

TOWN OF HIGHLAND PARK, TEXAS

AN AMERICAN COMMUNITY MAKING A DIFFERENCE



Fiscal Year 2014-15 Proposed Budget

Preliminary Draft for Discussion Purposes Only





THE TOWN OF
Highland Park
TEXAS

Proposed FY 2015 Budget
October 1, 2014 – September 30, 2015

July 28, 2014

This budget will raise more total property taxes than last year's budget by \$770,450, or 7.74%, and of that amount, \$164,489 is tax revenue to be raised from new property added to the tax roll this year.

This statement is required by HB 3195 of the 80th Texas Legislature.



TOWN OF HIGHLAND PARK, TEXAS

PROPOSED COMBINED BUDGET OPERATING AND CAPITAL OCTOBER 1, 2014 THROUGH SEPTEMBER 30, 2015

AS SUBMITTED TO

THE MAYOR AND THE TOWN COUNCIL

JOEL T. WILLIAMS III
MAYOR

STEPHEN ROGERS
MAYOR PRO TEM

BOB CARTER
ERIC GAMBRELL
MARGO GOODWIN
JOHN MCKNIGHT
COUNCIL MEMBERS

BILL LINDLEY
TOWN ADMINISTRATOR

STEVEN J. ALEXANDER
DIRECTOR OF ADMINISTRATIVE SERVICES & CFO

JOHN SAMFORD
CONTROLLER



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Memorandum

To: Mayor and Council Members
From: Bill Lindley, Town Administrator
Date: July 21, 2014
Subject: Fiscal Year 2014-15 Proposed Combined Budget

OVERVIEW

I am pleased to present to you a working draft of the Proposed Combined Operating Budget for fiscal year 2014-15 (Budget). The following is a summary of the Budget and contains information including the proposed tax rate and proposed fund summaries, as well as, overviews of key budget changes. The Budget remains structurally balanced and continues to hold the line in the area of operational expenses with a limited number of expense adjustments in strategically important areas. The Budget is proposed to be \$32,703,794 with the significant increase this year being additional funding to the Capital Construction Fund for long-term infrastructure needs.

	General Fund	Utility Fund	Stormwater Fund	Other Funds	Combined Budget
FY 2015	\$20,857,670	\$ 9,293,784	\$ 243,755	\$2,308,585	\$32,703,794
FY 2014	19,804,395	9,400,750	236,675	1,903,715	31,345,535
FY 2013	18,854,015	8,761,570	228,180	1,769,695	29,613,460
FY 2012	18,799,835	10,152,155	473,060	12,004,838	41,429,888
FY 2011	16,031,655	9,536,925	990,040	11,176,880	37,735,500
FY 2010	16,704,460	9,223,165	602,000	792,100	27,321,725

Each budget cycle continues the Town Council (Council) philosophy of sustainable funding for essential services – and this Budget is no different. Developing a sustainable budget allows the Council to adequately fund such repetitive expenses as equipment, vehicle and technology replacement programming. With the completion of the Town Hall renovation, the Council is now in a position to take-up a broader focus on continuing its attention to long-term infrastructure maintenance. In taking up this challenge, the development of the Budget was focused in a large part to maximizing opportunities to enhance funding for the Capital Construction Fund.

While the overall budget format continues as in past years, the Chief Financial Officer, in developing the budget, has reallocated some expenses from one departmental category to another in efforts to better reflect expenditures in appropriate categories. Included with this memorandum is identification where these types of budget corrections were provided.

As a starting point toward developing the Budget, a public hearing for citizen input was conducted on June 9, 2014. Additionally, an opportunity was provided the Council for direction to staff towards the preparation of the Budget. The Council has scheduled budget work sessions for July 28, 2014, and August 11, 2014, with other meetings to be scheduled as needed. Formal adoption of the Budget is planned for September 15, 2014 (please see the Budget Calendar attachment).

GENERAL FUND

The General Fund is the Town’s principle operating fund supported by property and sales taxes, various fees and other revenues used for a variety of purposes. This fund accounts for core Town functions such as police, fire, parks & recreation, building code, finance, administrative operations, etc.

Revenues:

The Budget proposes no change in the Town’s current property tax rate of \$0.22 per \$100 of taxable assessed value which it has been for the past seven years. The Dallas County Appraisal District is in the process of finalizing the certified tax rolls, which should be complete on July 25, 2014. As such, the numbers presented herein are subject to change. At this point, however, the proposed budget anticipates an increase in taxable assessed values of 7.1%. Of this, 76.6% is from existing property revaluation while the remaining 23.4% is from new construction. The net of these two property value components provide an additional \$713,154 for the upcoming fiscal year.

	Tax Rate	Property Tax Revenue*	Taxable Assessed Values
FY 2015	\$ 0.220	\$10,837,691	\$4,926,223,119
FY 2014	0.220	10,117,334	4,598,788,373
FY 2013	0.220	9,783,604	4,446,174,261
FY 2012	0.220	9,696,331	4,405,824,652
FY 2011	0.220	9,764,883	4,421,941,832
FY 2010	0.220	10,062,755	4,517,538,629
FY 2009	0.220	9,603,740	4,337,523,911
FY 2008	0.220	8,890,683	4,011,360,559
FY 2007	0.225	8,115,122	3,586,764,140
FY 2006	0.230	7,303,760	3,175,218,560
FY 2005	0.230	6,696,521	2,911,465,259
FY 2004	0.230	6,369,983	2,769,470,998

*Revenue presented at 100%. Town by policy budgets a 99% Collection Ratio.

Between the fiscal years 2008 and 2010 the Town benefitted from increasing property values that resulted in increased revenues to fund operations and capital projects. Property values declined in fiscal years 2011 and 2012 and the Town chose to maintain the existing tax rate resulting in a decline in property tax revenue. The economy began to rebound in 2013 and the Town has been experiencing an increase in taxable assessed property values over the last two years, and keeping the tax rate constant has allowed the Town to use the resulting increase in property tax revenues to address operational and capital issues. Fiscal year 2015 presents an opportunity for the Town to experience an increase in property tax revenues, without increasing the property tax rate, and use those additional

revenues to address increases in operational costs and increase funding towards the Town's Capital Improvement program. The General Fund Budget has allocated \$18,193,076 towards annual operation, and \$33,875 toward operating capital outlay and equipment purchases. The remaining balance of \$2,630,719 represents transfers between funds, of which \$1,520,647 is directly related to capital improvement funding. The capital improvement funding transfer represents an increase of \$344,432 when compared to the amount approved in the Adopted Budget (as amended) to be transferred during fiscal year 2013-14.

Other significant revenue increases for 2015 include:

- Continuing a healthy rebound the last few years, sales tax receipts, the fund's second largest source of revenue is estimated at \$3,275,000, representing a 3.5% increase (excluding the prior period payment received during the year) over the amount anticipated to be received for the fiscal year 2013-14..
- Continued steady rate of construction activity on new residential homes and remodeling projects is reflected by the number of permits issued by the Town. Total building related revenues in 2015 is estimated at \$1,050,000.
- In order to address an increase in the contractual costs of solid waste collection and disposal, \$27,596 in additional revenue is anticipated from a proposed 2.1% adjustment to solid waste rates charged for this service, which is tied to the refuse contract.

Expenditures:

The operations portion of the budget funds the day-to-day activities of the Town such as personal services, commodities, contractual services and equipment replacement. Less than other municipal organizations, entity-wide, personnel costs account for 53.0% of the overall budget, excluding transfers. Compensation and benefit strategies are tied to the Town's strategic objective of attracting, developing and retaining a skilled workforce in our goal of continuing to be an employer of choice.

Compensation- As a service organization, Town employees are critical in the delivery of quality services to our residents. In order to maintain service level stability, it is important to retain and attract the type of quality employees we enjoy. In recognition of this important goal, the General Fund Proposed Budget includes \$374,753 for compensation increases. Consistent with past years, employees are eligible for a merit up to 7%, while employees that have reached the top end of their pay range, or employees not eligible for pay-for-performance, are budgeted to receive a 3% adjustment.

This past year the Council updated the list of comparable cities and corresponding salary survey information for our compensation program. The system provides a financially sustainable model that ensures a fair and predictable method of career progression and compensation for employees. Not only was the Council able to confirm its labor market and define market positions, it also confirmed that the current pay structure should be maintained and adjusted as market conditions warrant. As noted, our pay system is a pure pay-for-performance format substantially different than most municipal systems which are tenure-based where employees are granted automatic pay increases.

Pension- The Town is a member of the Texas Municipal Retirement System (TMRS) which provides retirement, disability, and death benefits to employees of participating municipalities. Beginning in 2007, TMRS changed its actuarial cost method from traditional unit credits to projected unit credits and this impacted positively the Town's contribution rate. The pension contribution rate paid by the

Town for employees is decreasing by 28.57%, to 3.95% of payroll, for 2015. This is resulting in a savings to the General Fund of \$111,607.

Health Insurance- Providing a competitive health insurance plan is another significant factor in attracting quality candidates, retaining valuable employees and continuing to be an employer of choice. Competitively bid this past year, the Town's health insurance provider, Blue Cross Blue Shield (BCBS), has confirmed a 7.6% premium increase for this next year. Included in this increase, the federally mandated Affordable Care Act will for a second year result in a 3.5% increase to our health care program beyond the control of the Town. The cost of health insurance paid for by employees based on the plan they choose and dependent care they need is also increasing by 7.6%. The increase in the cost of health insurance is growing the General Fund budget by \$111,945.

IPS, which serves as the Town's consultant, has aggressively negotiated with the insurance carrier and feels the current rate adjustment is very competitive to the open market. Town staff is currently studying different options that may mitigate the increase in the cost; however, implementing such options will likely result in a change in the benefits provided through the current plans offered.

Imbedded in the overall dependent premium cost paid in full by employees is \$175,818 underwritten by the Town. This amount is in addition to the overall premium cost paid by the Town for employee premium. It is proposed that beginning this next year, we develop a multi-year process of distributing this underwriting to make the two premiums self-sufficient. Over the next year, employees will be educated about this subsidy and be informed of the plan to reallocate the portion that the Town pays for dependent care appropriately within the employee dependent care premiums.

The carrier provides a wellness program which is currently being evaluated to identify key components that will help drive long-term behavior change with a goal of continued premium management. Continued management of the Town's health insurance plan does however produce a cushion against rising health care costs seen across the country.

Capital Improvement Planning- The General Fund's portion of the transfer to the Capital Construction Fund is budgeted at \$1,520,647. As noted previously, \$344,432 of this amount is proposed as new funding from enhanced revenue provided by the growth in property value while maintaining the same property tax rate. This increase in funding exemplifies a major focus in preparing the Budget as the Council takes-up renewed attention to the infrastructure needs for maintenance and rehabilitation and the resulting funding demands.

Other significant proposed appropriations and adjustments to the General Fund include:

- \$125,000 has been added to the Budget as a contingency to cover compensation and retirement payouts in anticipation of employees retiring during the next year. This contingency is new to the budget and has not been provided in the past.
- Costs associated with three organizational initiatives:
 - A part-time library clerk reclassified as a full-time assistant library manager requiring approximately \$72,000.
 - The additional costs for the municipal court magistrate salary adjustment required an additional \$50,000.
 - \$95,000 has been provided for in legal services for legal and consulting services related to Dallas Love Field.

- An additional \$20,000 has been added to the Department of Public Safety Budget to fund the contracting out of the crossing guard program. The bulk of this program is funded by shifting annual appropriations of approximately \$100,000 from “Personnel Services” to “Services & Charges.”
- The Proposed Budget includes a net increase in Town Attorney services of approximately \$40,000 which includes the cost of municipal court prosecution.

Accompanying Budget Notes:

Department of Public Safety (DPS) – DPS typically has appropriations allocated within “Capital Outlay.” In years past these appropriations would be made up of items that the Town would capitalize, as well as, items that the Town would not capitalize. In the Proposed Budget for fiscal year 2015, only those items that the Town will capitalize have been included in the “Capital Outlay” object class. As a result, some of the changes in DPS budget are attributed to proposed appropriations being allocated differently between the object class designations, as compared to previous fiscal years.

Street Department – In years past, striping maintenance for roadways has been funded through funding provided to the Capital Projects Fund. Since this item is more appropriately identified as a maintenance item, the Proposed Budget includes \$15,000 in the Street Department budget to fund routine striping for streets.

Fund Balance:

The Town’s financial policies state that the fund balance in the General Fund shall be equal to a minimum of 17% of General Fund operating expenditures. The Proposed Budget reflects a projected balance of 17% of expenditures, which represents \$3,281,535. This ending balance is set aside to provide funding in the event of an unanticipated economic downturn or other emergencies to protect the Town’s budget. Upon adoption of the annual audit, any excess revenue and unallocated appropriation (above the 17% fund balance requirement) is transferred to the Capital Construction Fund.

UTILITY FUND

The Utility Fund is used to account for the acquisition, operation and maintenance of the Town’s municipal water and sewer utility operations. This fund is supported primarily by user charges to utility customers. The fund accounts for operational costs, as well as, capital improvement funding for utility system improvements. An operational transfer to the General Fund is provided to properly account for general administration and oversight.

Revenues:

Utility Fund revenues are projected to be \$9,293,784, which is a 3.9% increase, or \$350,079 from the year-end projection for the current fiscal year. Water revenues are expected to grow \$273,150 and sewer fees will follow suit with \$60,869 because of anticipated increases in usage and/or rate adjustments.

The drought impact on area water supplies continues to be at the forefront of municipal utilities - with Highland Park being no different. Speculation is the drought will continue into the foreseeable future

creating more demands on municipal water providers to promote greater reductions onto the burdens of area lakes. Simultaneously discussing the budget, the Council will have an opportunity to consider possible customer restrictions for outdoor watering and irrigation as part of promoting water conservation. It will be important for staff to monitor the effectiveness of customer water use restrictions for any adverse impacts to water sales and resulting need for possible rate adjustment. During the budget work session, staff will review varied rate options including possible increases to the volume charge along with consideration in lowering the higher tiers each designed to offset loss in water sales from water conservation efforts by the customer base.

Expenditures:

Unlike the General Fund, which is driven principally by personnel costs, the majority of expenses for this fund are contractually related for water purchase and sanitary sewer treatment attributing to 38.5%, or \$3,574,316, of the overall costs projected for 2015. The Proposed Budget for fiscal year 2014-15 also includes \$1,920,920 for capital outlay and capital improvements related to the Town's utility system. This represents an increase of 2.1% factored into the budget to address inflationary increases in construction costs. Personnel costs within the Utility Fund are also impacted by the aforementioned changes in compensation and benefits. The Utility Fund, like the General Fund, is benefiting from the reduction in the Town's contribution rate to TMRS. Overall the budget for pension cost is proposed to decline \$14,706 when compared to the year-end projection for fiscal year 2013-14. Health insurance cost within the Utility Fund is increasing as a result of the 7.6% increase in the Town's cost of providing this benefit to employees.

Fund Balance (Net Working Capital):

Similar to the General Fund, the Town's fiscal policies require that the fund balance of the Utility Fund be equal to 25% of operating expenditures. Net working capital (current assets minus current liabilities) is used as the measure of fund balance for the Utility Fund. Currently, the calculation of ideal fund balance excludes the operating transfer of \$1,046,439 to the General Fund. This transfer is an indirect cost allocation that is made annually and is based on certain actual expenditures made in the General Fund that are related to the Utility Fund. The practice of excluding this transfer when calculating fund balance began during fiscal year 2012-13. If included going forward, fund balance would need to increase by approximately \$250,000 to reach ideal fund balance. Town Staff recommends that, over time, fund balance be grown to accommodate the inclusion of the operating transfer in the calculation of ideal fund balance. The Proposed Budget reflects a projected ending fund balance of 25% of expenditures (excluding the General Fund operating transfer), which represents \$1,478,963.

This ending balance is set aside to provide funding in the event of an unanticipated economic downturn or other emergencies to protect the Town's budget.

STORM WATER UTILITY FUND

The Storm Water Utility Fund accounts for sources and uses of resources related to the maintenance, repair, and construction of the public storm water related services and facilities. Storm water utility fees are assessed each month on utility bills to provide a funding source for this fund. The monthly storm water fee is based on the size of the lot. Residential properties are charged between \$4.12 and \$32.55 per month for each dwelling unit that is on the property based on the size of the lot. Fees for

non-residential properties are calculated individually in proportion to each property's storm water runoff potential.

Revenue:

Revenues in the Storm Water Utility Fund, from storm water fees, are projected to be \$385,140 which is slightly higher than the revenue budgeted in the prior fiscal year. Rates charged for storm water drainage have historically been indexed to the Consumer Price Index resulting in a 2.1% increase in rates for the next fiscal year.

Expenditure:

The Storm Water Utility Fund accounts for expenditures related to street sweeping and other drainage related items. The overall appropriations proposed for this fund total \$243,755 and includes an indirect cost transfer to the Utility Fund for personnel costs attributed to storm water related projects and issues. The two most significant items added to this budget include \$45,000 set aside for professional and consulting fees related to evaluating the dredging of Exall Lake and \$14,000 related to an annual maintenance program for Exall Dam.

Fund Balance:

There is not a fund balance requirement for the Storm Water Utility Fund, but fund balance continues to grow within this fund. The fund balance projected at the end of fiscal year 2014-15 is \$770,601. This fund balance is committed to improvements of the Town's storm water drainage system.

CAPITAL PROJECTS FUND

One of the highest priorities in this and future budgets will be to continue attention to the Town's public infrastructure, including roads, utility lines, inlets, parks, traffic signs and signals, and the hardware associated with technology. While components of some of these will receive funding in this budget and will continue to be funded in future budgets to the extent funds are available, the improvement of our streets will be one of our highest long-term priorities.

The Council initiated a town-wide traffic study to evaluate the impact of real and/or perceived "cut-thru" traffic. While the study is in the process of being finalized, it is anticipated some more immediate, and less costly, improvements identified may be funded as part of the annual street works program. Parallel to this work, the Council established a citizen based Finance and Audit Advisory Committee charged, in part, to assess the update to the Town Capital Improvement Plan. Work by this committee is continuing and will be incorporated, as possible, into the Budget for year one work.

Funding of \$15,000 (including supplemental contingencies to the \$10,000 proposal) is provided for FY 2015 for a special architectural window study for Town Hall. The proposed study will be presented to the Council Committee for staff direction. The professional fees are included as part of the Fund since any potential construction costs would presumably be within the funding policy threshold. The Capital Improvement Fund does not include any possible construction related costs and as such would require amendment at a later date.

The first year of the proposed Capital Improvements Program is provided in the Capital Projects Fund, which is appropriated in the same manner as the annual operating budget. Funds for projects are budgeted on an annual basis. This fund establishes a multi-year funding schedule for the purchase, construction or replacement of physical assets of the Town.

Revenues:

Revenues in the Capital Projects Fund are proposed to be \$1,954,721 for fiscal year 2014-15 and are primarily made up of transfers from other funds. Both the General Fund and the Utility Fund transfer 5% of revenues collected for Solid Waste Services and Utility Fees respectively. These two transfers make up \$489,154 of the total projected revenues in this fund. The General Fund annually transfers funds to the Capital Projects Fund for the purpose of maintaining an active capital improvement program. This funding is annually indexed by the Consumer Price Index and equates to \$1,045,453 for next fiscal year. To the extent that the General Fund has excess fund balance above the required fund balance level set out by Town Council, an additional transfer will be made to the Capital Projects Fund. While this policy does allow for the Town to transfer excess fund balance in fiscal year 2013-14, the additional transfer of \$344,432 proposed for fiscal year 2014-15 over the fiscal year 2013-14 Adopted Budget is primarily resulting from the additional property tax revenue from the increase in taxable assessed values.

Expenditures:

Expenditures in the Capital Projects fund are proposed to be \$1,265,523, with \$869,375 in appropriations applied toward the Town's annual street/sidewalk/alleyway rehabilitation program and \$100,000 for a Town-wide video and license plate recognition (LPR) system study.. The remaining balance is an indirect cost allocation transfer to the Utility Fund for personnel costs attributed to projects funding in the Capital Projects Fund.

Fund Balance:

The Town's fiscal policies promote maintaining a \$2,000,000 fund balance within the Capital Projects Fund. During times when this fund balance falls below the minimum \$2,000,000, the policy states that a plan should be put in place to rebuild the fund balance to \$2,000,000. During the renovation of Town Hall, the fund balance in the Capital Projects Fund was drawn down below the ideal fund balance. The Proposed Budget for fiscal year 2014-15 projects the fund balance of the Capital Projects Fund to be at \$2,490,494, meeting the required minimum.

OTHER FUNDS

The Town maintains a number of other funds that are necessary for various reasons. Three of these funds, Equipment Replacement Fund, Technology Replacement Fund and the Building Maintenance Fund are internal service funds established for the purposed of accumulating resources over time to replace and maintain physical assets in a manner that does not significantly impact the operating budgets in any given fiscal year. Other funds such as the Court Security Fund, Court Technology Fund, and DPS Technology Fund are considered special revenue funds and have been established to account for sources and uses of funds identified for a specific purpose either by law or local policy. These funds do not have a fund balance minimum requirement.

Equipment Replacement Fund:

This fund accounts for the resources needed to manage the purchase of vehicles and other rolling stock for the Town's fleet. Total revenues within this fund are projected to be \$534,079 and are primarily made up of transfers from the General Fund and Utility Fund. The transfers from these funds are based on equipment depreciation schedules, and the amount of annual depreciation is then adjusted for inflation to insure adequate funding is provided at time of replacement. Total expenditures are proposed at \$353,465 to replace vehicles scheduled to come off-line.

Technology Replacement Fund:

This fund accounts for the resources needed to manage the replacement and upgrade of software and hardware related equipment. Revenues within this fund are primarily derived from transfers from the General Fund and the Utility Fund and total \$419,081. The transfers from these funds are based on equipment depreciation schedules, and the amount of annual depreciation is then adjusted for inflation to insure adequate funding is provided at time of replacement. Expenditures within this fund are proposed at \$411,643. The significant items being budgeted within this fund include:

- Computer & server replacements - \$240,251
- Mobile Vision System - \$ 72,594
- 9-1-1 System Upgrade \$ 77,235
- Dispatch Recording System \$ 20,563

The fund balance projected within this fund at the end of the next fiscal year is \$1,270,340.

Building Maintenance Fund:

This fund accounts for the resources needed to manage the replacement and upgrade of maintaining Town Hall. A work component this next year will be developing, for Council approval, a replacement schedule of major equipment and materials of the building. Revenues for this fund are projected to be \$332,539 and are derived from transfers from the General Fund and Utility Fund. These transfers are based on the annual budget of the Building Maintenance Fund, which is proportionally divided between the General Fund and Utility Fund based on the number of employees within each fund that utilizes the Service Center and Municipal Building. Expenditures with this fund are proposed to be \$240,539 which is 4.9% more than the amount projected to be expended in fiscal year 2013-14. Fund balance in this fund continues to grow in anticipation of major improvements or repairs. In the Adopted Budget for fiscal year 2013-14 fund balance was budgeted to grow by \$75,000 in an effort to begin establishing a reserve for major capital outlays in the future. The Proposed Budget follows the same practice and fund balance is projected to be \$381,726 at the end of next fiscal year.

Court Security & Technology Funds:

These two special revenue funds are used to account for revenues provided by an administrative fee, approved by the State, on citations. The use of these resources is restricted by their enabling statutes. Revenues within the Court Security Fund are projected to be \$21,015, which is annually transferred to the General Fund to fund a portion of the bailiff in Municipal Court. Revenues in the Court Technology Fund are projected to be \$30,200 and are used to fund technological improvements within Municipal Court. Both funds are projected to maintain minimal fund balances at the end of fiscal year

2014-15 with \$43,432 remaining in the Court Technology Fund and \$2,711 remaining in the Court Security Fund.

DPS Technology Fund:

The DPS Technology Fund was established during fiscal year 2013-14 and is used to account for resources received from the subleasing of telecommunications facilities located on Town property. More specifically, the revenues in this fund are tied directly to an agreement between the Town and TPI, Inc. and will be used to fund technological improvements related to public safety within the Town. Revenues for next fiscal year are anticipated to be \$73,210 and fund balance at the end of next fiscal year is projected to be \$97,080.

CONCLUSION

The Budget furthers the attention towards making deliberate and strategic investments into daily operations of the Town with significant attention to infrastructure needs. These investments are designed to serve residents for years to come. The Budget provides an opportunity to meet these needs while still enviously maintaining its \$0.22 tax rate. This budget underscores a commitment by all Town departments to maintain service levels in our core services, and to implement cost-saving efficiencies wherever possible, while preserving those things that make Highland Park great.

In closing, I must thank our remarkably dedicated and talented Town staff who deliver the outstanding services provided each day to the residents. The preparation of this Budget by Steve Alexander, in his first year as Chief Financial Officer, is an example of the fortune in having such talented and dedicated people. Each of our employees represent the best in public service, and like you, I continue to be inspired by their commitment to ensure that Highland Park remains the best it can be for our residents, businesses, visitors, and employees alike. The staff is looking forward to visiting with you on finalizing the Budget and the beginning of a new fiscal year with its new opportunities.

Attachments:

- Proposed FY 2015 Combined Operating Budget
- 2015 Budget Calendar
- 2014 Water Rate Study

**COMBINED SUMMARY OF REVENUES AND EXPENDITURES AND CHANGES TO FUND BALANCE
ALL FUNDS SUBJECT TO APPROPRIATION**

	General	Utility	Storm Drainage	Equipment Replacement	Technology Replacement	Building Maintenance & Investment	Court Technology	Court Security	DPS Technology	Capital Projects	Proposed FY 2015	Amended FY 2014
BEGINNING FUND BALANCE	\$ 3,281,535	\$ 1,478,638	\$ 628,116	\$ 2,334,440	\$ 1,262,902	\$ 289,726	\$ 29,372	\$ 2,946	\$ 23,895	\$ 1,801,296	\$ 11,132,866	\$ 10,675,479
REVENUES:												
Property Taxes	\$ 10,764,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10,764,314	10,076,160
Water Sales	-	5,941,599	-	-	-	-	-	-	-	-	5,941,599	5,954,140
Sewer Charges	-	2,680,000	-	-	-	-	-	-	-	-	2,680,000	2,767,305
Sales Taxes	3,275,000	-	-	-	-	-	-	-	-	-	3,275,000	3,315,600
Sanitation/Recycling Charges	1,271,596	-	-	-	-	-	-	-	-	-	1,271,596	1,245,300
Franchise Fees	1,031,000	-	-	-	-	-	-	-	-	-	1,031,000	1,046,400
Building Inspection Fees/Permits	1,133,500	62,500	-	-	-	-	-	-	-	-	1,196,000	1,130,500
Municipal Court Fines/Fees	735,000	-	-	-	-	-	30,000	21,000	-	-	786,000	755,200
Interest Earnings	16,000	6,500	1,100	7,500	1,000	1,000	200	15	10	8,500	41,825	29,720
All Other	1,563,821	138,500	385,140	75,000	2,000	16,000	-	-	73,200	-	2,253,661	2,199,045
TOTAL REVENUES	\$ 19,790,231	\$ 8,829,099	\$ 386,240	\$ 82,500	\$ 3,000	\$ 17,000	\$ 30,200	\$ 21,015	\$ 73,210	\$ 8,500	\$ 29,240,995	\$ 28,519,370
Transfers from Other Funds	1,067,439	465,010	-	451,579	416,081	315,539	-	-	-	1,946,221	4,661,869	4,254,260
TOTAL REVENUES & TRANSFERS-IN	\$ 20,857,670	\$ 9,294,109	\$ 386,240	\$ 534,079	\$ 419,081	\$ 332,539	\$ 30,200	\$ 21,015	\$ 73,210	\$ 1,954,721	\$ 33,902,864	\$ 32,773,630
TOTAL AVAILABLE RESOURCES	\$ 24,139,205	\$ 10,772,747	\$ 1,014,356	\$ 2,868,519	\$ 1,681,983	\$ 622,265	\$ 59,572	\$ 23,961	\$ 97,105	\$ 3,756,017	\$ 45,035,730	\$ 43,449,109
EXPENDITURES:												
Personnel Services:												
Payroll	\$ 10,511,894	\$ 1,386,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,898,145	\$ 11,697,897
Taxes	757,677	101,265	-	-	-	-	-	-	-	-	858,942	865,039
Retirement (TMRS)	445,651	60,234	-	-	-	-	-	-	-	-	505,885	637,362
Insurance	1,387,831	205,538	-	-	-	-	-	-	-	-	1,593,369	1,562,441
Total Personnel	\$ 13,103,053	\$ 1,753,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,856,341	\$ 14,762,739
Supplies & Equipment	\$ 1,090,227	\$ 2,937,120	\$ 7,000	\$ -	\$ -	\$ 15,980	\$ 5,565	\$ -	\$ -	\$ -	\$ 4,055,892	\$ 4,087,170
Services & Charges	3,999,796	1,094,509	80,700	10,000	1,000	204,559	10,575	250	25	-	5,401,414	5,100,906
Capital Outlay:												
Sustaining	-	-	-	-	-	-	-	-	-	-	-	156,065
Equipment	33,875	-	-	343,465	410,643	20,000	-	-	-	-	807,983	531,310
CIP	-	1,905,920	45,000	-	-	-	-	-	-	969,375	2,920,295	5,545,968
TOTAL EXPENDITURES	\$ 18,226,951	\$ 7,690,837	\$ 132,700	\$ 353,465	\$ 411,643	\$ 240,539	\$ 16,140	\$ 250	\$ 25	\$ 969,375	\$ 28,041,925	\$ 30,184,158
Transfers to Other Funds	2,630,719	1,602,947	111,055	-	-	-	-	21,000	-	296,148	4,661,869	4,254,260
TOTAL EXPENDITURES & TRANSFERS -OUT	\$ 20,857,670	\$ 9,293,784	\$ 243,755	\$ 353,465	\$ 411,643	\$ 240,539	\$ 16,140	\$ 21,250	\$ 25	\$ 1,265,523	\$ 32,703,794	\$ 34,438,418
ENDING FUND BALANCE	\$ 3,281,535	\$ 1,478,963	\$ 770,601	\$ 2,515,054	\$ 1,270,340	\$ 381,726	\$ 43,432	\$ 2,711	\$ 97,080	\$ 2,490,494	\$ 12,331,936	\$ 9,010,691
FUND BALANCE MINIMUM	\$ 3,281,535	\$ 1,478,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,760,498	\$ 4,667,189
FUND BALANCE SURPLUS	\$ -	\$ -	\$ 770,601	\$ 2,515,054	\$ 1,270,340	\$ 381,726	\$ 43,432	\$ 2,711	\$ 97,080	\$ 2,490,494	\$ 7,571,438	\$ 4,343,502



Fiscal Year 2014-15 Budget Calendar

Date	Description
April 14	Budget Kick-off Meeting with departments
May 1	Review and discuss Proposed FY 2015 Budget Calendar with the Finance & Audit Advisory Committee
May 2	Projection of FY 2014 expenditures/uses Projection of FY 2014 revenues/resources
May 7	Review and discuss Proposed FY 2015 Budget Calendar with the Administrative Committee
May 9	Departments submit Base Budgets to the Finance Department this includes any requests for Non-capitalized fixed assets and capitalized fixed assets
May 12	Review and discuss Proposed FY 2015 Budget Calendar with the Town Council
May 15	Receive preliminary tax values from Dallas County Appraisal District (DCAD)
May 16	Departments submit any new programs, new fleet and replacement fleet requests to the finance department
May 23	Departments submit performance measurement forms to the finance department
May 27	Public Hearing for citizen comment on the development of the FY 2014-15 Budget
June 2-4	(Tentative) First Round of Meetings with Town Administrator on Department Budget Requests
June 9	Discussion with the Town Council regarding Council's Priorities and Expectations of the FY 2014-15 Budget
June 16-18	(Tentative) Second Round of Meetings with Town Administrator on Department Budget Requests
July 17	Review and discuss draft FY 2014-15 Proposed Budget with the Finance & Audit Advisory Committee

Fiscal Year 2014-15 Budget Calendar

Date	Description
July 23	Review and discuss draft FY 2014-15 Proposed Budget and the Effective Tax Rate & Rollback Tax Rate (for publication) with the Administrative Committee
July 25	Receive Certified Appraisal Roll from DCAD Deliver Notice of Public Hearing on FY 2014-15 Proposed Budget to the newspaper
July 28	FY 2014-15 Proposed Budget delivered to the Town Council FY 2014-15 Proposed Budget delivered to Town Secretary Review and discuss FY 2014-15 Proposed Budget with the Town Council
July 31	Notice of Public Hearing on FY 2014-15 Proposed Budget Publication of Effective Tax Rate & Rollback Tax Rate
August 8	Deliver Notice of Public Hearing on Tax Increase to the newspaper (<i>as needed</i>)
August 11	Review and discuss draft FY 2014-15 Proposed Budget with the Town Council Public Hearing on FY 2014-15 Proposed Budget Town Council sets preliminary ad valorem tax rate <i>NOTE: If a tax rate is proposed that exceeds the Effective Tax Rate, take a record and publish the required notices and schedule the required public meetings</i> Call Public Hearings on Tax Increase (as needed) Announce meeting to adopt tax rate (as needed)

Fiscal Year 2014-15 Budget Calendar

Date	Description
August 14	Notice of First & Second Public Hearings on Tax Increase published (<i>as needed</i>)
August 22	Deliver Notice of Public Hearing on Tax Increase to the newspaper (<i>as needed</i>)
August 25	First Public Hearing on Tax Increase (as needed)
August 28	Notice of Second Public Hearing on Tax Increase published (<i>as needed</i>)
September 8	Second Public Hearing on Tax Increase (as needed)
September 11	Notice of Tax Revenue Increase published (as needed)
September 15	Town Council considers for approval: <ul style="list-style-type: none">• FY 2014-15 Proposed Budget• Adoption of a tax rate (governing body adopts the tax rate no less than three days but no more than 14 days after the second public hearing)• Adoption of utility and services fees

NOTE: Dates in bold denote either Town Council or Administrative Committee meeting.

CHARTER OF THE TOWN OF HIGHLAND PARK, TEXAS

9.05 Annual Budget

- A. Preparation of Budget:** The Department Heads of the Town shall prepare annual departmental budget requests for the ensuing fiscal year as directed by the Town Administrator who shall submit an annual budget not later than thirty (30) days prior to the end of the current fiscal year to the Council for its review, consideration and revision if desired. The Council shall call a public hearing or hearings on the budget. The Council may adopt the budget with or without amendment. In amending the budget, it may add or increase program or amounts and may delete or decrease any program or amounts, except expenditures required by law or for the debt service or for estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than the estimated income plus funds available from prior years.
- B. Adoption:** The budget as adopted must set forth the appropriations for services, functions and activities of the various Town departments and agencies, and shall meet all fund requirements provided by law and required by bond covenants.
- C. Failure to Adopt:** If the Council fails to adopt the budget by the 15th day of September, the amounts appropriated for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month to month basis with all items in it prorated accordingly until such time as the Council adopts a budget for the ensuing fiscal year. The levy of property tax will be set to budget for the ensuing fiscal year budget is approved by September 15th of the current year.

9.06 Public Record: Copies of the budget as adopted shall be public records and shall be made available to the public upon request.

9.07 Appropriations: During the fiscal year, the Council shall have the power to transfer funds allocated by the budget to one activity, function or department, and to re-estimate revenues and expenditures.

9.08 Emergency Appropriations: At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditures in order to protect the public health, safety or welfare.

9.14 Administration of Budget: Payments and obligations prohibited: No payment shall be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made unless the Town Administrator or his designee first certifies that there is a sufficient unencumbered balance in such allotment or appropriations and that sufficient funds there from are or will be available to cover the claim or meet the obligation when it comes due and payable.

**BUDGET RELATED SECTIONS OF THE TOWN'S FINANCIAL MANAGEMENT POLICY
AMENDED BY THE TOWN COUNCIL DECEMBER, 2012**

III. OPERATING BUDGET

A. PREPARATION - Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The Town's annual operating budget, hereinafter called Budget, is the Town's annual financial operating plan. It is comprised of governmental, capital projects, proprietary, and internal service. Budgets for the General Fund and Capital Projects Funds are prepared on the modified accrual basis of accounting. The budgets for the Utility (Proprietary) Fund and Internal Service Funds are prepared on a basis consistent with GAAP, except that capital purchases and depreciation are not considered until year-end when adjustments are made for financial reporting purposes.

1. Proposed Budget - A proposed budget shall be prepared by the Administrator and the Director with the participation of all of the Town's Department Directors, covering the expenditures of the Town in accordance with the provisions of the Town Charter.

The budget shall include four (4) basic segments for review and evaluation. These segments are: 1) personnel costs, 2) operations and maintenance costs, 3) capital and (non-capital) project maintenance costs, and 4) revenues. Other project costs include any project that is defined as maintenance in nature but bears a distinguishable impact on the Town's work program for that year. Many of these projects address identified maintenance needs to the Town's infrastructure.

The budget review process shall include Council participation in the development of each of the four (4) segments of the proposed budget and a called Public Hearing to allow for citizen participation in the budget preparation.

The budget process shall span sufficient time to allow for ample time to address policy and fiscal issues by the Council and shall include a designated time and place for soliciting citizen input.

A copy of the proposed budget shall be filed with the Town Secretary not less than thirty (30) days prior to the end of the fiscal year in accordance with the provisions of the Town Charter.

2. Adoption - Upon the presentation of a proposed budget document acceptable to the Council, the Council shall call and publicize a public hearing and adopt, by Ordinance, said budget as the Town's Official Budget effective for the fiscal year beginning October 1st.
3. Amending the Official Budget - Amendments to the Official Budget shall be made at regularly scheduled Council meetings with a notice of the proposed amendment posted and publicized at least three (3) days prior to the meeting.

The Official Budget shall be submitted to the GFOA annually for evaluation and consideration for the Award for Distinguished Budget Presentation.

- B. BALANCED BUDGET** - It is desirable that the budget provide sufficient current revenues to fund that year's budgeted non-capital expenditures/expenses. Regardless of this objective, the budget shall be balanced with sources of working capital (revenues, cash surplus) equal to or greater than uses of working capital (expenditures/ expenses, capital outlays).
- C. BUDGET MANAGEMENT & PERFORMANCE** - The Director shall prepare and distribute monthly financial reports to enable the Department Directors to better manage their department budgets and to enable the Director to monitor and control the budget as authorized by the Administrator. Written summaries of the monthly financial reports shall be presented to the Council in accordance with Section II, Paragraph F, of this policy statement. Such reports shall be in a form which will enable the Council to be fully informed of the overall budget performance of the Town.
- D. PERFORMANCE MEASURES AND PRODUCTIVITY INDICATORS** Where appropriate, performance measures and productivity indicators shall be included in the annual budget. This information shall also be reported by the Administrator to the Council on a quarterly basis.

IV. REVENUE MANAGEMENT

- A. SIMPLICITY** - The Town, where possible and without sacrificing accuracy, shall strive to keep the Town's revenue system uncomplicated so as to reduce compliance costs for the taxpayer or service recipient and a corresponding decrease in the Town's costs of collection.

The criteria shall always be that the benefits of a revenue collected exceed the cost of producing that revenue.
- B. CERTAINTY** - An understanding of the revenue source increases the reliability of the Town's revenue system. The Director shall make every effort to determine its revenue sources and enact consistent collection policies in order that the revenues will occur to support the budget.
- C. EQUITY** - The Town shall make every effort to maintain equity in its revenue system structure; i.e., the Town shall endeavor, wherever possible, to minimize or eliminate all forms of subsidization between entities, funds, services, utilities and the Town's customers.
- D. REVENUE ADEQUACY** - The Town shall require that there be a balance in the its revenue system; i.e., the revenue base shall be fair as it applies to cost of service and ability to pay.
- E. DIVERSIFICATION AND STABILITY** - Wherever possible, the Town shall make every effort to maintain a diversified revenue system which provides a stable source of income to the Town which will protect it against fluctuations in the economy and variations in weather (related to the sale of treated water and sanitary sewer services).
- F. NON-RECURRING REVENUES** - It is desirable that non-recurring revenues not be used to finance the Town's current operations. Non-recurring Town revenues should be used only for one-time Town expenditures such as long-lived capital needs and not for budget balancing purposes.

- G. PROPERTY TAX REVENUES** - All real and business personal property located within the Town shall be valued at 100% of the fair market value for any given year based on the current appraisal supplied to the Town by the Dallas Central Appraisal District. A 99% collection rate shall serve each year as a goal for tax collections. The Town Council shall determine whether the Town collects its levied property taxes or contract with another governmental agency for same. The Town Council shall further decide upon a property tax attorney or firm for the collection of delinquent property taxes in accordance with the Texas Property Tax Code, as amended.
- H. USER-BASED FEE** - As a part of the Town's budget process, the Council shall review and adopt, where possible, service fees sufficient to offset the cost of services rendered by the Town. User charges shall be classified by the Council as "Full Cost Recovery" and "Partial Cost Recovery".
- I. UTILITY RATES** - As a part of the Town's budget process, the Council shall review and adopt utility service rates annually that, where possible, will generate revenues to fully cover the Town's operating expenses and to provide the Town with an adequate level of working capital.
- J. INTEREST INCOME** - The Director shall ensure, at all times, that the interest earned from the investment of Town money shall be distributed to the appropriate fund in accordance to the equity balance of the particular fund from which the money was provided for investment.
- K. REVENUE MONITORING** - All revenues actually received by the Town shall be regularly compared to budgeted revenues by the Director and where variances exist, these shall be audited by the Director. The results of such audits shall be summarized by the Director in the monthly financial report provided to the Council.

V. EXPENDITURE/EXPENSE CONTROL

- A. APPROPRIATIONS** - The Town's budget shall be a line-item budget. Overall budgetary control shall be the responsibility of the Administrator with each respective Department Director being responsible for the administration of his or her departmental budget.
- B. AMENDMENTS TO THE BUDGET** - In accordance with Town Charter, all budget amendments shall be approved by the Council.
- C. CENTRAL CONTROL** - No recognized salary or capital budgetary savings in any Department shall be spent by the Department Director without the prior authorization of the Administrator.

VII. FINANCIAL CONDITION AND RESERVES

- A. NO OPERATING DEFICITS** - It is desirable that the Town's current expenditures/expenses be paid with current revenues of the Town. Deferrals, short-term loans or use of one-time sources should be avoided as budget balancing techniques. The Town's cash reserves should be used only for emergencies or for the payment of non-recurring expenditures as approved by the

Council, except when balances can be reduced due to their levels exceeding guideline minimums as stated in Section VII, Paragraph B., hereof.

B. FUND BALANCE – GOVERNMENTAL FUNDS -

1. *Committed Fund Balance* - The Town Council is the Town’s highest level of decision – making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is by Council action. The Council action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period. The Council action may take the form of the Annual Budget or a separate ordinance or resolution. Examples of Committed Fund Balance include the Store Water Drainage Utility Fund and the Employees’ Christmas Fund (contributions committed for employee distribution).

The Town shall maintain a committed fund balance in the Capital Projects Fund of \$2,000,000.00 as conditions warrant. The Town Council shall have sole authority for the use of any portion, or all of, the committed fund balance in the Capital Projects Fund. Such decision to use the Capital Projects Fund’s committed fund balance should include a plan for replenishing the committed fund balance of the Capital Projects Fund to its desired level.

2. *Assigned Fund Balance* - The Town Council has authorized the Town’s Director of Fiscal and Human Resources to assign fund balance to a specific purpose in accordance to Generally Accepted Accounting Principles and in the normal conduct of business. An example is resources to be used to liquidate encumbrances related to purchase orders payable from assigned resources and any fund balance to be used in a subsequent fiscal year to “balance” the budget.
3. *Minimum Unassigned Fund Balance* - The Town shall maintain an unassigned fund balance in the General Fund equal to 17% of non-capital expenditures as approved by the Town Council in current Annual Budget.

If Unassigned Fund Balance exceeds the target set by policy, the Town may use surpluses for onetime expenditures. If unassigned fund balance falls below the target, the Town will reduce recurring expenditures to eliminate any structural deficit for such period as necessary until the unassigned fund balance meets the minimum balance as required by this policy.

4. *Order of Expenditure of Funds* - When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the Town Council, and Unassigned Fund Balance), the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

At the close of each fiscal year, any operating surplus (revenues less expenditures less encumbrances) shall be transferred, by Council action, from the General Fund to the Capital Projects fund.

C. NET WORK CAPITAL - UTILITY FUND

The Town shall maintain Net Working Capital at an amount equal to not less than twenty-five (25%) of non-capital expenditures as approved by the Town Council in the Annual Budget.

IX. DEBT MANAGEMENT

- A. LONG-TERM DEBT** - Long-term debt shall not be used for operating purposes and the life of any Town issued debt shall not exceed the useful life of the asset or project financed with same.

- B. FINANCING ALTERNATIVES** - The Director shall be responsible for the evaluation, from time to time, of all financing alternatives permitted by State law in addition to long-term debt including leasing, current revenues and available reserves.

ORDINANCE NO. -

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2014, AND ENDING SEPTEMBER 30, 2015, AND AUTHORIZING EXPENDITURES AS SET OUT IN SAID BUDGET.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS (“TOWN”):

That, the Town Administrator, as budget officer, has caused to be prepared a proposed budget totaling \$32,703,794, and covering the operating and capital expenditures and inter-fund transfers of the Town of Highland Park, Texas, for the fiscal year beginning October 1, 2014, and ending September 30, 2015, in accordance with the provisions of the Town Charter, Section 4.02 (d) and Section 9.05;

That, a copy of said proposed budget was filed in the office of the Town Secretary on July 28, 2014, and more than thirty (30) days prior to the end of the fiscal year 2014, in accordance with the provision of Section 4.02 (d), (4) and Section 9.05 of the Town Charter, and not less than thirty (30) days prior to October 1, 2014, in accordance with Section 102.005 of the Local Government Code, Texas Codes Annotated;

That, notice of a public hearing on the proposed budget on September 15, 2014, was duly advertised by the Town Secretary, in accordance with Section 102.006 of the Local Government Code, Texas Codes Annotated; and

That, the official budget, including amendments, was approved by the Town Council of the Town of Highland Park, Texas, on September 15, 2014, in a public hearing and a copy of said official budget is made a part hereof by reference as though copied fully herein.

PASSED AND APPROVED by the Town Council of the Town of Highland Park, Texas on this 15th day of September, 2014.

APPROVED AS TO FORM:

APPROVED:

Matthew C.G. Boyle
Town Attorney

Joel T. Williams, III
Mayor

ATTEST:

Gayle Kirby
Town Secretary

ORDINANCE NO. -

AN ORDINANCE OF THE TOWN OF HIGHLAND PARK, TEXAS, LEVYING THE AD VALOREM TAXES FOR THE TAX YEAR 2014 ON ALL PROPERTY SITUATED IN THE TOWN OF HIGHLAND PARK, TEXAS.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS (“TOWN”):

That for the tax year 2014, there is hereby levied an ad valorem tax of \$0.22 on each \$100.00 of assessed valuation of all taxable property, real, personal or mixed, located in the Town of Highland Park on the 1st day of January 2014, and not exempted from taxation by the constitution and laws of the State of Texas;

That said tax shall be for the purpose of defraying current expense of the municipal government of the Town of Highland Park, Texas, for the fiscal year 2015;

That said tax shall be due and payable October 1, 2014;

That all constitutional provisions and laws of the State of Texas that pertain to delinquencies and collection procedures are applicable to this 2014 levy.

PASSED AND APPROVED by the Town Council of the Town of Highland Park, Texas, on this 15th day of September 2014.

APPROVED AS TO FORM:

APPROVED:

Matthew C.G. Boyle
Town Attorney

Joel T. Williams, III
Mayor

ATTEST:

Gayle Kirby
Town Secretary



**COMBINED BUDGET SUMMARY
FOR ALL FUNDS SUBJECT TO APPROPRIATION**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 15,243,268	\$ 10,675,479	\$ 11,404,801	\$ 11,132,866
REVENUES/SOURCES OF FUNDS				
Property Taxes	\$ 9,689,484	\$ 10,076,160	\$ 10,054,770	\$ 10,764,314
Water Sales	5,576,019	5,954,140	5,665,799	5,941,599
Sewer Charges	2,668,813	2,767,305	2,619,131	2,680,000
Sales Taxes	2,952,203	3,315,600	3,315,600	3,275,000
Sanitation/Recycling Charges	1,242,590	1,245,300	1,244,000	1,271,596
Franchise Fees	965,140	1,046,400	1,023,960	1,031,000
Building Inspection Fees/Permits	1,030,649	1,130,500	1,238,500	1,196,000
Municipal Court Fines/Fees	839,826	755,200	745,188	786,000
Interest Earnings	60,187	29,720	58,921	41,825
Storm Water Fees	352,908	372,340	374,340	385,140
Other Revenues	4,083,550	1,826,705	2,545,630	1,868,521
Transfers	3,888,482	4,254,260	4,375,311	4,661,869
TOTAL REVENUES/SOURCES	\$ 33,349,852	\$ 32,773,630	\$ 33,261,150	\$ 33,902,864
EXPENDITURES				
Personnel Services				
Payroll	\$ 11,139,374	\$ 11,697,897	\$ 11,620,090	\$ 11,898,145
Payroll Taxes	770,046	865,039	821,100	858,942
Retirement	625,507	637,362	632,590	505,885
Insurance	1,388,134	1,562,441	1,474,095	1,593,369
Total Personnel	\$ 13,923,061	\$ 14,762,739	\$ 14,547,875	\$ 14,856,341
Supplies & Equipment	3,830,378	4,087,170	3,870,944	4,055,892
Services & Charges	5,236,432	5,100,906	5,159,681	5,401,414
Capital Outlay	10,326,570	6,253,343	5,566,564	3,728,278
Cost Allocation	(145,238)	(20,000)	-	-
Transfers	4,017,115	4,254,260	4,388,021	4,661,869
TOTAL USES	\$ 37,188,318	\$ 34,438,418	\$ 33,533,085	\$ 32,703,794
ENDING FUND BALANCE	\$ 11,404,801	\$ 9,010,691	\$ 11,132,866	\$ 12,331,936

**Town of Highland Park Authorized Personnel
By Fund and By Department
(Expressed in Full-Time Equivalent)**

	Actual FY 2013		Budgeted FY 2014		Proposed FY 2015	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
General Fund						
Administration	5.0	0.4	5.0	0.7	5.0	0.0
Public Safety	69.0	2.5	69.0	2.5	69.0	0.5
Street	3.3	0.0	3.3	0.0	3.3	0.0
Street Lighting	2.0	0.0	1.0	0.0	1.0	0.0
Library	3.0	2.4	3.0	2.4	4.0	2.0
Parks & Recreation	9.0	0.0	9.0	0.0	9.0	0.0
Swimming Pool	0.0	2.8	0.0	2.8	0.0	3.4
Municipal Court	2.0	0.6	2.0	0.6	2.0	0.5
Finance	5.0	0.0	5.0	0.2	5.0	0.0
Building Inspection	3.0	0.0	3.0	0.0	3.0	0.0
Service Center	0.0	0.0	0.0	0.0	0.0	0.0
Information Technology	1.0	0.0	1.0	0.0	1.0	0.0
Sub-Total General Fund	102.3	8.7	101.3	9.2	102.3	6.4
Utility Fund						
Administration	4.0	0.0	4.0	0.0	4.0	0.0
Water	4.4	0.0	4.4	0.0	4.4	0.0
Sewer	2.3	0.0	2.3	0.0	2.3	0.0
Engineering	4.5	0.0	5.0	0.0	5.0	0.0
Sub-Total Utility Fund	15.2	0.0	15.7	0.0	15.7	0.0
Storm Water Drainage Fund						
Engineering	0.5	0.0	0.0	0.0	0.0	0.0
Sub-Total Storm Water Drainage Fund	0.5	0.0	0.0	0.0	0.0	0.0
Total	118.0	8.7	117.0	9.2	118.0	6.4



Note: In 1976 the Town implemented Department of Public Safety (dual police & fire) staffing model.

**GENERAL FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 3,654,493	\$ 3,720,640	\$ 3,203,691	\$ 3,281,535
REVENUES/SOURCES OF FUNDS				
Taxes	\$ 12,801,937	\$ 13,548,160	\$ 13,556,195	\$ 14,225,314
Franchise Fees	965,140	1,046,400	1,023,960	1,031,000
Licenses & Permits	1,041,353	1,138,860	1,229,325	1,187,625
Charges for Services	2,520,803	2,567,850	2,488,000	2,544,096
Fines & Forfeits	442,995	360,000	409,600	410,100
Miscellaneous	455,589	395,495	413,606	392,096
Total Revenues	\$ 18,227,816	\$ 19,056,765	\$ 19,120,686	\$ 19,790,231
Other Sources:				
Transfers In	\$ 934,262	\$ 1,073,005	\$ 1,068,122	\$ 1,067,439
Total Other Sources	\$ 934,262	\$ 1,073,005	\$ 1,068,122	\$ 1,067,439
Total Revenues/Sources	\$ 19,162,078	\$ 20,129,770	\$ 20,188,808	\$ 20,857,670
EXPENDITURES - BY DEPARTMENT				
Administration Department	\$ 1,076,515	\$ 1,421,920	\$ 1,400,194	\$ 1,192,318
Department of Public Safety	10,309,591	10,244,580	10,231,385	10,572,420
Street Department	370,874	361,645	343,900	385,395
Street Lighting Department	216,807	168,305	169,438	171,796
Library Department	639,355	639,110	591,970	747,722
Parks Department	1,284,113	1,322,474	1,373,325	1,378,100
Pool Department	179,198	177,315	177,340	184,070
Municipal Court Department	303,928	298,380	282,710	372,099
Finance Department	731,294	842,010	784,206	745,430
Building Inspection Department	409,417	446,415	440,882	433,357
Service Center	882	-	-	-
Municipal Building	7,581	-	-	-
Sanitation Department	1,069,998	1,113,775	1,113,975	1,169,320
Information Technology Department	386,349	439,930	439,235	497,267
Non-Departmental	256,882	354,971	368,871	377,657
Total Expenditures	\$ 17,242,782	\$ 17,830,830	\$ 17,717,431	\$ 18,226,951
Other Uses:				
Transfers to Other Funds	\$ 2,370,097	\$ 2,216,940	\$ 2,393,533	\$ 2,630,719
Total Other Uses	\$ 2,370,097	\$ 2,216,940	\$ 2,393,533	\$ 2,630,719
Total Expenditures/Uses	\$ 19,612,879	\$ 20,047,770	\$ 20,110,964	\$ 20,857,670
Excess (Deficiency) of Revenues/Sources over Expenditures/Uses	\$ (450,802)	\$ 82,000	\$ 77,844	\$ -
ENDING FUND BALANCE	\$ 3,203,691	\$ 3,285,691	\$ 3,281,535	\$ 3,281,535
Ideal Fund Balance	\$ 2,983,343	\$ 3,189,044	\$ 3,148,709	\$ 3,281,535
Fund Balance in Excess of Minimum	\$ 220,348	\$ 96,647	\$ 132,826	\$ -

**GENERAL FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 3,654,493	\$ 3,720,640	\$ 3,203,691	\$ 3,281,535
REVENUES/SOURCES OF FUNDS				
Taxes	\$ 12,801,937	\$ 13,548,160	\$ 13,556,195	\$ 14,225,314
Franchise Fees	965,140	1,046,400	1,023,960	1,031,000
Licenses & Permits	1,041,353	1,138,860	1,229,325	1,187,625
Charges for Services	2,520,803	2,567,850	2,488,000	2,544,096
Fines & Forfeits	442,995	360,000	409,600	410,100
Miscellaneous	455,589	395,495	413,606	392,096
Total Revenues	\$ 18,227,816	\$ 19,056,765	\$ 19,120,686	\$ 19,790,231
Other Sources:				
Transfers In	\$ 934,262	\$ 1,073,005	\$ 1,068,122	\$ 1,067,439
Total Other Sources	\$ 934,262	\$ 1,073,005	\$ 1,068,122	\$ 1,067,439
Total Revenues/Sources	\$ 19,162,078	\$ 20,129,770	\$ 20,188,808	\$ 20,857,670
EXPENDITURES - BY TYPE				
Personnel Services				
Payroll	\$ 9,894,927	\$ 10,292,072	\$ 10,257,800	\$ 10,511,894
Payroll Taxes	684,457	761,144	726,820	757,677
Retirement	554,795	559,042	557,650	445,651
Insurance	1,215,108	1,365,266	1,300,315	1,387,831
Total Personnel	\$ 12,349,287	\$ 12,977,524	\$ 12,842,585	\$ 13,103,053
Supplies & Equipment	999,293	1,041,415	957,062	1,090,227
Services & Charges	3,923,607	3,719,416	3,805,309	3,999,796
Capital Outlay	115,833	112,475	112,475	33,875
Cost Allocation	(145,238)	(20,000)	-	-
Total Expenditures	\$ 17,242,782	\$ 17,830,830	\$ 17,717,431	\$ 18,226,951
Other Uses:				
Transfers Out	\$ 2,370,097	\$ 2,216,940	\$ 2,393,533	\$ 2,630,719
Total Other Uses	\$ 2,370,097	\$ 2,216,940	\$ 2,393,533	\$ 2,630,719
Total Expenditures/Uses	\$ 19,612,879	\$ 20,047,770	\$ 20,110,964	\$ 20,857,670
Excess (Deficiency) of Revenues/Sources over Expenditures/Uses	\$ (450,802)	\$ 82,000	\$ 77,844	\$ -
ENDING FUND BALANCE	\$ 3,203,691	\$ 3,285,691	\$ 3,281,535	\$ 3,281,535
Ideal Fund Balance	\$ 2,983,343	\$ 3,189,044	\$ 3,148,709	\$ 3,281,535
Fund Balance in Excess of Minimum	\$ 220,348	\$ 96,647	\$ 132,826	\$ -

**GENERAL FUND
STATEMENT OF REVENUES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
Taxes				
Ad Valorem Taxes	\$ 9,683,980	\$ 10,016,160	\$ 10,019,770	\$ 10,729,314
Delinquent Ad Valorem Taxes	5,505	60,000	35,000	35,000
City Sales Tax	2,952,203	3,315,600	3,315,600	3,275,000
Mixed Beverage Tax	160,250	156,400	185,825	186,000
<i>Subtotal</i>	<u>\$ 12,801,937</u>	<u>\$ 13,548,160</u>	<u>\$ 13,556,195</u>	<u>\$ 14,225,314</u>
Franchise Fees				
Electric Utility Franchise Fees	\$ 522,428	\$ 575,000	\$ 534,843	\$ 535,000
Natural Gas Utility Franchise Fees	161,163	175,000	186,117	186,000
Telecom Franchise Fees	95,205	99,000	93,000	93,000
CATV Franchise Fees	186,344	185,400	190,000	190,000
Solid Waste	-	12,000	20,000	27,000
<i>Subtotal</i>	<u>\$ 965,140</u>	<u>\$ 1,046,400</u>	<u>\$ 1,023,960</u>	<u>\$ 1,031,000</u>
Licenses & Permits				
Beverage Licenses	\$ 11,200	\$ 9,725	\$ 2,725	\$ 11,000
Health Permits	4,325	4,225	4,325	4,325
Alarm Permits	67,320	65,000	65,000	65,000
Electrical Licenses	13,600	18,000	13,250	13,250
Building Permits	899,591	1,000,000	1,100,000	1,050,000
Electrical Permits	35,343	33,000	34,850	34,850
Excavation Permits	420	500	400	400
Carriage Licenses	3,600	2,850	8,775	2,800
Animal Licenses	5,954	5,560	-	6,000
<i>Subtotal</i>	<u>\$ 1,041,353</u>	<u>\$ 1,138,860</u>	<u>\$ 1,229,325</u>	<u>\$ 1,187,625</u>
Charges For Services				
Sanitation Charges	\$ 1,144,873	\$ 1,145,500	\$ 1,145,000	\$ 1,172,596
Recycling Charges	97,717	99,800	99,000	99,000
E911 Users' Fee	143,093	144,000	140,000	140,000
Alarm Monitoring Fees	488,007	492,000	490,000	488,000
Ambulance Fees	144,331	172,000	157,100	150,000
Board Hearing Fee	4,050	3,000	3,000	3,000
Swimming Pool Daily Fees	19,562	15,750	18,000	18,000
Swimming Pool Annual Fees	85,533	90,500	85,000	85,000
Tennis Court Use Fees	10,520	10,000	10,500	10,500
Animal Pound Fees	1,080	1,100	1,000	1,000
Library Non-resident Fees	4,656	5,000	2,000	2,000
Court Administration Fees	40,270	39,000	35,500	40,000
Warrant Fees	66,778	66,800	59,900	60,000
Court Fees	138,296	134,400	121,000	130,000
Building Registration Fees	14,300	26,000	30,000	30,000
Plan Review Fees	5,200	5,000	5,000	5,000
Special Expense Fee	112,536	118,000	86,000	110,000
<i>Subtotal</i>	<u>\$ 2,520,803</u>	<u>\$ 2,567,850</u>	<u>\$ 2,488,000</u>	<u>\$ 2,544,096</u>

**GENERAL FUND
STATEMENT OF REVENUES (CONT)**

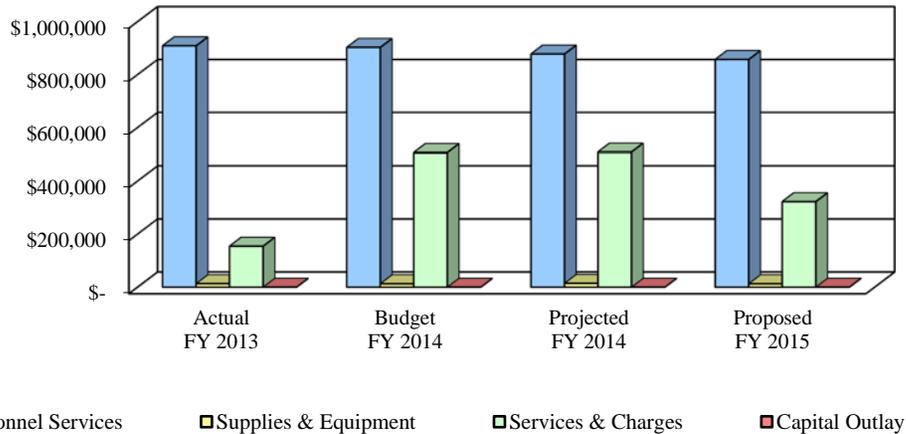
	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
Fines & Forfeits				
Municipal Court Fines	\$ 427,189	\$ 345,000	\$ 395,000	\$ 395,000
Library Fines	4,802	4,600	4,000	4,500
Lost Book Charges	1,054	1,100	1,100	1,100
Invalid Alarm Fines	9,950	9,300	9,500	9,500
<i>Subtotal</i>	\$ 442,995	\$ 360,000	\$ 409,600	\$ 410,100
Miscellaneous				
Interest	\$ 18,526	\$ 12,000	\$ 16,000	\$ 16,000
Interest-Dallas County	124	-	106	100
Penalty & Interest - Tax Collection	46,903	55,000	57,000	55,000
Sale of Assets	413	2,500	-	-
Sale of Impounded Property	1,595	1,000	-	-
Rental-Town Property	262,651	264,195	265,100	265,200
Library Donations	959	800	3,900	796
Contributions	51,002	20,000	44,000	20,000
Town Property Damage Refund	10,802	15,000	2,500	10,000
Miscellaneous	62,615	25,000	25,000	25,000
Intergovernmental Revenue	-	-	-	-
<i>Subtotal</i>	\$ 455,589	\$ 395,495	\$ 413,606	\$ 392,096
Total Revenues	\$ 18,227,816	\$ 19,056,765	\$ 19,120,686	\$ 19,790,231



Administrative Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 908,953	\$ 903,135	\$ 877,955	\$ 857,263	-5.08%
Supplies & Equipment	13,043	12,765	14,301	12,700	-0.51%
Services & Charges	154,518	506,020	507,938	322,355	-36.30%
Capital Outlay	-	-	-	-	0.00%
Total Department	\$ 1,076,515	\$ 1,421,920	\$ 1,400,194	\$ 1,192,318	-16.15%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

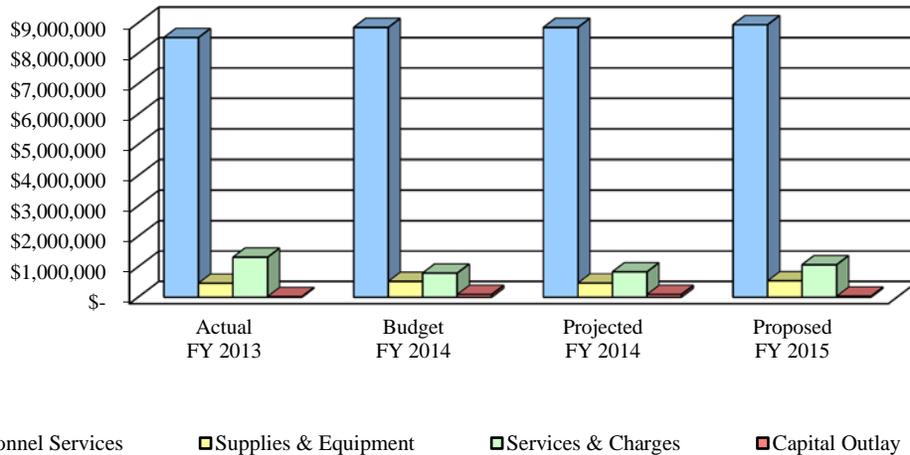
- 1 The Town Attorney is now a contracted service resulting in a decrease in Personnel Services.
- 2 The fiscal year 2013-14 Adopted Budget, Services & Charges, includes consulting fees totaling \$259,820 related to the Town-Wide Traffic Study and the HPSV Development Guidelines and legal fees associated with the Love Field noise issue totaling \$135,000.
- 3 Services & Charges for fiscal year 2014-15 includes \$199,000 for Town Attorney services and legal fees associated with the Love Field Airport noise issue.



Department of Public Safety

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 8,517,173	\$ 8,847,000	\$ 8,848,700	\$ 8,940,071	1.05%
Supplies & Equipment	460,590	518,150	463,900	535,450	3.34%
Services & Charges	1,311,878	790,955	830,310	1,066,779	34.87%
Capital Outlay	19,950	88,475	88,475	30,120	-65.96%
Total Department	\$ 10,309,591	\$ 10,244,580	\$ 10,231,385	\$ 10,572,420	3.20%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

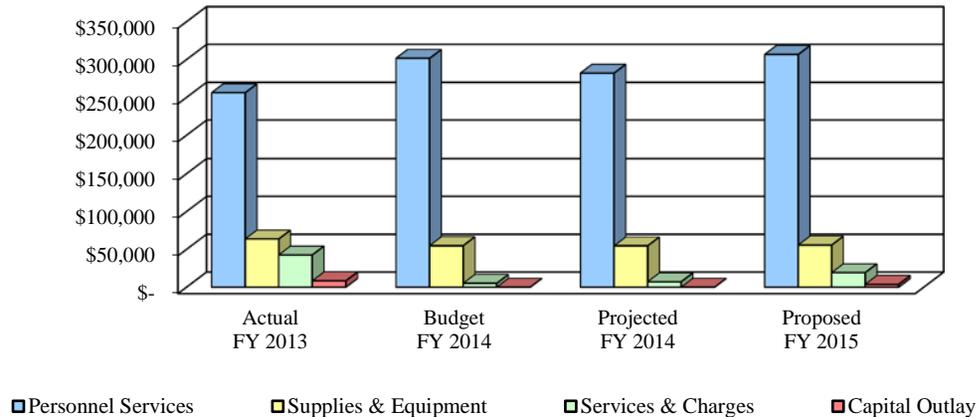
- 1 The proposed 2014-15 budget for supplies & equipment includes \$10,800 for the purchase of twelve (12) body worn cameras for officers. This type of purchase was previously budgeted as Capital Outlay.
- 2 Included in the 2014-15 proposed budget for services & charges is \$126,604 for the outsourcing of Crossing Guard Services. Contracting this service has reduced the 2014-2015 proposed budget for Personnel Services by about \$100,000.
- 3 The 2014-15 proposed budget for services & charges also includes \$15,000 for consulting services relating to the ASAP program and \$12,500 for SNAP Trends (New Programs).
- 4 Other factors driving the increase in services & charges over the 2013-14 budget are a \$15,000 increase in forensic services due to increased volume of evidence expected to be processed, an \$11,000 increase in fire training primarily due to new cost associated with the use of University Park's training facility, a 3% increase in the Public Safety Chief's contract amounting to \$7,000, a \$9,000 increase in EMS training through UT Southwestern, and a cost of \$23,000 for CDMA communications which was not previously budgeted.



Street Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 256,140	\$ 301,650	\$ 282,100	\$ 306,740	1.69%
Supplies & Equipment	63,700	54,895	54,650	55,700	1.47%
Services & Charges	42,628	5,100	7,150	19,200	276.47%
Capital Outlay	8,406	-	-	3,755	0.00%
Total Department	\$ 370,874	\$ 361,645	\$ 343,900	\$ 385,395	6.57%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

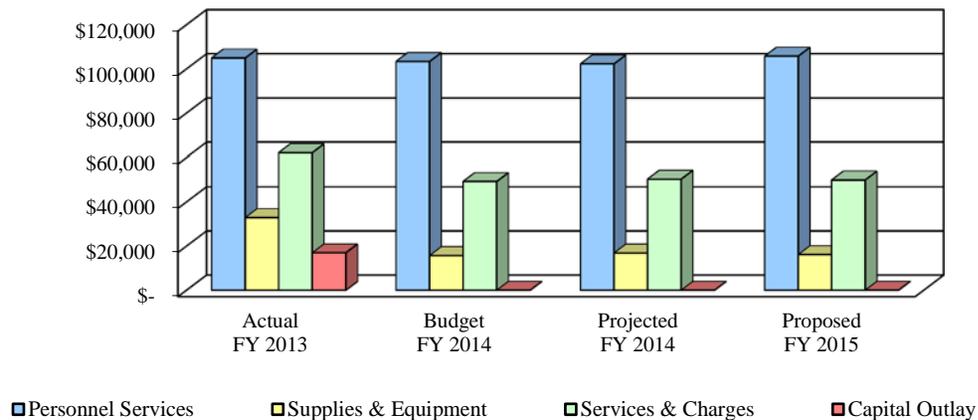
- 1 The proposed budget incorporates a \$15,000 for striping on streets. This expenditure has historically been funded through the Capital Projects Fund.
- 2 The proposed Capital Outlay expense for the 2014-15 fiscal year includes partial funding for a Walk Behind Vibratory Roller. This proposed equipment acquisition is primarily funded through the Equipment Replacement Fund.



Street Lighting Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 104,913	\$ 103,355	\$ 102,270	\$ 105,761	2.33%
Supplies & Equipment	32,886	15,700	16,868	16,120	2.68%
Services & Charges	62,058	49,250	50,300	49,915	1.35%
Capital Outlay	16,950	-	-	-	0.00%
Total Department	\$ 216,807	\$ 168,305	\$ 169,438	\$ 171,796	2.07%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

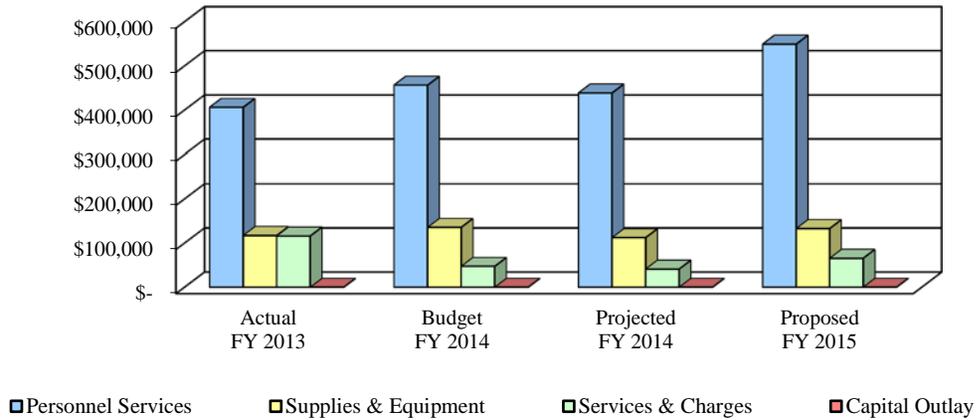
- 1 The Proposed Budget for Street Lighting anticipates a nominal increase when compared to the fiscal year 2013-14 Adopted Budget.



Library Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 406,107	\$ 456,330	\$ 438,660	\$ 549,346	20.38%
Supplies & Equipment	117,125	135,550	112,210	132,897	-1.96%
Services & Charges	116,122	47,230	41,100	65,479	38.64%
Capital Outlay	-	-	-	-	0.00%
Total Department	\$ 639,355	\$ 639,110	\$ 591,970	\$ 747,722	16.99%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

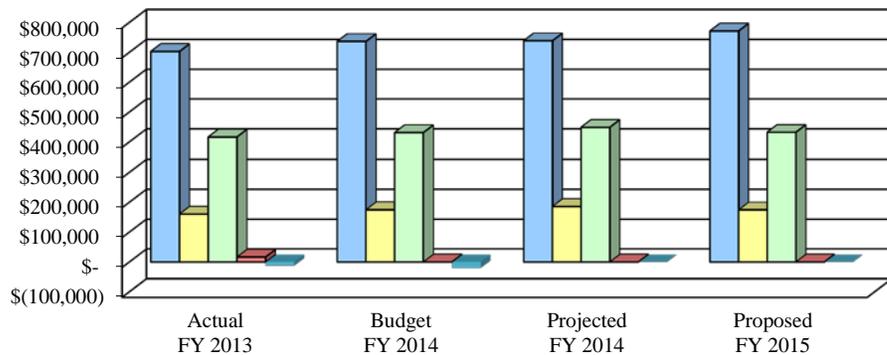
- 1 The Library Budget includes a new full-time Librarian I position added during fiscal year 2013-14.
- 2 The Proposed Budget for books and circulation material located in Services & Charges has been indexed for inflation using the Consumer Price Index.
- 3 Services & Charges also includes additional funding for personnel development expenses associated with the new position created during the 2013-14 fiscal year.



Parks Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 702,900	\$ 736,434	\$ 738,560	\$ 771,490	4.76%
Supplies & Equipment	160,629	174,950	185,875	174,450	-0.29%
Services & Charges	416,442	431,090	448,890	432,160	0.25%
Capital Outlay	16,397	-	-	-	0.00%
Cost Allocation	(12,255)	(20,000)	-	-	-100.00%
Total Department	\$ 1,284,113	\$ 1,322,474	\$ 1,373,325	\$ 1,378,100	4.21%



■ Personnel Services
 ■ Supplies & Equipment
 ■ Services & Charges
 ■ Capital Outlay
 ■ Cost Allocation

SIGNIFICANT BUDGETARY ITEMS/CHANGES

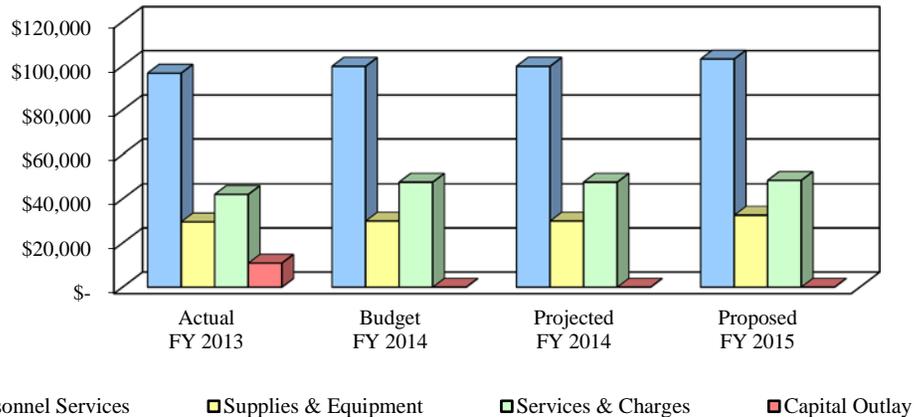
- 1 With the exception of Personnel Services, the Parks Department budget is proposed to remain relatively comparable to the fiscal year 2013-14 Adopted Budget.



Pool Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 96,707	\$ 99,795	\$ 99,820	\$ 103,105	3.32%
Supplies & Equipment	29,591	29,950	29,950	32,600	8.85%
Services & Charges	42,017	47,570	47,570	48,365	1.67%
Capital Outlay	10,884	-	-	-	0.00%
Total Department	\$ 179,198	\$ 177,315	\$ 177,340	\$ 184,070	3.81%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

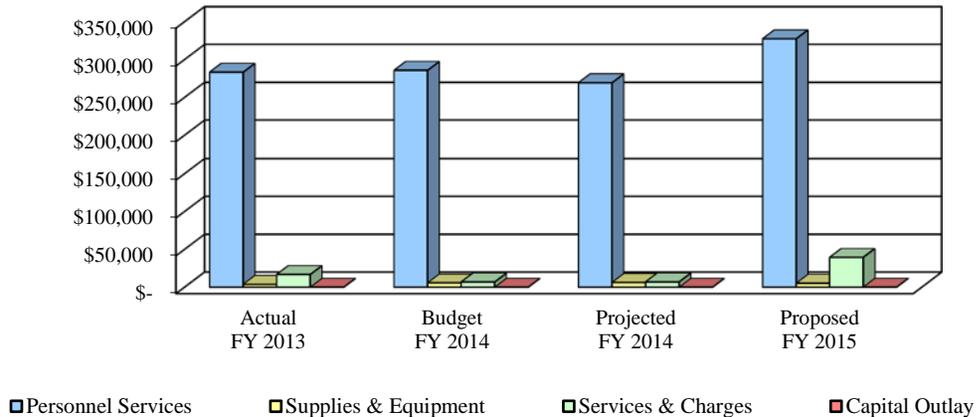
- Supplies & Equipment includes \$3,000 for the replacement of a diving board at the pool. The cost of this item is below the capitalization threshold and is therefore not included in Capital Outlay.



Municipal Court Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 283,301	\$ 285,775	\$ 269,370	\$ 327,503	14.60%
Supplies & Equipment	3,830	5,765	6,350	5,190	-9.97%
Services & Charges	16,797	6,840	6,990	39,406	476.11%
Capital Outlay	-	-	-	-	0.00%
Total Department	\$ 303,928	\$ 298,380	\$ 282,710	\$ 372,099	24.71%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

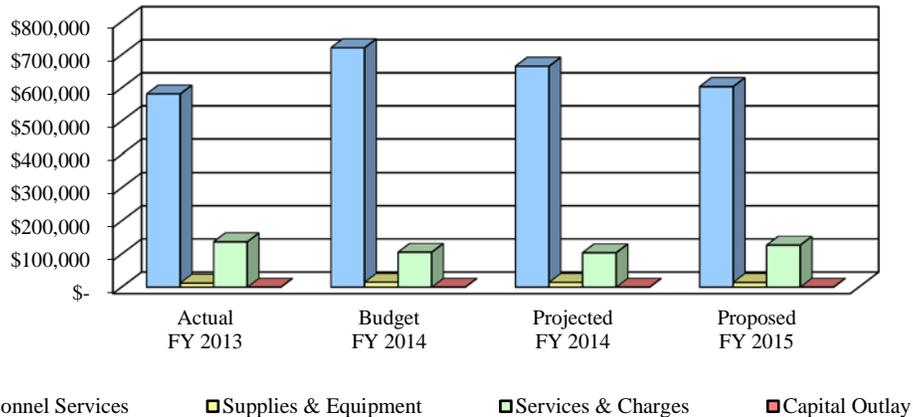
- 1 The proposed personnel services budget reflects contracting out municipal court prosecution services and the appointment of the new Judge. The net effect results in an additional \$50,000.
- 2 The proposed budget for services & charges includes \$29,300 for court prosecution services.
- 3 Services & Charges also includes additional funding for personnel development for the newly appointed Judge.



Finance Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 581,659	\$ 721,540	\$ 665,670	\$ 604,055	-16.28%
Supplies & Equipment	12,567	14,870	14,636	14,530	-2.29%
Services & Charges	137,069	105,600	103,900	126,845	20.12%
Capital Outlay	-	-	-	-	0.00%
Total Department	\$ 731,294	\$ 842,010	\$ 784,206	\$ 745,430	-11.47%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

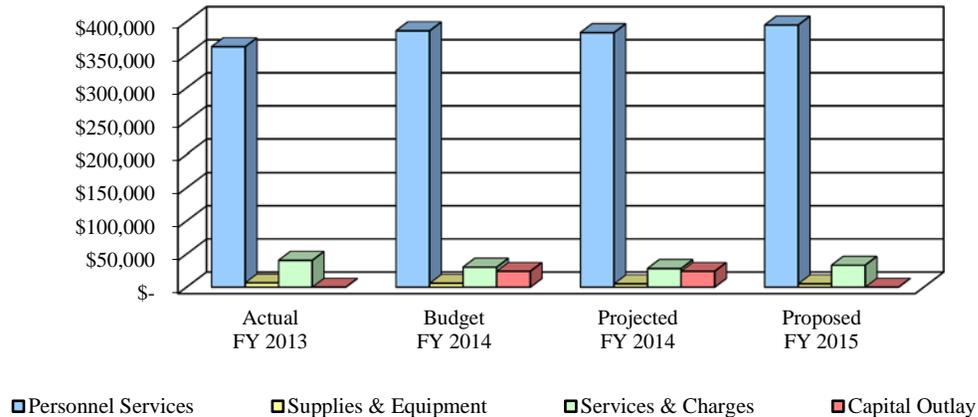
- 1 The fiscal year 2013-14 Adopted Budget included funding for the new chief financial officer for a full year and the previous chief financial officer for a partial year.
- 2 The 2014-15 proposed budget for supplies & charges includes an increase for professional development expenses. This department now employs two Certified Public Accountants (the CFO & Controller) which require continuing professional education to maintain their credentials.



Building Inspection Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 362,301	\$ 386,295	\$ 383,640	\$ 395,097	2.28%
Supplies & Equipment	6,544	5,820	4,972	4,990	-14.26%
Services & Charges	40,573	30,300	28,270	33,270	9.80%
Capital Outlay	-	24,000	24,000	-	-100.00%
Total Department	\$ 409,417	\$ 446,415	\$ 440,882	\$ 433,357	-2.93%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

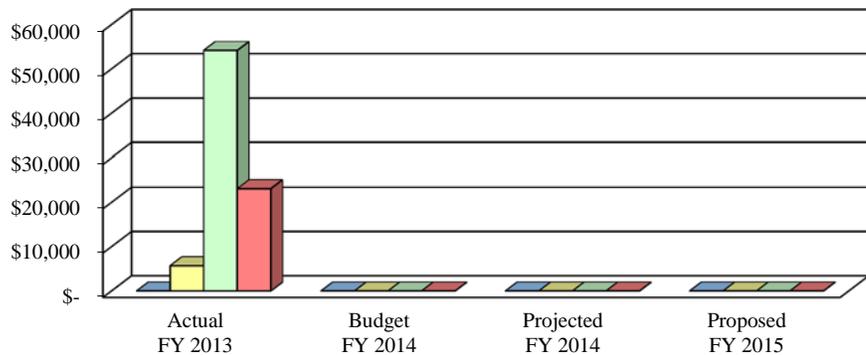
- 1 The Building Inspection budget is proposed to remain relatively constant when comparable to the fiscal year 2013-14 Adopted Budget.
- 2 Funding for data plans for i-pads used by employees in the Building Inspection Department has been incorporated into the Proposed Budget.
- 3 In the fiscal year 2013-14 Adopted Budget, funding was included in Capital Outlay to fund the implementation of a new building inspection software package (MyGov).



Service Center Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ -	\$ -	\$ -	\$ -	0.00%
Supplies & Equipment	5,690	-	-	-	0.00%
Services & Charges	54,169	-	-	-	0.00%
Capital Outlay	23,100	-	-	-	0.00%
Cost Allocation	(82,077)	-	-	-	0.00%
Total Department	\$ 882	\$ -	\$ -	\$ -	0.00%



■ Personnel Services
 ■ Supplies & Equipment
 ■ Services & Charges
 ■ Capital Outlay

SIGNIFICANT BUDGETARY ITEMS/CHANGES

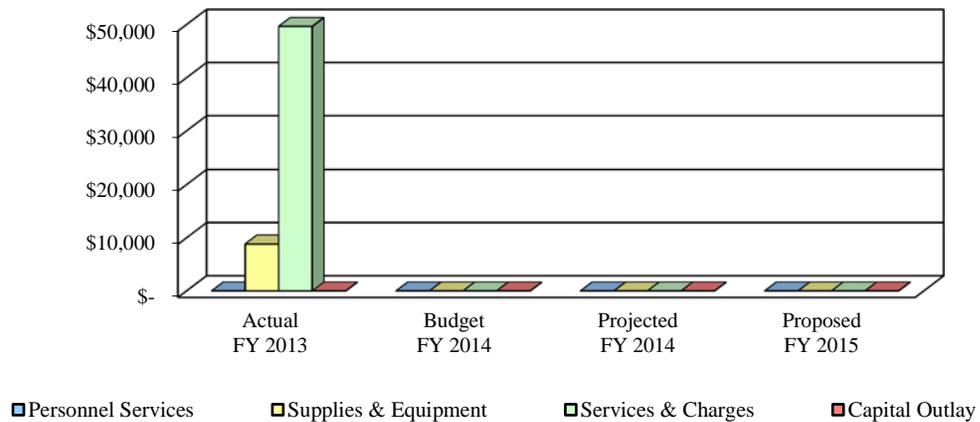
- 1 This department is no longer used. Funding for the maintenance and care of the service center is now provided for in the Building Maintenance Internal Service Fund. The General Fund transfers funding to the Building Maintenance Fund to cover its proportional cost of maintaining and caring for the service center.



Building Maintenance Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ -	\$ -	\$ -	\$ -	0.00%
Supplies & Equipment	8,827	-	-	-	0.00%
Services & Charges	49,659	-	-	-	0.00%
Capital Outlay	-	-	-	-	0.00%
Cost Allocation	(50,905)	-	-	-	0.00%
Total Department	\$ 7,581	\$ -	\$ -	\$ -	0.00%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

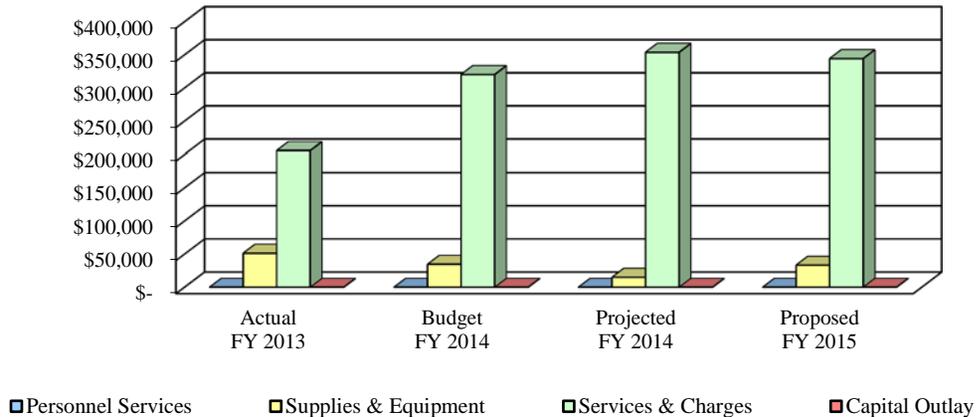
- 1 This department is no longer used. Funding for the maintenance and care of the municipal building is now provided for in the Building Maintenance Internal Service Fund. The General Fund transfers funding to the Building Maintenance Fund to cover its proportional cost of maintaining and caring for the municipal buildings.



Non-Departmental

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ -	\$ -	\$ -	\$ -	0.00%
Supplies & Equipment	51,262	34,650	15,000	33,350	-3.75%
Services & Charges	205,620	320,321	353,871	344,307	7.49%
Capital Outlay	-	-	-	-	0.00%
Total Department	\$ 256,882	\$ 354,971	\$ 368,871	\$ 377,657	6.39%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

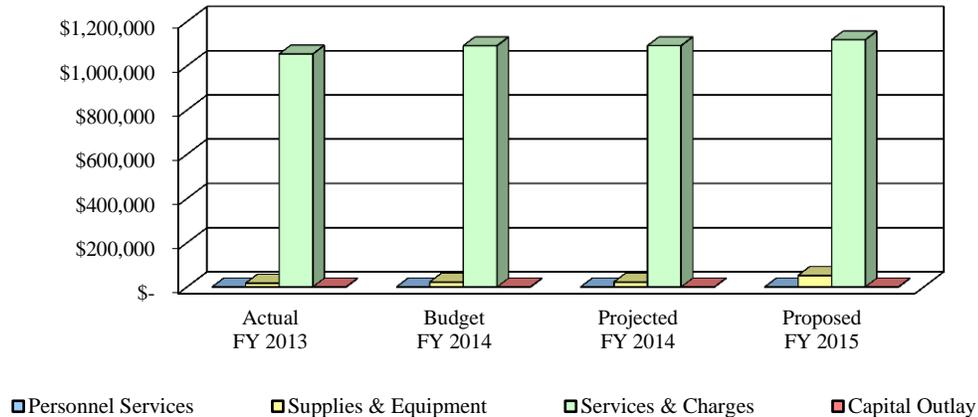
- 1 Proposed services & charges includes an additional \$125,000 contingency in anticipation of employee retirements during fiscal year 2014-15. This funding is set aside to fund compensated absences paid upon an employees' departure.
- 2 The fiscal year 2013-14 budget includes funding for both the Centennial Celebration and Town Hall building dedication ceremony that is not required in fiscal year 2014-15.



Sanitation Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ -	\$ -	\$ -	\$ -	0.00%
Supplies & Equipment	16,996	22,750	22,750	52,000	128.57%
Services & Charges	1,053,002	1,091,025	1,091,225	1,117,320	2.41%
Capital Outlay	-	-	-	-	0.00%
Total Department	\$ 1,069,998	\$ 1,113,775	\$ 1,113,975	\$ 1,169,320	4.99%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

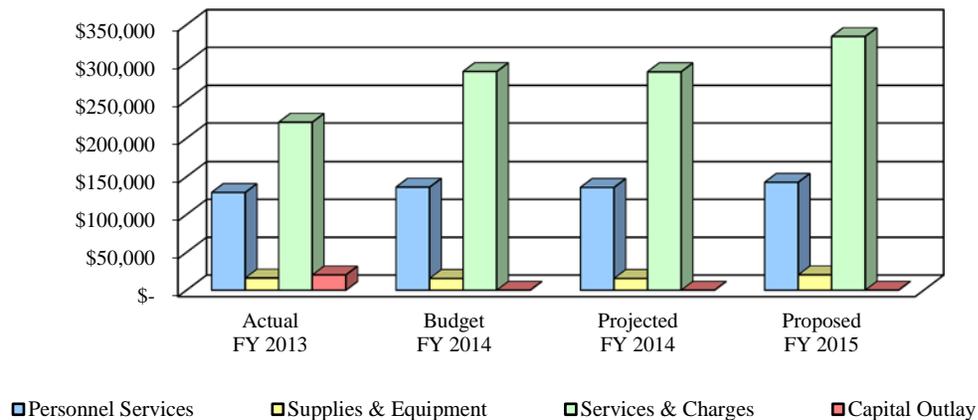
- \$52,000 is included in supplies & equipment to fund the replacement of 800 polycarts at a cost of \$65 per cart.
- The Proposed Budget provides for an increase in services & charges to fund an increase in the cost of solid waste collection and disposal. Contracts in place to provide for these services are indexed based on the Consumer Price Index.



Information Technology Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 129,133	\$ 136,215	\$ 135,840	\$ 142,622	4.70%
Supplies & Equipment	16,014	15,600	15,600	20,250	29.81%
Services & Charges	221,056	288,115	287,795	334,395	16.06%
Capital Outlay	20,146	-	-	-	0.00%
Total Department	\$ 386,349	\$ 439,930	\$ 439,235	\$ 497,267	13.03%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

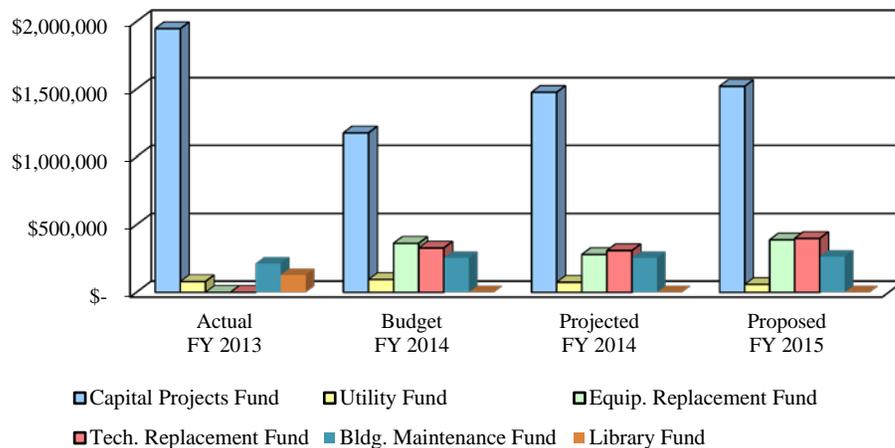
- 1 The proposed 2014-15 budget includes increases in supplies & equipment related to new facilities support and maintenance.
- 2 Services & charges proposed expenditures include an increase of \$7,380 relating to the Managed Services support agreement due to an increase in supported computers/servers.
- 3 This budget includes \$12,000 for the annual Laserfische digital documentation retention system that was not included in the 2013-14 Adopted Budget.
- 4 Other increases in proposed services & charges include \$14,000 for the UPS system (previously included in the DPS budget) and \$18,000 in new support agreements for firewall and intrusion deterrence systems.



Transfers to Other Funds

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Capital Projects Fund	\$ 1,947,970	\$ 1,176,215	\$1,476,669	\$ 1,520,647	29.28%
Utility Fund	80,174	94,655	74,640	57,807	-38.93%
Equip. Replacement Fund	-	362,970	279,084	388,128	6.93%
Tech. Replacement Fund	-	328,745	308,785	399,294	21.46%
Bldg. Maintenance Fund	213,320	254,355	254,355	264,843	4.12%
Library Fund	128,634	-	-	-	0.00%
Total Department	\$ 2,370,097	\$ 2,216,940	\$2,393,533	\$ 2,630,719	18.66%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

- 1 The transfer to the Capital Projects Fund is increasing due to the increase in property tax values while proposing to maintain the existing tax rate.
- 2 Transfers to the Equipment Replacement Fund and Technology Replacement Fund are based on the annual depreciation of assets within those funds and anticipated depreciation of assets to be acquired during the next fiscal year. The transfer has been adjusted to accommodate inflation based on the change in the Consumer Price Index.
- 3 The transfer to the Building Maintenance & Investment Fund is based on the overall budget of the Building Maintenance Fund and includes a maintenance component and a fund balance component. The General Fund's proportional share is based on the number of employees that use the Town Hall and Service Center. The Utility Fund makes a similar transfer based on the number of employees in the Utility Fund that use the Town Hall and Service Center.

**UTILITY FUND
STATEMENT OF REVENUES & EXPENSES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 615,860	\$ 2,211,770	\$ 1,175,793	\$ 1,478,638
REVENUES/SOURCES OF FUNDS				
Licenses & Permits	\$ 62,195	\$ 48,000	\$ 55,000	\$ 62,500
Charges for Services	8,291,488	8,755,945	8,324,160	8,668,099
Fines & Forfeits	79,248	93,600	85,100	90,000
Miscellaneous	211,726	16,000	9,500	8,500
Total Revenues	\$ 8,644,658	\$ 8,913,545	\$ 8,473,760	\$ 8,829,099
Other Sources:				
Transfers In	\$ 379,721	\$ 490,285	\$ 470,270	\$ 465,010
Total Other Sources	\$ 379,721	\$ 490,285	\$ 470,270	\$ 465,010
Total Revenues/Sources	\$ 9,024,379	\$ 9,403,830	\$ 8,944,030	\$ 9,294,109
EXPENSES - BY DEPARTMENT				
Utility Administration Department	\$ 421,165	\$ 526,525	\$ 470,540	\$ 444,666
Water Department	4,229,564	4,414,155	4,046,269	4,355,345
Sanitary Sewer Department	1,874,608	2,133,625	1,864,563	2,150,457
Engineering Department	611,215	719,335	699,560	740,369
Total Expenses	\$ 7,136,552	\$ 7,793,640	\$ 7,080,932	\$ 7,690,837
Other Uses:				
Transfers Out	\$ 1,327,894	\$ 1,607,110	\$ 1,560,253	\$ 1,602,947
Total Other Uses	\$ 1,327,894	\$ 1,607,110	\$ 1,560,253	\$ 1,602,947
Total Expenses/Uses	\$ 8,464,446	\$ 9,400,750	\$ 8,641,185	\$ 9,293,784
Excess (Deficiency) of Revenues/Sources over Expenses/Uses	\$ 559,933	\$ 3,080	\$ 302,845	\$ 325
ENDING FUND BALANCE	\$ 1,175,793	\$ 1,178,873	\$ 1,478,638	\$ 1,478,963
Ideal Fund Balance	\$ 1,396,458	\$ 1,478,145	\$ 1,438,275	\$ 1,478,963
Fund Balance in Excess of Minimum	\$ (220,665)	\$ (299,272)	\$ 40,363	\$ -

**UTILITY FUND
STATEMENT OF REVENUES & EXPENSES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 615,860	\$ 2,211,770	\$ 1,175,793	\$ 1,478,638
REVENUES/SOURCES OF FUNDS				
Licenses & Permits	\$ 62,195	\$ 48,000	\$ 55,000	\$ 62,500
Charges for Services	8,291,488	8,755,945	8,324,160	8,668,099
Fines & Forfeits	79,248	93,600	85,100	90,000
Miscellaneous	211,726	16,000	9,500	8,500
Total Revenues	\$ 8,644,658	\$ 8,913,545	\$ 8,473,760	\$ 8,829,099
Other Sources:				
Transfers In	\$ 379,721	\$ 490,285	\$ 470,270	\$ 465,010
Total Other Sources	\$ 379,721	\$ 490,285	\$ 470,270	\$ 465,010
Total Revenues/Sources	\$ 9,024,379	\$ 9,403,830	\$ 8,944,030	\$ 9,294,109
EXPENSES - BY TYPE				
Personnel Services				
Payroll	\$ 1,208,841	\$ 1,405,825	\$ 1,362,290	\$ 1,386,251
Payroll Taxes	83,253	103,895	94,280	101,265
Retirement	68,755	78,320	74,940	60,234
Insurance	167,320	197,175	173,780	205,538
Total Personnel	\$ 1,528,169	\$ 1,785,215	\$ 1,705,290	\$ 1,753,288
Supplies & Equipment	2,825,086	3,006,455	2,843,680	2,937,120
Services & Charges	1,232,576	1,120,910	1,092,546	1,094,509
Capital Outlay	1,550,721	1,881,060	1,439,416	1,905,920
Total Expenses	\$ 7,136,552	\$ 7,793,640	\$ 7,080,932	\$ 7,690,837
Other Uses:				
Transfers Out	\$ 1,327,894	\$ 1,607,110	\$ 1,560,253	\$ 1,602,947
Total Other Uses	\$ 1,327,894	\$ 1,607,110	\$ 1,560,253	\$ 1,602,947
Total Expenses/Uses	\$ 8,464,446	\$ 9,400,750	\$ 8,641,185	\$ 9,293,784
Excess (Deficiency) of Revenues/Sources over Expenses/Uses	\$ 559,933	\$ 3,080	\$ 302,845	\$ 325
ENDING FUND BALANCE	\$ 1,175,793	\$ 1,178,873	\$ 1,478,638	\$ 1,478,963
Ideal Fund Balance	\$ 1,396,458	\$ 1,478,145	\$ 1,438,275	\$ 1,478,963
Fund Balance in Excess of Minimum	\$ (220,665)	\$ (299,272)	\$ 40,363	\$ -

**UTILITY FUND
STATEMENT OF REVENUES**

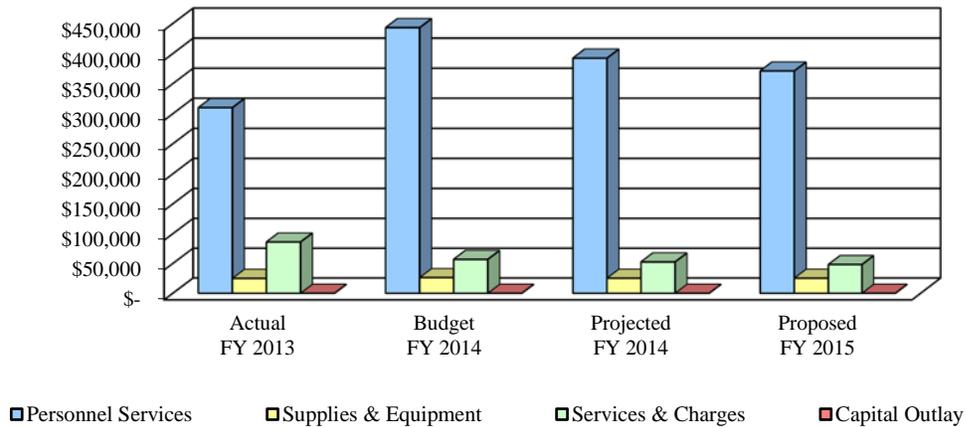
	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
Licenses & Permits				
Plumbing Permits	\$ 62,195	\$ 48,000	\$ 55,000	\$ 62,500
<i>Subtotal</i>	\$ 62,195	\$ 48,000	\$ 55,000	\$ 62,500
Charges For Services				
Water Sales	\$ 5,471,888	\$ 5,847,040	\$ 5,558,331	\$ 5,831,481
Inter-Dept Water Sales	104,132	107,100	107,468	110,118
Sewer Charges	2,668,813	2,767,305	2,619,131	2,680,000
Meter Installation	43,700	30,000	36,350	43,500
Other Charges	2,956	4,500	2,880	3,000
<i>Subtotal</i>	\$ 8,291,488	\$ 8,755,945	\$ 8,324,160	\$ 8,668,099
Fines & Forfeits				
Late Payment Penalties	\$ 79,248	\$ 93,600	\$ 85,100	\$ 90,000
<i>Subtotal</i>	\$ 79,248	\$ 93,600	\$ 85,100	\$ 90,000
Miscellaneous				
Interest	\$ 4,259	\$ 6,000	\$ 7,500	\$ 6,500
Sale of Assets	-	-	-	-
Rental of Town Property	-	-	-	-
Refund-Property Damage	1,565	-	-	-
Miscellaneous	205,903	10,000	2,000	2,000
<i>Subtotal</i>	\$ 211,726	\$ 16,000	\$ 9,500	\$ 8,500
Total Revenues	\$ 8,644,658	\$ 8,913,545	\$ 8,473,760	\$ 8,829,099



Administrative Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 310,126	\$ 443,225	\$ 392,490	\$ 371,162	-16.26%
Supplies & Equipment	24,916	26,300	25,350	25,290	-3.84%
Services & Charges	86,123	57,000	52,700	48,214	-15.41%
Capital Outlay	-	-	-	-	-
Total Department	\$ 421,165	\$ 526,525	\$ 470,540	\$ 444,666	-15.55%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

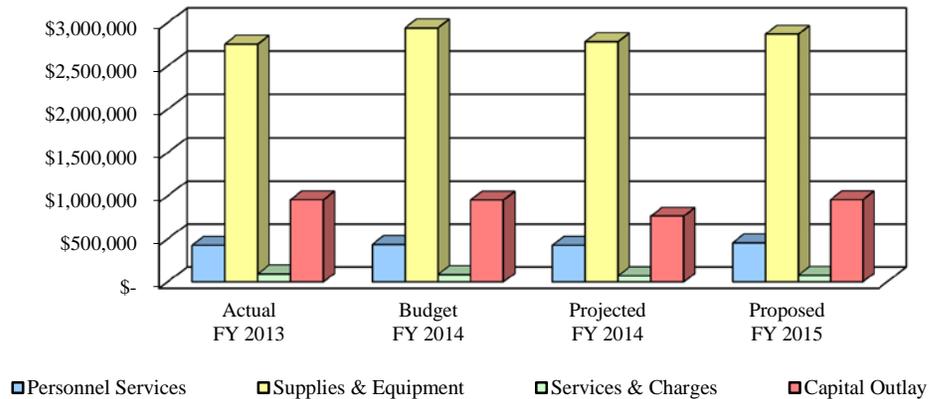
- 1 The proposed budget does not include an allocation of the Finance Director's salary which reduces total personnel services expense when compared to the 2013-2014 budget.
- 2 The 2012-2013 actual for services & charges included \$33,800 for the utility rate study and \$5,148 for contract staffing. Factoring the reduction of these expenses, the proposed budget in this category is trending up a nominal 2% over 2012-2013 actual.



Water Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 427,463	\$ 436,560	\$ 427,630	\$ 455,084	4.24%
Supplies & Equipment	2,754,261	2,940,475	2,782,101	2,868,161	-2.46%
Services & Charges	93,192	85,090	71,705	76,640	-9.93%
Capital Outlay	954,648	952,030	764,833	955,460	0.36%
Total Department	\$ 4,229,564	\$ 4,414,155	\$4,046,269	\$ 4,355,345	-1.33%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

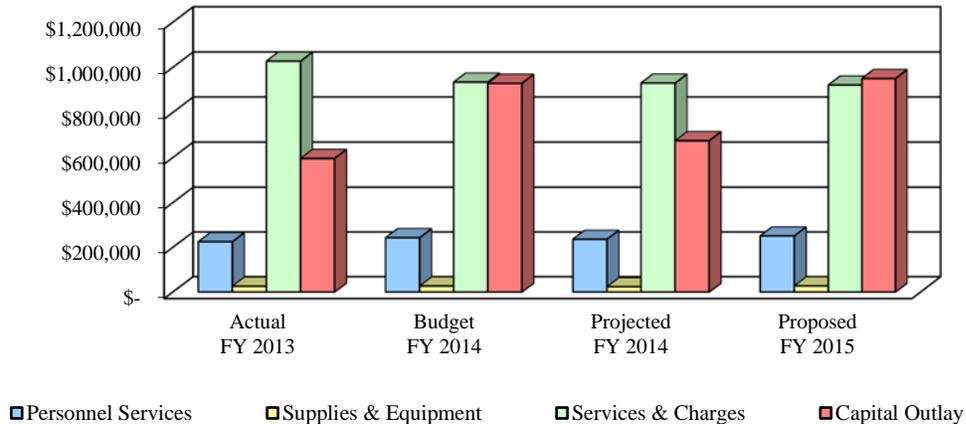
- 1 The overall proposed budget projects to be slightly lower than the 2013-14 budget.
- 2 The proposed 2014-15 budget for supplies includes \$15,000 necessary to set up 10 sample sites for extracting water samples to comply with TCEQ regulations.
- 3 The projected budget for services & charges will realize approximately \$7,400 in savings when compared to the 2013-14 budget because the Conservation Plan will only require minor updates during 2014-15.
- 4 The proposed budget for Capital Outlay includes \$950,460 for annual water system infrastructure improvements, indexed for inflation, and \$5,000 for a water hydrant bazooka.



Sanitary Sewer Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 225,279	\$ 243,075	\$ 236,220	\$ 251,092	3.30%
Supplies & Equipment	25,836	27,000	23,535	27,280	1.04%
Services & Charges	1,027,420	934,520	930,225	921,625	-1.38%
Capital Outlay	596,073	929,030	674,583	950,460	2.31%
Total Department	\$ 1,874,608	\$ 2,133,625	\$1,864,563	\$ 2,150,457	0.79%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

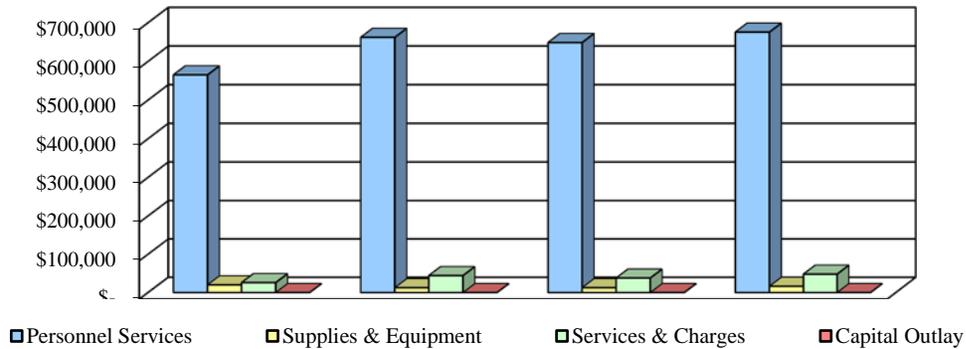
- 1 The overall proposed budget is comparable to the 2013-14 budget.
- 2 The proposed budget includes \$950,460 for annual water system infrastructure improvements.
- 3 The proposed treatment expense is expected to decrease from the 2013-14 budget by 1.63% due to a decrease in winter average consumption coupled with a slight decrease in the volumetric rate. Treatment expense is based on a projection of 28,472,000 gallons per month X INI factor of 1.132 X proposed rate of \$2.3031 per 1,000 gallons.



Engineering Department

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ 565,301	\$ 662,355	\$ 648,950	\$ 675,950	2.05%
Supplies & Equipment	20,073	12,680	12,694	16,389	29.25%
Services & Charges	25,841	44,300	37,916	48,030	8.42%
Capital Outlay	-	-	-	-	-
Total Department	\$ 611,215	\$ 719,335	\$ 699,560	\$ 740,369	2.92%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

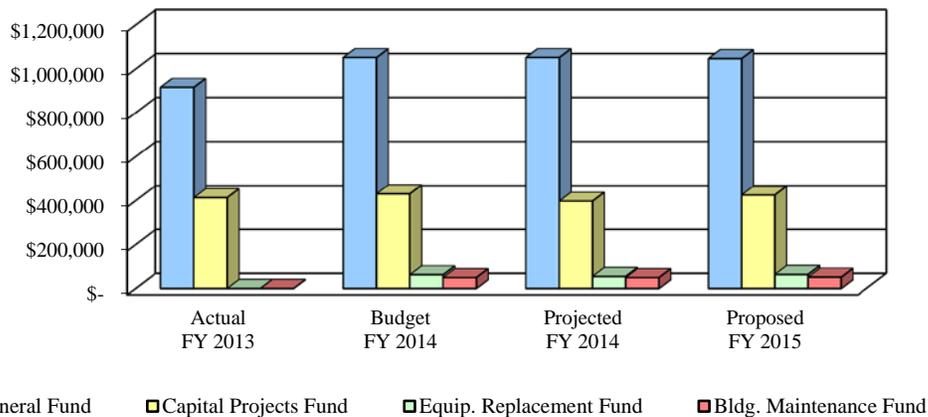
- 1 The proposed Equipment Lease/Rental expense within the services & charges expense category includes an additional base rental and maintenance charge related to the lease of a Cannon Image Prograph IPF765 plotter and a dedicated multi-purpose copier resulting in a \$3,000 increase. The associated service agreements were previously included as maintenance services expense within services & charges.
- 2 For the 2014-2015 proposed budget, \$1,500 has been incorporated into services & charges for professional development and includes funds for trailer mounted sign maintenance as well as maintenance contracts associated with GIS/GPS software.



Transfers to Other Funds

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
General Fund	\$ 914,685	\$ 1,051,005	\$1,051,005	\$ 1,046,439	-0.43%
Capital Projects Fund	413,209	430,715	397,664	425,574	-1.19%
Equip. Replacement Fund	-	61,740	54,545	63,451	2.77%
Tech. Replacement Fund	-	14,330	7,719	16,787	17.15%
Bldg. Maintenance Fund	-	49,320	49,320	50,696	2.79%
Total Department	\$ 1,327,894	\$ 1,607,110	\$1,560,253	\$ 1,602,947	-0.26%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

- 1 The transfer to the General Fund represents a reimbursement to the General Fund for General & Administrative services.
- 2 The transfer to the Capital Projects Fund represents a right-of-way use fee based on 5% of water and sanitary sewer sales.
- 3 Transfers to the Equipment and Technology Replacement Funds are based on the annual depreciation of assets within those funds and anticipated depreciation of assets to be acquired during the next fiscal year. These transfers have been adjusted for inflation based on the change in the Consumer Price Index.
- 4 The transfer to the Building Maintenance & Investment Fund is based on the overall budget of the Building Maintenance Fund and includes a maintenance component and a fund balance component. The Utility Fund's proportional share is based on the number of employees that use the Town Hall and Service Center. The General Fund makes a similar transfer based on the number of employees in the Utility Fund that use the Town Hall and Service Center.

**STORMWATER DRAINAGE UTILITY FUND
STATEMENT OF REVENUES & EXPENDITURES**

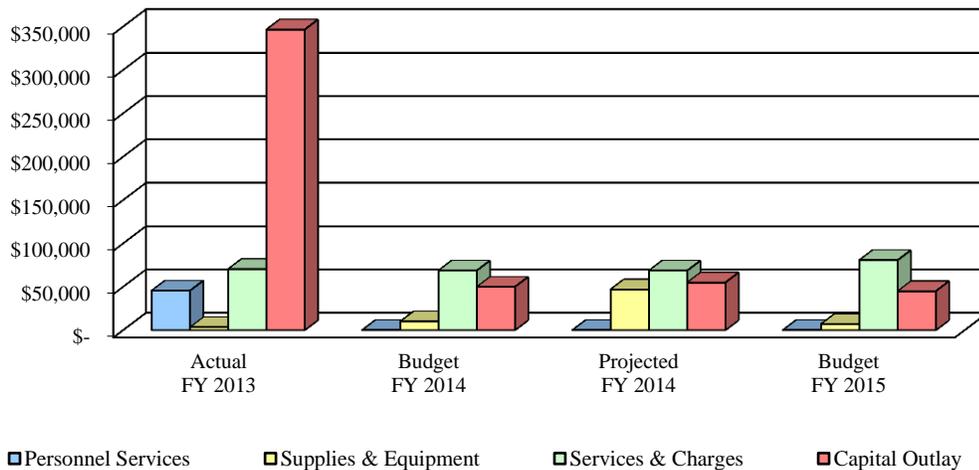
	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 606,982	\$ 710,860	\$ 531,177	\$ 628,116
REVENUES/SOURCES OF FUNDS				
Charges for Services	\$ 352,908	\$ 372,340	\$ 374,340	\$ 385,140
Interest	489	600	1,149	1,100
Miscellaneous	36,991	-	-	-
Total Revenues/Sources of Funds	\$ 390,388	\$ 372,940	\$ 375,489	\$ 386,240
EXPENSES/USES OF FUNDS				
Personnel Services				
Payroll	\$ 35,606	\$ -	\$ -	\$ -
Payroll Taxes	2,336	-	-	-
Retirement	1,957	-	-	-
Insurance	5,706	-	-	-
Total Personnel Services	\$ 45,605	\$ -	\$ -	\$ -
Supplies & Equipment	3,439	10,000	47,000	7,000
Services & Charges	70,500	68,775	68,650	80,700
Capital Outlay	346,649	50,000	55,000	45,000
Total Expenditures	\$ 466,193	\$ 128,775	\$ 170,650	\$ 132,700
Transfers	-	107,900	107,900	111,055
Total Expenditures/Uses of Funds	\$ 466,193	\$ 236,675	\$ 278,550	\$ 243,755
Excess of Revenues/Sources Over Expenses/Uses	\$ (75,805)	\$ 136,265	\$ 96,939	\$ 142,485
ENDING FUND BALANCE	\$ 531,177	\$ 667,442	\$ 628,116	\$ 770,601



Stormwater Drainage Fund

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Budget	% Change 2014 to 2015
Personnel Services	\$ 45,606	\$ -	\$ -	\$ -	-
Supplies & Equipment	3,439	10,000	47,000	7,000	-30.00%
Services & Charges	70,500	68,775	68,650	80,700	17.34%
Capital Outlay	346,649	50,000	55,000	45,000	-10.00%
Total Department	\$ 466,194	\$ 128,775	\$ 170,650	\$ 132,700	3.05%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

- 1 The 2013-14 budget for supplies & equipment absorbed expenses related to the design & development of the Town Hall South Creek project. These expenses have been excluded from the proposed 2014-15 budget.
- 2 The 2013-14 budget provided funding for a new storm drain line at Airline at the Katy Trail. These expenses have been excluded from the proposed 2014-15 budget.
- 3 The proposed 2014-2015 services & charges budget includes \$14,000 for the annual Exall Dam maintenance program.
- 4 The 2012-13 Capital Outlay budget provided funding for the Lexington Tunnel and the Normandy-Potomac storm sewer projects. The proposed Capital Outlay expense for 2014-15 relates to the Exall Lake Dredging & Silt Removal project as proposed in the Capital Improvement Plan.

**EQUIPMENT REPLACEMENT FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 1,577,346	\$ 1,777,913	\$ 2,069,282	\$ 2,334,440
REVENUES/SOURCES OF FUNDS				
Charges for Services	\$ 794,291	\$ -	\$ -	\$ -
Interest	6,327	4,000	8,777	7,500
Sale of Assets	3,360	92,500	96,986	75,000
Contributions	45,876	-	-	-
Total Revenues	\$ 849,854	\$ 96,500	\$ 105,763	\$ 82,500
Transfers	-	424,710	324,700	451,579
Total Revenues/Sources	\$ 849,854	\$ 521,210	\$ 430,463	\$ 534,079
EXPENDITURES/USES OF FUNDS				
Vehicle Disposal	\$ 269	\$ 7,400	\$ 8,325	\$ 10,000
Vehicle Acquisition	274,226	321,365	89,050	333,720
Equipment Acquisition	83,423	65,080	67,930	9,745
Total Expenditures	\$ 357,918	\$ 393,845	\$ 165,305	\$ 353,465
Transfers	-	-	-	-
Total Expenditures/Uses	\$ 357,918	\$ 393,845	\$ 165,305	\$ 353,465
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	\$ 491,936	\$ 127,365	\$ 265,158	\$ 180,614
ENDING FUND BALANCE	\$ 2,069,282	\$ 2,196,647	\$ 2,334,440	\$ 2,515,054

**Town of Highland Park
Equipment Inventory and Replacement Schedule
For the Fiscal Year Ending September 30, 2015**

Department/ Equipment Type	Equipment Make	Equipment Model	Year Purchased	Scheduled Replacement
PUBLIC SAFETY				
Administration/CID	Toyota Highlander Hybrid	2009	2009	2014
Administration/CID	Toyota Highlander Hybrid	2009	2009	2014
Administration/CID	Toyota Highlander Hybrid	2010	2010	2015
Administration/CID	Toyota Highlander Hybrid	2010	2010	2015
Command Vehicle	Chevrolet Tahoe	2010	2010	2015
Fire Apparatus	Pierce	2011	2011	2032
Fire Apparatus	Quality	2000	2000	2020
Fire Apparatus	Pierce-Dash	2007	2007	2027
MICU	Navistar	2006	2005	2021
MICU	Freightliner-Horton	2002	2002	2017
MICU	Frazier	2010	2010	2025
Pickup (Animal Control)	Dodge	2013	2013	2020
Administration/CID	Chevrolet Tahoe	2013	2013	2019
Police SUV	Chevrolet Tahoe	2010	2010	2015
Police SUV	Chevrolet Tahoe	2010	2010	2015
Police SUV	Chevrolet Tahoe	2010	2010	2015
Police SUV	Chevrolet Tahoe	2010	2010	2015
Police SUV	Chevrolet Tahoe	2013	2013	2016
Police SUV	Chevrolet Tahoe	2013	2013	2016
Police SUV	Chevrolet Tahoe	2013	2013	2016
STREET				
Dump Truck	Ford	2010	2011	2018
Pickup	Chevrolet	2011	2011	2018
Truck 1-ton	Ford	2010	2010	2017
STREET LIGHTING				
Truck w/ Arial lift	Ford	2009	2008	2018
Pickup	Chevrolet	2012	2012	2019
PARKS				
Truck w/ Arial lift	Chevrolet	2008	2008	2018
Pickup	Chevrolet	2013	2013	2020
Van	Chevrolet	2013	2013	2020
Truck w/ Dump body	Chevrolet	2012	2012	2020
Pickup	Ford	2010	2010	2017
Pickup	Ford	2010	2010	2017
Pickup 1-ton w/ Dump body	Ford	2010	2010	2017

**Town of Highland Park
Equipment Inventory and Replacement Schedule
For the Fiscal Year Ending September 30, 2015**

Department/ Equipment Type	Equipment Make	Equipment Model	Year Purchased	Scheduled Replacement
Pickup	Ford	2010	2010	2017
Skid Steer Loader	Bobcat	-	2005	Unscheduled
SERVICE CENTER				
Front-End Loader	Case	2011	2011	2021
WATER				
Pickup	Chevrolet	2013	2013	2020
Pickup	Chevrolet	2013	2013	2020
Pickup	Chevrolet	2011	2011	2018
Pickup	Ford	2010	2010	2017
WATER				
Truck-4 ½ Ton w/ Flusher	Ford	2011	2011	2018
Dump Truck	Freightliner	2008	2008	2018
Truck 1-ton	Ford	2010	2010	2017
Loader/Backhoe	John Deere	2012	2012	2020
Backhoe	Ford	2004	2004	2014



**TECHNOLOGY REPLACEMENT FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ -	\$ 979,458	\$ 979,458	\$ 1,262,902
REVENUES/SOURCES OF FUNDS				
Interest	\$ -	\$ 2,000	\$ 303	\$ 1,000
Sale of Assets	-	2,000	1,400	2,000
Contributions	-	-	-	-
Total Revenues	\$ -	\$ 4,000	\$ 1,703	\$ 3,000
Transfers	-	355,655	328,691	416,081
Total Revenues/Sources	\$ -	\$ 359,655	\$ 330,394	\$ 419,081
EXPENDITURES/USES OF FUNDS				
Services & Charges	\$ -	\$ 250	\$ 300	\$ 1,000
Technology Equipment Acquisition	-	80,000	46,650	410,643
Total Expenditures	\$ -	\$ 80,250	\$ 46,950	\$ 411,643
Transfers	-	-	-	-
Total Expenditures/Uses	\$ -	\$ 80,250	\$ 46,950	\$ 411,643
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	\$ -	\$ 279,405	\$ 283,444	\$ 7,438
ENDING FUND BALANCE	\$ 979,458	\$ 1,258,863	\$ 1,262,902	\$ 1,270,340

Town of Highland Park
 Technology Asset Replacement Schedule
 For the Fiscal Year Ending September 30, 2015

Fund	Dept	Department	ID Number	Description	Asset Value
100	002	Public Safety	4861	Intrado 9-1-1 System Upgrade	\$ 77,235
100	002	Public Safety	*	L3 Mobile Vision System	72,594
100	002	Public Safety	4607	Training Room AV	51,492
100	002	Public Safety	4635	NICE Dispatch Recording System	20,563
100	002	Public Safety	4589	IBM Server	17,725
100	002	Public Safety	4670	Alarm Software	15,000
100	002	Public Safety	4702	Laserfiche Licensing	5,628
100	002	Public Safety	4464	Server	5,006
100	002	Public Safety	4643	Panasonic CF19	4,919
100	002	Public Safety	4560	Server	4,861
100	002	Public Safety	4783A	Panasonic CF31	4,326
100	002	Public Safety	4784A	Panasonic CF31	4,326
100	002	Public Safety	4785A	Panasonic CF31	4,326
100	002	Public Safety	4786A	Panasonic CF31	4,326
100	002	Public Safety	4796A	Panasonic CF31	4,284
100	002	Public Safety	4787A	Panasonic CF31	4,283
100	002	Public Safety	4788A	Panasonic CF31	4,283
100	002	Public Safety	4789A	Panasonic CF31	4,283
100	002	Public Safety	4790A	Panasonic CF31	4,283
100	002	Public Safety	4791A	Panasonic CF31	4,283
100	002	Public Safety	4792A	Panasonic CF31	4,283
100	002	Public Safety	4793A	Panasonic CF31	4,283
100	002	Public Safety	4794A	Panasonic CF31	4,283
100	002	Public Safety	4795A	Panasonic CF31	4,283
100	002	Public Safety	4797A	Panasonic CF31	4,283
100	002	Public Safety	3993	Hitachi Starboard	2,714
100	002	Public Safety	4636	Desktop Computer	2,252
100	002	Public Safety	4667	Desktop Computer	1,372
Subtotal Public Safety					\$ 345,778
100	005	Street Lighting	4719	Panasonic CF31	\$ 4,883
100	005	Street Lighting	4942	Desktop Computer	687
Subtotal Street Lighting					\$ 5,570
100	007	Library	4741	Desktop Computer	\$ 1,678
100	007	Library	4742	Desktop Computer	1,678
100	007	Library	4743	Desktop Computer	1,668
100	007	Library	4749	Desktop Computer	1,505
100	007	Library	4750	Desktop Computer	1,505

Town of Highland Park
 Technology Asset Replacement Schedule
 For the Fiscal Year Ending September 30, 2015

Fund	Dept	Department	ID Number	Description	Asset Value
100	007	Library	4751	Desktop Computer	1,505
100	007	Library	4752	Desktop Computer	1,505
100	007	Library	4753	Desktop Computer	1,505
100	007	Library	4754	Desktop Computer	1,505
100	007	Library	4755	Desktop Computer	1,505
100	007	Library	4756	Desktop Computer	1,505
100	007	Library	4757	Desktop Computer	1,505
100	007	Library	4758	Desktop Computer	1,505
100	007	Library	4760	Desktop Computer	1,505
100	007	Library	4762	Desktop Computer	1,505
100	007	Library	4768	Desktop Computer	1,505
100	007	Library	4766	Desktop Computer	1,504
Subtotal Library					\$ 26,093
100	017	Information Technology	4779A	Laserfiche Licensing	\$ 28,665
100	017	Information Technology	4870	MAC Book Pro	4,536
Subtotal Information Technology					\$ 33,201
Total General Fund					\$ 410,643
32	001	Court Technology	4610	Desktop Computer	1,462
32	001	Court Technology	4613	Desktop Computer	1,462
Court Technology					\$ 2,925
Total Court Technology Fund					\$ 2,925
Grand Total					\$ 413,568

* Replaces and/or utilizing funding from multiple assets



**BUILDING MAINTENANCE & INVESTMENT FUND
STATEMENT OF REVENUES & EXPENDITURES**

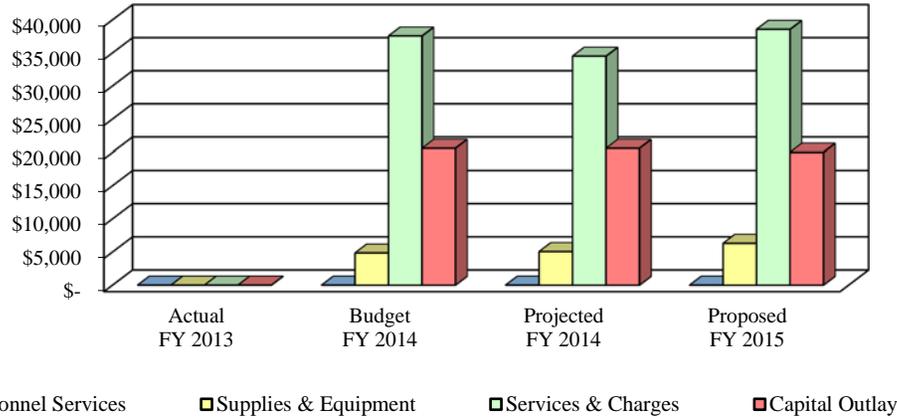
	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ -	\$ 213,230	\$ 213,364	\$ 289,726
REVENUES/SOURCES OF FUNDS				
Interest	\$ 44	\$ -	\$ 1,300	\$ 1,000
Miscellaneous	-	-	500	16,000
Total Revenues	\$ 44	\$ -	\$ 1,800	\$ 17,000
Transfers	213,320	303,675	303,675	315,539
Total Revenues/Sources	\$ 213,364	\$ 303,675	\$ 305,475	\$ 332,539
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	\$ -	\$ 26,350	\$ 20,552	\$ 15,980
Services & Charges	-	169,155	175,391	204,559
Capital Outlay	-	20,590	20,590	20,000
Total Expenditures	\$ -	\$ 216,095	\$ 216,533	\$ 240,539
Transfers	-	12,580	12,580	-
Total Expenditures/Uses	\$ -	\$ 228,675	\$ 229,113	\$ 240,539
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	\$ 213,364	\$ 75,000	\$ 76,362	\$ 92,000
ENDING FUND BALANCE	\$ 213,364	\$ 288,364	\$ 289,726	\$ 381,726



Service Center

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ -	\$ -	\$ -	\$ -	-
Supplies & Equipment	-	4,850	5,052	6,300	29.90%
Services & Charges	-	37,555	34,500	38,559	2.67%
Capital Outlay	-	20,590	20,590	20,000	-2.87%
Total Department	\$ -	\$ 62,995	\$ 60,142	\$ 64,859	2.96%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

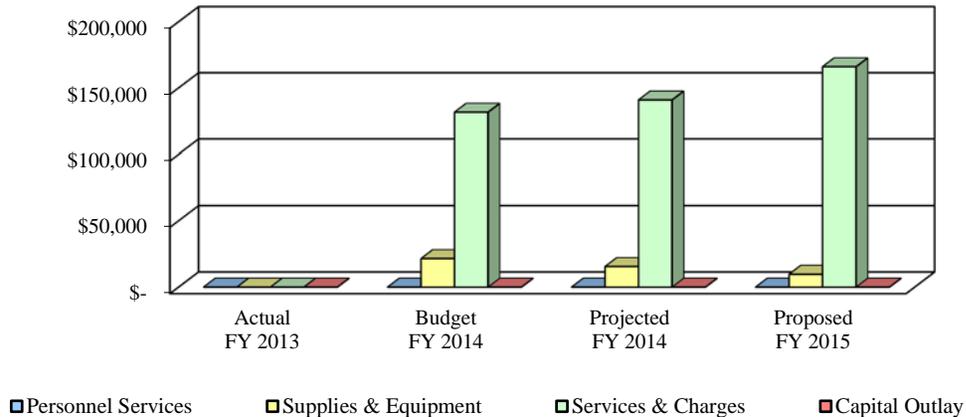
- 1 The proposed increase in the 2014-15 budget for supplies & equipment is due to appropriation for service wash bay chemicals and a modest increase in electrical supplies.
- 2 The proposed increase in the 2014-15 budget for supplies & equipment is due to appropriation for the Radio Hut generator maintenance which was previously included in the DPS budget.
- 3 The proposed 2014-15 budget for capital outlay includes appropriations for the acquisition of an Automated Fuel Tank System (\$6,000) and replacement of the Service Center security gate (\$14,000).



Municipal Buildings

EXPENDITURE SUMMARY

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed	% Change 2014 to 2015
Personnel Services	\$ -	\$ -	\$ -	\$ -	-
Supplies & Equipment	-	21,500	15,500	9,680	-54.98%
Services & Charges	-	131,600	140,891	166,000	26.14%
Capital Outlay	-	-	-	-	-
Total Department	\$ -	\$ 153,100	\$ 156,391	\$ 175,680	14.75%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

- 1 The proposed 2014-15 budget for services & charges includes a \$9,000 increase in elevator maintenance due to the addition of two new elevators and the absorption of the maintenance expense associated with the DPS elevator.
- 2 The proposed 2014-15 budget for services & charges includes the total cost of the Town Hall HVAC maintenance contract. During construction, the Town Hall HVAC maintenance was included in the DPS budget. As a result, HVAC maintenance expense in this budget has increased by approximately \$12,000.
- 3 The baseline budget for the maintenance and care of the newly renovated Town Hall facility will be established throughout the 2014-15 fiscal year.



**CAPITAL PROJECTS FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 7,750,182	\$ 979,458	\$ 3,149,883	\$ 1,801,296
REVENUES/SOURCES OF FUNDS				
Interest	\$ 30,476	\$ 5,000	\$ 23,690	\$ 8,500
Miscellaneous	1,263,311	-	698,508	-
Total Revenues	\$ 1,293,787	\$ 5,000	\$ 722,198	\$ 8,500
Transfers	2,361,179	1,606,930	1,879,853	1,946,221
Total Revenues/Sources	\$ 3,654,966	\$ 1,611,930	\$ 2,602,051	\$ 1,954,721
EXPENDITURES/USES OF FUNDS				
Capital Projects	\$ 7,955,718	\$ 3,657,908	\$ 3,662,908	\$ 969,375
Total Expenditures	\$ 7,955,718	\$ 3,657,908	\$ 3,662,908	\$ 969,375
Transfers	299,547	287,730	287,730	296,148
Total Expenditures/Uses	\$ 8,255,265	\$ 3,945,638	\$ 3,950,638	\$ 1,265,523
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	\$ (4,600,299)	\$ (2,333,708)	\$ (1,348,587)	\$ 689,198
ENDING FUND BALANCE	\$ 3,149,883	\$ 816,175	\$ 1,801,296	\$ 2,490,494

**COURT TECHNOLOGY FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 54,077	\$ 73,707	\$ 73,709	\$ 29,372
REVENUES/SOURCES OF FUNDS				
Court Fees	\$ 31,290	\$ 30,000	\$ 27,113	\$ 30,000
Interest	58	20	175	200
Total Revenues	\$ 31,348	\$ 30,020	\$ 27,288	\$ 30,200
Transfers	-	-	-	-
Total Revenues/Sources	\$ 31,348	\$ 30,020	\$ 27,288	\$ 30,200
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	\$ 2,560	\$ 2,950	\$ 2,650	\$ 5,565
Service & Charges	9,156	15,000	8,975	10,575
Capital Outlay	-	52,200	60,000	-
Total Expenditures/Uses	\$ 11,716	\$ 70,150	\$ 71,625	\$ 16,140
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	\$ 19,632	\$ (40,130)	\$ (44,337)	\$ 14,060
Fund Balance	\$ 73,709	\$ 33,579	\$ 29,372	\$ 43,432

**COURT SECURITY FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ 4,870	\$ 8,443	\$ 8,444	\$ 2,946
REVENUES/SOURCES OF FUNDS				
Court Fees	\$ 23,467	\$ 22,000	\$ 20,675	\$ 21,000
Interest	8	100	17	15
Total Revenues	\$ 23,475	\$ 22,100	\$ 20,692	\$ 21,015
Transfers	-	-	-	-
Total Revenues/Sources	\$ 23,475	\$ 22,100	\$ 20,692	\$ 21,015
EXPENDITURES/USES OF FUNDS				
Services & Charges	\$ 324	\$ -	\$ 165	\$ 250
Capital Outlay	-	-	-	-
Total Expenditures	\$ 324	\$ -	\$ 165	\$ 250
Transfers	19,577	22,000	26,025	21,000
Total Expenditures/Uses	\$ 19,901	\$ 22,000	\$ 26,190	\$ 21,250
Excess Revenues/Sources Over Expenditures/Uses	\$ 3,574	\$ 100	\$ (5,498)	\$ (235)
ENDING FUND BALANCE	\$ 8,444	\$ 8,544	\$ 2,946	\$ 2,711

**DPS TECHNOLOGY FUND
STATEMENT OF REVENUES & EXPENDITURES**

	FY 2013 Actual	FY 2014 Budget	FY 2014 Projected	FY 2015 Proposed
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ 23,895
REVENUES/SOURCES OF FUNDS				
Interest	\$ -	\$ -	\$ 10	\$ 10
Fiber line Lease Receipts	-	18,500	36,450	73,200
Total Revenues	\$ -	\$ 18,500	\$ 36,460	\$ 73,210
Transfers	-	-	-	-
Total Revenues/Sources	\$ -	\$ 18,500	\$ 36,460	\$ 73,210
EXPENDITURES/USES OF FUNDS				
Services & Charges	\$ -	\$ -	\$ 20	\$ 25
Technology Equipment Acquisition	-	12,665	12,545	-
Total Expenditures	\$ -	\$ 12,665	\$ 12,565	\$ 25
Transfers	-	-	-	-
Total Expenditures/Uses	\$ -	\$ 12,665	\$ 12,565	\$ 25
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	\$ -	\$ 5,835	\$ 23,895	\$ 73,185
ENDING FUND BALANCE	\$ -	\$ 5,835	\$ 23,895	\$ 97,080

PAY PLAN

The Pay Plans incorporated in the Town's FY 2015 Combined Budget are designed to maintain equity in the Town's designated public sector market.

The pay grades for Public Safety positions are structured based on market data for relative duties and responsibilities of the blended police and fire functions. The Public Safety Officer ("PSO") position is the anchor of the pay plan on which all other public safety positions and grades are determined. The midpoint of the new pay range for the PSO position was set at 20% above the weighted average of the police officer position in our target market. The differential of 20% is to recognize the dual discipline duties of police and fire required by the PSO position and public safety supervisors.

The pay plans are designed to incorporate the Town's Pay for Performance ("P4P"), a program that has been very beneficial to the Town and its employees for over twenty (20) years. All employees are evaluated on a quarterly basis for performance and personal goals and job duties. Immediate compensation for performance is tied to the evaluation on a scale of 0-7% of each employee's grading period base pay. The average performance rating over the preceding twelve (12) months determines the level within each pay grade that an employee will achieve from one budget year to the next.

Under the Town's Wellness Program employees may earn up to an additional 2% of base pay for participation in and satisfactory completion of a battery of physical fitness tests, designed to promote a physically sound and healthy lifestyle.

**TOWN OF HIGHLAND PARK GRADED PAY PLAN
NON-EXEMPT EMPLOYEES
FISCAL YEAR 2015**

Grade	Position	Minimum	Maximum
8	Chief Building Inspector Communications Supervisor Development Services Manager Foreman	\$80,766	\$116,667
7	Project Engineer Town Secretary/Administrative Secretary	\$70,232	\$101,449
6	Accreditation Manager Building Inspector Construction Coordinator Customer Service Supervisor Support Services Supervisor	\$61,071	\$88,216
5	Accountant Construction Inspector Electrical/Mechanical Tech Engineering Tech Project Coordinator Support Services Officer	\$53,105	\$76,710
4	Communications Specialist Court Clerk Library Assistant Parks Maintenance Specialist Secretary II Senior Accounting Tech Public Works Maintenance Worker III	\$46,178	\$66,705
3	Accounting Technician Building Permit Tech Deputy Court Clerk Customer Service Specialist II Parks Maintenance Worker II Public Works Maintenance Worker II	\$40,155	\$58,003
2	Customer Service Specialist I Library Associate Public Works Maintenance Worker I Secretary I	\$34,917	\$50,438
1	Parks Maintenance Worker I	\$30,363	\$43,859

Base Minimum and Base Maximum reflect the range within each grade, including Pay for Performance (“P4P”), but is net of any incentives.

**TOWN OF HIGHLAND PARK GRADED PAY PLAN
PUBLIC SAFETY PERSONNEL
FISCAL YEAR 2015**

Grade	Position	Minimum	Maximum
G	Captain	\$121,058	\$142,486
F	Lieutenant	\$105,268	\$123,901
E	Sergeant	\$91,537	\$107,740
D	Unassigned	-	-
C	Public Safety Officer	\$71,038	\$91,213
B	Fire Fighter Police Officer	\$59,198	\$69,676
A	Public Safety Apprentice	\$56,508	\$60,463

Base Minimum and Base Maximum reflect the range within each grade, including the maximum achievement possible through Pay for Performance (“P4P”), but is net of any incentives.

**TOWN OF HIGHLAND PARK GRADED PAY PLAN
EXEMPT POSITION
FISCAL YEAR 2015**

Grade	Position	Minimum	Maximum
E-4	Director of Public Safety	\$154,794	\$201,231
E-3	Director of Fiscal & Human Resources Director of Town Services Town Engineer	\$140,721	\$182,937
E-2	Assistant Director of Public Safety	\$133,702	\$173,813
E-1	Librarian IT Manager Controller	\$100,226	\$130,294
E	Librarian I	\$80,766	\$116,667

PAY INCENTIVES AND ENHANCEMENTS

Additional training and responsibilities are required of numerous Town job positions. Pay incentives have been incorporated in the 2011-2012 graded pay plans for these factors. The following schedule shows how incentives are calculated into the respective employee pay level.

Emergency Medical Technician	+2%
Crew Chief/Section Supervisor/Utility System Certification	+5%
Public Safety Investigator Assignment	+7.5%
Paramedic	+8%
Foreman of More Than One Department	+10%/Dept

All employees under the Town's graded pay plan are eligible for the Town's Pay for Performance program under which each employee can achieve additional compensation, up to 7% of base pay, based on a performance evaluation as it relates to the accomplishments of the goals and objectives of each respective department and the department's annual work plan.

Employees may also earn an additional 2% of base pay by meeting minimum physical fitness standards in the Town's Wellness Program.

Town of Highland Park
 Combined Schedule of Operational Capital, Maintenance Project, and New Program Requests
 For the Fiscal Year Ending September 30, 2015

Fund	Dept	Department	Item Description	Type of Request	Status		Funding Source
					Approved	Deferred	
01	002	Public Safety	Benelli Shotguns	Operating Capital		15,400	
01	002	Public Safety	Various Fitness Equipment Replacement	Operating Capital		20,000	
01	002	Public Safety	SNAP Trends	New Program(s)/Service(s)	12,500		General Fund
01	002	Public Safety	VieVu Body Worn Camera Systems	Operating Capital	10,800		General Fund
01	002	Public Safety	L3 Mobile Vision System	Operating Capital	72,594		Technology Replacement Fund
01	002	Public Safety	Bullard Thermal Imaging System	Operating Capital		13,491	
01	002	Public Safety	Intrado Viper 9-1-1 System Upgrade	Operating Capital	77,235		Technology Replacement Fund
01	002	Public Safety	NICE Dispatch Recording System	Operating Capital	20,563		Technology Replacement Fund
01	002	Public Safety	DPS Operational Efficiency Study	Contracted Service		50,000	
01	002	Public Safety	Adventos SmartForce - SharePoint Solution for Law Enforcement	New Program(s)/Service(s)	30,120		General Fund
				Subtotal Public Safety	<u>223,812</u>	<u>98,891</u>	
01	005	Street	Asphalt Vibratory Roller (Split Funding Operating Budget)	Operating Capital	9,745		Equipment Replacement Fund
					3,755		General Fund
				Subtotal Street	<u>13,500</u>	<u>-</u>	
01	007	Library	Access to New Learning/Educational Databases	New Program(s)/Service(s)	5,600		General Fund
				Subtotal Library	<u>5,600</u>	<u>-</u>	
01	008	Parks	LED Christmas Lights Conversion Project	New Program(s)/Service(s)		14,500	
				Subtotal Parks	<u>-</u>	<u>14,500</u>	
01	009	Swimming Pool Operations	Diving Board Replacement	Operating Capital	3,000		General Fund
				Subtotal Swimming Pool Operations	<u>3,000</u>	<u>-</u>	
01	017	Information Technology	WAN Fiber Network for Service Center	New Program(s)/Service(s)		32,560	
01	017	Information Technology	Disaster Recovery Server Core	New Program(s)/Service(s)		63,586	
				Subtotal Information Technology	<u>-</u>	<u>96,146</u>	
				Total- General Fund	<u>245,912</u>	<u>209,537</u>	
20	022	Water Department	Equipment Essential for System Maintenance	Operating Capital	20,000		Utility Fund
20	022	Water Department	Water Conservation Coordinator Position & Materials	New Program(s)/Service(s)		113,230	
				Subtotal Water Department	<u>20,000</u>	<u>113,230</u>	
				Total- Utility Fund	<u>20,000</u>	<u>113,230</u>	

Town of Highland Park
 Combined Schedule of Operational Capital, Maintenance Project, and New Program Requests
 For the Fiscal Year Ending September 30, 2015

Fund	Dept	Department	Item Description	Type of Request	Status		Funding Source
					Approved	Deferred	
24	013	Service Center	Automated Fuel Tank Gauge Mgmt. System*	Operating Capital	6,000		Building Maintenance Fund
24	013	Service Center	Service Center Security Gate Replacement	Operating Capital	14,000		Building Maintenance Fund
Subtotal Service Center					<u>20,000</u>	<u>-</u>	
24	014	Municipal Buildings	Town Hall Landscape Maintenance Program	Maintenance Project(s)		50,000	
Subtotal Municipal Buildings					<u>-</u>	<u>50,000</u>	
Total Building Maintenance Fund					<u>20,000</u>	<u>50,000</u>	
Grand Total- All Funds					<u>285,912</u>	<u>372,767</u>	

* Requires ongoing annual maintenance of \$1,320.

Town of Highland Park Texas Water and Wastewater Rate Study and Financial Plan



Report Prepared By:

3rd Generation Engineering &

Carolyn Marshall, CPA

1/23/2014

Mr. Bill Pollock
Director of Fiscal and Human Resources
4300 MacArthur Ave.
Suite 265A
Highland Park, TX 75209

January 23, 2014

Subject: Water & Wastewater Rate Study and Financial Plan Report

Dear Mr. Pollock:

3rd Generation Engineering Inc. and Carolyn Marshall, CPA (the 3rd GEN Team) are pleased to submit our report to the Town of Highland Park regarding a Water and Wastewater Rate Study and Financial Plan. The 3rd GEN Team prepared this cost of service and rate study using methods and guidelines put forth by American Water Works Association (AWWA) and the Water Environment Federation (WEF).

The 3rd GEN Team performed a study of the allocated cost of serving each of the Town's utility customer classifications. The scope of the rate study includes:

- A comparison of the water and wastewater existing rate revenue with the utilities' cost to serve its customers, taking into consideration anticipated changes in Dallas County Park Cities Municipal Utility District (DCPCMUD) and Dallas Water Utilities (DWU) rates, ongoing capital improvement plans, changes in operating requirements, and changes in water supply and demand.
- An analysis of the projected revenue requirements to determine whether or not rate revenue equitably distributes costs to each class of customer in accordance with generally accepted principles for water and wastewater rate studies.
- Developing and evaluating rate design alternatives and preparation of an implementation strategy for the rate structure that best meets Highland Park's needs.
- Providing a means for Town staff to update rates in-house for the next five years using the structure and method established by the study.

The water and wastewater rate study was prepared in four steps germane to both water and wastewater:

1. Preparation of revenue required from water and wastewater user fees that will recover the utilities cost to service its customers without general fund subsidy and a comparison of the revenue required to revenues generated from current rates;
2. Allocation of water and wastewater revenue requirements to individual customer classes based on class service demands; and
3. Preparation of rate structures designed to support Town price signal criteria to address high end users and promote water conservation.

4. Customer Impact evaluation and rate comparison with a survey of peer communities.

Based on the results of our study, the 3rd GEN Team provides the following recommendations:

1. The water rate revenue for FY 2014 should be increased by approximately 4% to cover current operating and maintenance expenses and planned capital improvements. This additional revenue is needed principally to recover DCPCMUD recent increase in charges due to major capital improvements for water treatment.
2. The wastewater rate revenue for FY 2014 does not need to be adjusted. Existing rates are expected to provide revenues that meet the Town's budget needs to operate and maintain its wastewater system.
3. Both water and wastewater systems should have a working capital reserve to stabilize rate revenue. This reserve is important to protect the financial integrity of the utilities from variations in customer use patterns caused by weather and changes in customer price signals resulting from rate structure modifications recommended in this study.
4. Changing the current water rate structure to include a three tier inclining volume rate replacing the current four tier volume rate. The change in rate structure is designed to enhance the Town's current water rate structure's price signals that encourage conservation.
5. The Town should increase the monthly customer minimum charge to enhance rate revenue stability and correspond to the cost of service study results.

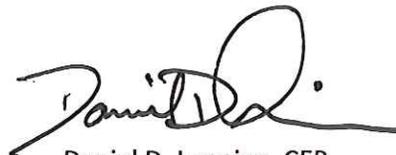
In preparation of this study the 3rd GEN Team members made certain assumptions regarding conditions that may occur in the future. Though we believe these assumptions are reasonable, they are based on conditions known to us at the time this study was prepared. As with any study of this nature, the overall assumptions used are important to the outputs. If any one of the assumptions used to prepare this study changes due to unforeseen circumstances such as significant metered use increase/decrease, inflation, etc., then the results of the study will also change, as could these recommendations.

The Team of 3rd GEN and Carolyn Marshall, CPA appreciates the extra effort the Town's staff put in during the data gathering process and their policy guidance during the preparation of this study.

Sincerely Yours,
3rd Generation Engineering, Inc.



Mark Fisher P.E.
President



Daniel D. Lanning, CEP
Project Manager

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Water and Sewer Utility Rate Study and Financial Plan

I. Introduction

The Team of 3rd Generation Engineering, Inc. and Carolyn M. Marshall, CPA (3rd GEN Team) is pleased to present the results of the study of water and sewer rates for the Town of Highland Park, Texas. This report contains a summary of the study methodology, a review of the revenue requirements, rate development process and the presentation of future recommendations beyond fiscal year (FY) 2014.

A. Study Background and Objectives

The Town of Highland Park, Texas, (“The Town” or “Highland Park”) owns, operates and maintains a municipal water and sewer utility that provides retail service to approximately 5,900 water utility customers with water meters ranging from size 5/8” to 6”. The Town’s sewer utility serves approximately 3,750 customers. The Town’s utility serves customers that are located within Highland Park’s corporate limits.

The 3rd GEN Team performed a study of the allocated cost of serving each of the Town’s utility customer classifications. The scope of the rate study includes:

1. A comparison of the water and wastewater existing rate revenue with the utilities' cost to serve its customers, taking into consideration anticipated changes in Dallas County Park Cities Municipal Utility District (DCPCMUD) and Dallas Water Utilities (DWU) rates, ongoing capital improvement plans, changes in operating requirements, and changes in water supply and demand.
2. An analysis of the projected revenue requirements to determine whether or not rate revenue equitably distributes costs to each class of customer in accordance with generally accepted principles for water and wastewater rate studies.
3. Developing and evaluating rate design alternatives and preparation of an implementation strategy for the rate structure that best meets Highland Park’s needs.
4. Providing a means for Town staff to update rates in-house for the next five years using the structure and method established by the study.

B. Study Methodology

The water and wastewater rate study was prepared in four steps germane to both water and wastewater:

1. Preparation of revenue required from water and wastewater user fees that will recover the utilities cost to service its customers without general fund subsidy and a comparison of the revenue required to revenues generated from current rates;
2. Allocation of water and wastewater revenue requirements to individual customer classes based on class service demands; and

3. Preparation of rate structures designed to support Town price signal criteria to address high end users and promote water conservation.
4. Customer Impact evaluation and rate comparison with a survey of peer communities.

II. Revenue Requirement and Financial Plan

A. Revenue Requirement

The 3rd GEN Team computed a Base Year water and wastewater rate revenue requirement (i.e., amount of annual revenue needed from water and wastewater rates) using the Town proposed FY 2014 budget. The revenue required was developed on a cash (budget) basis in accordance with American Water Works Association (AWWA) and Water Environment Federation (WEF) ratemaking guidelines. The cash basis incorporates operation and maintenance costs, cash capital outlays and transfers to the municipality's general fund, less miscellaneous utility revenues (late payment penalties, meter installations, interest income, etc.).

The total water and wastewater revenue requirement for the Base Year is approximately \$8,721,400. This total was allocated between water and wastewater using direct and indirect cost allocations to determine the individual utility system revenue requirements. Water utility revenue requirement was determined to be approximately \$5,954,100 and wastewater utility revenue requirement was computed as \$2,767,300. See Figure 1 below.

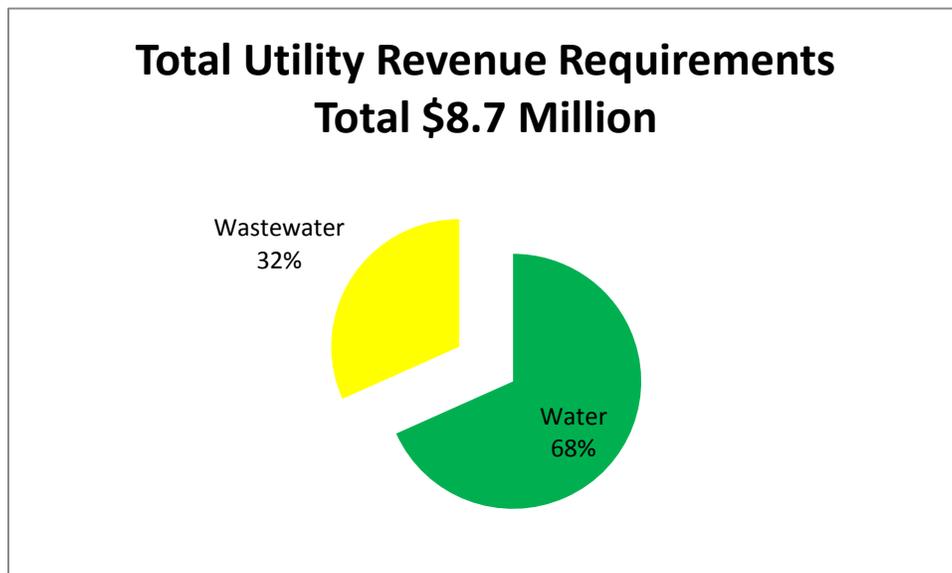


Figure 1

The water and wastewater revenue requirement details are presented in Appendix A – Tables A-1 and A-2.

B. Financial Plan

Financial information from FY09 through FY14 budget was used in the study. The revenue requirements in this report reflect the needs of the proposed FY14 budget. A five year financial planning period of FY 2015 through FY 2019 was projected using the following major assumptions:

1. The budget line item expenditures and transfers were increased 3% per year. The escalation rate of 3% reflects the average annual inflation extrapolated from data reported by the U.S. Bureau of Labor Consumer Price Index (CPI) over the last 25 years.
2. DWU and DCPCMUD projected cost for sewer conveyance and treatment and water supply was increased by 3% per year. With the exception of cash funding for Capital Improvements, Water Purchases, Sewer Payments are the single largest annual expenditure for the water system and wastewater system, respectively.
3. Capital outlays were escalated by 3% per year through the forecasted period. The capital escalation rate of 3% was developed using the 20 average of Engineering News-Record (ENR) Building Cost Index data.
4. All miscellaneous revenue (i.e., non-rate revenue related) sources contained in the FY14 financial information remained constant over the projected planning years.

As with any study of this nature, the overall assumptions used are important to the outputs. If any one of the assumptions used to prepare this study changes due to unforeseen circumstances such as significant metered use increase/decrease, inflation, etc., then the results of the study will also change.

Table 1, below, presents the projected costs to operate and maintain the Town’s water system through FY 2019. The difference between the Rate Year 2014 Budget column in Table 1 and the FY 2014 Water Revenue Requirement reported above is Miscellaneous Utility Revenue not reflected in Table 1.

	2013-2014	Financial Plan				
	PROPOSED BUDGET	2015	2016	2017	2018	2019
PERSONNEL SERVICES	\$1,174,969	\$1,210,218	\$1,246,524	\$1,283,920	\$1,322,438	\$1,362,111
SUPPLIES & EQUIPMENT	\$2,969,170	\$3,058,245	\$3,149,992	\$3,244,492	\$3,341,827	\$3,442,082
SERVICES & CHARGES	\$193,210	\$199,006	\$204,976	\$211,126	\$217,459	\$223,983
CAPITAL OUTLAY	\$952,030	\$980,591	\$1,010,009	\$1,040,309	\$1,071,518	\$1,103,664
TOTAL EXPENSES	\$5,289,379	\$5,448,060	\$5,611,502	\$5,779,847	\$5,953,242	\$6,131,839
TRANSFERS OUT	\$1,222,207	\$1,258,873	\$1,296,639	\$1,335,538	\$1,375,604	\$1,416,872
TOTAL EXPENSES/USES	\$6,511,585	\$6,706,933	\$6,908,141	\$7,115,385	\$7,328,846	\$7,548,712

Table 1
Water System Financial Forecast

The average annual increase in water expenses, capital and transfers is 3% during the financial planning period.

Table 2, below, presents the projected costs to operate and maintain the Town’s wastewater system through FY 2019. As with the water financial forecast, the difference between the Rate Year 2014 Budget column in Table 2 and the FY 2014 Wastewater Revenue Requirement reported above is Miscellaneous Utility Revenue not reflected in Table 2.

EXPENSES/USES OF FUNDS:	Sewer					
	2013-2014 PROPOSED BUDGET	Financial Planning Years				
		2015	2016	2017	2018	2019
PERSONNEL SERVICES	\$660,276	\$680,085	\$700,487	\$721,502	\$743,147	\$765,441
SUPLIES & EQUIPMENT	\$37,285	\$38,404	\$39,556	\$40,742	\$41,965	\$43,224
SERVICES & CHARGES	\$1,023,410	\$1,054,112	\$1,085,735	\$1,118,308	\$1,151,857	\$1,186,412
CAPITAL OUTLAY	\$929,030	\$956,901	\$985,608	\$1,015,176	\$1,045,631	\$1,077,000
TOTAL EXPENSES	\$2,650,001	\$2,729,501	\$2,811,386	\$2,895,728	\$2,982,600	\$3,072,078
TRANSFERS OUT	\$215,684	\$222,154	\$228,819	\$235,683	\$242,754	\$250,036
TOTAL EXPENSES/USES	\$2,865,685	\$2,951,655	\$3,040,205	\$3,131,411	\$3,225,353	\$3,322,114

Table 2
Wastewater System Financial Forecast

The average annual increase in wastewater expenses, capital and reserve additions is also 3% during the financial planning period.

Billing Summary

The 3rd GEN Team prepared a billing summary of water and wastewater average metered use over a three year period from FY 2010 through FY 2012. An average of three years billing data was selected to normalize any anomalies in consumption patterns caused by unusually dry or wet weather that may have occurred in any one year. Total metered water use for the three year average period was 1,117,739 gallons.

The Town’s water utility currently bills four classes of customers including municipal. During this study, the 3rd GEN Team identified significant number of customers that continually used more than 100,000 gallons a month. This group of customers approximately 100 residential, multi-family, municipal and commercial customers represented as much as 9% of the annual metered water use billed by the water utility. This and other considerations were used in developing the recommended rate structure for the Town’s water utility. Figure 2 presents the percentage breakdown of the customer class metered use for the averaged three year period.

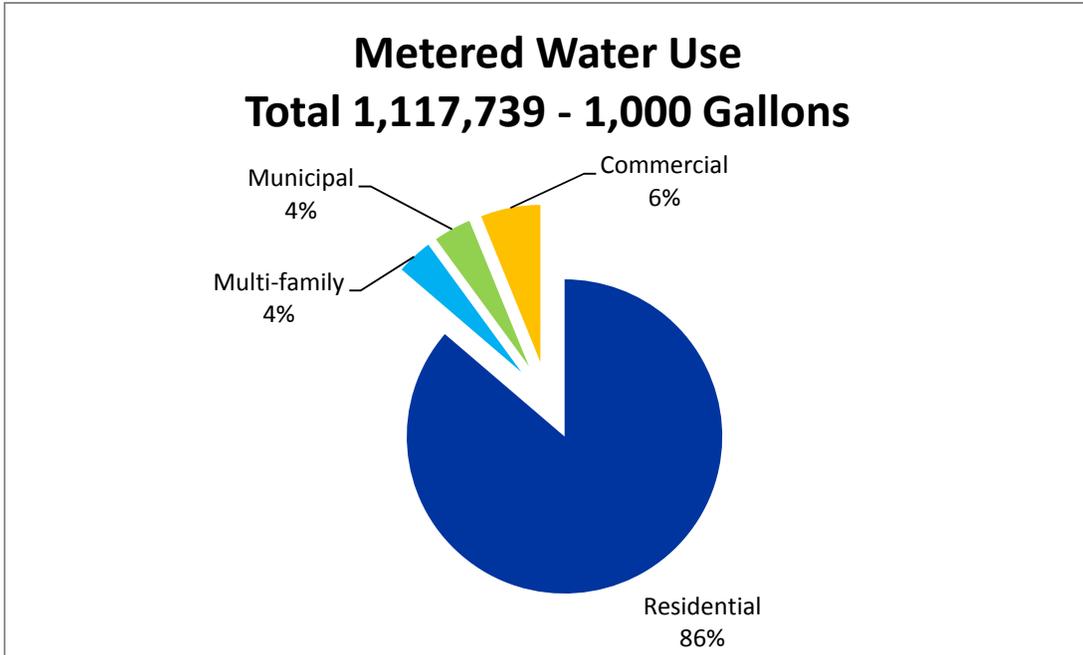


Figure 2
Percent of Metered Use by Customer Class

The average annual wastewater billing units during the four year period for all customers was 470,000,000 gallons. The billing use is based on 100% of metered consumption year round. This excludes sprinkler meter use (dedicated to irrigation and other outdoor use) and municipal use.

As part of the billing summary preparation the 3rd GEN Team also developed the monthly average use in 1,000 gallons block increments. The result revealed that the water utility customers use about 85% of their water by the 60,000 gallon block. Figure 3 presents the average monthly metered water use curve. It also graphically depicts the tail end jump in use by a group of high use residential, commercial, multi-family and municipal customers.

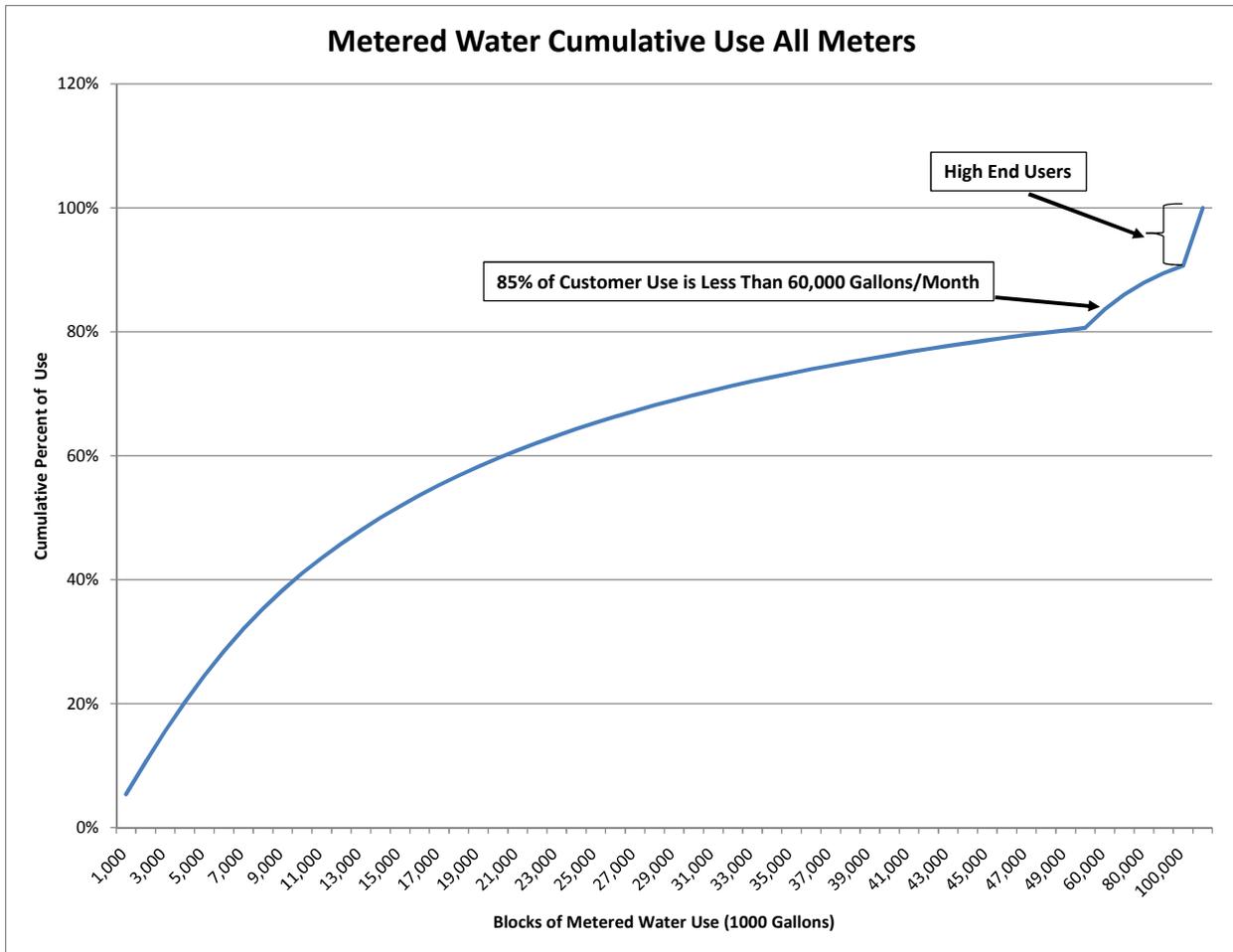


Figure 3
Average Monthly Metered Water Use – All Customers

III. Revenues from Current Rates

Utilizing the average annual metered use data at current rates revealed a 4% deficit between anticipated water revenues at current rates (\$5,718,000) and water revenues needed from rates. This deficit should be recovered by an increase in some component of the water rates, whether the difference is made up in only minimum charge or in all components of the rates (minimum and volume rates). Alternatively, there was little difference between wastewater revenues at current rates (\$2,762,000) and wastewater revenues needed from rates indicating no increase required in current wastewater rates. Thus, only the water revenue test suggested a need for an increase in rates.

IV. Cost Allocation

The billing summary information was also used to functionalize and allocate the water and wastewater revenue requirement to customer classes in the cost allocation component of this study. This study allocated water and wastewater costs among customer classes in accordance

with guidelines established in AWWA M-1 - Principles of Water Rates, Fees, and Charges and WEF MOP - 27 – Financing and Charges for Wastewater Systems, respectively.

Using the Base-Extra Capacity Method identified in AWWA M-1, the total allocation of cost components to customer classes for the water utility is presented in Table 3, below.

	COST ALLOCATION				
	Base		Customer Service		Total Class Cost
	Annual Use 1000 Gal.	Extra Capacity 1000 gpd	Equivalent Units	Multi-Family Units	
Residential	\$ 3,785,568	\$ 282,472	\$ 1,079,490	\$ -	\$ 5,147,530
Residential Multifamily	\$ 161,178	\$ 4,811	\$ 32,967	\$ 50,268	\$ 249,224
Residential Total	\$ 3,946,747	\$ 287,283	\$ 1,112,457	\$ 50,268	\$ 5,396,754
Municipal	\$ 170,490	\$ 8,481	\$ 40,877	\$ -	\$ 219,848
Commercial	\$ 269,379	\$ 13,400	\$ 44,489	\$ 10,224	\$ 337,493
Total	\$ 4,386,616	\$ 309,165	\$ 1,197,823	\$ 60,492	\$ 5,954,096

Table 3
Water Utility Cost Allocation

The total allocation of cost components to customer classes for the wastewater utility is presented in Table 4, below.

	Allocation of Cost to Class			
	Volume	Customer	Bills	Total
Residential	\$ 2,084,392	\$ 111,190	\$ 95,840	\$ 2,291,423
Multi Family	\$ 191,973	\$ 21,580	\$ 18,601	\$ 232,154
Municipal	\$ -	\$ -	\$ -	\$ -
Commercial	\$ 235,556	\$ 4,389	\$ 3,783	\$ 243,728
Total	\$ 2,511,921	\$ 137,159	\$ 118,224	\$ 2,767,304

Table 4
Wastewater Utility Cost Allocation

Schedules detailing the functionalization of water and wastewater costs are presented in Appendix A – Tables A-3 and A-4, respectively. Cost allocation units of service by customer class are presented in Appendix A – Tables A-5 and A-6 for water and wastewater, respectively.

V. Design of Water and Wastewater Rate Structures

One of the key objectives of this rate study was to determine the effectiveness of its current water and wastewater rates, i.e., whether or not they reflect current costs and provide the correct price signals to the customer. The Town’s current water and wastewater rates are presented in Table 5 and Table 6, respectively.

Minimum	\$ 10.00
Gallons	\$/1000 Gal.
0 - 12,000	\$4.18
13,000 - 36,000	\$4.81
37,000 - 60,000	\$5.02
60,000+	\$5.23
Municipal	\$2.29

Table 5
Current Water Rate Structure

Minimum	\$10.00
Gallons	\$/1000 Gal.
0 - 12,000	\$4.92
13,000 - 36,000	\$4.92
37,000 - 60,000	\$4.92
60,000+	\$4.92

Table 6
Current Wastewater Rate Structure

The monthly fixed charge does not include any minimum use for both water and wastewater monthly customer (minimum) charge. The water rate structure has four tiers with an increasing rate per 1,000 gallons for each tier. The rate per 1,000 gallons is increased by 25% more on the last tier compared to the first tier. Municipal meters are charged a uniform volume rate that is based on the rate per 1,000 gallons charged to the Town by DCPCMUD for water purchased. Municipal accounts do not pay a minimum charge. In addition, the multifamily customers pay a uniform \$4.18 volume rate per 1,000.

The wastewater rate structure is a minimum monthly charge and a uniform rate per 1,000 gallons for all metered water use (excluding sprinkler and municipal metered water use).

As part of this study, the 3rd GEN Team developed nine water rate structure alternatives and six wastewater rate structure alternatives. Each alternative was designed to meet some, or all, of the Town's stated objectives at varying degrees. Key objectives were to 1) reflect current costs and 2) provide the correct price signals to the customer. In addition, each proposed rate design needed to be easily implementable and compatible with existing billing software as well as easy to administer and explain to the public.

The following is a list and brief description of each water rate alternative explored:

1. Existing rate structure across the board increase to each component, i.e., 4% increase to all components of the current water rate.
2. Uniform rate by customer class using the base and extra capacity cost allocation developed in the cost allocation section of this study.
3. A rate structure with three components based on the cost allocation study results including: a) a fixed monthly customer charge, b) a meter charge that increases based on meter size, and c) a four tier increasing rate volume charge (tier volumes identical to existing water rate structure). The last tier volume rate is 25% more than the first tier volume rate.
4. A rate structure with three components based on the cost allocation study results including: a) a fixed monthly customer charge, b) a meter charge that increases based on meter size, and c) a three tier increasing rate volume charge where the third and fourth tier volumes in the existing water rate structure are combined and all use over 36,000 gallons is charged the last tier volume rate per 1,000 gallons. The last tier volume rate is 25% more than the first tier volume rate.
5. A rate structure with three components based on the cost allocation study results including: a) a fixed monthly customer charge that is only charged to multi-family and commercial customers, b) a meter charge that increases based on meter size, and c) a three tier increasing rate volume charge where the third and fourth tier volumes in the existing water rate structure are combined and all use over 60,000 gallons is charged the last tier volume rate per 1,000 gallons (second tier ranges from 12,001 – 60,000 gallons). The last tier volume rate is 35% more than the first tier volume rate.
6. A rate structure with two components based on the cost allocation study results including: a) a fixed monthly customer charge that recovers the cost of service study results for customer accounting and meter reading, and b) a three tier increasing rate volume charge where the third and fourth tier volumes in the existing water rate structure are combined and all use over 60,000 gallons is charged the last tier volume rate per 1,000 gallons (second tier ranges from 12,001 – 60,000 gallons). The last tier volume rate is 25% more than the first tier volume rate.
7. The final alternative was expanded into three additional sub-alternatives. The basic rate structure for all three has two components: a) a fixed monthly customer charge that phases in the cost of service study results for customer accounting and meter reading, and b) a three tier increasing rate volume charge where the third and fourth tier

volumes in the existing water rate structure are combined and all use over 60,000 gallons is charged the last tier volume rate per 1,000 gallons (second tier ranges from 12,001 – 60,000 gallons). In all sub-alternatives the first and second tier rate per 1,000 gallons are the same as the first two tiers of the Town’s existing rate. Salient differences in the three sub-alternatives include:

- a. The last tier volume rate is 30% more than the first tier volume rate.
- b. The last tier volume rate is 35% more than the first tier volume rate.
- c. The last tier volume rate is 50% more than the first tier volume rate.

Alternatives 3 – 6 and 7a – 7c have additional special rate features where municipal meters are charged a uniform volume rate that is based on the rate per 1,000 gallons charged to the Town by DCPCMUD for water purchased and municipal accounts pay a minimum charge. In addition, the multi-family customers pay a uniform volume rate per 1,000 that is equal to the first tier in the rate structure with these alternatives.

All water rate structure alternatives (except Alternative 1) focused to some degree on redistributing the water rate revenue from volume rate per 1,000 gallons to a fixed monthly charge. During the study it was determined that a significant percent of the revenue collected from water customers came from the volume rate and was exposed to swings in water sales from changes in weather and increased conservation efforts. Increasing the monthly fixed charge component of the rate structure both increases revenue stability and provides a closer match to the cost of service study results.

The following is a list and brief description of each wastewater rate alternative explored:

1. The existing rates for both monthly fixed customer charge and volume rate. Since the difference between the revenue requirements calculated in the study was in-line with revenue calculated using current rates, there will be no need to change the rates if the existing wastewater structure is sound and meets the Town rate criteria.
2. Cost allocation study results where the customer charge and uniform volume rate is based on the cost allocation developed in the study.
3. Increasing the monthly customer charge and decreasing the volume rate per 1,000 gallons to increase revenue stability.
4. Billing based on 80% of metered water volume for residential customers instead of 100% of metered water use. Commercial class billed based on 100% of metered use. Rates per 1,000 gallon vary by class in accordance with the results of the cost of service allocation study.
5. Billing based on 80% of metered water volume for residential customers instead of 100% of metered water use. Commercial class billed based on 100% of metered use. Rates per 1,000 gallon is uniform for all customer classes.
6. Billing the winter quarter average of customer monthly metered volume for residential customers. Commercial class billed based on 100% of metered use.

Rates and charges were determined for each alternative and reconciliations were prepared using the billing summary data to confirm the alternatives recover the revenue requirement.

An evaluation of each of these alternative water and wastewater rate structures concluded with selection of the most appropriate rates and rate structures. The selection was based on:

- The enhancement of revenue stability by increasing fixed charges.
- The ability of the rate to promote conservation of water through pricing signals.
- The ease of administration and public understanding of the rate structure.
- The Town’s capability of implementing the rate structure using existing software and equipment, and
- The impact the rate structure changes will have on customers.

Tables 7 and 8, below, present the recommended rate structures selected from the above mentioned alternatives.

Water Rate Alternative 7a	
Monthly Meter Charge	\$13.50
Gallon Tier	\$/1000 Gallons
1 - 12,000	\$4.18
12001 - 60,000	\$4.80
60,000 +	\$5.40
Multi Family	\$4.18
Municipal	\$2.3594

Table 7
Three Tier Water Rates

Wastewater Rate Alternative 1	
	Rate
Monthly Customer Charge	\$10.00
Volume Rate per 1000 Gallons	\$4.92

Table 8
Existing Wastewater Rate Structure

VI. Impacts of New Rates on Customers

The three typical use patterns for residential customer that were used to determine impacts of water rate alternatives are as follows: 1) water customers with average monthly use of 11,000 gallons per month, 2) water customers with average monthly use of 40,000 gallons per month, and 3) water customers with an average monthly use of 80,000 gallons per month. These monthly use examples were developed after discussions with Town staff as well as to determine the range of impact the proposed rates could have on a large variations of usage patterns. Table 9, below, presents the impact of the proposed water rate change on all three example average use customer. The increase varies based on the volume of use.

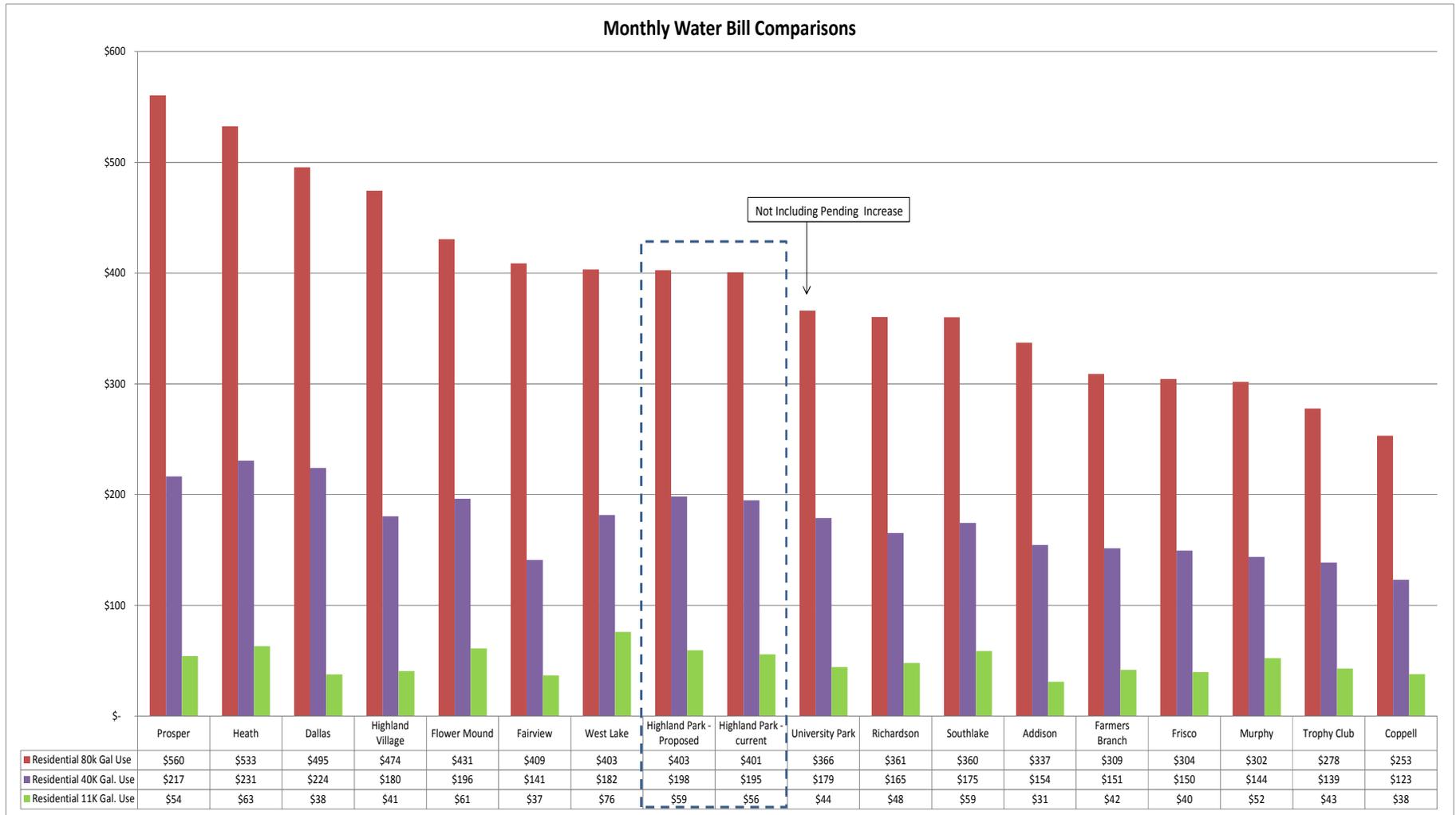
Customer Monthly Use	TYPICAL MONTHLY BILLS	
	Current	Alternative 7a
<u>1000 Gallons</u>		
11	\$55.98	\$59.48
Increase		\$3.50
40	\$195.68	\$198.06
Increase		\$2.38
80	\$400.68	\$402.06
Increase		\$1.38

Table 9

The impact the new water rate will have on customers will vary. The customer that uses more 80,000 gallons a month is likely to realize an increase that is more than the typical residential customers presented in Table 9. For customers with very small water use the impact will more apparent since the new rate structure includes an increase in the monthly customer minimum charge.

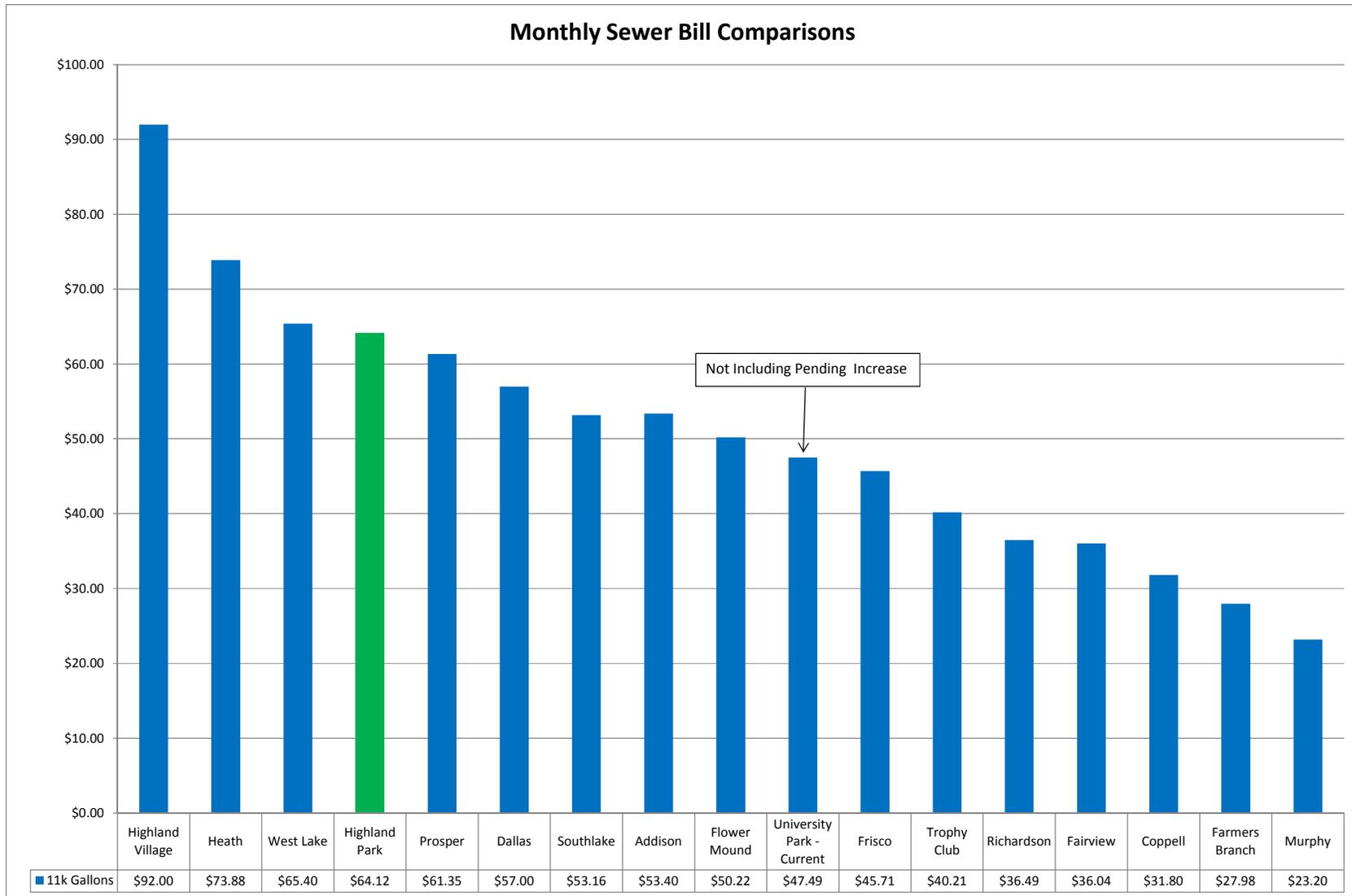
No impact analysis is provided for the new wastewater rate structure because the existing rate is the proposed rate.

A rate survey of water and wastewater utility rates charged by peer community utilities compared to the Town's current and recommended rates is presented below as Figures 4 and 5.



Water Rate Survey Comparing Town Monthly Bills with Peer Group Monthly Bills

Figure 4



Wastewater Rate Survey Comparing Town Monthly Bills with Peer Group Monthly Bills
Figure 5

VII. Conclusion

Based on the results of our study, the 3rd GEN Team provides the following recommendations:

1. The water rate revenue for FY 2014 should be increased by approximately 4% to cover current operating and maintenance expenses and planned capital improvements. This additional revenue is needed principally to recover DCPCMUD recent increase in charges due to major capital improvements for water treatment.
2. The wastewater rate revenue for FY 2014 does not need to be adjusted. Existing rates are expected to provide revenues that meet the Town's budget needs to operate and maintain its wastewater system.
3. Both water and wastewater systems should have a working capital reserve to stabilize rate revenue. This reserve is important to protect the financial integrity of the utilities from variations in customer use patterns caused by weather and changes in customer price signals resulting from rate structure modifications recommended in this study.
4. Changing the current water rate structure to include a three tier inclining volume rate replacing the current four tier volume rate. The change in rate structure is designed to enhance the Town's current water rate structure's price signals that encourage conservation.
5. The Town should increase the monthly customer minimum charge to enhance rate revenue stability and correspond to the cost of service study results.

In preparation of this study the 3rd GEN Team members made certain assumptions regarding conditions that may occur in the future. Though we believe these assumptions are reasonable, they are based on conditions known to us at the time this study was prepared. As with any study of this nature, the overall assumptions used are important to the outputs. If any one of the assumptions used to prepare this study changes due to unforeseen circumstances such as significant metered use increase/decrease, inflation, etc., then the results of the study will also change, as could these recommendations.

The Team of 3rd GEN and Carolyn Marshall, CPA appreciates the extra effort the Town's staff put in during the data gathering process and their policy guidance during the preparation of this study. They were exceptionally conversant with Town utility financial and operational matters and very professional.

APPENDIX A – DETAIL WATER AND WASTEWATER TABLES

TABLE A-1

Town of Highland Park
Water Revenue Requirements
Based on FY2014 Budget

		PRELIMINARY FY2014 BUDGET
O & M	PERSONNEL SERVICES	1,174,969
	SUPPLIES & EQUIPMENT	2,969,170
	SERVICES & CHARGES	193,210
	TRANSFERS	1,222,207
	TOTAL O&M	<u>5,559,555</u>
	CAPITAL EXPENDITURES	952,030
	Total Adjusted	<u>6,511,585</u>
LESS:		
	PLUMBING PERMITS	40,800
	METER INSTALLATION	25,500
	OTHER CHARGES	2,550
	LATE PAYMENT PENALTIES	79,560
	INTEREST	5,100
	SALE OF ASSETS	-
	RENTAL OF TOWN PROPERTY	-
	TOWN PROPERTY DAMAGE REFUNDS	-
	MISCELLANEOUS	8,500
	FROM GENERAL FUND	84,579
	FROM CPF	310,900
TOTAL OTHER		<u>557,490</u>
REVENUE FROM RATES		<u><u>5,954,096</u></u>

TABLE A-2

Town of Highland Park
Sewer Revenue Requirements
Based on 2014 Budget

	PRELIMINARY FY2014 BUDGET
O&M	
PERSONNEL SERVICES	660,276
SUPPLIES & EQUIPMENT	37,285
SERVICES & CHARGES	1,023,410
TRANSFERS	215,684
TOTAL O&M	<u>1,936,655</u>
CAPITAL EXPENDITURES	929,030
Total Adjusted	<u>2,865,685</u>
LESS:	
PLUMBING PERMITS	7,200
METER INSTALLATION	4,500
OTHER CHARGES	450
LATE PAYMENT PENALTIES	14,040
INTEREST	900
SALE OF ASSETS	-
RENTAL OF TOWN PROPERTY	-
TOWN PROPERTY DAMAGE REFUNDS	-
MISCELLANEOUS	1,500
FROM GENERAL FUND	14,926
FROM CPF	54,865
TOTAL OTHER	<u>98,381</u>
REVENUE FROM RATES	<u><u>2,767,304</u></u>

TABLE A-3

TOWN OF HIGHLAND PARK
Cost Functionalization - Water

LINE ITEMS	FY 2013 Water	PERCENT ALLOCATION*				COST ALLOCATION			
		Base	Extra Capacity	Customer Service		Base	Extra Capacity	Customer Service	
				Meter Reading	Billing & Collecting			Meter Reading	Billing & Collecting
O&M									
PERSONNEL SERVICES:									
Administration	\$ 479,549	25%	0%	0%	75%	\$ 119,887	\$ -	\$ -	\$ 359,662
Water	\$ 364,245	50%	0%	50%	0%	\$ 182,123	\$ -	\$ 182,123	\$ -
Engineering	\$ 331,175	75%	25%	0%	0%	\$ 248,381	\$ 82,794	\$ -	\$ -
TOTAL PERSONNEL SERVICES	\$ 1,174,969					\$ 550,391	\$ 82,794	\$ 182,123	\$ 359,662
SUPPLIES & EQUIPMENT:									
Administration	\$ 22,355	25%	0%	0%	75%	\$ 5,589	\$ -	\$ -	\$ 16,766
Water	\$ 167,475	50%	0%	50%	0%	\$ 83,738	\$ -	\$ 83,738	\$ -
Engineering	\$ 6,340	75%	25%	0%	0%	\$ 4,755	\$ 1,585	\$ -	\$ -
Water Purchases	\$ 2,773,000	100%	0%	0%	0%	\$ 2,773,000	\$ -	\$ -	\$ -
TOTAL SUPPLIES & EQUIPMENT	\$ 2,969,170					\$ 2,867,081	\$ 1,585	\$ 83,738	\$ 16,766
SERVICES & CHARGES:									
Administration	\$ 52,700	25%	0%	0%	75%	\$ 13,175	\$ -	\$ -	\$ 39,525
Water	\$ 112,260	50%	0%	50%	0%	\$ 56,130	\$ -	\$ 56,130	\$ -
Engineering	\$ 28,250	75%	25%	0%	0%	\$ 21,187	\$ 7,062	\$ -	\$ -
TOTAL SERVICES & CHARGES	\$ 193,210					\$ 90,492	\$ 7,062	\$ 56,130	\$ 39,525
Sub Total O&M	\$ 4,337,349	81%	2%	7%	10%	\$ 3,507,965	\$ 91,441	\$ 321,990	\$ 415,953
TRANSFERS - General Fund	\$ 855,062	47%	6%	21%	27%	\$ 401,726	\$ 49,981.11	\$ 175,997.44	\$ 227,356.84
TRANSFERS - CIP	\$ 367,145	47%	6%	21%	27%	\$ 172,492	\$ 21,460.79	\$ 75,569.44	\$ 97,622.04
	\$ 1,222,207					\$ 574,219	\$ 71,442	\$ 251,567	\$ 324,979
TOTAL O&M	\$ 5,559,555					\$ 4,082,183	\$ 162,883	\$ 573,557	\$ 740,932
CAPITAL EXPENDITURES	\$ 952,030	75%	25%	0%	0%	\$ 714,023	\$ 238,008	\$ -	\$ -
TOTAL 2013 BUDGET	\$ 6,511,585	74%	6%	9%	11%	\$ 4,796,206	\$ 400,891	\$ 573,557	\$ 740,932
WORKING CAPITAL INCLUDED	\$ -	81%	2%	7%	10%	\$ -	\$ -	\$ -	\$ -
TOTAL ADJUSTED	\$ 6,511,585					\$ 4,796,206	\$ 400,891	\$ 573,557	\$ 740,932
LESS:									
PLUMBING PERMITS	\$ 40,800	75%	25%	0%	0%	\$ 30,600	\$ 10,200	\$ -	\$ -
METER INSTALLATION	\$ 25,500	0%	0%	100%	0%	\$ -	\$ -	\$ 25,500	\$ -
OTHER CHARGES	\$ 2,550	81%	2%	7%	10%	\$ 2,062	\$ 54	\$ 189	\$ 245
LATE PAYMENT PENALTIES	\$ 79,560	81%	2%	7%	10%	\$ 64,347	\$ 1,677	\$ 5,906	\$ 7,630
INTEREST	\$ 5,100	81%	2%	7%	10%	\$ 4,125	\$ 108	\$ 379	\$ 489
SALE OF ASSETS	\$ -	81%	2%	7%	10%	\$ -	\$ -	\$ -	\$ -
RENTAL OF TOWN PROPERTY	\$ -	81%	2%	7%	10%	\$ -	\$ -	\$ -	\$ -
TOWN PROPERTY DAMAGE REFUND	\$ -	81%	2%	7%	10%	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS	\$ 8,500	81%	2%	7%	10%	\$ 6,875	\$ 179	\$ 631	\$ 815
FROM GENERAL FUND	\$ 84,579	81%	2%	7%	10%	\$ 68,406	\$ 1,783	\$ 6,279	\$ 8,111
FROM Capital Projects Fund	\$ 310,900	75%	25%	0%	0%	\$ 233,175	\$ 77,725	\$ -	\$ -
TOTAL OTHER REVENUE	\$ 557,490					\$ 409,590	\$ 91,726	\$ 38,884	\$ 17,290
REVENUE FROM RATES	\$ 5,954,096					\$ 4,386,616	\$ 309,165	\$ 534,673	\$ 723,642

TABLE A-4

Town of Highland Park
Sewer Cost Allocation

LINE ITEMS	FY 2013 Water	PERCENT ALLOCATION			COST ALLOCATION		
		Customer Service			Customer Service		
		Meter Volume	Billing & Reading	Collecting	Meter Volume	Billing & Reading	Collecting
O&M							
PERSONNEL SERVICES:							
Administration	\$ 84,626	25%	0%	75%	21,157	-	63,470
Sewer	\$ 244,475	75%	25%	0%	183,356	61,119	-
Engineering	\$ 331,175	100%	0%	0%	331,175	-	-
TOTAL PERSONNEL SERVICES	\$ 660,276				535,688	61,119	63,470
SUPPLIES & EQUIPMENT:							
Administration	\$ 3,945	25%	0%	75%	986	-	2,959
Sewer	\$ 27,000	75%	25%	0%	20,250	6,750	-
Engineering	\$ 6,340	100%	0%	0%	6,340	-	-
TOTAL SUPPLIES & EQUIPMENT	\$ 37,285				27,576	6,750	2,959
SERVICES & CHARGES:							
Administration	\$ 9,300	25%	0%	75%	2,325	-	6,975
Sewer	\$ 80,340	75%	25%	0%	60,255	20,085	-
Engineering	\$ 28,250	100%	0%	0%	28,250	-	-
Disposal Expense	\$ 905,520	100%	0%	0%	905,520	-	-
TOTAL SERVICES & CHARGES	\$ 1,023,410				996,350	20,085	6,975
Sub Total O&M	\$ 1,720,971	91%	5%	4%	1,559,614	87,954	73,403
TRANSFERS	\$ 215,684	91%	5%	4%	195,461	11,023	9,199
TOTAL O&M	\$ 1,936,655				1,755,075	98,977	82,603
CAPITAL EXPENDITURES	\$ 929,030	91%	5%	4%	841,925	47,480	39,625
TOTAL 2013 BUDGET	\$ 2,865,685				2,597,000	146,457	122,228
WORKING CAPITAL INCLUDED	\$ -	91%	5%	4%	-	-	-
TOTAL ADJUSTED	\$ 2,865,685	91%	5%	4%	2,597,000	146,457	122,228
LESS:							
PLUMBING PERMITS	\$ 7,200	91%	5%	4%	6,525	368	307
METER INSTALLATION	\$ 4,500	0%	100%	0%	-	4,500	-
OTHER CHARGES	\$ 450	91%	5%	4%	408	23	19
LATE PAYMENT PENALTIES	\$ 14,040	91%	5%	4%	12,724	718	599
INTEREST	\$ 900	91%	5%	4%	816	46	38
SALE OF ASSETS	\$ -	91%	5%	4%	-	-	-
RENTAL OF TOWN PROPERTY	\$ -	91%	5%	4%	-	-	-
TOWN PROPERTY DAMAGE REFUNDS	\$ -	91%	5%	4%	-	-	-
MISCELLANEOUS	\$ 1,500	91%	5%	4%	1,359	77	64
FROM GENERAL FUND	\$ 14,926	91%	5%	4%	13,526	763	637
FROM Captial Projects Fund	\$ 54,865	91%	5%	4%	49,721	2,804	2,340
TOTAL OTHER REVENUE	\$ 98,381				85,078	9,298	4,004
REVENUE FROM RATES	\$ 2,767,304				2,511,921	137,159	118,224

TABLE A-5

Town of Highland Park
WATER COST ALLOCATION

	Service Units								
	COST ALLOCATION					Customer Service			Number Customers
	Base		Peaking Factor % [1]	Total Capacity 1000 gpd	Extra Capacity 1000 gpd	Equivalent Units [2]	Multi-Family Units] [3] [4]		
Annual Use 1000 Gal.	Ave Rate gpd 1000 gpd								
Residential	964,588	2,643	250	6,607	3,964	11,805		5,210	
Residential Multifamily	41,069	113	160	180	68	361	590	590	
Residential Total	1,005,657	2,755		6,787	4,032	12,165	590	5,800	
Municipal	43,442	119	200	238	119	447		72	
Commercial	68,640	188	200	376	188	487	120	120	
Total	1,117,739	3,062		7,401	4,339	13,099	710	5,992	
Total Cost Allocated	\$ 4,386,616				\$ 309,165	\$ 1,197,823	\$ 60,492	\$ 1,258,315	
Cost per Unit	\$ 3.92				\$ 71.26	\$91.45	\$85.20	\$210.00	

[1] From AWWA M-1 and Maryland Department of the Environment - Water Supply Capacity Management Plans - Guidance Document (Appendix B).

[2] Meter Equivalent Sizes From AWWA M-1

[3] Includes Multi-Family billing units (590)

[4] Includes Commercial billing units (120)

TABLE A-6

Town of Highland Park
 Allocation of Sewer Cost to Customers Charges

SEWER COST ALLOCATION TO CUSTOMER CLASS				
	Units of Service			
	Volume	Customers	Bills	
	1000 Gallons			
Residential	390,009	3,040	36,480	
Multi Family	35,920	590	7,080	
Municipal				
Commercial	44,075	120	1,440	
Total	470,004	3,750	45,000	Total
Total Allocated Cost	\$ 2,511,921	\$ 137,159	\$ 118,224	\$ 2,767,304
Units	470,004	3,750	45,000	
\$/Unit	\$ 5.34	\$ 36.58	\$ 2.63	

Accrual Basis of Accounting The basis of accounting whereby revenue projections are developed recognizing revenues expected to be earned in the period, and expenditure estimates are developed for all expenses anticipated to be incurred during the last fiscal year.

Appropriation A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in the amount and as to the time when it may be expended.

Assessed Valuation A valuation set upon real estate and certain personal property by the appraisal district as a basis for levying property taxes.

Assets Resources owned or held by a government which has monetary value.

Automated Service Request (ASR) The electronic capturing of requests for service, both externally and internally generated, as a means of quantifying department/employee activity and response to service requests.

Balanced Budget A budget that is resources (revenues, fund balance) that equals, or is greater than, uses (expenditures/expenses, capital outlay).

Basis of Accounting The timing method used in the recognition of revenues and expenditures for financial reporting purposes.

Bond A written promise to pay a specified sum of money at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Bonded Debt The amount of debt of a government, represented by outstanding bonds.

Budget Document The official written statement prepared by the Town's staff and approved by the Town Council to serve as a financial and operation guide for the fiscal year end in which it was adopted.

Budget Message A general discussion of the proposed budget presented in writing as a part of or supplement to the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the chief executive and budget officer (if not the chief executive)

Budgetary Control The control or management of government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

Capital Assets Resources having a value of \$1,000 or more and a useful life of more than one year. Capital assets are also called fixed assets.

Capital/Major Project Program A schedule of current and future capital replacement and major project expenditures identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Outlays Expenditures which result in the acquisition of or addition of fixed assets.

CIP Capital Improvement Plan

Capital Projects Funds Funds created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Cash Includes currency on hand and demand deposits with banks or other financial institutions.

Cash Basis of Accounting The method of accounting under which revenues are recorded when received and expenditures are recorded when paid.

Capital Program Plan (CIP) A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital need arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

CPI The Consumer Price Index published by the Bureau of Labor Statistics for the Dallas/Ft. Worth metropolitan area.

Current Assets Cash and other assets or reserves which are reasonably expected to be realized in cash or consumed within one (1) year.

Current Liabilities Liabilities that must be paid within one (1) year.

Debt Service Payment of interest and repayment of principle to holders of a government's debt instruments.

Debt Service Fund A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Town has no debt; therefore, no debt service fund budget is presented.

Demand Deposit Accounts with financial institutions or cash management pools where cash may be deposited or withdrawn at any time without prior notice or penalty.

Encumbrances Commitments related to unperformed (executory) contracts for goods and services.

Fixed Assets Resources of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Fund An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance (Equity) The difference between fund assets and fund liabilities reported in the Town's governmental funds. For Budget presentation purposes, Fund Balance shall be defined as Unassigned Fund Balance for governmental funds and as Net Working Capital for proprietary funds.

G&A An abbreviation used to describe costs for general governmental operations.

General Fund General Operating Fund of the Town, accounting for the resources and expenditures related to the generally recognized governmental services provided.

General Obligation Bonds Account grouping for the payment of which the full faith and credit of the issuing government are pledged.

General Obligation Bonds Debt and Interest Account Group Account grouping for general obligation bonds issued by the Town and outstanding.

Generally Accepted Accounting Principles (GAAP) Uniform standards and guidelines for financial accounting and reporting. GAAP provide a standard by which to measure financial presentations.

Governmental Funds Funds generally used to account for tax-supported activities. There are five (5) types of governmental funds; the general fund, special revenue funds, debt services funds, capital projects funds and permanent funds.

Infrastructure Public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the government unit.

Inter-fund Transfer See **Transfer**

Internal Service Fund A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis. The Town's Equipment Replacement, Technology Replacement and Building Maintenance & Investment Funds are internal service funds.

Liabilities Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Long-Term Debt Any unmatured debt that is not a fund liability.

Major Fund The General, Utility and Capital Projects Funds.

Modified Accrual Basis of Accounting Under the basis of accounting, revenues are estimated for the fiscal year if they are susceptible to accrual, e.g. amounts can be determined and will be collected within the current period.

Net Assets The difference between fund assets and fund liabilities reported in the Town's proprietary funds.

Net Working Capital The excess of current assets over current liabilities.

Operational Capital Capital outlays of less than \$100,000 included in the operating budget.

Operational Surplus The excess of revenues over expenditures, less encumbered funds (encumbrances).

Operating Budget A plan of financial operation embodying an estimate of proposed expenditures for the calendar year and the proposed means of financing them (revenue estimates).

Ordinance A formal legislative enactment by the governing body of municipality.

Pay for Performance A component of the Town's pay plan that recognizes and financially rewards employees in the performance of assigned job duties and departmental goals and objectives.

Performance Indicator Departmental units of measurement in performance, measurable functions, i.e. worker days, number of call answered, flower planted, etc.

Proprietary Fund See Utility Fund and Internal Service Fund.

Retained Earnings An equity account reflecting the accumulated earnings of the Town's Utility Fund (proprietary).

Revenues The term designates an increase to a fund's assets which:
DOES NOT increase a liability (e.g. proceeds from a loan);
DOES NOT represent a repayment of an expenditure already made;
DOES NOT represent a cancellation of certain liabilities; and
DOES NOT represent an increase in contributed capital.

Special Assessment A compulsory levy made against certain properties to defray part of all the cost of a specific improvement of service deemed to primarily benefit those properties.

Special Revenue Fund A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes. GAAP only require the use of special revenue funds when legally mandated. These include the Court Technology and Court Security Funds.

Street Revenue Fund A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

Street Rental Fees A fee paid to the General Fund by the Utility Fund equal to 4% of gross sales (water sales, sanitary sewer services, garbage collection services and recycling charges) for use and access to Town rights-of-way.

Surplus When used in this document refers to the Net Working Capital of any Fund.

Tax Levy The total amount of taxes imposed by the Town of taxable property within its boundaries.

Tax Rate The dollar rate for taxes levied for each \$100 of assessed valuation.

TMRS The Texas Municipal Retirement System

Transfer The movement of monies from one fund, activity, department, or account to another. This includes budgetary funds and/or movement of assets.

Undesignated Unreserved Fund Balance Available expendable financial resources in the Town's governmental funds.

Unrestricted Net Assets That portion of net assets that is neither restricted nor invested in capital assets as recorded in the Town's proprietary funds.

Utility Fund The fund used to account for operations of the Town's water, sanitary sewer and solid waste collection and disposal activities and recycling collection.

Worker Days A unit of measure of work for evaluating performance/activity. Equal to one (1) employee times eight (8) hours per day.

Working Capital See Net Working Capital

