with the annual audit. The departmental budgets are also arranged to associate with to this grouping.

Totals	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2020 Estimate	FY 2021 Proposed Budget
<b>General Government</b>					
Non Departmental	403,765	314,250	322,700	337,255	410,350
City Hall	796,794	831,163	858,700	892,350	885,300
Municipal Court	104,934	113,054	117,100	112,700	117,300
Subtotal	1,305,493	1,258,466	1,298,500	1,342,305	1,412,950
<b>Public Safety</b>					
Police	2,034,021	2,059,062	2,113,100	2,227,050	2,288,050
Fire	472,556	497,977	521,100	580,500	550,600
Animal Control	23,926	23,053	27,300	25,700	28,900
Subtotal	2,530,502	2,580,093	2,661,500	2,833,250	2,867,550
<b>Public Works</b>					
Streets	338,794	392,847	413,100	399,650	462,100
Parks	232,269	226,993	233,500	292,800	259,300
Inspection	43,499	55,148	66,700	46,700	88,900
Cemetery	22,610	23,356	23,300	22,800	22,800
Subtotal	637,173	698,344	736,600	761,950	833,100
<b>Community Facilities</b>					
Airport	123,744	130,517	100,300	90,750	98,700
Civic Center	206,349	183,280	187,700	162,300	193,700
Community Facilities	89,002	82,369	88,000	84,300	90,700
Subtotal	419,096	396,166	376,000	337,350	383,100
<b>TOTAL</b>	<b>4,892,263</b>	<b>4,933,069</b>	<b>5,072,600</b>	<b>5,274,855</b>	<b>5,496,700</b>





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

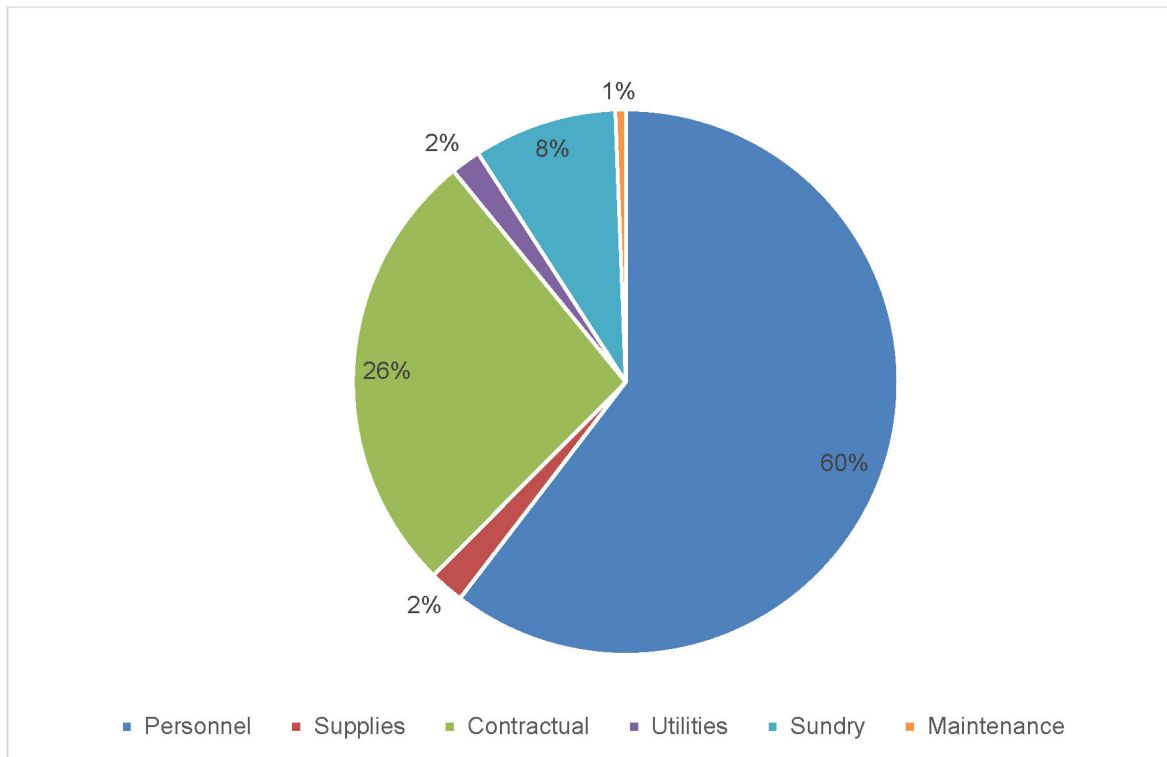
	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Adopted Budget</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Proposed Budget</b>
Property Taxes	1,004,094	1,084,782	1,121,300	1,142,500	1,212,900
Sales Taxes	2,099,753	2,202,454	2,065,000	2,347,400	2,312,200
Law Enforcement	177,610	189,468	225,200	233,500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

	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Adopted Budget</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Proposed Budget</b>
<b>BY DEPARTMENT</b>					
Non Departmental	403,765	314,250	322,700	337,255	410,350
City Hall	796,794	831,163	858,700	892,350	885,300
Police Department	2,034,021	2,059,062	2,113,100	2,227,050	2,288,050
Fire Department	472,556	497,977	521,100	580,500	550,600
Street Department	338,794	392,847	413,100	399,650	462,100
Airport	123,744	130,517	100,300	90,750	98,700
Cemetery	22,610	23,356	23,300	22,800	22,800
Parks	232,269	226,993	233,500	292,800	259,300
Inspection Services	43,499	55,148	66,700	46,700	88,900
Animal Control	104,934	113,054	117,100	112,700	117,300
Municipal Court	23,926	23,053	27,300	25,700	28,900
Civic Center	206,349	183,280	187,700	162,300	193,700
Community Facilities	89,002	82,369	88,000	84,300	90,700
<b>TOTAL</b>	<b>4,892,263</b>	<b>4,933,069</b>	<b>5,072,600</b>	<b>5,274,855</b>	<b>5,496,700</b>
<b>Beginning Fund Balance</b>	<b>1,609,183</b>	<b>1,774,351</b>	<b>1,708,489</b>	<b>2,034,495</b>	<b>2,589,815</b>
<b>Revenues Over/(Under)</b>					
<b>Expenditures</b>	<b>165,168</b>	<b>260,145</b>	<b>-</b>	<b>555,320</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>1,774,351</b>	<b>2,034,495</b>	<b>1,708,489</b>	<b>2,589,815</b>	<b>2,589,815</b>



**FY 2022 BUDGET  
EXPENDITURE SUMMARY  
GENERAL GOVERNMENT**

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





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**FY 2022 BUDGET  
NON DEPARTMENTAL - #601**

The Non-Departmental function of the City of Center pays for those areas that are general to the entire organization, such as the annual audit, insurance, and the City Council reimbursements.

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

**DESCRIPTION**

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

**FY 2021 ACCOMPLISHMENTS**

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

**Council Direction/Strategic Plan**

Budget Philosophy #2

**FY 2022 GOALS**

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

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



**FY 2022 BUDGET  
NON DEPARTMENTAL**

**DEPARTMENT SUMMARY**

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

**PERFORMANCE MEASURES**

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

**HIGHLIGHTS – FY 2022 Proposed Budget Change From FY 2021 Estimate**

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



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**FY 2021 BUDGET  
CITY HALL - #602**

To provide professional management and administration of the City, implementing City Council policy decisions by directing, coordinating, monitoring, and evaluating all City government activities.

**DESCRIPTION**

- Execute the policies established by the City Council and administers the affairs of the City consistent with the City Charter.
- Prepare and maintain minutes, ordinances, resolutions, and proclamations.
- City elections conducted by designated election official.
- Responsible for the collection, investment, disbursement & documentation of all City funds.
- Monitor and approve all City purchases, expenditures, and budget.
- Prepare the City employee payroll and administer employee benefits programs.
- Prepare annual City budget

**FY 2021 ACCOMPLISHMENTS**

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

**Council Direction/Strategic Plan**

Goal D. Objective 1.4

**FY 2022 GOALS**

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

Goal D. Objective 1.4

Goal B. Objective 2

**DEPARTMENT STAFFING**

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