

MESSAGE FROM THE CITY MANAGER

September 24, 2013



Mayor and City Council Members:

I am pleased to present to you the Adopted Budget and Plan of Municipal Services for the fiscal year 2013-14. The Annual Budget and Plan of Municipal Services is the most important document that is adopted by the City Council each year. In developing this document, as always, a significant amount of time is devoted by City Council Members and City Staff. An Annual Budget is developed through an extensive process of reviewing requests received from various City departments and external agencies then prioritizing those requests in a manner that utilizes resources effectively, within fiscal constraints, while working to achieve goals set out by the City Council.

The fiscal year 2013-14 Adopted Budget had a number of challenges that staff and City Council worked through to efficiently utilize tax dollars to maintain and improve necessary services for the community. Some of the challenges included maintaining the current tax rate of \$0.6990 per \$100 taxable assessed value while managing, for the first time, a decrease in property value. This decline in property value equates to a shortfall in tax revenue of approximately \$350,000. Additionally, City Council tasked staff with including a pay increase for employees while increasing the Street Improvement Program budget to \$1 million per year. To achieve this, all programs were reviewed for possible savings with some programs being scaled back or eliminated. All vacant positions were frozen pending evaluation with future vacancies being evaluated as well. These efforts will help to maintain a healthy and appropriate General Fund balance and also establish funds for capital purchases. As City Manager, I believe it is my responsibility to submit to you a fiscally sound budget while ensuring that the level of service provided to our citizens and stakeholders remains high and as many goals and expectations set by you are addressed. The Adopted Budget takes a conservative approach to dealing with the current economic situation faced locally and nationally.

Finally, I want to thank the City Council for your time, effort, and diligent leadership in working through and adopting this budget which works toward achieving the City Council's Strategic Initiatives. This document is one of the most, if not the most, important document that is acted

upon by the City Council in any given fiscal year. This document establishes a fundamental basis for the financial and operational strength and integrity for the City of Greenville. On behalf of City Staff and myself, we look forward to working with you over the next fiscal year to achieve City Council goals and improve our community.

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City Manager*

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EXECUTIVE SUMMARY

In accordance with the Texas Local Government Code and the Charter of the City of Greenville, the Approved Annual Operating Budget for the fiscal year beginning October 1, 2013 and ending September 30, 2014 is hereby submitted. The approved budget presents, in financial terms, the plan for accomplishment of the delivery of municipal services during the forthcoming fiscal year. The narrative which follows provides a detailed overview of the approved budget.

MAJOR FISCAL EXPENDITURES

The Fiscal Year 2013-2014 Operating Budget provides funding for the following major items:

- Pay increases for employees
- An increase for the Street Improvement Program budget to \$1,000,000
- Funding for capital improvements from the General Fund and Utility Fund
- An increase in the City contribution rate for employee health insurance

STAFFING, COMPENSATION AND BENEFITS

In fiscal year 2009-10, there were no COLA or merit increases for employees. On October 1, 2010 (FY 2010-11) a 1.5% pay increase was given. A one-time, non-recurring payment of \$300,582, distributed to all employees based upon employee performance, was included in the 2011-12 Adopted Budget, but was placed on hold due to economic events in the community. The 2012-13 budget did not include any wage or cost of living adjustments for employees. In light of the circumstances above and in effort to maintain comparable market pay for City employees, a 3% pay increase is included in this budget.

Last Fiscal Year the City's Public Information Officer (PIO) retired prompting the City to contract with a firm to consult and assist with the PIO duties. The budget eliminates the contract and does not replace the PIO position for an anticipated savings of \$50,000. Also, the City is currently freezing all vacant positions and those positions will remain vacant until each position is further evaluated.

At the beginning of each budget season, Human Resources conduct a market survey of specific positions and compares Greenville's pay structure to a defined market. The market survey also includes the Police and Fire departments. Comparable cities (as adopted by the City Council) in the market included:

- Cleburne
- McKinney
- Rockwall
- Waxahachie
- Weatherford
- Wylie



Market Survey Results

Pay Compared to Mid-Point –Police (Civil Service)

	Police '09	Police '11	Police '12	Police '13
>95%	44	45	47	33
91-95%	2	2	2	16
86-90%	0	2	1	2
80-85%	0	1	2	1

Pay Compared to Mid-Point –Fire (Civil Service)

	Fire '09	Fire '10	Fire '11	Fire '12	Fire '13
>95%	35	38	29	24	11
91-95%	5	4	16	21	10
86-90%	3	2	4	0	20
80-85%	2	2	0	3	5
<80%	0	0	0	0	4

Pay Compared to Mid-Point –Civilian

	Civilian '09	Civilian '10	Civilian '11	Civilian '12	Civilian '13
>95%	25	12	10	10	2
91-95%	50	12	19	13	13
86-90%	82	43	34	34	18
80-85%	0	94	93	92	58
<80%	0	0	0	0	64

Pay Compared to Mid-Point –Total

	Total '09	Total '10	Total '11	Total '12	Total '13
>95%	104	92	84	81	46
91-95%	57	21	37	36	39
86-90%	85	46	40	35	40
80-85%	2	97	94	97	64
<80%	0	0	0	0	68



Market City Proposed Salary Adjustments

City	FY 2012-2013	Proposed FY 2013-2014
Cleburne	2.5% COLA & 2.5% Step	2.5% COLA & 2.5% Step
McKinney	2% - 6% Merit	2% - 6% Merit
Rockwall	4% Merit for Civilians 5% Police & Fire Step Increases	4% Merit for Civilians 5% Police & Fire Step Increases
Waxahachie	4% COLA	TBD
Weatherford	2% COLA	2% COLA
Wylie	2% - 5% Based on Tenure	TBD

The budgetary impact of the approved adjustments to the City’s Market Pay Structure & Employee Benefits is detailed in the tables below.

The increases (decreases) in operating budgets, by category for all funds, resulting from approved adjustments to the pay plan and benefits structure are as follows:

Description	Amount
• Salaries	\$182,807
• Retirement	15,968
• Social Security	3,839
• Medicare	2,354
• Workers Comp	45,220
• Health Insurance	9,002
• Longevity	(8,682)
• Unemployment	(188)
Total	\$250,320
Contra Salaries	(209,540)
Total	\$40,780



The increases (decreases) in operating budgets, by fund, resulting from approved adjustments to the pay plan and benefits structure are as follows:

	Salaries	Retirement	Social Security	Medicare	Workers Comp	Health Insurance	Longevity	Un-employment	Total
General	\$75,495	\$13,213	\$(2,725)	\$817	\$31,932	\$12,459	\$(7,668)	\$(599)	\$122,924
Exch. Bldg.	6,695	733	422	99	402	352	108	-	8,811
Rec. Act.	-	-	-	-	(132)	-	-	-	(132)
Venue Mgt.	(29,272)	(3,442)	(1,824)	(426)	(13)	(4,565)	(144)	(337)	(40,023)
Water/Sewer	45,749	3,148	2,851	667	7,874	6,479	666	(68)	67,366
Airport	667	59	46	11	91	-	72	-	946
Golf	18,558	4,222	1,160	271	965	235	144	-	25,555
Sanitation	108,316	3,952	6,716	1,571	2,627	9,600	-	1,080	133,862
Cntrl Srvc.	(22,037)	(3,160)	(1,464)	(342)	1,419	(6,898)	(1,572)	(129)	(34,183)
MIS	(21,364)	(2,757)	(1,343)	(314)	55	(8,660)	(288)	(135)	(34,806)
Total	\$182,807	\$15,968	\$3,839	\$2,354	\$45,220	\$9,002	\$(8,682)	\$(188)	\$250,320

*Contra salaries of (\$209,540) not included.



BUDGETED FUNDS FOR THE CITY OF GREENVILLE INCLUDE:

GOVERNMENTAL FUNDS

- *General Fund*
- *Special Revenue Funds*
 - Child Safety Fund
 - Exchange Building Fund
 - Recreation Activities Fund
 - Gun Range Fund
 - Hotel / Motel Occupancy Tax Fund
 - Venue Management Fund
 - TIRZ Fund
 - Spence Endowment Trust Fund
- *Debt Service Fund*
- *Capital Project Funds*

PROPRIETARY FUNDS

- *Enterprise Funds*
 - Water / Wastewater Fund
 - Utility Capital
 - Airport Fund
 - Airport Capital
 - Golf Fund
 - Sanitation Fund
- *Internal Service Funds*
 - Central Service Fund
 - Insurance Fund
 - MIS Fund
 - Vehicle / Equipment Replacement Fund



GENERAL FUND BUDGET

The General Fund is the primary operating fund for the City of Greenville. This fund accounts for all financial resources not restricted to special or specific projects and/or funds that are not to be accounted for in a different fund. Funded from a myriad of revenues, this fund is required to provide for public safety services, city administration, community development, community services, and public works. Total revenues in the General Fund amount to \$20,698,748, while total expenditures in the General Fund amount to \$20,897,766 and include a \$500,203 transfer to capital fund.

GENERAL FUND REVENUES

PROPERTY TAXES

Tax Valuation

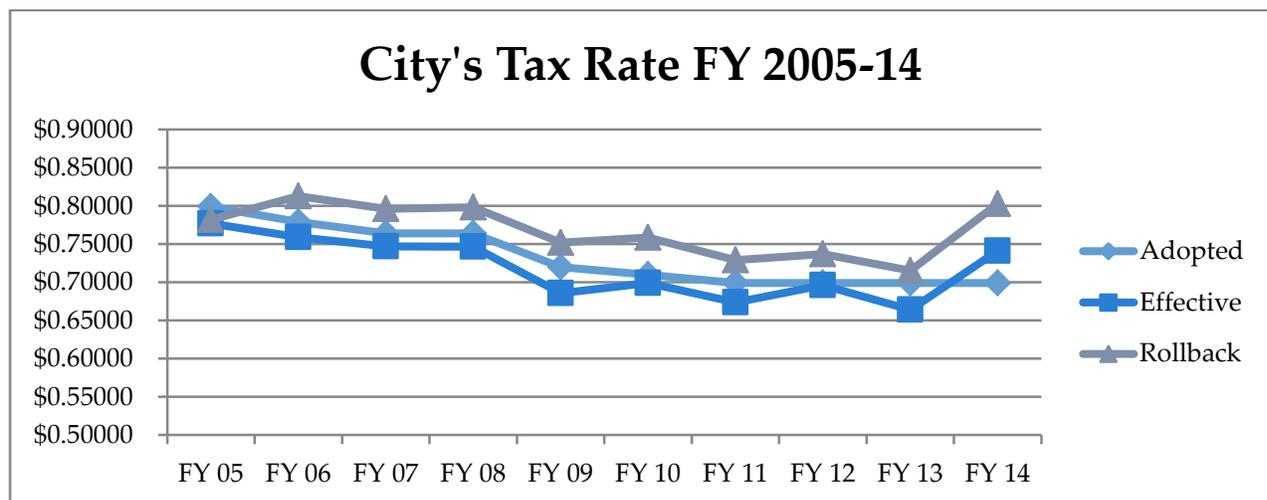
The City's 2013 certified taxable value is \$1,384,093,135, a decrease of \$(69,509,567) or (4.78) % from 2012's \$1,453,602,702. During 2013, the City Council adopted a Freeport Exemption ordinance for local manufacturing inventories. This new Freeport Exemption accounts for \$45,801,468 or 65.89% of the \$69,509,567 decrease in taxable assessed values. To mitigate this impact, two year contractual agreements with local manufacturers for payment in lieu of property taxes were made. These companies will be billed for their exempt inventories at the adopted tax rate for FY 2013-14 and FY 2014-15. The remaining decrease of \$23,708,099 is the net result of the closure of the Newell Rubbermaid plant, and a decrease in inventory held by a local manufacturer.

Tax Rate

The property tax rate in the approved budget is \$0.69900, unchanged from the current adopted rate. The City Council adopted a property tax rate that is less than the effective tax rate in an attempt to cushion the impact of future increases in the debt service due to GO Bonds that could be issued for the YMCA & Street reconstruction propositions. Debt service rate is anticipated to increase 5 to 12 cents through 2017.

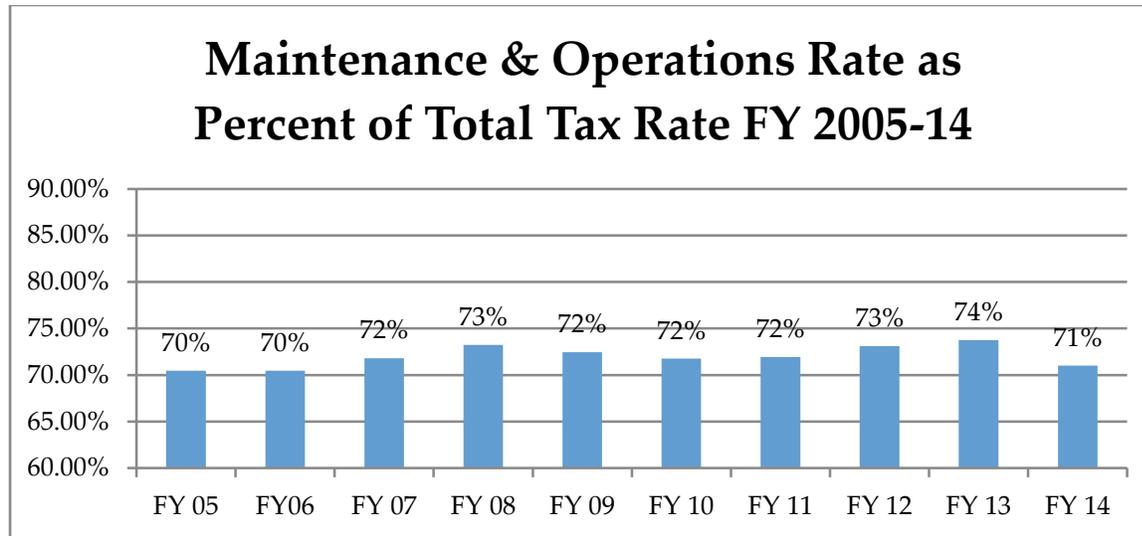
Effective Tax Rate

The effective tax rate for FY 2013-14 is \$0.74120, which is \$0.04220 above the current rate of \$0.69900. The chart below shows the historical trend of the City's tax rate since FY 2005 (tax year 2004-2013).



Maintenance and Operations Rate (M&O rate)

The approved budget decreases the current M&O rate of \$0.51550 by \$0.01904 for a new M&O rate of \$0.49646. The following graph illustrates the M&O rate as a percent of the total tax rate since FY 2005.



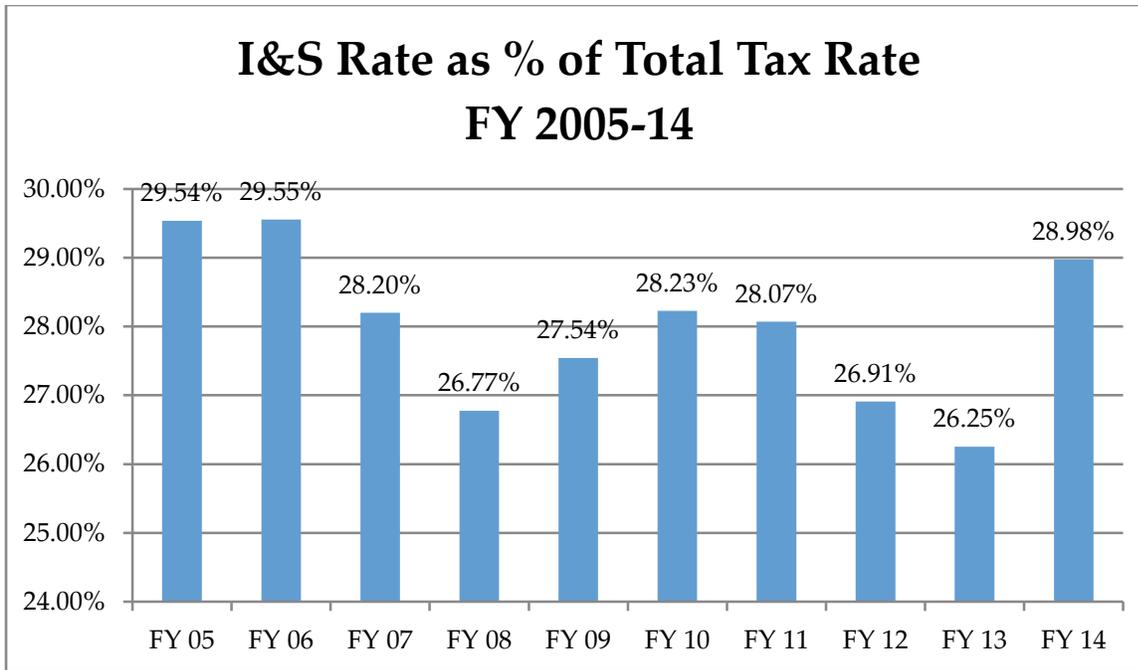
Debt Service Rate (I&S rate)

The approved budget increases the current I&S rate of \$0.18350 by \$0.01904 for a new I&S rate of \$0.20254. The debt rate is 28.98% of the total tax rate, 4.18% above the median of 24.80% for the 5 Comparison Cities which had a debt rate in FY 2013 (tax year 2012).

Comparison Cities FY 2013 tax rate compared to Greenville’s FY 2014 Tax Rate

Jurisdiction Name	Tax Rate	M&O Rate	M&O as %	I&S Rate	I&S as %
City of Cleburne	\$0.74074	\$0.62332	84.15%	\$0.11742	15.85%
City of Corsicana	0.62720	0.49790	79.38%	0.12930	20.62%
City of Greenville	0.69900	0.49646	71.02%	0.20254	28.98%
City of Paris	0.51107	0.41487	81.18%	0.09620	18.82%
City of Waxahachie	0.68000	0.44255	65.08%	0.23745	34.92%
City of Weatherford	0.46360	0.29200	62.99%	0.17160	37.01%
Average	\$0.62027	\$0.46118	73.97%	\$0.15909	26.03%
Median	\$0.65360	\$0.46950	75.20%	\$0.15045	24.80%

Property tax revenue dedicated to debt service as a percent of total property tax revenue has decreased (0.56) % since FY 2005. The following graph illustrates the I&S rate as a percent of the total tax rate since FY 2005.



Taxable Value of Average Residential Property

The taxable value of an average residential property in Greenville rose from \$86,569 in tax year 2012 to \$87,559 in tax year 2013.

The adopted rate, applied to the rise in taxable value of the average residential property, will result in an increase of \$6.92 in the tax bill for the average residential property, from \$605.12 in the current year to \$612.04 in the approved budget.



ONE CENT ON THE AD VALOREM TAX RATE WILL GENERATE \$136,333 ALLOWING FOR PROTESTED AND FROZEN VALUES AND ASSUMING A 98.5% COLLECTION RATE.

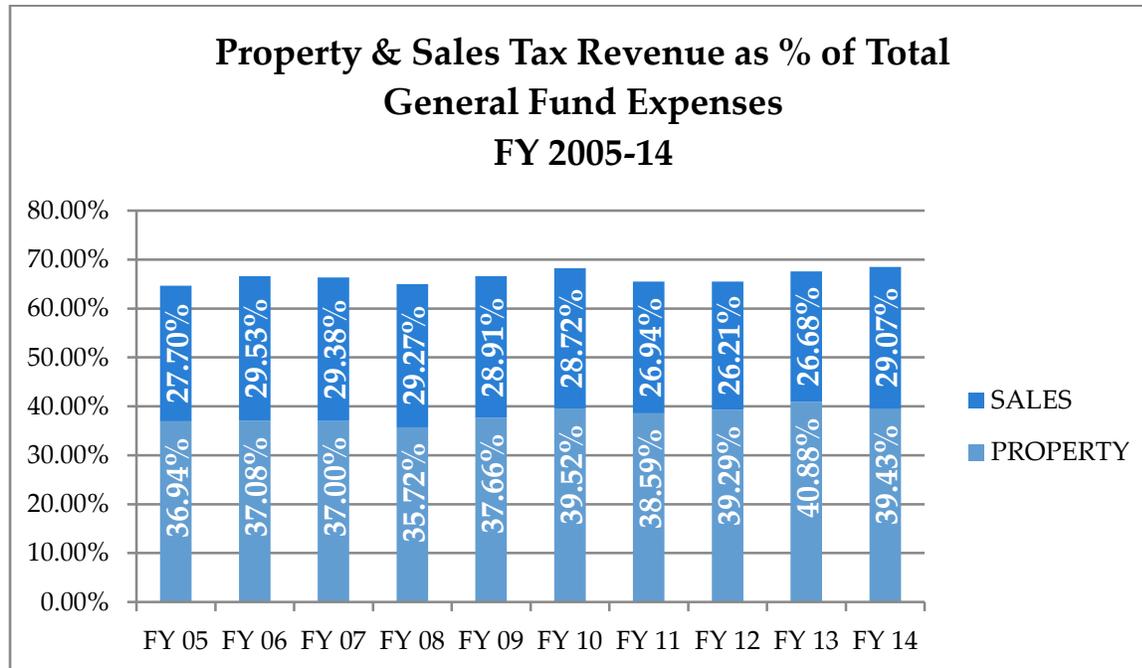
Property Tax Revenue

Overall, general fund revenue from the collection of ad valorem (property) taxes is down \$(274,827) or (3.23%) from the current year’s budget to \$8,240,381 (includes PILOT).

SALES TAXES

Sales tax revenues (including mixed beverage and IDC) are projected to increase \$517,302 (9.31%) from current adopted levels. Revenue from sales tax in FY 14 is projected at \$6,074,302 (29.35% of total revenue). The projected increase is 1.80% higher than estimated current year-end sales tax collections. Sales tax revenue includes a reduction of \$84,777 per year to the Texas State Comptroller regarding a large refund (Texas Supreme Court Ruling).

Combined, property and sales taxes will fund approximately 68.50% of General Fund total expenses for FY 2014. The graph below illustrates this relationship since FY 2005.



OTHER REVENUE

Overall, other revenue sources are anticipated to decline this fiscal year compared to the FY 2013 budget by \$(114,836) (-1.77%). The breakdown by category is as follows:

- Franchise Fees are anticipated to increase this year by \$114,760 (3.01%) to \$3,924,234
- Licenses & Permits are anticipated to increase this year by \$29,370 (9.89%) to \$326,370
- Municipal Court Fines are anticipated to decrease by \$(14,790) (3.89%) to \$365,210
- Library Fines are anticipated to decrease by \$(479) (2.99%) to \$15,521
- Fees & Service Charges are anticipated to decrease by \$ (10,666) (3.57%) to \$ 288,345
- Sales & Income is anticipated to increase this year by \$ 46,683 (67.27%) to \$ 116,083
- Intergovernmental Revenue is anticipated to increase this year by \$ 1,590 (0.68%) to \$235,785
- Interfund Transfers are anticipated to decrease by \$(206,288) (82.09%) to \$ 45,000
- Cost Allocations are anticipated to decrease by \$(75,016) (6.57%) to \$1,067,517

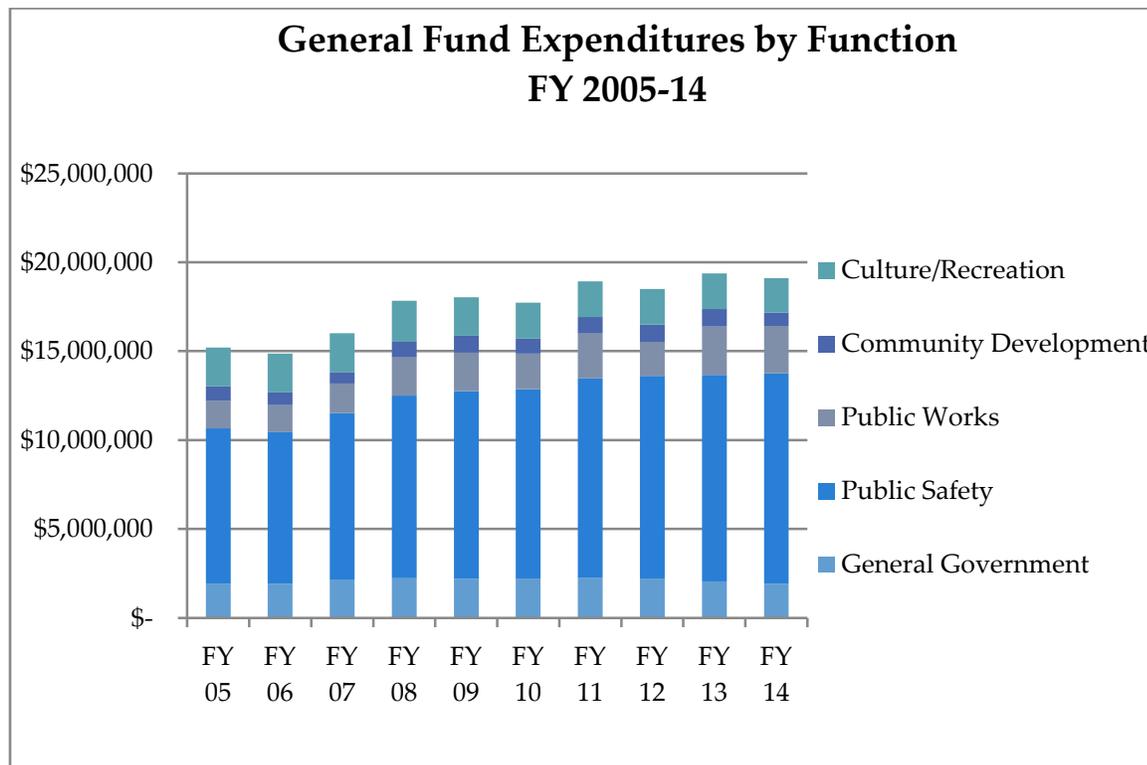
GENERAL FUND EXPENDITURES

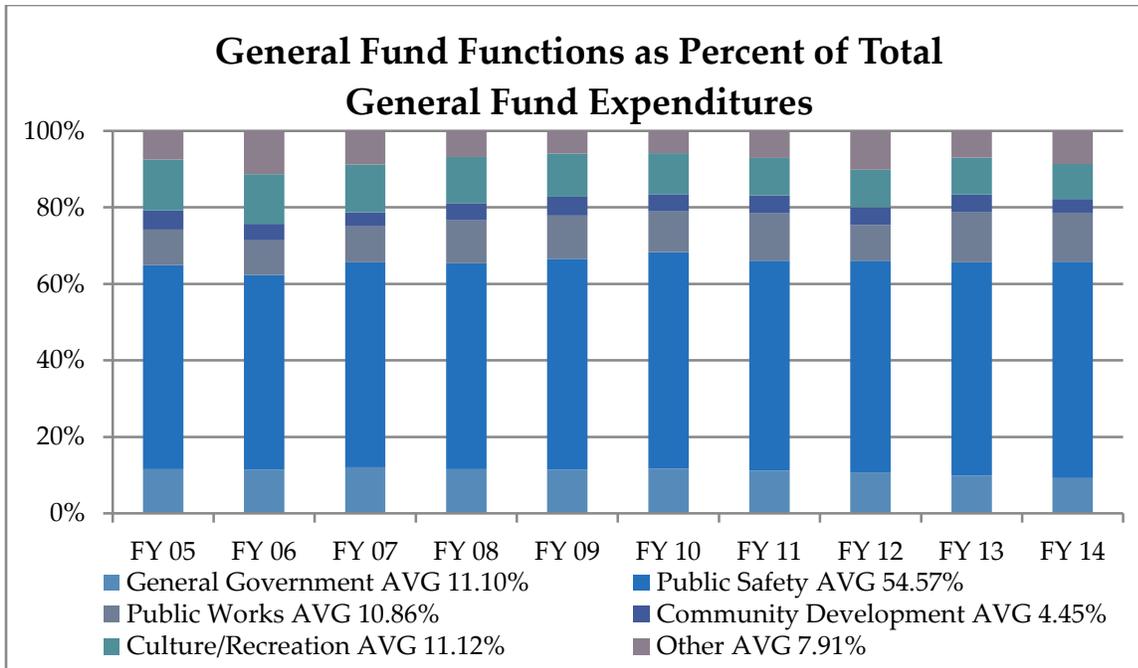
Expenditures in the Approved Budget for the General Fund amount to \$20,897,766. This represents a (0.34%) increase, or \$70,445 compared to the amount budgeted in fiscal year 2012-13. There were a total of \$22,624,384 departmental requests which were adjusted by \$1,726,620 in preparing the budget. Line items (e.g., operating supplies, fuel and oil, utilities, etc.) within the General Fund have been conservatively budgeted. Appropriations for capital outlay have been approved and resources for capital outlay were allocated where the needs appeared to be the greatest.

Expenditures, in the General Fund, are customarily divided into 5 major functions:

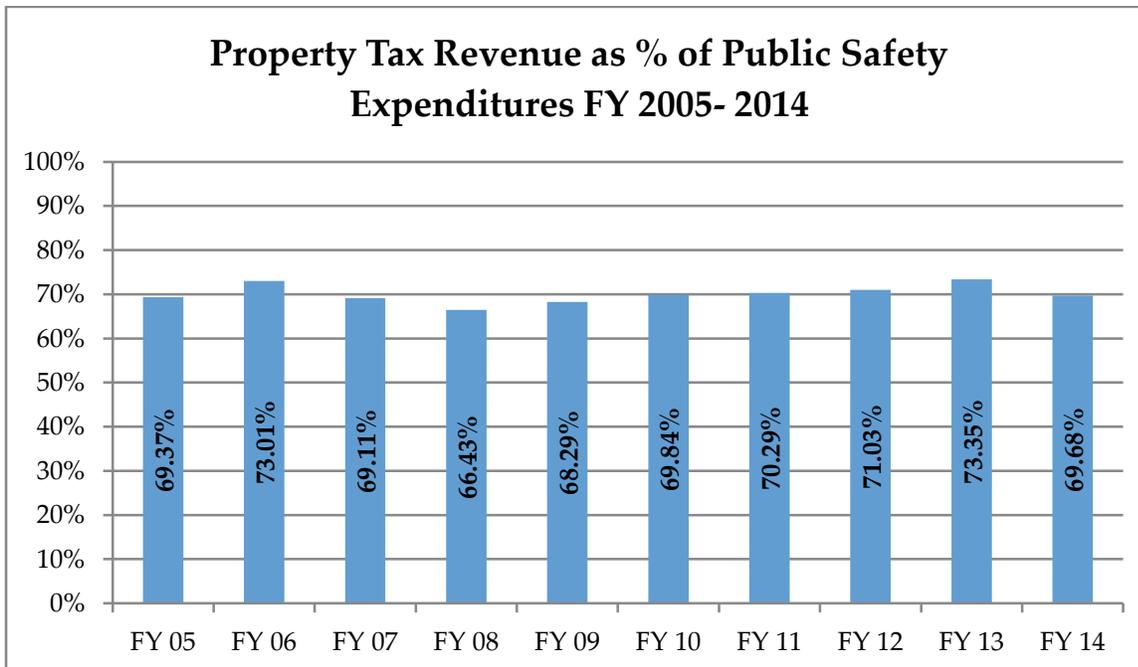
- **General Government** (City Council, City Secretary, Municipal Court, City Manager, Finance, Tax, City Attorney, and Human Resources)
- **Public Safety** (Police Administration, Criminal Investigation, Patrol, Support Services, Tactical Operations, Fire Administration, Fire Operations, Fire Prevention, and Emergency Management)
- **Public Works** (Public Works Administration, Streets, Traffic, and Engineering)
- **Community Development** (Planning, Code Enforcement, and Animal Control)
- **Culture/Recreation** (Parks and Recreation, Library, and Main Street)

The following two graphs illustrate the spending in these categories from FY 2005- FY 2014.





Since FY 2004-05, Public Safety expenses have comprised at least one-half of all General Fund expenditures. In FY 13-14, if all of the property tax collected in the General Fund were to be allocated to Public Safety, it would only pay for 69.68% of Public Safety expenses. The graph below illustrates this relationship since FY 05.



BASE BUDGET NOTES

The following notable changes were made in this year's base budget:

- Included pay increases for employees
- Increased City contribution for Health Insurance
- Increased Street Improvement Program budget to \$1,000,000
- Elimination of PIO contract cost reduction approximately \$50,000
- Cut TxDOT mowing, a cost reduction of approximately \$60,000
- Transferred Lot Abatement Mowing to Solid Waste fund for net cost reduction of approximately \$40,000
- Transfer of \$200,000 to General Capital Improvement Fund

FUND BALANCE

Fund balance is an important measure of economic stability. It is essential that the City maintain adequate levels of fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the City's general operations.

It is the goal of the City to achieve and maintain a fund balance in the general fund that is equal to 20% of operating expenditures. The City considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances. This ideal fund balance equates to \$4,079,512 for fiscal year 2013-14 and continues to be met, as demonstrated by the table below.

GENERAL FUND: FUND BALANCE STATUS	
\$ 20,698,748	FY 2013-14 Budgeted Revenues
20,397,563	FY 2013-14 Budgeted Recurring Expenses
\$ 301,185	Difference (Unallocated)
\$ 4,397,100	Available Fund Balance Oct 1, 2013
20,698,748	FY 2013-14 Budgeted Revenues
20,397,563	FY 2013-14 Budgeted Recurring Expenses
500,203	*One Time Expenses
\$ 4,198,082	FY 2013-14 Budgeted Ending Fund Balance
\$ 4,079,512	Minimum Fund Balance with 20% Target
\$ 118,570	Over/(Under) Target Fund Balance

*One time transfers from the General Fund include:

• 3 Tahoe's for Patrol	\$135,173
• Graham Park rehab	66,030
• General CIP projects	200,000
• Debt Service	<u>99,000</u>
Total	\$500,203

APPROVED SPECIAL REVENUE FUNDS BUDGET

CHILD SAFETY FUND

The Hunt County Commissioners Court adopted an “Optional County Fee for Child Safety” in 2012 under the Texas Transportation Code Section 502.403. These funds, minus administration costs provided by Hunt County and proportional amounts for County residents in unincorporated areas, are then sent to the municipalities in the county according to their population.

The City began receiving these funds in April 2013 and will continue to receive such funds quarterly. The City Council adopted an Ordinance authorizing the Finance Director to transfer revenue received from Hunt County collected from the Optional County Fee for Child Safety to the Hunt County Children’s Advocacy Center. For the FY 2013-2014 budget year the amount of such revenues / transfers is estimated to be \$21,752.

EXCHANGE BUILDING FUND

The Exchange Building Fund is used to account for all revenues received from tenant leases and all expenses incurred while maintaining the City owned Paul Mathews Exchange Building. The majority of the tenants in the Exchange Building signed 10 year contracts in 2003. Many of these contracts expired in the spring of 2013; with the majority of tenants agreeing to new lease terms. The fiscal year 2013-14 Approved Budget anticipates revenues to be \$583,635, slightly higher than the previous fiscal year. Total approved expenditures amount to \$606,402. The approved expenses exceed approved revenues \$(22,767) with the single largest expenditure budgeted for fiscal year 2013-14 being a \$358,000 transfer to the tax interest and sinking fund to cover a portion of debt service associated with debt that was previously issued to rehabilitate the building.

RECREATION ACTIVITIES FUND

In an effort to ensure that recreation activities sponsored and managed by the parks and recreation department are self-sustaining, the Recreation Activities Fund was created to track costs and revenues associated with those programs. Some of the programs accounted for within this fund include adult basketball, softball, and volleyball, as well as, youth flag football and cheerleading. Total revenues from these programs are anticipated to be \$171,251, and total expenses are also budgeted at \$171,251 with the single largest expenditure budgeted for fiscal year 2013-14 being \$45,000 for the 4th of July Patriotic Picnic.

GUN RANGE FUND

The Gun Range Fund was created to track costs and revenues associated with the City owned gun range. Funding comes from user fees and expenses are related to the general operation of the range. Total revenues for FY 2013-14 are approved to be \$15,000, and total expenses are budgeted at \$6,002.

HOTEL / MOTEL OCCUPANCY TAX FUND (TOURISM FUND)

Local hotel occupancy taxes are collected from each hotel located within the City limits. The local tax is 7% on the cost of a hotel room while the State tax is 6%. The Approved Budget anticipates revenues totaling \$525,302 and is less than the fiscal year 2012-13 Adopted Budget. The anticipated decrease is related to the repayment of underpaid taxes discovered during the City's Hotel/Motel audit program (budgeted for in FY 12-13 but not FY 13-14).

Expenditures approved total \$510,160, which is an increase of \$6,722, or 1.34%, when compared to the 2012-13 fiscal year Adopted Budget. The use of resources within this fund must be in compliance with State law regarding the use of local hotel occupancy tax. Expenditures approved include \$270,000 in funding to external organizations as recommended by the City's Tourism Board. There is also a \$71,000 transfer to the Venue Management Fund for promotion of tourism within the City and a \$71,000 transfer to General CIP for improvements and maintenance to the Municipal Auditorium and Civic Center. Additionally, there is a transfer in the amount of \$45,000 to the General Fund to fund a portion of administrative expenses related to the City's historic main street program. The remainder of expenses is for debt service, hotel/motel auditing services, and bank charges.

VENUE MANAGEMENT FUND

The creation of this fund followed discussions between the City Council and the Tourism Advisory Board on ways to better utilize the 1,734 seat auditorium for promotion of tourism and the arts. The Municipal Building was built in 1939 as a public works project of the Roosevelt administration, and has hosted a wide variety of artists over the years from Elvis Presley to Duke Ellington. Total revenues for FY 2013-14 are projected to be \$510,428, and total expenses are budgeted at \$487,773.

TIRZ FUND

In fiscal year 2008-09, the City Council authorized the creation of a Tax Increment Reinvestment Zone (TIRZ) in an effort to facilitate economic development within that zone. Incremental taxes collected within the zone must be accounted for separately in a special revenue fund. Total revenues from incremental property taxes are expected to be \$83,884. A portion of this amount will be used during the year to fund professional services associated with administering the TIRZ.

SPENCE ENDOWMENT TRUST FUND

In 1991, the City received a bequest of funds in the amount of \$1,253,397 from Anna Mary Spence. All of these funds were designated to be used toward the benefit of Forest Park Cemetery. Over the years, these funds have been used toward improvements and maintenance of the cemetery. Currently, there is \$561,293 in fund balance. Anticipated interest revenue of \$600 is approved for the 2013-14 fiscal year with \$600 to be transferred to the General Fund to assist with funding costs associated with maintaining Forest Park Cemetery.



APPROVED DEBT SERVICE FUND BUDGET

The Tax Interest and Sinking Debt Service Fund is used to collect resources necessary to make annual debt service payments (principal and interest) on debt that is supported by ad valorem tax dollars. Revenues within this fund are primarily made up of ad valorem taxes and are anticipated to be \$4,861,390 in fiscal year 2013-14, an increase of \$992,802 over fiscal year 2012-13. Total debt payments to be made from this fund amount to \$4,855,624.

The Approved Budget includes issuance of series 2014 general obligation bonds, that were approved in May 2013 by the voters, for street projects phase 1. The fund balance requirement for the debt service fund is to carry a balance that is equal to one twelfth of the following fiscal year's principal and interest obligation. The fund balance is anticipated to be \$400,640 at the end of fiscal year 2013-14, and is anticipated to fall slightly short of the target, by \$(1,044).

APPROVED GOVERNMENTAL CAPITAL PROJECTS FUNDS BUDGET

In May 2013 two Bond Propositions were placed on the ballot: (1) The issuance of \$12,600,000 general obligation bonds for street construction/improvements, and (2) The issuance of \$15,000,000 general obligation bonds for construction of a facility to be owned by the City and leased to and operated by the YMCA or other public or private entity as a commercial activity community events/recreation center to be located in the Greenville Sports Park. Citizens voted in favor of both propositions.

GENERAL CAPITAL IMPROVEMENT FUND

The City maintains a capital improvement fund for projects related to governmental activities. Some of the projects completed through this fund over the years include the police and courts building, the recreation center, street improvements, the sports park, and many others. The FY 2013-14 budget includes the following expenses from the fund:

- \$160,000 Building Improvements- Library
- \$71,000 Municipal Auditorium Improvements
- \$28,000 Building Improvements- Police Support Services
- \$28,000 Building Improvements- Municipal Court

STREET CONSTRUCTION FUNDS (2010 CO'S & 2014 GO'S)

During fiscal year 2009-10, the City Council authorized the issuance of \$5,795,000 in debt through the issuance of certificates of obligation to fund the construction of Traders Road and Monty Stratton Parkway. The 2010 CO Fund was created to account for the proceeds from that debt issuance and track the costs associated with the two projects.

In May 2013 voters authorized the issuance of \$12,600,000 general obligation bonds for street construction/improvements. The City plans to issue the voter approved amount in three phases with the first issuance occurring February 2014. The 2014 GO Fund was created to account for the proceeds from that debt issuance and track the costs associated with the street construction/improvements.

2013 CO FUND

The FY 2011-12 Adopted Budget included the renovation of the animal control shelter, playground equipment, and the acquisition and replacement of needed capital equipment. These items were to be funded through the issuance of Certificates of Obligation. During the 2011-12 Fiscal Year, sales tax receipts were declining, a large plant in the City announced their closing, and other economic conditions prompted management's decision to postpone the funding of these items until the next fiscal year. In February 2013 the Council took action on an ordinance for the issuance of 2013 CO's in the amount of \$2,425,000 to fund the following capital requests:

- \$668,000 Animal control facility
- \$58,000 2- ¾ ton extended cab trucks
- \$5,000 Perimeter fencing
- \$30,000 Video presentation equipment
- \$131,000 Mowing equipment
- \$40,000 Oak Creek park renovation
- \$90,000 Fire Dept. training tower
- \$60,000 Mobile data terminals
- \$15,000 Crime Scene trailer
- \$400,000 Gradall unit
- \$928,000 Police Records Management Software



APPROVED PROPRIETARY- ENTERPRISE FUNDS BUDGET

WATER / WASTEWATER UTILITY FUND

The Water & Sewer Fund is one of four enterprise funds that the City of Greenville utilizes in accounting for services provided to its constituents. This fund provides for costs associated with the acquisition, treatment, and distribution of water, treatment of wastewater, collection of wastewater, and billing for those services. Additionally, this fund provides for infrastructure improvements to, and maintenance of, the water and wastewater system.

Revenues

The Water & Sewer Fund generates revenue primarily from the sale of water and the fees associated with the collection and treatment of wastewater. Total revenue for this fund is projected to be \$11,986,085. This amount is (\$99,697) or (-0.82) % less than the amount budgeted in fiscal year 2012-13. Fiscal Years 2011 and 2012 saw severe hot weather conditions which increased the water demand and pushed revenues to record highs. Fiscal year 2013 has seen a return to a milder weather pattern and therefore a revenue shortfall compared to budget is likely.

Accurate forecasting of revenues for the Water & Sewer Fund is critical for planning the future funding of capital projects. Approved revenues were based on an increase in water rates to wholesale customers (following recommendation of rate study), and an increase to sewer hauler rates (also following recommendation of rate study).

A professional rate study was conducted by SAIL Energy, Environment and Infrastructure, LLC (formerly RW Beck) in fiscal year 2010-11 and addresses the additional revenues needed to fund long-term capital projects. The City has not raised residential rates for customers inside the City since 2002. No residential rate changes were proposed in this budget.

Expenses

Total expenses in the Water & Sewer Fund are budgeted at \$11,985,551, representing a decrease of (\$100,207) or (-0.83) % compared to the fiscal year 2012-13 Adopted Budget. The approved budget includes a 3% pay increase for employees and an increase in the amount contributed by the City for Health Insurance.

Fund Balance

According to the City's fund balance policy, the Water & Sewer Fund is required to maintain a fund balance equivalent to at least 15% of operating expenses, but sets a target of 20% of operating expenses. The targeted fund balance is considered ideal fund balance. The ideal fund balance is calculated to be \$2,397,110 and is expected to be achieved in the upcoming fiscal year.

WATER / WASTEWATER UTILITY CAPITAL IMPROVEMENT FUNDS

For many years, the City has maintained a capital improvement fund for water and sewer projects. The approved budget sets aside \$2.5 million in funding for needed water and sewer projects.

The 2008 Wastewater Treatment CIP Fund was created to account for the proceeds and costs associated with the FY 2007-08 City Council authorized issuance of \$20,000,000 in debt through the

Texas Water Development Board (TWDB). This debt was issued to fund the construction and expansion of the City's new SBR wastewater treatment plant.

AIRPORT FUND

The City's general aviation airport, Majors Field, is one of the largest airports in the region providing an 8,000 foot runway. Revenues generated by the airport primarily consist of hangar rental fees and property lease payments from L-3 Communications and other tenants. This enterprise fund is used to account for all revenues and expenses related to the operations of the airport.

Revenues

The Approved Budget for fiscal year 2013-14 includes revenues for the Airport Fund in the amount of \$139,557. This amount represents a decrease of \$(18,136) or (11.50) % and is primarily related to lease payments for a Maintenance Hangar.

Expenses

Operational expenses within the Airport Fund are approved to be \$136,793 which is \$(13,170) or (8.8) % less than the amount budgeted in fiscal year 2012-13. The decrease is primarily due to lower insurance costs.

Fund Balance

Ideal fund balance is calculated to be \$27,359 and is not expected to be achieved for fiscal year 2013-14. The Approved Budget projects fund balance at the end of the 2013-14 fiscal year to be \$(164,144). In the future fund balance is anticipated to improve annually as revenues exceed expenses.

AIRPORT CAPITAL IMPROVEMENT FUND

The Airport CIP Fund accounts for all funding received from outside organizations and grant funds received related to capital improvements at the airport. The approved budget does not include any new capital projects in this fund.

GOLF COURSE FUND

The Golf Course Fund is one of four funds accounted for as an enterprise activity by the City. There is no requirement that this fund be accounted for as an enterprise fund, however, in years past, this has been done with the belief that at some point the Golf Course Fund will become self-sustaining. Accounting for this activity in an enterprise fund indicates that there is a desire to determine all the costs associated with operating the McQuinney Howell Wright Park Municipal Golf Course. In theory, once all costs have been determined, the organization can set the proper fees that users should be charged to recover those costs. Currently though, not all costs are being captured within the Golf Course Fund (e.g., debt service payments). This does not mean that the use of an enterprise fund is inappropriate, although in an ideal situation these costs would be captured within the fund.

Revenues

Revenues in the Golf Course Fund have been budgeted at \$249,933. This represents an increase of \$9,533, or 3.97%, when compared to the 2012-13 fiscal years' budget. There are no rate increases approved for the Golf Course and the rates that are currently being charged by the McQuinney Howell Wright Park Municipal Golf Course are comparable to those of other local golf courses.

Expenses

Expenses are budgeted at \$231,199, which is an increase of \$18,176 or 8.53% when compared to the 2012-13 fiscal years' budget. The most important caveat to be made any time there is a sustained holding of expenses to a minimum, is that we should be extremely careful not to let the product/service that we provide deteriorate. The City has made a significant investment in this product/service and is charged with insuring that such an investment is properly maintained.

SOLID WASTE FUND

The Solid Waste Fund is another enterprise fund within the City's accounting system that has been established to account for all revenues received and costs incurred as a result of providing solid waste collection and disposal services to the public. The City provides solid waste service through two separate contracts. The collection and transportation of solid waste is provided by a contract with Progressive Waste Management (formerly IESI, Inc), while the disposal of solid waste is contracted with Maloy Landfill.

In June 2013 the City negotiated a new five year contractual agreement with Progressive Waste Solutions which includes a rate increase of approximately 4.5% (3% for new contract & 1.5% for previous CPI). Disposal rates include a rate increase of 2.33% based on the contractual agreement with Maloy Landfill.

Revenues

Revenues within the Solid Waste Fund primarily consist of solid waste collection fees and disposal fees. Solid waste collection fees are budgeted at \$1,904,935 and make up 56.25% of total revenues. Disposal fees are budgeted at \$1,082,745 and make up 31.97% of total revenues in fiscal year 2013-14. Overall, a 5.28% increase has been budgeted in the Solid Waste Fund revenue. Revenues are expected to exceed expenses by approximately \$38,817.

Expenses

The Approved Budget provides for a 4.19% increase in the Solid Waste Fund's appropriations over the fiscal year 2012-13 Adopted Budget. Charges for collection and disposal are approved to increase by \$80,230 or 2.99%. The increase in appropriations is related to contractual obligations with Progressive Waste Solutions and Maloy Landfill. The Lot Abatement Mowing program has been transferred from the General Fund to the Solid Waste Fund in this approved budget. The Lot Abatement Mowing program is used to clear trash debris and tall grass from abandoned lots.

APPROVED PROPRIETARY- INTERNAL SERVICE FUNDS BUDGET

CENTRAL SERVICES FUND

The Central Services Fund is one of three internal service funds within the City's accounting structure. This fund accounts for all expenses associated with maintaining the City's rolling stock of vehicles and equipment, buildings, and custodial services. The costs associated with the provision of these services are reimbursed to the Central Services Fund through cost allocation back to various funds and agencies.

Revenues budgeted to be received from various funds and agencies for fiscal year 2013-14 total \$833,091.

Total appropriations approved in this fund for these services, in fiscal year 2013-14, equal \$832,344. This is a decrease of \$(74,051) or (8.17) % from the 2012-13 Adopted Budget.

INSURANCE FUND

This internal service fund accounts for revenues and expenses associated with property and liability insurance, health insurance, workers' compensation, and State unemployment. Expenses are reimbursed through charges to other funds and agencies. The Approved Budget reflects the City paying \$9,600 per budgeted position for health care. This is an increase of \$235 (from \$9,365 to \$9,600) per budgeted staffing position. This increase was added due to projections that the cost for the City to provide health insurance for its employees is expected to rise in the upcoming fiscal year. The City has advertised request for proposals on employee Health Insurance plan (City Council Committee involved). The costs associated with the employee Health Insurance plan will be better understood once the request for proposals has been received and evaluated.

The Approved Budget forecasts revenues of \$4,974,183 and expenses of \$5,178,506; fund balance will absorb the (\$204,323) shortfall between approved revenues and expenses. While there is not a fund balance requirement (by policy) for this fund, ending fund balance is projected to be \$1,395,252.

MANAGEMENT INFORMATION SYSTEMS FUND

The Management Information Systems Fund is an internal services fund used to account for costs associated with maintaining, improving and supporting the technological needs of the City. In previous years, this function was supported by five full-time employees. In the fiscal year 2013-14 Approved Budget, there are three full-time positions. These positions consist of one information technology manager and two information technology network specialists. Expenses within this fund are reimbursed by other funds and agencies through cost allocations.

Revenues approved for fiscal year 2012-13 are budgeted at \$993,048, which is an increase of \$172,298 or 20.99% compared to the 2012-13 Adopted Budget. Expenses are approved to be \$942,201, a \$(10,502) or (1.10) % decrease when compared to the 2012-13 Adopted Budget.

VEHICLE / EQUIPMENT REPLACEMENT FUND

In 2006, the City issued a tax anticipation notes (TANS) in the amount of \$1,800,000 to fund fleet and equipment replacements needed throughout the organization. This fund was established to account for resources received from the issuance of debt and/or from other funds that are intended to be used for the replacement of obsolete vehicles and equipment.

Revenues are budgeted at \$240,578 for fiscal year 2013-14 while expenses are budgeted at \$244,928. The Approved Budget within this fund includes:

- 3 Tahoe's for the Patrol Department
- Aerial Fire Truck Lease – year 5 of 10 year lease
- Mowing Equipment Leases – year 5 of 5 year lease

REQUESTS FROM OUTSIDE ORGANIZATIONS

Numerous funding recommendations are made annually by the Tourism Board to be paid to external entities from the City's Hotel Occupancy Tax Fund (Tourism Fund). Total requests from outside organizations for hotel occupancy tax dollars have not yet been received, but approved funding for fiscal year 2013-14 is \$270,000. Only those activities that are likely to bring in tourists and fit into one of the categories authorized by State law can be funded through hotel occupancy tax dollars. The City also receives requests from a myriad of other local agencies; the approved budget includes the following transfers to other local agencies:

- \$21,752 Hunt County Children's Advocacy Center
- Senior Center Resources:
 - \$9,300 elderly services
 - \$9,300 transportation services
- Boys & Girls club funding \$6,250
- Drug Free Greenville
 - Heroes Program \$6,300
 - Walk-a-thon \$500
- Banquets/Galas
 - NAACP \$150
 - Boys & Girls Club \$1,000
- Keep Greenville Beautiful \$10,000

