



Annual Operating Budget

Fiscal Year Ending 2018

Budget FYE 2018 – City of Quitman, Texas

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Budget FYE 2018 – City of Quitman, Texas
Listing of City Officials and Contact Information



MAYOR

David A. Dobbs

CITY COUNCIL

- Mayor Pro-Tem* Randy Dunn
- Alderman* Susan Resnik
- Alderman* Kevin Gilbreath
- Alderman* Brad Medlin
- Alderman* Jack Robinson

APPOINTED OFFICIALS AND STAFF

- City Attorney* Jim McLeroy
- Municipal Judge* Charles R. Busby
- City Secretary / Administrator* Greg Hollen
- Fire Chief* Scott Wheeler
- Police Chief* Kelly Cole
- Streets & Maintenance Director* Walter Lutonsky
- Utilities Director* Dee Gilbreath
- Library Services Director* Delene Allen

CONTACT INFORMATION

<u>Physical Address</u>	<u>Mailing Address</u>
401 E. Goode	P.O. Box 1855
Quitman, TX 75783	Quitman, TX 75783
City Hall	(903) 763-2223
Fax	(903) 763-5631
Website	www.quitmantx.org
Email	cityhall@quitmantx.org

Budget FYE 2018 – City of Quitman, Texas Submission Letter from the Budget Officer

This budget outlines funding for city services for the Fiscal Year Ending 2018 (from October 1, 2017 through September 30, 2018). Our vision is to provide a safe community and excellence in our quality of services, in a cost effective manner to citizens and utility customers. We understand costs are rising in many areas, yet under this budget we are proposing to maintain the current property tax rate.

STAFF

With the addition of a new City Secretary / Administrator, and other additions to our administrative team, the City continues to seek the best qualified individuals to provide essential services for the benefit of our community. We seek to ensure staffing levels are appropriate, the right resources are available, and we provide the resources for our city employees to ensure their roles are performed with safety and excellence in mind.

Healthcare costs continue to rise, and in the past year we transitioned to Texas Municipal League (TML) preventing a larger double digit cost increase. This year with TML we will absorb a 13% increase. To keep us competitive in the market, and recognizing our employee's basic household expenses continue to increase, this budget proposes a 3% overall salary adjustment. This adjustment, budgeted by department, at the discretion of Department Heads and Mayor's approval, is intended to be merit based and may vary for individual employees based on work performance.

EQUIPMENT & DEBT

The equipment our staff uses to accomplish their work is also important and as it ages beyond a point that maintenance is cost prohibitive, we must replace it. We always face the choice of maintaining failing equipment, at an increasing cost, and suffering lost time or to invest in useable equipment that can more efficiently do the job. Previous budgets with this approach and good care of equipment by our employees has allowed us to not replace any vehicles this budget. Although grants and other assistance funds continue to dwindle, we have been very successful in securing what was available and will continue to seek replacement through these sources.

This budget includes payments for lease-purchase agreements for equipment secured and improvements made in previous years or to be established. This past budget year we completed construction on the intake pier and this year's budget will complete construction on the waste treatment plant.

Compared to most other cities, we currently have a very small amount of debt and remain conscious about paying for equipment or improvements on the shortest term possible. Large scale improvements require long-term debt obligations that incur some cost for interest, and we continue to explore methods to finance our longer term municipal infrastructure needs.

GENERAL FUND

Providing for basic city services such as police, fire, library, parks & pool, building inspections, codes enforcement and street maintenance – the general fund is primarily supported by Property Tax which is about 40% of the budget. Certain changes in overall property valuations make it possible to propose that the property tax rate will be maintained at \$0.4756.

UTILITY FUND

The Utility Fund provides for water, sewer, and solid waste services. The adjustment in the utility rates has provided funding for the projects needed to sustain and operate the system. With the loan with Regions Bank we completed construction of a new intake pier and began the addition of a new clarifier and other needed projects at the wastewater plant. We have completed construction on the new intake pier, begun in early, 2016 and the waste treatment plant construction begun in September, 2016 should be completed during this budget year.

Our trash service contract allows the provider an annual increase based on several price indexes (most specifically related to fuel). The cost for trash service minimally increased, adding 2.2% (.78 cents per month per residential household and .95 cents per commercial account), a rate increase for water and sewer this year.

SUMMARY

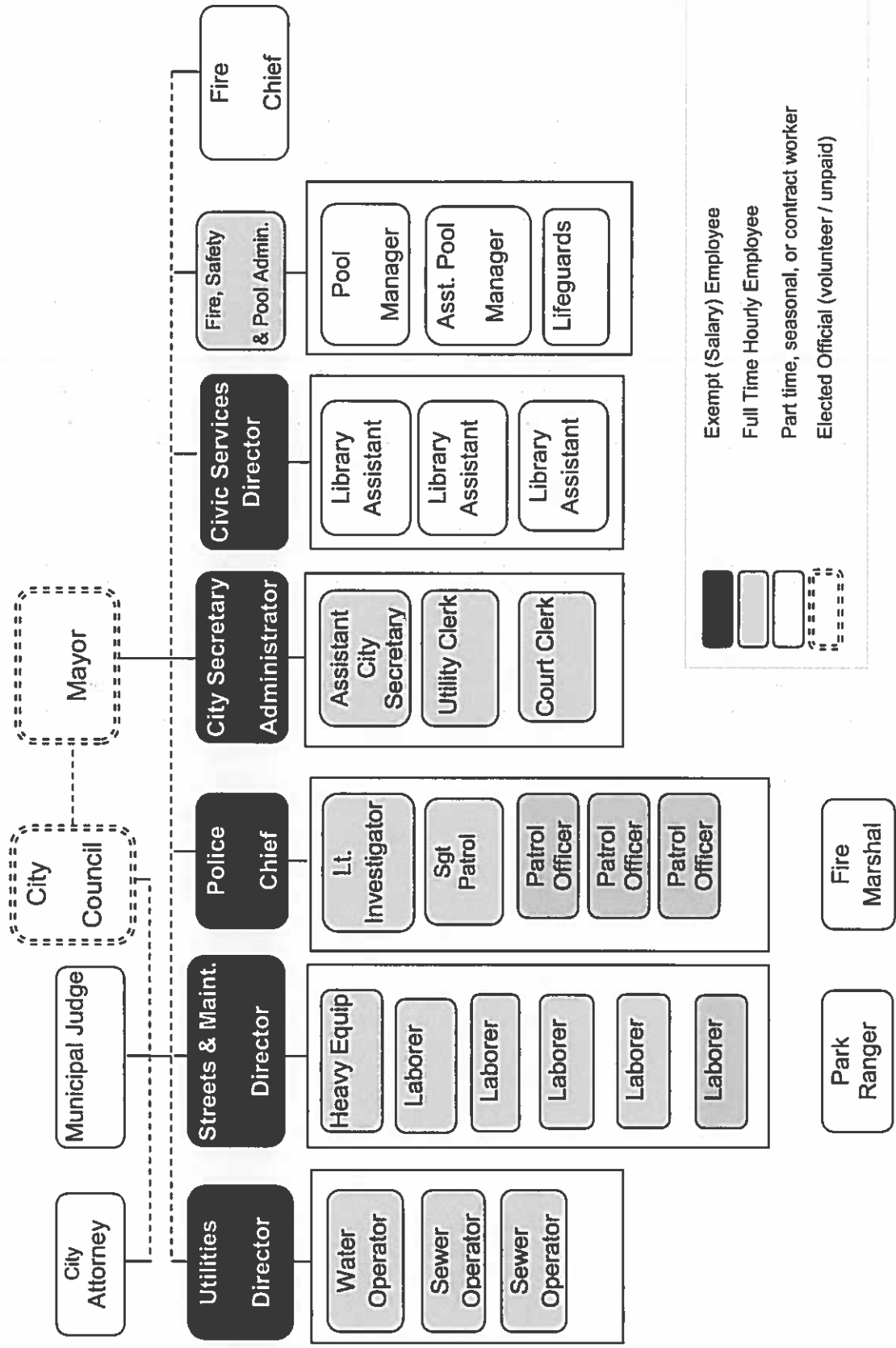
Working together, City Council and staff have developed this budget to provide the services our citizens expect and deserve. I am proud to be your Mayor and welcome your input on how we can best provide quality services in the most cost effective manner.

Sincerely,

David A. Dobbs, Mayor

**Budget FYE 2018 – City of Quitman, Texas
Organizational Chart**

City of Quitman Organizational Chart 10/01/17



Exempt (Salary) Employee
 Full Time Hourly Employee
 Part time, seasonal, or contract worker
 Elected Official (volunteer / unpaid)



Budget FYE 2018 – City of Quitman, Texas

Budget Calendar and Process

City of Quitman – FY 2017/2018 Budget Process and Schedule

June 20	Initial budget materials submitted to Dept. heads
June 26-29	First round of Budget meetings with Mayor, Mayor Pro Tem, City Secretary and Finance Clerk
July 15	Revised Preliminary Budget Submissions Due from Department Heads to Mayor
July 27	Special City Council Meeting and Outlines Approach to review Department Budget Submittals
August 15-17	City Council members conduct Workshops to review Department Budget Submittals
August 17	Regular City Council Session to Determine Property Tax Rate (Public Hearing for Adoption of Tax Levy)
September 8-14	Mayor, Mayor Pro Tem, City Secretary and Finance Clerk Formulate Preliminary Budget
September 21	Regular City Council Meeting –Public Hearing on Proposed Budget and Final Adoption of Budget

Proposed Budget FYE 2018 – City of Quitman, Texas

Analysis of Tax Valuation and Tax Levy

<u>FYE</u>	<u>VALUATION</u>	<u>TAX RATE</u>	<u>TAX LEVY</u>	<u>COLLECTED</u>	<u>COLL %</u>
2008	95,204,696	0.4216	394,192	392,671	99%
2009	96,834,700	0.4472	444,261	442,788	99%
2010	96,245,979	0.4472	431,057	429,920	99%
2011	93,651,962	0.4951	464,267	461,225	99%
2012	93,071,607	0.4973	463,374	461,225	99%
2013	94,551,824	0.4915	465,327	461,353	99%
2014**	93,751,903	0.4882	458,841	453,490	99%
2015	96,327,597	0.4882	469,775	465,077	99%
2016	96,402,324	0.4882	469,927	465,228	99%
2017	99,566,435	0.4756	473,537	468,802	99%
2018	99,459,003	0.4756	473,027*	468,297*	99%*

*estimated

** The first year of over 65 year, disabled freeze affecting tax rates/levy. The first two years of this decrease, valuations went down by about 2.7%, and valuations for year before last decreased about 0.6%. These losses in valuation included reduction in non-homesite (commercial) values.

Last year overall property valuations increased slightly by \$164,111.00, while this year, total valuations are anticipated to decrease by \$107,432.00. We anticipate collections will remain constant, at 99%, for a total of \$468,297.00, slightly below last year's collections, (-\$505.00).

This year's proposed tax rate remains the same, at \$0.4756 per \$100 of taxable value.

Over the past 10 years, the tax rate has increased by .0540, while tax levy has increased on average of 1.7% each year for a total increase of 17%. Annual Tax collection increased by \$75,626.00 from 2008 to 2018 (est.) during this period. This year we anticipate the total tax levy will decrease slightly by .0001% or \$510.00 due to minimal decrease in taxable property value.

Comparable Tax Rates 2017-2018

Quitman	.4756 per \$100 value (-.4882 in 2016)
Alba	1.0145 per \$100 value
Hawkins	.8038 per \$100 value
Mineola	.570 per \$100 value
Yantis	.1934 per \$100 value
Winnesboro	.564 per \$100 value
Dallas	.783 per \$100 value
Irving	.594 per \$100 value
Grand Prairie	.670 per \$100 value
Richardson	.625 per \$100 value
Mesquite	.687 per \$100 value
Wood County	.5899 per \$100 value
Franklin County	.539549 per \$100 value

**Proposed Budget FYE 2018 – City of Quitman, Texas
Departmental and Services Description (General Operating Fund)**

<p>ADMINISTRATION</p> <p>Under the direction of the City Secretary / Administrator, this department provides for overall administration of city services and administrative functions including: contracts, accounting, budgeting, purchasing, asset protection, recordkeeping, tax collection, personnel, payroll, benefits, project / program development, citizen interaction, community relations, Council / Commissions / Boards support, policy formulation, permit issuance, grant / funding development, governmental relations, community / economic development, comprehensive planning, zoning enforcement, compliance with open meeting / records act, municipal elections and building inspections.</p>	<p>MUNICIPAL COURT</p> <p>Under the direction of the Municipal Court Judge, and Associate Court Judges, this department provides for violation intake, recordkeeping, required reporting, preparation and conduct of hearings & trials, adjudication of violations and collection of fines and fees.</p> <p>POOL</p> <p>Under the direction of the Fire / Safety and Pool Administrator, the pool provides lifeguard supervision, pool maintenance, concessions / gate management, swimming lessons, open swimming sessions, pool parties, special classes, and coordination with volunteer organizations.</p>
<p>FIRE</p> <p>Under the direction of the Fire Chief, this department provides for fire protection, suppression, training, community education, coordination with volunteers, emergency management planning, equipment acquisition, equipment maintenance, ISO rating improvement, coordination with nearby related agencies, assistance to nearby agencies, and permit issuance.</p>	<p>LIBRARY</p> <p>Under the direction of the Civic Services Director, this department provides for basic library services, catalog management, purchasing of books / periodicals / media, management of room rentals, building maintenance, coordination with nearby libraries, coordination with related state and federal agencies, coordination with Library Board and other volunteer organizations, educational displays, patron assistance, media / technology provision, program planning & execution interlibrary loan assistance</p>
<p>FIRE MARSHAL</p> <p>Under the direction of the Police Chief, and working in coordination with the Wood County Fire Marshal, this department provides for annual and initial inspections for compliance with codes, coordination with nearby related agencies, public education, permit issuance, and substandard buildings enforcement assistance.</p>	<p>PARKS</p> <p>Under the direction of the Civic Services Director and Streets & Maintenance Director, this department provides for park maintenance, development/planning, building management & maintenance, event coordination, support for boards and volunteer organizations, and RV Park management / revenue collection.</p>
<p>POLICE</p> <p>Under the direction of the Police Chief, this department provides for basic law enforcement, animal control, traffic enforcement, code enforcement, criminal investigations, community relations, community education, coordination with nearby related agencies, coordination with state and federal related agencies, training, licensing, evidence control, equipment acquisition, equipment maintenance, recordkeeping, and required reporting.</p>	<p>STREETS</p> <p>Under the direction of the Streets & Maintenance Director, this department provides for streets maintenance, street construction, and traffic signage, general labor for assistance to other departments, building maintenance, park upkeep, and project planning and management.</p>

**Proposed Budget FYE 2018 – City of Quitman, Texas
Summary Analysis (General Operating Fund)**

REVENUE	EXPENDITURES
<p>Budgeted Total Revenue is up slightly, \$93,898.00, due to sales tax growth, with 10% increase over last year's budget.</p> <p>Property Tax as a category is projected to remain constant, slightly decreasing less than \$505.00, due to leveling of property values.</p> <p>Franchise Fees are up by 1%, to \$247,300.00, mainly due to cable TV, electric and gas fee increases.</p> <p>Municipal Court revenues are expected to increase to \$80,000.00, based on current receipts, traffic related fines and enhancements to collections software and selection of new internal and external collections partners.</p> <p>Sales Tax continues to increase, up to 12% over last year's budgeted amount, based on the economic / development environment and recent new business sales.</p>	<p>Total expenditures are up 11% compared to last year's budget with \$133,239.00, more budgeted this year.</p> <p>Administration increased by \$23,602.00, or 11%. This is mainly due to increased costs for employee medical benefits insurance, security and technology investments, engineering services and Legal fees.</p> <p>Fire decreased slightly by \$5,145.00, due to reductions in accrued vehicle replacement expenses, offset somewhat by increases in personnel related employee medical benefits insurance expenses.</p> <p>Fire Marshal remains essentially flat, with a small decrease in supplies. This is similar to last year due to no increase in Fire Marshal contract labor.</p> <p>Library slightly increased \$2,110.00, mainly due to increases in personnel related employee expenses, partially offset by decrease in building maintenance.</p> <p>Court increased by 13% or \$16,388.00, mainly due to increases in personnel related employee expenses, enhanced collections services, office equipment and training related expenses.</p> <p>Parks budget decreased by \$3,584.00, due to various Utility decreases and decreases in building and other operations maintenance costs.</p> <p>Police budget decreased \$86,559.00, due primarily to headcount vacancy, vehicle purchase reduction and fewer expenses related to ammunition costs. Budget reductions partially offset by increases due to personnel related costs and increases to salaries.</p> <p>Pool increased by \$6,467.00, due to increased salary costs, as well as equipment and lifeguard training costs.</p> <p>Streets budget has a decrease of \$34,513.00, due to decreases in certain construction costs being expensed to existing reserve funds. This is partially offset by increases in utility costs and personnel related expenses.</p>

City of Quitman

FYE 2018 Budget 08/15/17

General Fund Revenue and Summary

REVENUE	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PROJECTIONS
PROPERTY TAX	468,562	468,802	468,297
FRANCHISE FEES	222,595	244,800	247,300
LIBRARY	12,719	13,000	13,000
PARK REVENUES	57,347	60,000	61,000
POOL REVENUES	12,301	20,506	17,506
COURT - FINES & FEES	49,793	100,800	80,000
PERMITS	5,844	12,593	6,350
QDC - TRANSFER	-	10,000	10,000
SALES TAX	570,597	529,054	650,000
HOTEL TAX	-	4,500	4,500
MISC	1,867	-	-
INTEREST INCOME	7,192	10,000	10,000
TOTAL GENERAL REVENUE	1,408,617	1,474,055	1,567,953
EXPENSES			
ADMINISTRATION	192,870	196,162	221,764
STREETS	158,168	283,704	249,191
POLICE	483,703	585,142	478,583
MUNICIPAL COURT	51,519	58,667	75,055
FIRE	118,868	147,756	142,611
FIRE MARSHALL	1,996	4,700	3,800
LIBRARY	97,692	115,143	117,253
POOL DEPT	23,299	36,440	42,907
JIM HOGG PARK	21,472	25,000	21,416
QDC - SALES TAX PORTION	190,199	-	200,000
TAX ABATEMENT	19,198	-	15,373
TOTAL GENERAL EXPENDITURE	1,358,984	1,434,714	1,567,953
NET	49,633	39,341	-
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 FYE 2018 Budget 09/15/17
 General Fund Revenue

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PROJECTIONS
101200 PROPERTY TAX			
101201 CURRENT PROPERTY TAX	483,086	488,802	489,297
101202 COLLECTED PROPERTY TAX	2,191	-	-
101203 PROPERTY TAX PA	3,264	-	-
101204 PROP TAX ATTORNEY FEES	-	-	-
101205 PROPERTY TAX	488,562	488,802	489,297
101300 FRANCHISE FEES			
101301 FRANCHISE FEES-ELECTRIC	166,362	187,000	187,200
101302 FRANCHISE FEES-TELEPHONE	7,085	4,000	6,600
101303 FRANCHISE FEES-GAS	21,223	30,000	25,000
101304 FRANCHISE FEES-CABLE TV	27,923	23,000	28,500
101305 FRANCHISE FEES	222,593	244,000	247,300
101306 OPERATIONS			
101307 LIBRARY	4,719	5,000	5,000
101313 LIBRARY COUNTY FANT	8,000	8,000	8,000
101322 LIBRARY	12,719	13,000	13,000
101324 PARK REVENUES			
101327 BEC REVENUE-PARKS	115	-	100
101363 PARK ON RENTALS	56,362	60,000	60,000
101374 PARK RENTALS	850	-	900
101375 PARK REVENUES	57,347	60,000	61,000
101376 POOL REVENUES			
101379 POOL ADMISSIONS	6,406	8,900	7,900
101379 POOL CONCESSIONS	2,457	6,321	5,321
101379 POOL RELIQUA FALLS	650	900	900
101379 POOL PARTIES	2,565	4,085	3,085
101379 POOL LESSONS	223	300	300
101379 POOL REVENUES	12,301	20,506	17,506
101380 OPERATIONS	82,367	93,506	91,506
101382 FEES AND FEES			
101382 MUNICIPAL COURT REVENUES	51,025	60,000	75,000
101385 RECOVERED FEES AND FEES	(1,232)	40,800	5,000
101385 FEES AND FEES	49,793	100,800	80,000
101390 PERMITS			
101391 ACCIDENT & OFFENSE REPORTS	12	-	-
101392 BUSINESS PERMIT FEES	5,092	12,593	5,500
101392 CERTIFICATE OF OCCUPANCY FEES	100	-	150
101392 ALCOHOL SALES PERMIT	-	-	-
101392 ANIMAL CONTROL FEES	80	-	100
101392 BUSINESS PERMITS	560	-	600
101392 ALIEN PERMITS/FEES	-	-	-
101392 PERMITS	5,844	12,593	6,350
101397 IDC TRANSFERS			
101397 TRANSFER IN - IDC	-	10,000	10,000
101397 IDC TRANSFERS	-	10,000	10,000
101397 INCOME (SALES TAX, INT, JERAC)	570,597	529,054	650,000
101397 HOTEL TAX	-	4,500	4,500
101397 HOTEL TAX	-	-	-
101397 MISCELLANEOUS INCOME	1,667	-	-
101397 INTEREST INCOME-ABNORMAL	7,192	10,000	10,000
101397 INTEREST INCOME-ABNORMAL	578,656	543,554	664,500
101397 INCOME (SALES TAX, INT, JERAC)	1,408,817	1,474,055	1,567,953
GENERAL FUND REVENUE TOTAL			

City of Quito

FYE 2018 Budget 09/15/17

General Fund Expenditures

ADMINISTRATION	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
1164100 FULL TIME SALARIES	56,442	52,000	58,972
1164103 ADMIN OVERTIME	309	523	523
1164105 FICA	9,913	3,600	3,600
1164104 WORKERS COMP	297	210	247
1164106 RETIREMENT	5,922	4,581	4,765
1164108 UNEMPLOYMENT	1,869	516	550
1164107 HOSPITAL INSURANCE	13,311	11,671	15,191
1164111 OFFICE SUPPLIES	3,067	3,000	3,000
1164112 POSTAGE	765	800	800
1164113 DATA PROC SUPPLIES	1,802	2,000	2,000
1164137 BUILDING MAINTENANCE	508	2,250	500
1164141 YARD MAINTENANCE	184	200	150
1164144 OFFICE & EQPT MAINTENANCE	175	450	250
1164164 POSTAGE MACH RENTAL	-	1,300	0
1164168 P O BOX RENT	144	160	150
1164171 UTILITIES-ELECTRIC	3,797	5,600	4,500
1164184 UTILITIES-GAS	1,666	3,000	2,000
1164186 TELEPHONE	4,721	2,900	4,200
1164188 SERVICE CHARGE/PENALTY	38	200	50
1164189 LEGAL	18,458	17,400	17,400
1164178 AUDIT	19,839	15,000	15,000
1164171 ELECTIONS	3,214	3,000	3,000
1164172 APPOINTMENT DISTRICT	9,861	9,478	9,478
1164177 ADVERTISING & PROMOTION	3,836	5,100	4,000
1164179 DUES & SUBSCRIPTIONS	1,102	1,550	1,550
1164179 OTHER CONTRACT SERVICES	16,268	16,000	16,000
1164188-SURETY BONDS		50	
1164181 TRAINING	1,640	1,600	1,000
1164182 TRAVEL	1,235	2,000	1,000
1164189 INSURANCE-GEN LIAB	656	266	656
1164190 INSURANCE-VEH & PERSONAL	2,743	435	2,743
1164191 INSURANCE-FLOOD & OMISSIONS	1,068	458	1,068
1164228-PERMIT INSP. FEES	4,688		5,000
OTHER EQUIPMENT PURCHASE	1,717		1,000
TOURISM		4,000	3,000
TAX LOAN 1%	1,615	1,864	1,864
IT SERVICE CONTRACT			20,700
MISC EXP - HOT FUNDS			4,500
CIVIC CENTER ALLOWANCE			2,500
1164208 - EMPLOYEE POND SERVICES		25,000	8,857
Total 116110 - ADMINISTRATION	192,870	198,162	221,764

City of Quito

FYE 2018 Budget 09/15/17

General Fund Expenditures

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
101113 - STREETS			
1134100 - SALARIES	68,936	96,795	93,951
1134102 - STREET OVERTIME	1,611	2,931	2,931
1134103 - PCA	5,045	7,400	7,400
1134104 - WORKERS COMP	8,289	6,300	5,651
1134105 - RETIREMENT	7,269	8,485	7,591
1134106 - UNEMPLOYMENT	-	772	772
1134107 - HOSPITAL INSURANCE	15,129	20,055	15,181
1134117 - UNIFORMS	440	1,000	1,000
1134118 - GARBAGE BAGS	-	-	2,400
1134131 - STREET MAINTENANCE	2,979	6,000	6,000
1134132 - STREET LIGHT MAINTENANCE	308	1,000	1,000
1134133 - MACH & EQPT MAINTENANCE	3,238	5,000	5,000
1134142 - VEHICLE MAINTENANCE	4,365	5,000	6,000
1134143 - ROAD OIL	2,246	8,000	8,000
1134148 - HIGH ORE	3,848	6,000	6,000
1134150 - ASPHALT	2,188	3,000	4,000
1134151 - GAS & OIL	3,211	7,000	7,800
1134152 - DIESEL	1,496	4,500	5,075
1134163 - UTIL-ELEC-STREET LIGHTS	12,135	14,000	15,000
1134169 - INSURANCE-GEN LIAB	221	224	224
1134181 - INSURANCE-AUTO	2,560	4,195	4,195
1134182 - INSURANCE-REAL & PERSONAL	2,018	1,192	2,019
1134184 - INSURANCE-ERRORS & OMISSIONS	375	355	375
1134197 - CONSTRUCTION	4,750	70,000	37,116
1135231 - EQUIPMENT PURCHASE	-	-	-
1135236 - BUSH CHIPPER MAINTENANCE	213	2,000	2,000
1135237 - LEAF VACUUM MAINTENANCE	5,297	2,500	2,500
Totals 101113 - STREETS	158,168	283,704	249,191

City of Quito

FYE 2018 Budget 09/15/17

General Fund Expenditures

18110 POLICE	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PROLEIMINARY
124119 SALARIES	261,081	302,973	261,141
124119 - CERTIFICATION	4,163	4,500	4,500
124119 - OVERTIME	6,634	4,500	4,500
124119 - PCA	18,670	24,000	24,000
124114 - WORKERS COMP	7,781	7,210	8,939
124119 - RETIREMENT	23,510	27,238	21,100
124116 - UNEMPLOYMENT	-	3,087	3,100
124117 - HOSPITAL INSURANCE	44,393	51,095	45,571
124116 - EMPLOYEE FORTNALS	103	400	400
124111 - OFFICE SUPPLIES	3,248	3,000	3,500
124112 - POSTAGE	247	225	225
124115 - PHOTOGRAPHIC SUPPLIES	-	150	125
124117 - UNIFORMS	2,660	4,000	1,000
124116 - BOOKS	-	500	500
124119 - MAJOR CRIME ANALYSIS	608	300	300
124117 - BUILDING MAINTENANCE	4,826	1,500	1,500
124112 - VEHICLE MAINTENANCE	12,635	6,000	6,000
124116 - RADIO MAINTENANCE	200	500	500
124119 - FUEL	11,224	28,000	15,000
124117 - UTILITIES-ELECTRIC	3,459	5,000	5,000
124116 - UTILITIES-GAS	1,021	1,400	1,400
124116 - TELEPHONE	6,530	7,000	7,000
124117 - ANNUAL CONTROL	562	1,000	1,200
124117-ADVERTISING & PROMOTION	549	1,200	1,200
124119 - DUES & SUBSCRIPTIONS	317	1,000	800
124119 - OTHER CONTRACT SERVICES	2,971	4,000	4,500
124116 - EQUIPMENT	22,034	15,000	15,000
124119 - TRAINING	65	1,000	1,200
124112 - TRAVEL	626	1,000	1,200
124119 - INSURANCE-GEN LIAB	6,411	6,182	6,400
124119 - INSURANCE-AUTO	2,576	3,000	2,600
124119 - INSURANCE-HEAL & PERSONAL	869	500	1,000
124119 - VEHICLE PURCHASE	-	15,000	0
TAN BOND REPAYMENT INT	27,182	27,182	27,182
124119 - JUBILATION	6,549	6,500	1,000
Total 18110 POLICE	483,703	585,142	478,583

City of Quitman

FYE 2018 Budget 09/15/17

General Fund Expenditures

181121 MUNICIPAL COURT	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
121100 SALARIES	31,549	27,560	32,136
121106 - JUDGE (RUBENY)			7,565
MAORSTRATION			2,000
121691 - CERTIFICATION PAY		1,200	1,200
121692 - OVERTIME		1,240	0
121103 FICA	2,022	3,200	2,521
121104 WORKERS COMP	94	94	94
121105 RETIREMENT	2,158	3,843	2,597
121106 UNEMPLOYMENT	-	309	309
121107 HOSPITAL INSURANCE	6,369	11,293	7,595
121111 OFFICE SUPPLIES	850	500	350
121112 POSTAGE	1,139	750	500
121118 PRINTING	-	500	350
121119 BOOKS	14	150	200
121164 OFFICE & EQPT MAINTENANCE	1,362	1,400	6,500
121108 LEGAL	3,988	4,500	4,500
121174 JURY FEES	-	-	-
121178 DUES & SUBSCRIPTIONS	950	300	400
121114 TRAINING	100		2,000
121112 TRAVEL	924	600	4,000
121113 CONTRACT SERVICES	-	-	-
121109 INSURANCE-GEN LIAB	-	38	38
121104 INSURANCE-ERRORS & OMISSIONS	-	200	200
121102 OFFICE EQUIPMT PURCHASES	-	1,000	0
TOTAL 181121 MUNICIPAL COURT	51,519	58,667	75,055

City of Quito

FYE 2018 Budget 09/15/17

General Fund Expenditures

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PROJ. BUDGET
101100 FIRE			
104100 SALARIES	12,919	14,786	24,549
104103 PCA	1,473	1,200	1,200
104104 VOUCHERS COMP	916	1,875	1,758
104105 RETIREMENT	6,148	12,232	9,500
104106 UNEMPLOYMENT	-	309	250
104107 BUILDING MAINTENANCE	981	1,000	1,000
104109 GAS & OIL	9,269	12,500	12,500
104105 TELEPHONE	1,687	2,000	2,000
104110 PREMISES SERVICE	8,025	18,000	12,000
104115 OTHER CONTRACT SERVICES	14,336	14,000	18,000
104120 TRAINING	5,755	6,000	6,000
104125 INSURANCE-GEN LIAB	35	134	134
104127 INSURANCE-AUTO	5,446	4,175	4,175
104129 INSURANCE-ACC & BUSINESS	1,900	1,879	1,879
104123 INSURANCE-HEAL & PERSONAL	507	435	435
104124 INSURANCE-ERRORS & OMISSIONS	59	100	100
TAN BOND REPAYMENT 15%	6,883	7,131	7,131
104205 OTHER EQUIPMENT PURCHASE	2,519	10,000	0
104210 VEHICLE PURCHASE	40,000	40,000	40,000
Total 101100 FIRE	118,868	147,756	142,611

City of Quitoan

FYE 2018 Budget 09/15/17

General Fund Expenditure

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
101101 - FIRE MARSHAL			
141100 - SALARIES			
141103 - FICA			
141104 - WORKERS COMP			
141111 - SUPPLIES		1,000	100
141101 - TRAINING	96	1,000	1,000
141102 - TRAVEL			
141107 - DEAPROATED STRUCTURES			
141109 - CONTRACT LABOR	1,900	2,700	2,700
Total 101101 - FIRE MARSHAL	1,996	4,700	3,800

City of QUILTMAN

FYE 2018 Budget 09/15/17

General Fund Expenditures

181100 - LIBRARY DEPT	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
184100 - SALARIES	57,503	63,221	68,279
184103 - FICA	3,939	4,800	4,800
184104 - WORKERS COMP	314	191	211
184105 - RETIREMENT	3,372	4,257	3,797
184106 - UNEMPLOYMENT	-	515	515
184107 - HOSPITAL INSURANCE	6,724	8,513	7,595
184111 - OFFICE SUPPLIES	1,371	1,500	1,500
184112 - POSTAGE	183	188	98
184116 - BOOKS	872	2,000	3,500
184120 - TAPE-AY MATERIAL	72	200	200
184121 - PERIODICALS	365	400	400
184127 - BUILDING MAINTENANCE	2,764	5,000	3,000
184128 - OFFICE & EQPT MAINTENANCE	-	350	0
184129 - PO BOX RENTAL	144	150	0
184127 - UTILITE-ELECTRIC	3,278	3,000	2,700
184124 - UTILITE-GAS	1,760	2,000	2,000
184108 - TELEPHONE	1,638	2,500	2,200
184129 - OTHER CONTRACT SERVICES	296	220	305
184129 - OTHER CONTRACT SERVICES	3,225	7,000	5,500
184122 - TRAVEL	275	560	700
TAN BOND REPAYMENT 1%	5,586	5,834	5,834
184109 - INSURANCE-GEN LIAB	173	232	232
184127 - INSURANCE-REAL & PERSONAL	3,587	2,212	3,587
184124 - INSURANCE-ERRORS & OMISSIONS	252	300	300
Total 181100 - LIBRARY DEPT	97,692	115,143	117,253

City of Quitman

FYE 2018 Budget 09/15/17

General Fund Expenditure

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
101100 POOL DEPT			
104100 BALANCE	11,868	16,500	18,300
104103 FICA	912	1,300	1,300
104104 WORKERS COMP	306	322	322
104106 UNEMPLOYMENT	-	206	206
104109 INSURANCE-GEN LAB	716	716	383
104110 INSURANCE-REAL & PERSONAL	196	196	196
104114 INSURANCE-ERRORS & OMISSIONS	200	200	200
104116 EQUIPMENT PURCHASE	-	-	5,000
104119 CONCESSIONS	1,447	3,800	3,800
104170 POOL MAINTENANCE	2,136	3,100	3,100
104200 SUPPLIES	409	2,500	2,500
104215 CHEMICALS	3,024	4,600	4,600
104315 TRAINING	930	1,500	1,500
104318 UTILITIES	2,287	1,500	1,500
Total 101100 POOL DEPT.	23,299	36,440	42,907

City of Quitman

FYE 2018 Budget 09/15/17

General Fund Expenditure

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
19121 - JIM HODG PARK			
291114 - MISC SUPPLIES	339	-	500
191014 - MONIES COMP	-	300	344
291018 - MISCELLANEOUS SUP	4,500	3,000	2,000
291017 - BUILDING MAINTENANCE	250	300	450
291016 - MACH & EQPT MAINTENANCE	2,500	1,000	1,000
291011 - YARD MAINTENANCE	-	2,000	500
291012 - MAINTEN OPERATIONS	7,000	11,650	10,000
291017 - UTILITIES-ELECTRIC	2,000	1,800	1,000
291014 - UTILITIES-GAS	1,300	1,450	1,000
291016 - TELEPHONE	1,683	1,700	2,000
291016 - UTILITIES-CABLE TV	1,100	1,650	2,482
291019 - INSURANCE-REG & PERSONAL	800	150	140
291017 - OTHER CONTRACT SERVICES	-	-	-
291018 - BLDG CONSTRUCTION	21,472	25,000	21,418
TOTAL 19121 - JIM HODG PARK			
000			
000 SALES TAX PORTION	190,188		200,000
TAX ABATEMENT	19,188	-	15,373
TOTAL GENERAL FUND EXPENSES	1,358,984	1,434,714	1,567,953
0000 15			

**Proposed Budget FYE 2018 – City of Quitman, Texas
Departmental and Services Description (Utility Operating Fund)**

<p>WATER</p> <p>Under the direction of the Utilities Director, this department provides for acquisition of raw water, treatment of water, testing of treated water, transmission of water into the distribution system, compliance with state and federal operational and reporting requirements, emergency service provision planning, plant / facilities maintenance and upgrades, training and certification of operators, and capacity planning.</p> <p>Under the direction of the Streets & Maintenance Director, this department provides for distribution of treated water to consumers, connect / disconnection, water taps, distribution system maintenance, emergency service / repair, system development and upgrades, customer service inspections, backflow / cross-connection prevention, plumbing inspections and system flushing.</p>	<p>SEWER</p> <p>Under the direction of the Utilities Director, this department provides for intake and treatment of wastewater, discharge in compliance with state and federal operational and reporting requirements, emergency service provision planning, plant / facilities maintenance and upgrades, coordination with bulk consumers, training and certification of operators and capacity planning.</p> <p>Under the direction of the Streets & Maintenance Director, this department provides for collection of raw sewage from consumers, sewer taps, collection system maintenance, emergency service / repair, and system development and upgrades.</p>
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**Proposed Budget FYE 2018 – City of Quitman, Texas
Summary Analysis (Utility Operating Fund)**

REVENUE	EXPENDITURES
<p>Total revenues are slightly less than last year budget, by \$35,947.00, or about 1%.</p> <p>Water Taps are projected to be \$3,500.00, with similar activity to last year and Sewer Taps are projected to decrease to \$1,000.00, to reflect recent trends in this area.</p> <p>Late / Connect Fees increased slightly to \$13,000.00 to match the historical trends of this account.</p> <p>Interest remains the same \$4,000 to match the historical trend of this account.</p> <p>For accounting purposes Utility Billing actual income is being adjusted to reflect Utility expenses.</p>	<p>Total expenditures are projected to be lower, \$23,136.00 or 1% compared to last year.</p> <p>Infrastructure construction continues.</p> <p>System Improvements Bond bill remain steady.</p>

**FYE 2018 Proposed Budget – City of Quitman, Texas
Summary Analysis of Expenditures by Department (Utility Operating Fund)**

<p>WATER</p> <p>Overall the departmental budget decreased by \$23,136.00, or about 1%, with reductions in well plugging costs and transfer of tools and supplies expenses to reserve fund outlay.</p> <p>Personnel salaries increased \$9,279.00, or about 3% based on pay increases.</p> <p>Sabine River Authority raw water rate will increase to \$.122/1000 gallons.</p> <p>Vehicle Purchase expenses are slightly lower, to \$19,000.00, for the note payments on two (2) truck purchases.</p>	<p>SEWER</p> <p>Overall the department budget decreased by \$24,418.00, primarily due to removal of transfer to Streets expense item, \$20,763.00.</p> <p>Personnel related lines increased about \$2,629.00, based on a 3 % pay adjustment and a 13% estimated increase in health insurance.</p>
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City of Quito
FYE 2018 Budget 09/15/17
Utility Fund Revenue and Summary

REVENUE	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2016 PRELIMINARY
201320 - PLUMBING PERMITS	395	300	400
201367 - UTILITY BILLING	535,452	617,719	1,001,796
201328 - WATER TAPS	2,950	5,000	3,500
201329 - SEWER TAPS	875	11,940	1,000
201309 - LATECONNECT FEES	25,268	12,282	13,000
201331 - SANITATION	113,921	118,179	124,827
201332 - GARBAGE BAG SALES	320	300	300
201336 - MISCELLANEOUS INC	830	100	100
201327 - RETURNED CHECKS-WP		50	-
201328 - INTEREST	3,302	4,000	4,000
201343 - CREDIT CARD DIFFERENCE	-	-	-
201368 - BALANCE TRANSFER REVENUE	-	-	-
201317 - OZARKA WASTEWATER	-	-	-
201363 - SYSTEM IMPROVEMENTS	794,611	800,000	385,000
TOTAL UTILITY FUND REVENUE	1,477,924	1,569,870	1,533,923
EXPENSES			
WATER	748,183	814,604	791,468
SEWER	215,912	276,587	252,169
SANITATION	100,748	103,020	105,286
TRANSFER - GENERAL FUND			
TRANSFER - STREET			
CAPITAL IMPROVEMENTS			
DEBT SERVICE/BOND BILL	379,352	375,659	385,000
SYSTEM IMPROVEMENT			
CONTINGENCY			
TOTAL UTILITY EXPENDITURE	1,444,195	1,569,870	1,533,923
NET	33,729	-	-

City of Quito

FYE 2018 Budget 09/15/17

Utility Fund Expenditure

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PRELIMINARY
2841206 - WATER PRODUCTION			
2841100 - SALARIES	342,237	342,375	342,578
WATER OPERATIONS WERKSDO			5,200
2841101 - CERTIFICATION	3,430	3,125	3,725
2841102 - OVERTIME	8,349	2,928	8,000
2841103 - FICA	21,129	25,000	25,000
2841104 - WORKERS COMP	9,631	9,820	11,824
2841106 - RETIREMENT	27,528	32,366	28,101
2841109 - UNEMPLOYMENT	-	3,087	3,087
2841107 - HOSPITAL INSURANCE	56,561	73,894	60,762
2841108 - EMPLOYEE PATTERNS	-	200	200
2841111 - OFFICE SUPPLIES	1,272	2,000	2,000
2841112 - POSTAGE	3,725	3,500	3,500
2841115 - COMPUTER EQUIPMENT	3,031	4,000	4,000
2841117 - UNIFORMS & SERVICE	2,581	3,200	3,200
2841122 - CHLORINE	4,142	4,500	4,800
2841201 - ALUM & CAUSTIC SODA	14,000	14,000	16,000
2841124 - LAB SUPPLIES	10,273	11,000	12,000
2841125 - CHEMICALS	3,871	4,000	4,000
2841132 - WATER MAINTENANCE	27,088	30,000	32,000
2841134 - WATER PLANT MAINTENANCE	22,867	20,000	20,000
2841139 - MACH & EQPT MAINTENANCE	3,463	7,000	7,000
2841142 - VEHICLE MAINTENANCE	9,918	9,000	9,000
2841146 - OTHER MAINTENANCE	28,100	39,500	24,000
2841101 - GAS & OIL	9,472	17,000	17,000
2841102 - DIESEL	4,122	5,600	5,600
2841103 - TOOLS & SUPPLIES	1,882	2,000	2,000
2841109 - UTILITIES-ELECTRIC	6,553	7,500	7,500
2841108 - SWFT-ELECTRIC	10,754	12,500	12,500
2841109 - GARBAGE BAGS	2,454	1,700	
2841106 - TELEPHONE	3,608	4,500	4,500
2841171 - SABINE RIVER AUTHORITY	43,800	44,500	46,000
2841101 - TRAMING	3,045	3,000	3,500
2841102 - TAN LOAN PAYMENT	1,545	1,793	1,793
2841106 - INSURANCE GEN LIAB	1,133	1,374	1,200
2841101 - INSURANCE-AUTO	2,573	2,973	2,600
2841102 - INSURANCE REAL & PERSONAL	4,654	2,746	4,654
2841104 - INSURANCE EMPORS & OMBELSONS	1,918	2,300	1,918
2841201 - MACH & EQPT PURCHASE	20,561	20,625	20,625
2841206 - VEHICLE PURCHASES	18,665	20,000	19,000
2841206 - ENGINEERING		10,000	
2841208 - TESTING	6,152	11,000	11,000
2841102 - INSURANCE CLAIMS	2,000		
Total 2841206 - WATER PRODUCTION	748,183	814,604	791,488

City of Quitman
FYE 2018 Budget 08/15/17
Utility Fund Expenditure

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2017 PROBABILITY
201200 - SEWER			
2061100 - BALANCE	89,705	95,180	90,259
SEWER OPERATIONS W/REVENO			5,200
2061101 - CERTIFICATION	-	600	1,200
2061102 - OVERTIME	2,030	808	1,700
2061103 - PICA	5,813	6,000	6,600
2061104 - WORKERS COMP	2,088	2,100	1,865
2061105 - RETIREMENT	7,933	8,208	7,713
2061106 - UNEMPLOYMENT		823	823
2061107 - HOSPITAL INSURANCE	14,596	18,725	15,181
2061117 - UNIFORMS & SERVICE	511	1,000	1,000
2061122 - CHILDREN	3,189	4,500	4,500
2061134 - LAB SUPPLIES	2,033	4,000	4,000
2061128 - SEWER PERMIT	5,819	9,000	7,300
2061136 - SLOJCE HALLWAY	8,270	16,500	16,500
2061133 - SEWER MAINTENANCE	5,828	8,000	8,000
2061138 - LFT STATION MAINTENANCE	7,684	7,000	8,000
2061149 - MACH & EQPT MAINTENANCE	1,286	2,000	2,000
2061144 - OTHER MAINTENANCE	10,595	12,000	12,000
2061181 - GAS & OIL	-	800	
2061182 - DIESEL	-	575	
2061108 - UTILITIES-ELECTRIC	33,872	35,000	35,000
2061181 - UTILITIES-ELEC LFT STN	1,728	3,000	3,000
2061185 - TELEPHONE	2,000	3,000	2,000
2061181 - TRAINING	2,233	2,000	2,500
2061182 - TRAVEL	234	750	750
2061190 - INSURANCE GEN LAB	245	374	300
2061191 - INSURANCE-AUTO	664	1,086	1,000
2061183 - INSURANCE REAL & PERSONAL	723	2,448	1,000
2061184 - INSURANCE ERRORS & OMBELLOSORS	523	568	568
2062206 - ENGINEERING	-	-	
2064210 - POLYTRANS	3,393	9,500	9,500
2062208-TRANSFER TO STREETS	-	20,783	
2064209 - TESTING	3,119	2,600	2,600
Total 201200 - SEWER	215,912	276,587	252,189

City of Quitman

FYE 2018 Budget 09/15/17

Utility Fund Expenditure

	FYE 2017 ACTUAL	FYE 2017 BUDGET	FYE 2018 PROLBUDARY
201200 - SOLID WASTE			
200120 - SANITATION	100,748	100,020	105,286
Total 201200 - SOLID WASTE	100,748	100,020	105,286
201400 - UTILITY CAPITAL IMPROVEMENTS			
200000 - SITE IMP REVERSIVE IMPROVEMENTS			
200004 - RESERVE EXPENSE	378,352	375,658	385,000
Total 201400 - UTILITY CAPITAL IMPROVEMENTS	378,352	375,658	385,000
TOTAL UTILITY EXPENSES	1,444,195	1,569,870	1,533,923

Proposed Budget FYE 2018 – City of Quitman, Texas

Personnel Schedule

POSITION	DEPT	CURRENT*	TYPE	NOTES
City Secretary / Administrator	Admin/Water	48,000	Exempt / Salary	Distributed 50% / 50% between Admin / Water
Utilities Clerk	Admin	28,922	Hourly	Distributed 100% Water
Court Clerk	Municipal Court	32,136	Hourly	Distributed 100% Court
Asst. City Secretary	Admin	34,972	Hourly	Distributed 100% Admin
Municipal Judge	Municipal Court	7,565	Part-time / flat rate	Appointed position, flat-rate compensation.
Fire Chief	Fire Dept	5,535	Part-time / flat rate	Appointed position, flat-rate compensation.
Fire, Safety, & Pool Administrator	Fire/Admin/Pool	19,014	Part-time / Salary	Distributed 25% Admin / 50% Fire / 25% Pool (35 hours/wk – salary)
Police Chief	Police Dept	56,283	Exempt / Salary	
Lieutenant Investigator	Police Dept	44,080	Public Safety Hourly	Bi weekly public safety work period up to 85.5 hours at regular time.
Sgt Patrol	Police Dept	41,616	Public Safety Hourly	Bi weekly public safety work period up to 85.5 hours at regular time.
Patrol Officer	Police Dept	38,804	Public Safety Hourly	Bi weekly public safety work period up to 85.5 hours at regular time.
Patrol Officer	Police Dept	40,491	Public Safety Hourly	Bi weekly public safety work period up to 85.5 hours at regular time.
Patrol Officer	Police Dept	39,367	Public Safety Hourly	Bi weekly public safety work period up to 85.5 hours at regular time.
Civic Services Director	Library	45,493	Exempt / Salary	
Library Assistant	Library	21,287	Part-time / Hourly	Current represents max available amount, divided among all employees.
Streets Maintenance Director	Streets/Water	55,729	Exempt / Salary	
Equipment Operator	Streets	46,919	Hourly	
Laborer	Streets	33,100	Hourly	
Utilities Director	Water Dept	55,729	Exempt / Salary	
Chief Operator	Water Dept	49,189	Hourly	
Laborer	Water Dept	40,020	Hourly	
Laborer	Water Dept	40,020	Hourly	
Laborer	Water Dept	33,100	Hourly	
Laborer	Water Dept	29,801	Hourly	
Chief Operator	Sewer Dept	47,776	Hourly	
Assistant Operator	Sewer Dept	42,484	Hourly	

* Current annual wages based on set time / wage for part time employees, 2080 hours for regular full time hourly employees, 2184 hour for public safety hourly employees, or annual salary for exempt / salaried / flat rate employees as of 10/01/17.
 All other personnel related costs not listed are for part-time seasonal, temporary, or contract labor.

23 full time positions.

Proposed Budget FYE 2018 – City of Quitman, Texas **Budget and Financial Policies and Objectives**

In support of the effective and efficient long-term provision and continuation of services to its citizens, the City of Quitman hereby establishes the following budget and financial policies and objectives:

DIVISION BY FUNDS

The application of generally accepted or standard practices of accounting, fiscal management, and budgeting should be used in budget planning and management. The separation of distinct forms of revenue and types of expenditures being such a practice, the budget is divided into specific funds based on the type of service provided, source of funding, or life-cycle of the expense item.

GENERAL FUND (OPERATING AND CAPITAL)

Annual operating expenses for any department which predominantly provides services that are intangible or otherwise cannot be cost appropriated will be considered general services and contained within the General Operating Fund. Such intangible services will be primarily funded by general revenue sources of the City, such as: property tax, sales tax, and franchise fees. Tangible services which are performed by a department that is in the general fund which can be partially cost appropriated or otherwise recovered will be proportionally funded by appropriate fees or fines as specific revenue sources of the City. The provision of the service is the primary consideration with cost recovery as may be feasible is the objective in budget planning and management in the General Operating Fund.

Expenses which are not separable from a department contained within the General Operating Fund, but are directly related to a fully cost appropriated service that is contained within the Utility Fund will be distributed by transfer of the expense to the Utility Operating Fund or a direct fund transfer from the Utility Operating Fund.

Capital expenditures for equipment, vehicles, or other non-facility / non-permanent which are less than five years in complete payment lifecycle should be contained within the General Operating Fund. Capital expenditures for facilities / permanent goods or items with a payment lifecycle greater than five years should be contained within a separate General Capital Improvement Fund and specific improvements should be individually listed. Transfers from the General Operating Fund to the General Capital Improvement Fund should be made each year as appropriate to fund current or potential long-term capital needs. Balances of the General Capital Improvement Fund should be carried over from year to year. Overall debt obligation for capital expenditures, regardless of which fund contains it, should not exceed 20% of the total revenue available unless provided for by a specific funding source approved by a general election.

The General Operating Fund is balanced when annual operating expenses and annual operating revenues are equal, with no transfer from previous or existing fund balance whether designated or undesignated. A balanced General Operating Fund budget has the objective in budget planning and management over the past three years, where prior, reliance on a large transfer from existing fund balance provided the expansion of service provision. Rather than drastically reduce service, the successfully accomplished goal was to reduce the amount of such transfer by no less than 50% of the previous year transfer, each year until the General Operating Fund became balanced. This approach brought the General Operating Fund into balance last budget.

The availability of undesignated fund balance to provide for circumstances that are otherwise unforeseen or cannot be planned into the budget is an objective in the fiscal planning and management of the General Operating Fund. The stated objective is to maintain an undesignated fund balance of no less than 25% of the total annual expenditures to handle large and extreme circumstances. The control of such available fund balance should be maintained by the City Council and require separate and deliberative action for each occurrence. An additional 5% should be available and designated as an annual operating contingency to provide for minor and regular circumstances that may occur. The control of such designated funds should be adequate to insure proper budget planning and management, but flexible enough to provide for use of such on an ongoing and immediate basis. Remaining budgeted funds otherwise unexpended each year should increase the fund balance as needed to meet objectives for such or otherwise be reserved into set-aside funds for specific projects or purposes. Where this remains unachievable in this budget, it is the stated financial goal of the City to reestablish reserves as set out above.

Proposed Budget FYE 2018 – City of Quitman, Texas Budget and Financial Policies and Objectives (continued)

UTILITY OPERATING FUND (OPERATING AND CAPITAL)

Annual operating expenses and revenue streams for any department which predominantly provides a service that is tangible and can be cost appropriated shall be contained in the Utility Operating Fund. The provision of the service(s) in the most effective and efficient manner with full cost recovery from each consumer in equitable portion is the objective driving budget planning and management in the Utility Operating Fund.

Capital expenditures for equipment, vehicles, or other non-facility / non-permanent items which are less than five years in complete payment lifecycle should be contained within the Utility Operating Fund. Capital expenditures for facilities / permanent goods or items with a payment lifecycle greater than five years should be contained within a separate Revenue Capital Improvement Fund and specific improvements should be individually listed. As the current outstanding debt service has a remaining life-cycle of less than five years, the previous practice of containing such in the Utility Operating Fund will continue this year. Transfers from the Utility Operating Fund to the Utility Capital Improvement Fund should be made each year as appropriate to fund current or potential long-term capital needs. Balances of the Utility Capital Improvement Fund should be carried over from year to year. Overall debt obligation for capital expenditure, regardless of which fund contains it, should not exceed 20% of the total revenue available unless a specific user fee for such purpose has been established.

The Utility Operating Fund is balanced when annual operating expenses and annual operating revenues are equal, with no transfer from previous or existing fund balance whether designated or undesignated. A balanced Revenue Operating Fund budget is the ultimate objective in budget planning and management. Rather than drastically reduce service, the successfully accomplished goal was to reduce the amount of such transfer by no less than 50% of the previous year transfer, each year until the Utility Operating Fund became balanced. This approach brought the Utility Operating Fund into balance this budget.

The availability of undesignated fund balance to provide for circumstances that are otherwise unforeseen or cannot be planned into the budget is an objective in the fiscal planning and management of the Utility Operating Fund. The stated objective is to maintain an undesignated fund balance of no less than 25% of the total annual expenditures to handle unforeseen and extreme circumstances. The control of such available fund balance should be maintained by the City Council and require separate and deliberative action for each occurrence. An additional 5% should be available and designated as an annual operating contingency to provide for minor and regular circumstances that may occur. The control of such designated funds should be adequate to insure proper budget planning and management, but flexible enough to provide for use of such on an ongoing and immediate basis. Remaining budgeted funds otherwise unexpended each year should increase the fund balance as needed to meet objectives for such or otherwise be reserved into set-aside funds for specific projects or purposes. Where this remains unachievable in this budget, it is the stated financial goal of the City to reestablished reserves as set out above.

SPECIAL REVENUE FUNDS (MAINTENANCE AND OPERATING ASSISTANCE)

The provision of continued service(s) provided by the Utility Operating Fund and Utility Capital Improvement Fund requires immediate repair or replacement of certain facilities or equipment which may be of a costly nature. To provide for such a Revenue Maintenance Fund should be established and funded by: an annually budgeted transfer from the Utility Operating Fund, allocation of capital improvement revenue, and conservation of budgeted but otherwise unused funds from Utility Operating Fund maintenance accounts or remaining funds from completed projects in the Utility Capital Improvement Fund.

The unpredictable nature of factors affecting revenue within the Utility Operating Fund may produce overages or shortages on an annual basis due to extreme conditions. To provide continued operation regardless of such fluctuations in revenue, a majority of excess finances each year from the Utility Operating Fund should be reserved to a Utility Operating Assistance Fund and such fund made available by Council approval in years which revenue shortfalls may occur.

FISCAL AND BUDGET MANAGEMENT THRESHOLDS AND OBJECTIVES

No fund balance should have a negative balance. No operating budget should exceed the original approved budget without reallocation from another line item. The Mayor shall have the authority to approve reallocation of budgeted funds among non-salary lines within a departmental budget. All other allocations shall require approval of the City Council.

Proposed Budget FYE 2018 – City of Quitman, Texas Budget and Financial Policies and Objectives (continued)

SPECIAL, SPECIFIC, AND SET-ASIDE FUNDS APPROPRIATE AND CORRECT ACCOUNTING

All revenues and expenditures should be entered on the appropriate and correct account in the appropriate and correct fund to clearly and adequately reflect the nature of the transaction. Sufficient detail as to the source or recipient as well as the nature or purpose of the transaction should be maintained to provide clear and adequate understanding of the transaction. Actual invoices or other supporting documentation should be maintained to properly account for each transaction.

MONTHLY REPORTING

Each month the City Council should receive and approve a clear, correct, and complete reporting of each transaction, previous and current balances for all funds including summary information on cause for change, and current budget status for all operating funds to include: previous month expenditure, year-to-date expenditure, and comparison to budget.

Budget and Financial Policies and Objectives
PRIMARY: Effective and efficient long-term provision & continuation of services to citizens
Use of & compliance with standard and accepted practices
Division of expenditures and related revenues into appropriate funds
Use of general revenues for basic services
Cost recovery as appropriate for any service that is tangible and divisible
Long-term capital expenditures separated from operating expenditures
Reserved fund balances for operating funds equal to 25% of expenditures
Designated contingencies for operating funds equal to 5% of expenditures
Establishing revenue funds for maintenance and operating emergencies
Proper separation for special, specific, and set-aside funds
Appropriate and correct accounting to reflect nature of transactions
Clear, correct and complete monthly reporting of transactions and budget
Specific controls for fund balances and expenditures within budget
Specific controls for expenditures exceeding budget and use of contingencies

Fund Name or Type	Revenues / Expenditures in Fund
General Operating Fund	general revenues funding intangible services not cost divisible, AND revenues funding tangible services that although divisible are not fully cost recoverable, AND short term (<5 years) capital expenses long term capital expenses
General Capital Improvement Fund	revenues from user fees funding tangible services that are cost divisible and fully recoverable, AND
Revenue Operating Fund	short term (<5 years) capital expenses long term capital expenses
Revenue Capital Improvement Fund	budgeted transfers or remainders funding unforeseen / emergency maintenance situations
Revenue Maintenance Fund	budgeted transfers or remainders to provide funding needed due to changes in revenue caused by unforeseen situations
Revenue Operating Assistance Fund	external revenue with requirements internal revenue with externally caused requirements
various 'special' funds	internal revenue with requirements
various 'specific' funds	internal revenue with requirements
various 'set-aside' funds	internal revenue with requirements