

Town of Fairview

FY 2012 -2013

Adopted Budget

Executive Summary

Executive Summary

This executive summary provides an overview of the major elements included in the fiscal year (FY) 2013 Proposed Budget. The first section presents revenues and expenditures, by type and fund, for the Town as a whole. The second section focuses on revenues and expenditures in the General Fund which, as the Town's largest operating fund, includes most of the activities typically associated with municipal government.

Immediately following the General Fund expenditures, the Utility fund is described in detail. The last section describes the special funds that are included in the budget.

The Budget in Perspective

The Town's revenues are budgeted at \$13,127,872 for FY 2013. These revenues are obtained from a variety of sources, as outlined in the following chart and table.

Revenues by Type (for all Operating and Debt Service Funds)

	<u>Amount</u>	<u>% of Total</u>
Property Taxes	\$ 4,323,360	32.93%
Water, Drainage and Wastewater Charges	3,942,500	30.03%
Sales Taxes	1,467,000	11.17%
Franchise Fees	590,000	4.49%
Misc. Revenues	419,681	3.20%
Fines & Forfeitures	301,650	2.30%
Licenses & Permits	336,750	2.57%
Inter-fund Transfers	1,166,431	8.89%
Charges for Service	<u>580,500</u>	<u>4.42%</u>
Total FY 2013 Revenue	\$13,127,872	100.00%

Expenditures by Fund Type

The Town's operating expenditures are grouped into four types of funds: General Fund, Enterprise Fund, Debt Service Funds, and Special Revenue Funds. Expenditures are budgeted at \$13,109,169 for FY 2013, as shown in the following chart and table.

	<u>Amount</u>	<u>of Total</u>
General Fund	\$ 6,296,008	48.03%
Enterprise Funds	\$4,663,220	35.57%
Debt Service Fund and Court Fund	<u>2,149,941</u>	<u>16.40%</u>
Total FY 2013 Expenditures	\$13,109,169	100.00%

Combined Budget Summary FY 2012 – 2013

This chart demonstrates the total revenues and expenditures of the major operating funds and the debt service fund:

Fund Title	FY 2012-2013	
	Total Revenues	Total Expenditures
General Fund	\$6,296,600	\$ 6,296,008
Water and Wastewater	4,374,831	4,374,743
Debt Service	2,149,541	2,149,541
Total Primary Government	\$12,820,972	\$12,820,372

Town Staffing

As an organization focused on providing services, one of the largest expenses is for the salaries and benefits of full-time staff totaling 53 positions. Salaries and benefits comprise over one half of the Town's expenditures in the General Fund.

The Town has budgeted a total of 53 FTE positions, along with a number of part time and volunteer fire personnel, which staff the divisions as shown in the following table:

STAFFING	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Administration	11	11	11	11
Finance	4	4	4	5
Public Works/Eng.	10	10.5	11.5	12
Police	12	13.5	14	14
Fire	0.75	7.75	9	11
Total FTE Employees	37.75	46.75	49.5	53
P/T Fire	6	7	7	7
Fire Volunteers	31	31	31	31

Included in the FY 2013 Proposed Budget are three new positions, all funded for only a portion of the year:

- 2 - Firefighters (funded for 8 months)
- 1 - Chief Financial Officer (funded for 6 months)

The General Fund

As the primary operating fund of the Town, the General Fund is used to account for resources associated with core government services. This fund supports most of the general functions of the Town including public safety, public works, and general government. Property taxes, sales taxes and franchise fees are the primary revenue sources for the General Fund. Below is a history of the Town's taxable value, the tax rate and the sales tax collections for the past 3 years:

	FY 10-11 <u>Actual</u>	FY 11-12 <u>Adopted</u>	FY 11-12 <u>Amended</u>	FY 12-13 <u>Proposed</u>
Taxable Value	\$1,054,129,500	\$1,133,693,705	\$1,184,547,832	\$1,202,868,283
Tax Rate	0.365	0.36	0.36	0.36
General Fund Sales Taxes	\$1,304,203	\$1,138,241	\$1,380,000	\$1,400,000

General Fund Revenues

General Fund revenues can be classified into the categories shown in the table below. Recent trends in General Fund revenues are shown on the second chart below:

	FY 2011 <u>Actual</u>	FY 2012 <u>Adopted</u>	FY 2012 <u>Amended</u>	FY 2013 <u>Proposed</u>
Property Taxes	\$ 2,006,125	\$ 2,169,764	\$ 2,173,600	\$ 2,393,000
Sales Taxes	1,304,203	1,138,241	1,447,000	1,467,000
Franchise Fees	605,458	584,738	570,000	590,000
Licenses and Permits	725,786	224,580	353,450	336,750
Charges for Services	588,194	526,578	599,500	580,500
Court Fines and Fees	315,904	281,508	254,100	283,650
Miscellaneous Revenue	233,703	326,315	173,000	193,500
Fiscal Revenue	<u>293,184</u>	<u>386,528</u>	<u>337,200</u>	<u>452,200</u>
Total Revenues	\$6,072,557	\$5,638,252	\$5,907,850	\$6,296,600

Property Taxes - \$2,393,000, 38% of General Fund Revenues

The largest revenue source for the General Fund is the Property Tax, also known as the Ad Valorem Tax. In FY 2013, this revenue represents 38 percent of General Fund revenues. The total assessed value of taxable property in the Town is \$1,202,868,283. The General Fund's portion of the total property tax is calculated using a rate of 0.199606 cents per \$100 of assessed value. This equates to 55.45% of the total tax rate of 36 cents.

Sales Taxes - \$1,467,000, 23.3% of General Fund Revenues

The Town's portion of the total 8.25 cent sales tax rate is 2 cents. Six and one-quarter cents is retained by the state, the General Fund receives 1 cent, and 1 cent is allocated to economic and community development to foster diversification of the property tax base. General Fund sales tax revenues, which include both sales and beverage tax, for FY 2013 are projected to be \$1,467,000.

Charges for Services - \$580,500, 9.2% of General Fund Revenues

Charges for Services include fees for development, charges for residential solid waste collections, and other miscellaneous fees. These revenues represent 9.2 percent of General Fund revenues.

Franchise Fees - \$590,000, 9.4% of General Fund Revenues

Franchise Fees are paid by utilities for the use of Town streets, alleys and property in providing utility service to citizens. These revenues represent 9.4 percent of General Fund revenues. The electric utilities pay the most in franchise fees and are expected to pay \$400,000 in FY 2013. Other Franchise Fees include the telephone, cable television, and natural gas utilities.

Licenses and Permits - \$336,750, 5.4% of General Fund Revenues

Licenses and Permits are collected by the Town for various inspections and reviews conducted by Town personnel and various permit fees. In FY 2013, these revenues represent 5.4 percent of General Fund revenues.

Court Fines & Fees - \$283,650, 4.5% of General Fund Revenues

These revenues are obtained primarily from fines assessed by the Town's Municipal Court. In FY 2013, these revenues represent 4.5 percent of General Fund revenues.

Other Revenues and Transfers - \$645,700, 10.3% of General Fund Revenues

The other revenue sources for the General Fund include interest, monies received from other government agencies for grants or services provided and other general miscellaneous revenues. This category also includes inter-fund transfers. In FY 2013, these revenues represent 10.3 percent of General Fund revenues.

Water and Wastewater Fund

The Water and Wastewater Fund is classified as an Enterprise Fund. Its purpose is to account for water and wastewater services provided to the Town’s retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operations, maintenance, debt service, capital improvements, billing and collection. The Town’s intent is that all costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private business enterprise.

Summary of Revenues

Water and Wastewater revenues can be classified into the categories shown in the table below.

	FY 2011 <u>Actual</u>	FY 2012 <u>Adopted</u>	FY 2012 <u>Amended</u>	FY 2013 <u>Proposed</u>
Utility Sales	\$ 3,488,169	\$ 3,004,337	\$ 3,050,000	\$ 3,467,600
Other Receipts/Fees	198,967	173,642	213,818	186,000
Non-Operating Revenue	<u>1,024,653</u>	<u>0</u>	<u>987,416</u>	<u>721,231</u>
Total Revenues	\$ 4,711,789	\$3,177,979	\$4,251,234	\$4,374,831

Water and Wastewater Expenses by Classification

The largest expenses in this fund are for the purchase of water and for wastewater treatment. These two items total \$2,063,044 and account for 47 percent of this fund’s budget. Water is purchased from North Texas Municipal Water District under our customer “take or pay” contract.

Included in the FY 13 budget is funding for a water and sewer rate study. Increases in wholesale water rates to the Town have been enacted by North Texas Municipal Water District and future rate increases are planned. It is anticipated that a utility rate increase will be needed and the

amount of that increase will be determined by the study.

Sewer services are provided by the North Texas Municipal Water District under a service contract.

Debt Service Fund

The debt service fund is used to pay the general debt expenses of the Town. This debt is supported by a portion of the property tax rate of 36 cents. The annual debt service for FY 2013 is \$2,149,541 and the debt service portion of the total property tax is calculated using a rate of 0.160394 cents per \$100 of assessed value.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are operationally or legally restricted to expenditures for particular purposes. Following is a description of the special funds operated by the Town:

Technology – the Technology Fund provides resources for the purchase of equipment and software as well as the replacement of worn-out or obsolete equipment which in turn minimizes budgetary impact(s) to the various funds on a year-to-year basis. Annually certain amounts are transferred from the operating budgets to the Technology Fund in order to fund hardware and software upgrades and replacements in the various departments.

Storm water – the activities and costs required to comply with the state regulatory requirements of the Texas Commission on Environmental Quality (TCEQ) related to storm water management and the design and construction of drainage improvements in the Town are financed in this fund. The revenue for the fund is generated by storm water fees that are collected from residential and commercial properties in the Town.

Court Technology and Security – these are revenues that are collected on tickets that are paid to the municipal court. The funds can only be used to pay for technology and security expenses related to operating the municipal court.

Economic and Community Development Corporations - these funds were authorized by an election to allocate 1 cent for economic and community development. This function is considered a component function of the Town. The Corporations are incorporated as separate entities with the Town Council appointing their boards and approving their budgets. Revenues are restricted for use as authorized by the state and they are used for assisting economic development in the community.