

# ANNUAL OPERATING BUDGET

FOR FISCAL YEAR  
OCTOBER 1, 2007 - SEPTEMBER 30, 2008



Jack Gorden, Jr.  
Mayor

City Council

R. L. Kuykendall  
Ward 1

Rose Faine Boyd  
Mayor Pro-Tem, Ward 2

Lynn Torres  
Ward 3

Don Langston  
Ward 4

Rufus Duncan, Jr.  
Ward 5

Phil Medford  
Ward 6

Paul L. Parker, City Manager  
Douglas R. Wood, CGFM, Director of Finance



This budget will raise more total property taxes than last year's budget by \$670,928 (7.76%), and of that amount \$85,243 is tax revenue to be raised from new property added to the tax roll this year.



# CITY OF LUFKIN

## Vision Statement

*Guided by City Council Leadership, we will be an organization that offers an excellent quality of life for its citizens.*

## Our Mission

*To meet the needs of the citizens.*

## Our Values

### **We will COMMUNICATE -**

Throughout the organization  
To create solutions  
Everyone's input is valued

### **We will have INTEGRITY -**

We are trustworthy  
We have a willingness to serve  
We have a commitment to fairness

### **We will be held ACCOUNTABLE -**

We accept responsibility for our actions and results

### **We will strive for TEAMWORK -**

We will work together harmoniously toward common goals

### **We will demonstrate a strong WORK ETHIC -**

We display a daily effort in applying required skills to complete assigned tasks

### **We will be INNOVATIVE -**

We encourage and support change through seeking better ways to do our jobs





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**Paul L. Parker**  
 City Manager  
 City of Lufkin



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July 12, 2007

Honorable Mayor and City Council Members:

Submitted herewith is the Fiscal 2007/2008 Operating Budget for the City of Lufkin. This budget, while conservative, does maintain and enhance current service levels. As you are aware, the economy has fared better this year than originally projected. However, the City has also had several unexpected increases in expenditures, especially gasoline and diesel costs, natural gas and electricity.

Our revenue projections for next year remain relatively conservative with an estimated increase in sales tax of 3% and an increase in ad valorem property tax of 7.03%. The projected ending General Fund Balance at the conclusion of Fiscal Year 2006/2007 is \$9,427,770. The projected Fund Balance for Fiscal Year 2007/2008 is projected to be \$9,144,783. The twenty-five percent (25%) Fund Balance Reserve is \$6,861,169 therefore, the projected Fund Balance at the conclusion of FY 2008 will be \$2,283,614 above the required policy reserve. Thus, the City is in very good position to meet unexpected expenditures and to fund capital projects. City Staff will be formulating a procedure to assist City Council in developing a new Capital Improvement Program. It is anticipated that the fund balance will be utilized in the implementation of projects that are identified through this process.

This budget is balanced by using (\$1,559,140) from the various beginning fund balances for FY 2008 as listed in the following table:

General Fund	(\$282,987)
Water Wastewater Fund	\$420,776
Solid Waste/Recycling Fund	(\$330,034)
Hotel/Motel Tax Fund	(\$54,588)
Other Funds	(\$1,312,307)
Total	(\$1,559,140)

The budget proposes a three percent (3%) cost of living adjustment in all departments with the exception of the Fire Department. Due to the fact that the Fire Departments Civil Service salaried positions fall below other cities similar in size to Lufkin, a proposed increase of an average of 13.81% will be initiated on October 1, 2007. This significant increase in Fire Department salaries should enable our department to maintain existing qualified personnel and attract excellent applicants for future positions. In addition the City of Lufkin will also contribute

an additional three percent (3%), (\$120,000) to the Firemen’s Relief and Retirement fund which will increase the City of Lufkin’s percentage rate to seventeen percent (17%).

**RATE INCREASES**

Through the leadership of the Mayor and City Council and the delivery of quality services by the employees of the City of Lufkin, the proposed property tax rate for Fiscal Year 2007/2008 will remain the same as the last year at 0.5554 per one hundred dollar valuation. Therefore, unless citizens’ valuations have been adjusted within the past year or they have made substantial improvements to their property, they will not pay any additional property taxes.

There will be no rate increases this fiscal year for Solid Waste Services.

Due to an increase in electrical, chemical, fuel and other related costs, there will be a need for an increase in the City of Lufkin’s Water & Wastewater rate structure. City Council recognized the need to increase utility rates last fiscal year, but chose to implement only a three percent (3%) rate increase until a full rate study could be completed. The City of Lufkin engaged Freese & Nichols to conduct the utility rate study. Freese & Nichols has recommended a combination of water and wastewater rate increases that average 8.14%. The rate varies dependent on the different types of users based on the proposed rate structure.

**AMORTIZATION**

The City implemented an Equipment Amortization and Replacement Policy during FY 2006 All acquisitions will only occur after the Fleet Service Director has reviewed each piece of equipment to insure the need for replacement and the amounts budgeted are appropriate to cover the cost of the proposed expenditures. In FY 2008 the City will purchase all rolling stock equipment from the Equipment Acquisition and Replacement Fund for the departments shown on the following table:

<u>DEPARTMENT</u>		<u>DESCRIPTION</u>	<u>AMOUNT</u>
<b>Police</b>			
Purchase	Nine	Patrol Cars	\$245,106
Purchase	Two	Police CID & Narcotics	29,600
			<u>\$274,706</u>
<b>Fire</b>			
Purchase	One	Extended Cab Pickup w/ Camper	\$22,000
Purchase	One	Med Unit	103,000
Purchase	One	Sport Utility Vehicle	30,000
Purchase	One	Ambulance Remount	61,000
			<u>\$216,000</u>
<b>Inspection Services</b>			
Purchase	One	1/2 Pickup	<u>\$15,750</u>
<b>Street Department</b>			
Purchase	One	3 1/2 Yard Dump Truck	\$36,000

Purchase	One	3/4 Ton 2 wd Diesel Truck	23,000
Purchase	One	John Deere 310 Backhoe	61,900
Purchase	One	3/4 Ton Diesel Truck	23,000
			<u>\$143,900</u>

**Parks & Recreation**

Purchase	Three	1/2 Ton Pickups	<u>\$47,250</u>
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**Total General Fund** \$697,606

**Water Collections**

Purchase	One	1/2 Ton Pickup	<u>\$15,750</u>
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**Water Utilities**

Purchase	One	1 Ton Dual Wheel Diesel Pickup	\$40,000
Purchase	One	Spoilvac Pressure Washer Trailer	27,500
			<u>\$67,500</u>

**Sewer Department**

Purchase	One	3/4 Ton Pickup	\$23,000
Purchase	One	John Deere 510 Backhoe	89,000
Purchase	One	1 Ton 4-door Utility Bed Pickup	32,000
			<u>\$144,000</u>

**Total Water / Wastewater Fund** \$227,250

**Solid Waste**

Purchase	Six	Side Loader Refuse Truck	\$990,000
Purchase	Two	Front Loader Refuse Truck	394,000
Purchase	One	1/2 Ton Pickup	30,000
			<u>\$1,414,000</u>

**Recycling**

Purchase	One	Forklift	\$26,400
Purchase	One	1/2 Ton Pickup	15,750
Purchase	One	Front End Loader	18,500
Purchase	One	Off-road Forklift	45,000
			<u>\$105,650</u>

**Total Solid Waste/Recycling Fund** \$1,519,650

**TOTAL ALL FUNDS** \$2,444,506

## SIGNIFICANT CHANGES

### General Fund

1. **Municipal Court** – Part time City Marshal position increased to full time position - \$22,000. Allocation for reimbursement to Angelina County for housing of City of Lufkin prisoners - \$30,000.
2. **Police Department** – Addition of two (2) full time police officer positions - \$101,813.70. Campaign for youth alcohol awareness -\$20,000.
3. **Street Department** – Additional \$300,000 for Street overlay program.
4. **Animal Control** - Addition of two (2) part time (20 hour per week) employees - \$16,234.
5. **Finance Department** – Addition of one (1) full time Sr. Accounting Clerk for 9 months – and one (1) two line telephone for new position - \$27,155
6. **Fire Department** – Furnishings for Fire Station No. 4 - \$18,000.
7. **Zoo** -Three (3) months cost for new position of Education Assistant \$12,021. Purchase of two (2) twenty-five (25) KW generators and one (1) sixteen (16) KW generators - \$26,000
8. **Parks & Recreation** – Allocation for \$50,000 contribution to Boys & Girls club to provide for public swim.
9. **Library** – Allocation for expansion of the collection material - \$125,000

### Non- Departmental Fund

1. Beautification and enhancement at the intersection of Kurth Drive and Martin Luther King Dr. - \$50,000.

**Solid Waste/Recycling Fund**

1. Temporary laborers to replace inmate labor for the sorting of recyclables (Eight (8) employees, three (3) days per week) - \$105,000.

**Citywide Changes**

3% cost of living adjustment for all employees (except Fire)

General	\$ 328,983
Water/Wastewater	74,159
Solid Waste	29,559
Hotel/Motel	5,913
Economic Development	4,541

Fire Department increase

Salary increase in October 2007 \$468,967

Fire Increase – Retirement Benefit \$120,008

In conclusion, the 2007/2008 Fiscal Year Budget reflects the Council's continuing progressive attitude that insures City services will be enhanced and taxes and rates will be maintained at the lowest feasible levels.

Respectfully submitted,

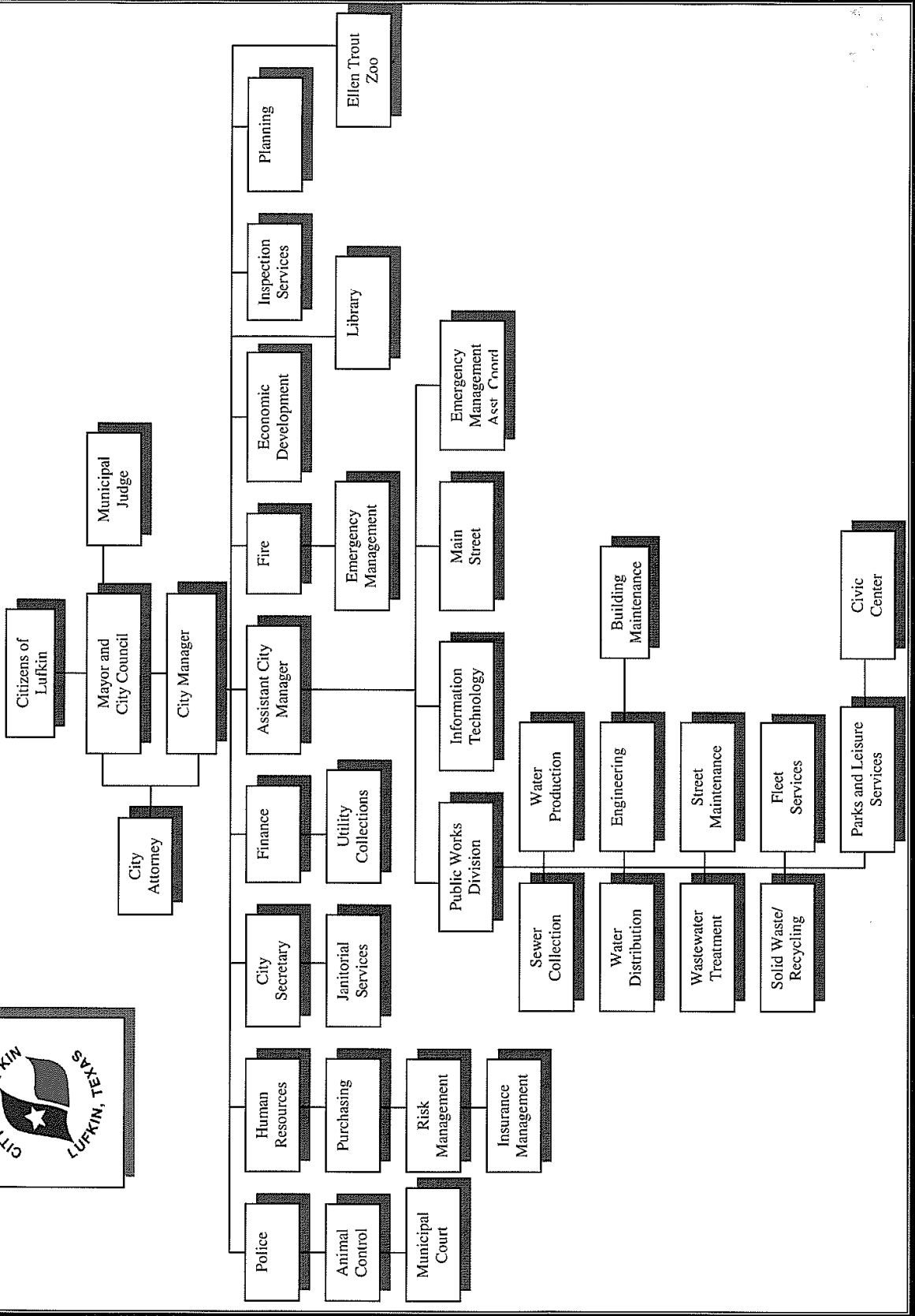
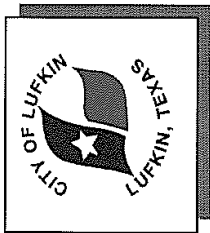


Paul L. Parker  
City Manager

PLP/ka



**CITY OF LUFKIN, TEXAS  
ORGANIZATION CHART**



## Department Matrix

The table below reflects the correlation between departments and the service centers. Listed across the top are the responsibility centers. Listed along the left side of the matrix are the departments, or service centers. Appropriate areas have been shaded in distinguishing colors to indicate which departmental responsibility centers.

Departments	Responsibility Centers				
	General Government	Public Works	Public Safety	Community Development	Culture & Recreation
<b>General Government</b>					
<b>City Manager</b>					
<b>Finance</b>					
<b>Legal</b>					
<b>Municipal Court</b>					
<b>Tax</b>					
<b>Human Resources</b>					
<b>Municipal Building</b>					
<b>Information Technology</b>					
<b>Police</b>					
<b>Fire</b>					
<b>Inspection Services</b>					
<b>Assistant City Manager</b>					
<b>Animal Control</b>					
<b>Engineering</b>					
<b>Streets</b>					
<b>Parks</b>					
<b>Fleet Maintenance</b>					
<b>Planning &amp; Zoning</b>					
<b>Zoo</b>					
<b>Community Development</b>					
<b>Library</b>					
<b>Utility Collections</b>					
<b>Water Distribution</b>					
<b>Wastewater Treatment</b>					
<b>Water Production</b>					
<b>Sewer Collection</b>					
<b>Solid Waste</b>					
<b>Recycling</b>					
<b>Civic Center</b>					
<b>Special Recreation</b>					
<b>Zoo Building</b>					
<b>Court Security/Technology</b>					
<b>Animal Control Kurth Grant</b>					
<b>Animal Attic Gift Shop</b>					
<b>Economic Development</b>					



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Lufkin**

**Texas**

For the Fiscal Year Beginning

**October 1, 2006**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Lufkin for its annual budget for the fiscal year beginning October 1, 2006.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for the period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

# **READER'S GUIDE TO THE 2007-2008 CITY OF LUFKIN OPERATING BUDGET**

## **OVERVIEW**

The **READER'S GUIDE** is intended to facilitate the readability of the Fiscal 2008 Operating Budget by the citizens of Lufkin. It is designed to enhance the effectiveness of this document as a communications device. The Introduction section includes the City Manager's letter of transmittal to the City Council. Included in this section are the following subjects:

- *Organization of the Budget Document*
- *City of Lufkin Profile*
- *Description of Fund Structure and City Finances*
- *The Operating Budget Calendar*
- *The Budget Process*
- *Key Revenue Assumptions and Trends*
- *Strategic Planning*
- *Adoption of and Amendments to the Budget*
- *Guide to the Detail Budget Pages*

## **ORGANIZATION OF THE BUDGET DOCUMENT**

A brief summary of the information contained in the various sections of the budget document is outlined below:

The **MANAGER'S MESSAGE** is a formal transmittal letter designed to summarize key budget decisions and major initiatives of the Fiscal 2008 Budget.

The **READER'S GUIDE** provides information pertaining to the various sections located in this document. This section provides demographic and local economic information about the City of Lufkin, describes the fund structure of the City, explains the budget process and budget calendar, describes the key revenue assumptions, explains the strategic planning process, describes the process of adopting and amending the budget, and explains the detail budget pages.

The **BUDGET OVERVIEW** discusses major revenue and expenditure projections, including primary strategies planned for operations in Fiscal 2008 and the financial plan for achieving them. Also, a summary of the ending working capital for each fund is provided along with a discussion of how the current budget relates to the City's Financial Policies.

The **FUND SUMMARIES** section provides historical and graphical comparisons and budgeted projections for all revenues and expenditures within each fund.

The **DETAIL SECTION** provides the budget detail for each department and departmental division within the appropriate fund category. The budget detail includes financial and personnel data, departmental/divisional mission statements, descriptions of service, objectives and performance measures.

The **CAPITAL IMPROVEMENTS PROGRAM** section summarizes the Fiscal 2008 Capital Improvements Program (CIP) emphasizing the impact of capital projects on the operating budget.

The **DEBT SERVICE** section provides a listing of the City's outstanding general obligation and Water/Wastewater Fund debt.

The **APPENDIX** contains ordinances adopting this budget and establishing the tax rate for the current fiscal year, provides a copy of the City Financial Policies, a glossary of frequently used terms, chart of accounts, personnel historical comparisons and General and Administrative (G&A) allocation calculations.

# CITY OF LUFKIN PROFILE



The City of Lufkin is located on US Highway 59, 120 miles north of Houston, 166 miles southeast of Dallas and 110 miles southwest of Shreveport, Louisiana. As the County Seat of Angelina County, Lufkin enjoys a strong retail, commercial and industrial base. Known as a progressive city, Lufkin offers its citizens an abundance of recreational opportunities. Its natural resources (including pine and hardwood forests, lakes and rivers), provide opportunities for hunting, fishing and water sports. A rich heritage, strong civic pride and a government committed to community development make Lufkin the perfect place for commercial and residential life.

## Climate

Average temperature in January - low 38°, high 59°.

Average temperature in July - low 72°, high 94°.

Average precipitation – 38.9 inches per year.

## Population

Lufkin is the commercial hub of a 10 county rural market region, serving over 300,000 residents. Population in the county during the last 20 years has grown by twenty-five percent, fourteen percent of that growth occurring in the City of Lufkin. The following table reflects population growth for Lufkin and Angelina County over the last three decades.

Population Growth			
	1980	1990	2000
City of Lufkin	28,562	30,206	32,709
Angelina County	63,987	69,884	80,130

## City Government

The City of Lufkin is a Home Rule city operating as a Council-Manager form of government. The Council consists of a Mayor and six council members. The City provides fire and police protection. The insurance key rate is .20. Standard and Poor's and Moody's Investment Service have rated the City's General Obligation bonds A1 and A+ respectively.

## Education

The Lufkin Independent School District operates eleven elementary schools, one junior high school, and one high school. Total LISD enrollment is 8, 514 students. Three private schools also serve the area.

Angelina College, a two-year college established in 1968, offers exemplary nursing and technical training programs to its students. Fall 2007 enrollment totaled approximately 4,412 with over 250 students enrolled in health care programs.

Stephen F. Austin State University, located in Nacogdoches, 20 miles north of Lufkin, is a four-year university offering courses in many different fields. Total enrollment is approximately 11,435 students.

### **Community Facilities and Attractions**

The Pitser Garrison Civic Center is located on the corner of 2<sup>nd</sup> and Paul streets offering meeting, banquet and concert facilities with a capacity of 2,000.

Kurth Memorial Library, located on Raguet Street in Lufkin, houses the Ora McMullen Genealogical Collection.

Ellen Trout Zoo, located on the north side of Loop 287 at Ellen Trout Drive, is an impressive, accredited zoo facility featuring many exotic animals.

The Texas Forestry Museum, located at 1903 Atkinson Drive, and the Museum of East Texas, located across from the Civic Center, provide a pictorial and narrative history of the East Texas area.

### **Recreation**

Lake Sam Rayburn, located southeast of Lufkin, is the largest manmade lake in Texas with 560 miles of shoreline impacting five counties.

The Dallas Morning News and Golf Digest rate Crown Colony Golf Course the #3 golf course in Texas.

### **Utilities**

TXU Electric Service provides electric service to the City and surrounding area offering ample electric power supply at competitive rates to residential, commercial and industrial customers.

TXU Energy Delivery provides electric transmission and distribution services to the area. Deregulation of the electric industry required TXU Energy to split its corporate structure into two companies: a regulated company (the wires portion, i.e. Oncor); and a deregulated company (the electric production portion, i.e. TXU Electric Service).

Entex provides natural gas service to both residential and commercial/industrial customers within the City.

The City of Lufkin provides water, sewer, solid waste and recycling services to all customers within the city.

Consolidated Communications Telephone Company offers a 100% digital switching, fiber optic network with SONET.

**Transportation**

Private airport service is available at Angelina County Airport, which offers a 100 ft. by 5,400 ft. lighted, grooved asphalt runway. Nine over-the-road carriers serve the area. The Angelina & Neches River and Southern Pacific Railroads provide rail service.

**Taxation**

The Angelina County Appraisal District appraises property within Angelina County. Ad valorem taxes are assessed per \$100 of assessed value. Tax rates of the various taxing entities for Fiscal 2008 are reflected in the following table.

Fiscal 2008 Ad Valorem Tax Rates	
Taxing Entity	Tax Rate per \$100 Assessed Value
Angelina County	\$0.4512
City of Lufkin	\$0.5554
Lufkin Independent School District	\$1.1100
Angelina College	\$0.1195
<b>Total</b>	<b>\$2.2361</b>





## **DESCRIPTION OF FUND STRUCTURE AND CITY FINANCES**

Governmental accounting systems are operated on a “fund” basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The funds contained in this budget are segregated into two *Fund Types*: Governmental Funds and Proprietary Funds. Governmental funds are used for most government activities while proprietary funds are based on the premise that the city service will be conducted as a business with user fees covering expenditures. Listed below are descriptions of the funds maintained by the City and included in this document.

This budget was developed and will be implemented and monitored on a modified accrual basis in accordance with Generally Accepted Accounting Principals (GAAP). Budgetary control is maintained at the category, or object class, level (personnel services, supplies, maintenance, etc.) for each department. Open encumbrances lapse at September 30<sup>th</sup> of each year. Those encumbrances carried forward to the next fiscal year are re-appropriated in the subsequent year and the budget is increased to reflect these carried forward encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

### **GOVERNMENTAL FUNDS**

**General Fund** – accounts for all financial resources except those to be accounted for in another fund. Property and other taxes, franchise fees, fines, licenses and fees for services provide the resources necessary to fund the typical municipal services such as Public Safety, Parks and Leisure, Administration, Public Works and Community Development activities. The General Fund budget is prepared on a modified accrual basis wherein the obligations of the City are budgeted as expenditures, but revenues are recognized and recorded only when they are available and measurable.

**Special Revenue Funds** – account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The City budgets eight special revenue funds. The Hotel/Motel Tax Fund receives its primary revenues from Hotel/Motel tax revenues. The Ellen Trout Zoo Building Fund receives admissions fees and donations from Zoo patrons to be used specifically for improvements and exhibits to the Zoo. The Special Recreation Fund receives user fees from athletic associations and leagues for maintenance of the athletic fields and facilities. The Municipal Court Security/Technology Fund receives a set fee from each fine collected in Municipal Court. These funds are used for to purchase security equipment as well as salaries for security employees and to purchase computer equipment and software for the Municipal Court. The Animal Control Kurth Grant Fund is supported solely by the Kurth Foundation. These funds are to be used for the support of the Kurth Memorial Animal Shelter. The Animal’s Attic Gift Shop revenues are strictly donations. These contributions are used to purchase vaccines and medicines for animals in the Shelter. The Special Revenue Funds are governmental fund types and therefore these budgets are prepared on a modified accrual basis as outlined in the General Fund section above.

**Debt Service Fund** – accounts for the accumulation of monies that are set aside to pay principle, interest and fees on debt incurred through the sale of bonds and other debt instruments. Proceeds from these tax and revenue bonds are used to make long-term capital improvements to streets, drainage systems, water, wastewater and solid waste projects. The Debt Service Fund is classified as a governmental fund type and its budget is therefore prepared on a modified accrual basis as stated in the General Fund section above.

**Capital Project Funds** – account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed directly by proprietary and trust funds. The Capital Project Funds are classified as governmental fund types and their budgets are therefore prepared on a modified accrual basis as previously stated in the General Fund section.

## **PROPRIETARY FUNDS**

**Enterprise Funds** – account for operations that are financed and operated in a manner similar to private business in that the cost of providing goods and services (expenses, including depreciation) to the general public be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, manage control, accountability or other purposes. The Water/Wastewater Fund and the Solid Waste & Recycling Fund are enterprise funds maintained by the City of Lufkin. The budget basis for enterprise funds is on an accrual basis. Expenses of these funds are recognized as encumbrances when a commitment is made. Revenues are recognized when they are obligated to the City (for example, water user fees are recognized as revenues when service is provided).

**Internal Service Fund** - The Equipment Acquisition and Replacement Fund revenues are transferred from the departments and are accrued from the depreciation of equipment. Accumulated funds are to be used to replace and purchase new equipment, vehicles and machinery.

**Component Unit** - The Economic Development Fund receives its revenue from a portion of the sales taxes collections received by the City. These funds are for the economic development and promotion of business within the City.

### **Comparison between Budget and Financial Reporting**

The Comprehensive Annual Financial Report (CAFR) of the City shows the status of the City's finances on the basis of GAAP. In most cases this conforms to the way in which the City prepares its budget. Exceptions are as follows:

- A** Compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (Budget).
- B** General and Administrative charges (G&A) are recognized as direct expenses of the Water/Wastewater and Solid Waste/Recycling Enterprise Funds on a GAAP basis as opposed to being accounted for and funded by operating transfers into the General Fund from the Water/Wastewater and Solid Waste/Recycling Enterprise Funds on the Budget basis.

- C** Principal payments on long-term debt within the Enterprise Funds are applied to the outstanding liability on a GAAP basis, as opposed to being expended on a Budget basis.
- D** Capital outlay within the Enterprise Funds are recorded as assets on a GAAP basis and expended on a Budget basis
- E** Depreciation expense is recorded on a GAAP basis only.
- F** The CAFR shows fund expenses and revenues on a GAAP basis.

**CITY OF LUFKIN  
FY 2008 BUDGET PREPARATION  
CALENDAR OF EVENTS**

<u>DATE</u>	<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>DESCRIPTION</u>
Scheduled as needed	HTE Training	Department Heads, Applicable Staff and Budget Team	Training will be held in the department requesting the training.
April 4, 2007	Budget Kickoff Council Chambers Room 102	City Manager Budget Team	Initial Budget meeting to establish guidelines for the 2008 budget process, discuss budget format and requirements and distribute budget instruction manuals and materials.
April 27, 2007	2007 Revised Revenue Estimates and Budget Expenditure Estimates	Department Heads and Applicable Staff	Completed Revenue estimates and current year annualized expenditures are due in HTE from responsible departments.
April 30, 2007	Change Security	Finance Department	Change Authority in HTE so that no further changes can be made to the FY 2007 Revised Revenues and Expenditures by the Departments.
TBA	Council Retreat TBD	Selected Staff, City Manager, City Council	Staff, Council meeting to discuss goals and objectives and establish direction for the 2008 budget year.
<b>Tentative</b> May 14, 2007	Completed FY 2008 Revenue Estimates and Budget Drafts and Supplemental Requests	All Departments	Departmental FY 2008 budget drafts due to be completed in HTE. Finance will begin to prepare for budget review.
May 15, 2007	Change Security	Finance Department	Change Authority in HTE so that no further changes can be made to the FY 2008 Proposed Revenue Estimates and Expenditures by the Departments.
May 15, 2007	Computer Setup	Finance Department	Coordinate Computer Setup for Room 202 for Budget Reviews.

May 17, 2007	Send Budget Review Schedule to Department Heads	Budget Team	Schedule of meetings will be developed and sent to department heads
May 21-31, 2007	Departmental FY 2008 Budget and Supplemental Request Reviews	City Manager, Department Heads, Staff, & Budget Team	Staff and Budget Team to meet with each Department Head to review departmental budgets.
June 13, 2007- June 15, 2007 <b>June 27, 2007</b>	<b>Council Budget Workshops</b>	<b>City Council &amp; City Staff</b>	<b>Council review of departmental budget requests.</b>
July 3, 2007  <b>Revised to July 17, 2007</b> July 29, 2007	Budget Submission to Council  Effective and Rollback Tax Rates Published	City Manager  Tax Assessor/Collector /Finance Director	Draft budget and transmittal letter submitted to Council. Council sets public hearing on budget. The effective tax rate for fiscal 2008 is published in the local newspaper.
August 7, 2007	Public Hearing*	City Council	A public hearing is held by Council to receive public input regarding the 2007/2008 Operating Budget.
	Discussion on Tax Rate*		If proposed tax rate exceeds the effective rate or rollback rate take record vote.
August 14, 2007	Notice of Public Hearing on Tax Increase Published	City Secretary/Finance Director	1 <sup>st</sup> ¼ Page notice in newspaper, Website and TV. Must be published at least 7 days before public hearings.
August 21, 2007	1 <sup>st</sup> Reading of Budget Ordinance*	City Council	First reading of Budget Ordinance.
	1 <sup>st</sup> Reading of Water & Sewer Rate Ordinances*		First reading of proposed ordinance amending Code of Ordinances making changes to the sewer rates and providing an effective date.
	1 <sup>st</sup> Public Hearing on Tax Rate*		First public hearing on proposed tax rate.
August 28, 2007 (requires special called meeting of City Council)	2 <sup>nd</sup> Public Hearing* on Tax Rate	City Council	Second public hearing on proposed tax rate. Must announce date of meeting to adopt tax rate.
August 29, 2007	Notice of Vote on Tax Rate Published	City Secretary/Finance Director	2 <sup>nd</sup> ¼ Page notice in newspaper, Website and TV. Must be published at least 7 days before

meeting to adopt tax rate.

September 4, 2007	2 <sup>nd</sup> Reading of Budget Ordinance*	City Council	Second reading of Budget Ordinance and adoption.
	2 <sup>nd</sup> Reading of Water & Sewer Rate Ordinances*		Second reading of proposed ordinance amending Code of Ordinances making changes to the water & sewer rates providing an effective date, and adoption.
	Vote on Proposed Tax Rate*		Vote to adopt proposed tax rate.
October 31, 2007	Distribution of Final Budget Document	Budget Team	Final Budget Document published.

**\* Requires 72 hour Open Meeting Notice**

# **BUDGET PROCESS**

## **DEFINITION AND AUTHORITY**

The budget is an essential element of financial planning, control and evaluation for the City and reflects and supports the policies and direction provided by Council. Budget appropriations are matched with anticipated revenues to fund expenditures necessary to provide citizen services while maintaining unencumbered fund balances consistent with Council Financial Policies. The City Charter establishes the City's fiscal year as October 1<sup>st</sup> through September 30<sup>th</sup>. By Charter, the City Manager is required to submit to Council, at least forty-five days prior to the end of the fiscal year, a proposed budget reflecting a complete financial plan for the ensuing fiscal year. The Council is required to adopt the budget no later than the twenty-seventh day of September. Should the Council not take action on or prior to the twenty-seventh day of September, the budget, as submitted, is deemed adopted by the Council.

## **BUDGET PREPARATION**

The City's budget process consists of four major phases that are followed in order to obtain the desired results. They include:

1. Planning/Preparation
2. Administrative Review
3. Presentation/Approval
4. Execution/Monitoring

These four phases comprise the budget cycle:

The Planning/Preparation phase of the budget cycle begins in January. At this point the administrative staff begins formulating goals and assessing needs for the coming budget year. Once these goals are agreed upon and needs have been identified, budget instructions are created for departments to follow. These instructions, departmental budget files, budget forms, and other budget information are distributed to department heads in a "Budget Kickoff Meeting" that is held in the month of April. Departmental budgets are completed and returned to the Finance Department by a specific date in mid May.

Administrative Review occurs in late May/early June once departmental budgets are returned to the Finance Department. They are reviewed for content and mathematical accuracy by Finance staff. Necessary corrections and changes are made and departmental budgets are forwarded to administrative staff for review. The administrative staff schedules meetings with each individual department manager. At this meeting they turn in and justify departmental work plans for the coming year and explain how their plans accomplish Council priorities as well as present justification for their requests. These Departmental budgets are then reviewed by the City Manager, where suggestions for improvement are made; items are eliminated that do not meet effectiveness tests, and whether supplemental requests are a necessity for the upcoming budget year.

The Presentation/Approval phase entails staff presentation to Council of an overview of the revenues, expenditures and fund balances of each operating fund of the City, a summary of major changes such as rate and fee increases/decreases, and recommendations regarding organization-wide salary adjustments. The Council is provided a detail listing of all



departmental requests and significant changes. At this time, Council decisions are made based on previous performance and overall necessity. During the month of August and September, City Council holds public hearings on the budget that allow citizens to voice their opinions and concerns on all aspects of the preliminary budget. After citizen input has been received, staff prepares the final budget and City Council formally adopts the budget prior to the 27<sup>th</sup> of September.

The budget process then moves into the Execution/Monitoring phase. This phase requires the administrative staff to review the adopted budget and note any policy or program changes Council may have made that differ from the preliminary budget. These are reviewed and discussed with department heads. The adopted budget becomes effective on October 1<sup>st</sup> for the new fiscal year. During the ensuing twelve-month period, the budget is under review to ensure that spending levels are maintained at, or below, the budget allowances.

## KEY REVENUE ASSUMPTIONS AND TRENDS FOR FISCAL 2008

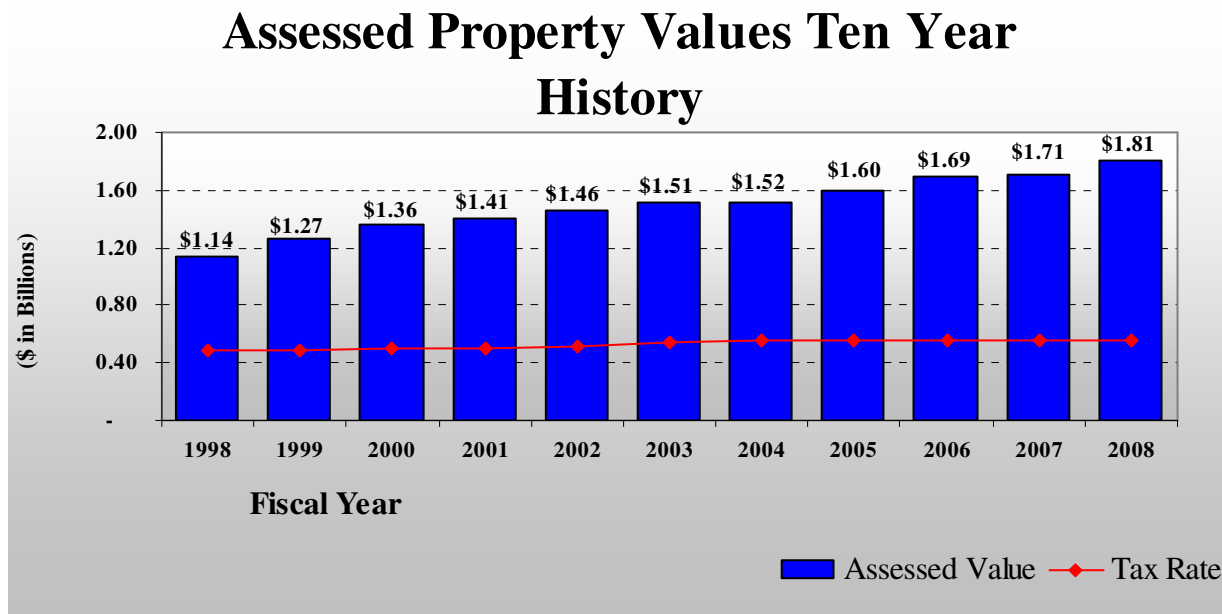
On an ongoing basis throughout the fiscal year, Finance staff monitors and reviews all revenues at a detailed level regarding collection versus budget estimate, and probability of collection. Early in the budget process, a complete set of revenue assumptions is prepared. These assumptions provide the basis for revenue projections throughout the budget process and include the expectations for local economic and population growth and service levels.

The City of Lufkin receives revenues from a variety of sources. The Budget Overview section of this document provides a detailed explanation of the individual revenues for each fund. This section highlights significant revenue issues included in this year's budget for the major funds.

### GENERAL FUND

#### AD VALOREM TAXES AND ASSESSED PROPERTY VALUES

The City's property tax is levied each October 1, based on the assessed value of all real and business personal property located within the City. The Angelina County Appraisal District establishes and certifies the appraised values at or near 100% of estimated market value. Homeowners aged 65 and over, and disabled persons and veterans are eligible, and may qualify for tax exemptions. The Angelina County Appraisal District can provide additional information on the eligibility requirements for these exemptions.



Ad valorem tax revenue is determined by two major factors: the total assessed value established by the Appraisal District and the tax rate established by the Lufkin City Council. Because total assessed property values have increased during the past several years, the City has been able to hold the tax rate relatively constant for several consecutive years.

The City's total certified assessed property value for Fiscal 2008 is \$1,811,330,702 according to the Appraisal District. This represents an increase of approximately \$106.73 million and includes new property coming on-line, and an increase in existing property values. The City's tax rate for Fiscal 2008 is \$0.5554 per \$100 valuation. The Fiscal 2008 operating and maintenance tax rate of \$0.3532 per \$100 valuation will generate \$5,839,687 of ad valorem tax revenue to the General Fund. Ad valorem tax revenue is the second largest revenue source to the General Fund, accounting for 22.17% of total projected revenue for Fiscal 2008. The General Fund allocation of total ad valorem tax revenue equals approximately 64% of total ad valorem tax collections; the remaining 36% is allocated to the General Obligation Debt Service Fund for the retirement of bond indebtedness.

The table below provides a ten-year history of Lufkin's ad valorem tax rate, levy, and collections, as well as the projected tax collection and distribution of revenues for Fiscal 2008.

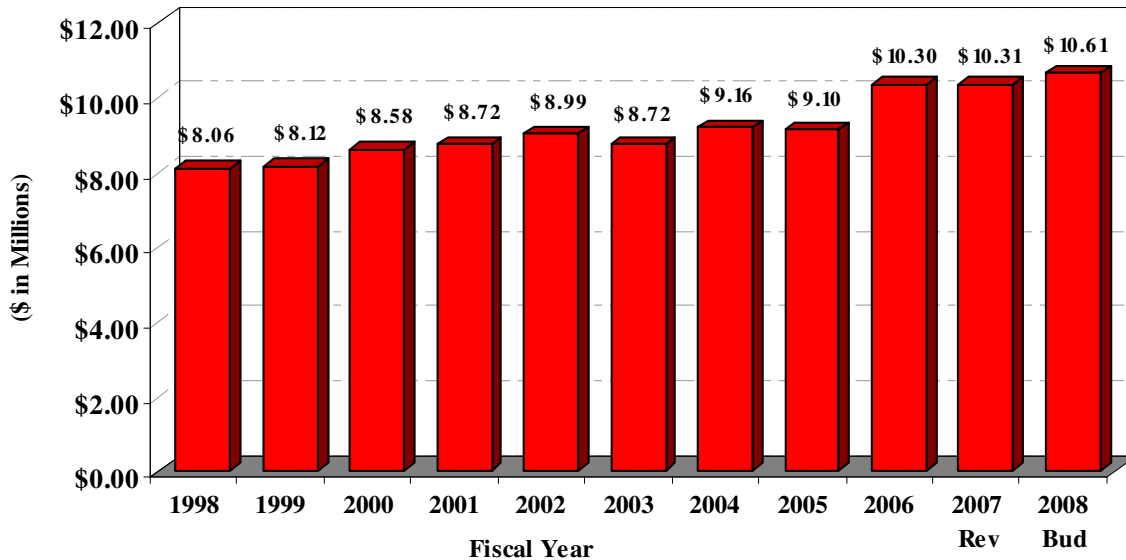
ANALYSIS OF TAX COLLECTIONS								
Tax Roll	Tax Rate Per \$100/value	Tax Levy	Current Collections	Current Collections to Tax Levy	Delinquent Collections	Penalty & Interest	Total Collections	Total Coll./ Curr. Coll.
1997-98	0.486977	4,981,607	4,857,968	97.51%	103,113	75,528	5,038,614	101.1%
1998-99	0.486977	5,516,858	5,397,946	97.84%	108,732	98,613	5,605,291	101.6%
1999-00	0.494500	5,965,894	5,817,570	97.51%	119,156	89,808	6,026,534	101.1%
2000-01	0.494500	6,160,278	5,989,032	97.19%	121,391	93,088	6,203,511	100.7%
2001-02	0.516500	6,557,609	6,515,261	99.35%	118,760	102,763	6,736,874	102.7%
2002-03	0.538500	7,199,180	7,166,816	99.55%	130,091	98,330	7,395,237	102.7%
2003-04	0.558500	7,791,797	7,596,818	97.50%	185,864	117,270	7,899,952	101.4%
2004-05	0.558500	8,052,878	8,243,686	96.38%	102,814	80,834	8,427,334	104.6%
2005-06	0.558500	8,553,198	8,501,185	99.39%	178,337	121,771	8,801,293	102.9%
2006-07	0.555400	8,849,182	<b>In process of collection.</b>					
<b>Fiscal 2008</b>		<b>Tax Rate</b>		<b>Distribution</b>		<b>Revenues</b>		
General Fund		\$0.353200		63.59%		5,839,687		
Debt Service Fund		0.202200		36.41%		3,377,219		
<b>TOTAL</b>		<b>\$0.555400</b>		<b>100.00%</b>				

## SALES TAXES

The City of Lufkin receives 1.5% of the 8.25% sales tax revenue paid to the Texas State Comptroller for the sale of all taxable goods and services within the City limits. Sales tax revenue continues to be the largest revenue source for the City's General Fund, representing 39.06% of total revenues.

Revenues from sales taxes are anticipated to increase by approximately 3.0% in Fiscal 2008. The total projected sales tax revenue is \$11,575,000 compared to the revised estimate of \$11,250,000 for Fiscal 2007. However, the net projected sales tax revenue is estimated to be \$10,610,420. This net amount reflects the allocation of \$964,580 to City's Economic Development plan. The chart on the following page reflects sales tax collections for the last 10 years. The estimated revenue for FY 2008 is net of the Economic Development allocation.

## Sales Tax Collections Ten Year History



### FRANCHISE FEES

The City of Lufkin maintains agreements with various utilities that require them to compensate the City for use of City streets, alleys and easements. It also maintains an Industrial District Agreement with a paper manufacturer, which provides an annual payment of \$50,000 per year, escalating at a compounding rate of ten percent per year, the first payment having been made October 1, 1998. Subsequent payments scheduled September 30, 1999 through 2012. The franchise agreements require the utilities to compensate the City between 2% and 4% of their gross receipts for use of the City's rights-of-way. Total Franchise and Agreement Fees for Fiscal 2008 are anticipated to be \$2,872,137, increasing slightly from the revised revenue estimate of \$2,788,339 for Fiscal 2007.

### WATER/WASTEWATER FUND

The City provides water and sewer services to its citizens for which it collects monthly charges. These charges are based on metered water consumption multiplied by the appropriate water and wastewater rates. Water and wastewater rates have been increased by 8.14% on an average for all customers. In Fiscal 2008, in order to meet the working cash balance requirements of the Council Financial Policies, through providing adequate funds to repay debt associated with major water and wastewater capital improvements. These rate increases were recommended as a result of a rate study performed Fiscal 2007 in order to better assess revenues needed to support the water and wastewater operations of the City in the future.

Water/Wastewater revenue includes charges for water and wastewater consumption as well as fees for water and sewer taps, water meters, service connections and wastewater pretreatment testing. Total Fiscal 2007 revised Water and Wastewater revenues are estimated to be \$14,335,313, an increase of 2.4% over Fiscal 2006 actual revenues of \$13,999,649. Fiscal 2008 revenue is projected to be \$15,164,506 a 5.78% increase over the Fiscal 2007 revised revenue estimate because of an increase in customer growth and rate increases in water and wastewater rates.

## **SOLID WASTE AND RECYCLING FUND**

The City of Lufkin is the exclusive provider of solid waste and recycling services for residential, commercial and industrial corporate citizens. Charges for service are billed on a monthly basis to all users. Residential garbage is picked up once weekly on Mondays or Tuesdays and recycled materials are picked up once weekly on Thursdays or Fridays. Commercial and industrial customer garbage and recycled materials are picked up on predetermined route schedules based on customer pickup frequency.

No increases in solid waste and recycling rates are included in the Fiscal 2008 budget. Total revenues for the Fund are estimated to be \$5,767,550, slightly above the Fiscal 2007 revised estimate of \$5,685,492.

## **HOTEL/MOTEL TAX FUND**

The City receives hotel/motel tax receipts that are generated from a 7% tax levy added to the cost of occupancy on hotel and motel rooms within the City. State law restricts use of these tax receipts to tourism promotion, capital construction, operation of recreation facilities, and cultural activities. The City's sixteen hotels and motels are expected to generate \$570,000 of hotel/motel tax receipts in Fiscal 2008, a slight decrease from the Fiscal 2007 revised estimate of \$598,548.

## **RECREATION FUND**

The Recreation Fund was established several years ago as a self-supporting unit wherein recreation activity costs are supported through user fees. This fund provides Parks' management segregated cost data to assist in determining the adequacy of the fees and facilitate tracking costs of the various activities.

Revenues are derived from user fees charged for softball, volleyball, basketball, gymnastics, recreation classes, and special events. Total Fiscal 2008 revenues for the Recreation Fund are projected to be \$182,875, an increase of 1.43% from the revised Fiscal 2007 estimate of \$180,300 and are estimated to be sufficient to cover the costs of operation and provide a fund balance of \$34,831.

## **ELLEN TROUT ZOO FUND**

The Ellen Trout Zoo Fund was established as a funding mechanism to make capital improvements and expand the Zoo through additional exhibits. Sources of revenue include admission fees, donations, animal sales and adoptions, and other miscellaneous fees.

Revenues for Fiscal 2008, excluding interest income, are anticipated to be \$217,000, which is an increase above the Fiscal 2007 revised estimate of \$179,250. This increase is attributed to an increase in the price of admission initiated late in Fiscal 2007.

# STRATEGIC PLANNING

The Lufkin City Council is elected to set policy and make decisions regarding City services to its citizens. In so doing, the Council must set priorities they believe are in the best interest and represent the desires of the citizens they represent. A retreat is held, early in the budget process each year, in which Council and staff discuss concerns, short and long term needs, philosophies and policies. Through these planning sessions and discussions, Council is able to develop a prioritized ranking of those needs they believe to be most important to the community and provide staff direction with which to formulate the coming year's budget.

The first Council Retreat was held in May 1999. The focus of the retreat was to identify community needs, establishing priorities, developing goals and identifying objectives for meeting those goals. Primary to this process was adoption of a continuing capital improvements program (CIP) tailored to address specific goals. Subsequently, these goals were reorganized and non-CIP items were added to create a more complete strategic planning model. As certain projects were completed, unforeseen significant needs were moved to the forefront and other less critical projects were delayed. Ultimately, the once five-year CIP has evolved into a continuous plan which is updated each budget year.

The following is a list of the goals and objectives including those originally established by Council in 1999, objectives covered in subsequent conferences, and aspects that staff feels are imperative to the overall fitness of the city. This is the status of these projects as of fiscal year-end 2007. Completed Objectives are in blue.

## **Goal: Improve drainage and correct problems within the City of Lufkin**

### **Objectives:**

1. Continue to monitor development within the City in order to insure that all drainage requirements are being met.
2. Maintain all regional detention facilities and remove volume as needed to meet the needs of new development.
3. Evaluate possible construction of two regional detention ponds.

### **Status:**

Objective 1. All new developments are required to complete and submit a drainage study if the impervious improvements exceed 14,000 square feet or if under that amount, there has been isolated flooding situations. All drainage studies are maintained by the Engineering Department and may be utilized by other developers as needed.

Objective 2. Developers are allowed to purchase volume from the regional detention facilities if the development is within close enough proximity of the pond. This practice helps to offset the cost of on-site detention and assists the developer in not having to use valuable developable land for detention. The developer submits the standard drainage study and then requests that they be allowed to purchase volume from that pond within the closest tributary. The City then contracts out the actual removal of volume from the pond as required.

- Objective 3      The Engineering Department will continue to evaluate possible funding sources, whether through CIP monies or grants provided through FEMA.

**Goal: Replace approximately 65 miles of asbestos cement water mains within the City's utility service area.**

**Objectives:**

1. Continue with replacement of asbestos cement waterlines, design and engineering.
2. Construct new water mains.

**Status:**

Objective 1      Three projects are currently under construction. Those projects are 12/13 (Crown Colony) which is approximately 50% complete. 15 (Burke) is in the closeout phase and Project 5 (Lotus Lane) is 33% complete. These projects are estimated to be completed by late Fall 2008.

Objective 2      All projects have been engineered, and are in the process of construction with the last project to be completed being Lotus Lane.

**Goal: Develop and implement street improvements for better mobility within the city.**

**Objectives:**

1. Conduct inventory of all streets and classify by quality standards Street Improvement Plan. This is a perpetual project.
2. Prepare recommendations for street overlay program and submit to Council by March of each year.
3. Implement first phase of street improvement program by summer 2004.
4. Implement street improvements as approved by City Council in Fiscal 2004.
5. Implement improvements to the central business district that were approved in the TEA 21-grant award.
6. Continue schedule of activities for street improvements approved by voters in the 2001 May election.

**Status:**

Objective 1.      An inventory of all streets has been completed utilizing the US Corp of Engineers computer program, "MicroPaver". A pavement condition index was developed for each street. This activity is now an ongoing part of the street maintenance program and an inventory is completed every two years.

Objective 2.      A prioritized list of street construction is currently being developed using two categories – reconstruction and overlay. This list will be presented to Council in February 2007.

- Objective 3. Construction began on this project December 2003. This project was completed in Fiscal 2006.
- Objective 4. Voters approved a bond proposal of four streets in May 2001. The streets include Abney Avenue, Angelina Street, Lotus Lane, and Whitehouse Drive. Angelina construction was completed in 2004. Abney Street construction was completed in April 2006. Whitehouse Drive construction was finished in June 2007. Lotus Lane is currently under construction.

**Goal: Provide safe, secure environment for citizens of Lufkin.**

**Objectives:**

1. Provide vehicular rotation schedule for public safety vehicles.
2. Replace fire rescue pumpers and provide rotation schedule for ambulance replacements through CIP planning.
3. Expand community and neighborhood policing projects on an ongoing basis.
4. Coordinate with Angelina College in developing a fire academy for training new personnel and recruits.
5. Increase fire staff to accommodate the two man in-two man out rule established by Texas State Legislature.
6. Construct new Fire Station on Old Union Road. Relocate existing Fire Station #4 to a more efficient area.
7. Replacement of Fire vehicles in a timely manner to avoid costly maintenance and downtime from worn out equipment.
8. Acquire grants to assist with the purchase of new Fire equipment for emergency situations.

**Status:**

- Objective 1 Both the Fire and Police departments have developed rotation schedules for their fleets and, as budget constraints allow, have been able to maintain the rotation schedules.
- Objective 2A A fire pumper was purchased and placed in service during the summer of 2000. An ambulance replacement schedule was developed and placed into the Capital Improvements Program for funding. Five have been purchased.
- Objective 2B Proposal is being developed for apparatus rotation. Example: With five stations, ordering one pumper every four years will provide a 20-year life span for equipment. Some current apparatuses are older than the 20-year replacement goal.
- Objective 3 In 1999, there were three active neighborhood associations in Lufkin. The Community Policing Officers became active in these groups and have assisted in organizing ten total associations. A patrol Lieutenant is assigned to those neighborhood associations in his area of town to address the needs of the citizens. Each patrol officer is also assigned a registered



sex offender to monitor their location and activity should they commit any law violations.

- Objective 4 A Fire Academy has been successfully developed at Angelina College. Recruits can receive Fire and EMT Basic certification through the Academy. Paramedic training is also available through the College EMS training program.
- Objective 5 Continue hiring, which has been indefinitely postponed, for 4-man sub stations.
- Objective 6 Land was purchased in Fiscal 2002. City staff and a local architect firm are working on a new Fire Station Design on Old Union Road, which will replace existing Station #4 on the Southwest Loop.
- Objective 7 A ladder truck was purchased and delivered during Fiscal 2006.
- Objective 8 Various Homeland Security grants have been awarded. The Fire Department has purchased equipment that will be useful in a number of emergency situations.

**Goal: Remodel and refurbish Lufkin Police Department.**

**Objectives:**

1. The Police Department has a long range goal to remodel the old jail area of the department to allow for much needed office space.
2. The Communication Office will be remodeled and equipped with updated technology.

**Status:**

- Objective 1 The Police Department remodel project was completed in Fiscal 2007.
- Objective 2 The Communications Office remodel was completed during Fiscal 2006.

**Goal: Establish reliable, broad based communications for public safety and citizen information purposes.**

**Objectives:**

1. Upgrade and replace the current police communications system. Project to include purchase and installation of a new radio system for data transmission, which allows field reports to be transmitted electronically, as well as “on-line” driver’s license and license plate checks from the field.
2. Complete the update of each City department’s web site. Provide training for one staff member from each department in Microsoft Front Page to maintain the department’s web page.

3. Expand online services for citizen use: including online building permits, inquiry and payment of utility accounts, recreation class schedules, fine payments, and ambulance service fee payments.
4. The Police Department has budgeted to purchase a radio voting system that will allow a greater area of radio reception in the recently annexed regions. The project is estimated to be completed in the early part of Fiscal 2008.

**Status:**

Objective 1A Staff negotiated with AT&T to build a CDPD system. The “build out” was completed in March 2001. Hardware and software were purchased for police vehicles. The project was complete in May 2002 and is operational.

Objective 1B In 2004, AT&T will upgrade the Police Departments existing CDPD network to a GPRS network, which will greatly exceed the capabilities of the existing CDPD network by providing many enhanced benefits and services such as a wider coverage area and higher-speed data transfer.

Objective 2. The City’s website was updated in Fiscal 2006 and is maintained by the City’s Webmaster. Requests for updates by the departments are forwarded to the Webmaster.

Objective 3. The City implemented an on-line interactive application in Fiscal 2002 that allows utility customers to view and pay their bills via the Internet. The City’s Municipal Court system is now a live site and is now capable of paying fines on-line, as well as in person.

Objective 4. The City has budgeted to purchase a radio voting system in Fiscal 2008. The projected is expected to be completed in Fiscal 2008.

**Goal: Provide increased beautification and quality of life projects for the citizens and visitors of Lufkin.**

**Objectives:**

1. Implement improvements to the Kit McConnico Park as outlined in the Park Master Plan. Complete Phase 1B project by Spring 2005.
2. Develop entryway beautification program by utilizing the Angelina/Beautiful Clean program and funding from TxDOT grant program. Continue maintenance contracts and projects that will work toward presenting Lufkin as a clean and beautiful city.
3. Seek certification as a 2000 National Main Street City through the Texas Main Street Program and the Texas Historic Commission.
4. Develop funding sources for increased color, planting and maintenance of public areas, major travel corridors and entryways.

**Status:**

Objective 1 Construction is complete for the Phase 1B portion of the project. Improvements include four lighted baseball fields, four lighted soccer

fields, concession and restroom facilities, parking lots and utility improvements. League play for soccer and adult softball are scheduled to begin in September 2005. Maintenance programs are in place and being modified as needed. The Deep East Texas Recreational Route Coalition has completed a 3.5 mile section of trail in Kit McConnico Park. The grand opening will be October 13, 2007. The trail is used for mountain bikes, jogging, walking and nature studies.

- Objective 2 The City was given responsibility for maintaining state highway rights-of-way for Fiscal 2001 and subsequent years. Maintenance is provided by contract. The Tree Board has suggested increased pruning of street trees for safety. Ornamental trees will be pruned with cooperation of Angelina Beautiful Clean. The City continues to work with beautification groups to provide new projects, maintain existing projects, and plan for future projects.
- Objective 3 The City's Main Street Director submitted an application to the Texas Main Street Program for consideration as a 2000 National Main Street City. The City was awarded that recognition and has received that award for the past five years.
- Objective 4 Increased maintenance standards and funding for programs, increased awareness in litter programs and beautification by all groups using City facilities is a result of the continued cooperative efforts with Angelina Beautiful Clean and the Lufkin Landscape Taskforce.
- a. Wildflowers and trees were planted at Ellen Trout Park.
  - b. Kiwanis Park had new azaleas planted along Tulane.
  - c. The main parking lot was improved at Morris Frank Park.
  - d. Kit McConnico Park play equipment was installed in 2005.
  - e. The Landscape Task Force has started constructing various projects of their master plan for Chambers Park in 2005. The projects were completed with new trees, spray play cover, painting of all structures, improved tennis parking area, new fencing along Pershing Street, and a new mural was completed on the Boy Scout House.
  - f. New projects at US 59 South and US 59 North will create new landscape opportunities for entryways into the City of Lufkin when completed. These projects will begin in 2007 and 2008 with completion in 3 to 4 years.
  - g. Gaslight Boulevard was renovated in late 2007. It was a Lufkin Landscape Task Force project that needed additional plant material and maintenance.

**Goal: Maintain the Ellen Trout Zoo to be deemed worthy of its slogan as the “Finest Small City Zoo in the Nation.”**

**Objectives:**

1. Expand current facilities to accommodate upcoming features and increased attendance.
2. Develop funding for new exhibits through private and public donations and new innovations.
3. Develop and create new exhibits to increase attendance and interest in the zoo.

**Status:**

Objective 1A The parking area was expanded in Fiscal 2002 to alleviate the overcrowded parking situation.

Objective 1B Restrooms were added in Fiscal 2004 to the new African area to provide patrons with facilities in the back area of the zoo. These were opened to the public in May 2004 and have received very favorable reviews.

Objective 2 The Zoo increased admission fees in April 2003 to shoulder the burden of increasing costs on both the implementation of new exhibits and recurring costs on the city’s General Fund. These fees were increased again in July 2007.

Objective 3A The zoo will begin expansion with the development of an African area. This area has since completed both a giraffe and White rhino exhibit in Fiscal 2001. The giraffe exhibit has had a new arrival with the birth of a new male giraffe in late 2002.

Objective 3B The hippoquarium and crocodile exhibits were completed during 2003. These exhibits are fully functional and the zoo has already increased the hippopotamus population with the birth of a new hippo in late September 2003.

Objective 3C A new primate and Komodo dragon exhibit was completed during Fiscal 2004. Plans are underway for the outdoor portion of this exhibit to be completed in the future. An African aviary was constructed in 2005 by the Lufkin Rotary Club and took the place of the scheduled primate exhibit.

Objective 3D In late 2004 work began on the botanical exhibit and was completed in April 2005. This exhibit is dedicated to the memory of Nancy Wannamacher. This will also provide the public with additional seating.

Objective 3E Design and fundraising began for the new Education Center and office complex at a new location in the southern part of the zoo near the newly completed parking lot. Fundraising was completed and design and construction should be completed by late summer 2008.

Objective 3F A new outdoor exhibit was constructed for the Zoo's five Chinese alligators by the Lufkin Rotary club in 2006.

**Goal: Refurbish the existing, near thirty-year old Civic Center while keeping the establishment accessible and functional for scheduled events.**

**Objectives:**

1. Replace existing equipment and fixtures such as the HVAC unit, moveable walls, telescoping.
2. Update the color scheme by replacing the upholstery on seating, carpeting and drapes in the stage area.
3. Improve the lighting equipment by adding additional, up to date, stage lighting.
4. Replace the sound system with a system that will provide greater sound quality and new technology.
5. Tint windows in the Front Lobby Reception Area to help with cooling costs.
6. Replace Lobby Entrance doors to satisfy safety and building codes.
7. Install WIFI and a Mounted Projector in Main Events Room.
8. Remodel and refurbish Dressing Rooms and back entry halls. Install gate for better security of equipment in Master Control Room and Kitchen.
9. Upgrade Landscaping.
10. Add outdoor Christmas Decorations.

**Status:**

Objective 1A A new HVAC unit replaced the 25-year-old unit in Fiscal 2001. This new unit is more energy efficient by only heating and cooling areas as needed.

Objective 1B New movable walls replaced non-functioning existing walls in Fiscal 2002. The new walls are reliable and provide, on a consistent basis, areas that are more accommodating to patrons.

Objective 1C Telescoping seating replaced damaged seating in Fiscal 2002. The new seating provided a safer place for patrons to sit and the new design is easier to operate for Civic Center employees.

Objective 1D The sound system will be replaced in Fiscal 2006. The new system will provide a better sound and will have new technological advances that the current one lacks. The sound system was replaced in Fiscal 2006.

Objective 2A When the telescoping seating mechanism was changed, the color scheme for the existing seating was also updated to reflect an elegantly modern scheme. This update was completed in Fiscal 2002.

Objective 2B The worn carpet in the Civic Center was replaced in March of 2004.

Objective 2C The stage curtain and back drapes were replaced in Fiscal 2006. This step completed the color scheme change.

- Objective 3 Eight new Stage Lights were replaced in FY 2006. Stage Lights were placed intermittently along side remaining front-track stage lights of the area. These new lights provide a better quality of lighting with greater control of maneuverability for customers.
- Objective 4 The Sound System was replaced in 2006. It consists of new mixers, equalizers, amplifiers, speakers and other sound equipment including relocating the Master Sound Rack. Replacing this System has added a greater quality of service for our customers during their events.
- Objective 5 The glass areas of the Front Lobby Reception area were tinted in Fiscal 2007 from floor to ceiling with a bronze Llummar Window Film with a 10 year warranty. This process allows the Lobby area better insulation in the winter and summer months respectively.
- Objective 6 Eight Front Lobby Entrance Doors were replaced in Fiscal 2007 with bronze tinted anodized aluminum frames, and bronze tempered glass. Each door included new panic bars; continuous hinges with inside dogable exit devices; outside key-locks; thresholds; and weather stripping. There is one handicap door for ADA compliance.
- Objective 7A As an added feature to our customers, WIFI was installed in the Main Events Room for using during events in Fiscal 2007.
- Objective 7B To maximize space and use, a Mounted Projector was installed in 2007 in the Main Events Room. The projector is operated by remote from a specified laptop. This projected included wiring cable to strategic areas of the room to allow the customer to be able to conduct their presentation from various angles throughout the room to meet their accommodation needs.
- Objective 8A The Ladies' and Men's restroom was remodeled in FY 2007, which included replacing water damaged sheetrock, existing toilets, sinks, vanity and doors. The existing showers were replaced with ADA approved showers with seating. The Dressing Rooms were painted and appropriately attractive décor was added for ambiance. The remodeling of the dressing rooms has greatly enhanced the customer's enjoyment in using these rooms for their events when needed.
- Objective 8B The back entry areas were painted and wainscoted with vinyl paneling; including replacing the vinyl bases with newer material.
- Objective 8C A gate was installed and is kept locked at all times to secure the master control areas from public access. This area houses the Civic Center's main computer equipment, main electrical boxes, and telephone equipment along with the hot water heater.

Objective 9A Soil in the flowerbed area has been upgraded with a mixture of sand and compost for future planting and healthy growth. This was completed in FY 2007.

Objective 9B In Fiscal 2008, plans are to plant Cherry Laurel Trees and Asian Jasmine to maximize the large landscaped area to match the north building landscaped area. A brick retaining wall will be placed on both north and south side areas on Fiscal 2008.

Objective 10 In Fiscal 2008 plans include the addition of Christmas decorations in the form of holiday signage and other festive lights on the front Plaza and surrounding outside areas of the building. This would include installation of adequate electrical outlets and other equipment for proper hanging. This décor will be seasonal and will add a festive and colorful ambiance to the Civic Center as customers celebrate the Holidays.

**Goal: Instill a love for reading in the community, while maintaining the new state of the art Kurth Memorial Library facility.**

**Objectives:**

1. Acquire reading materials that encourage reading and increasing knowledge in an innovative, welcoming environment.
2. Provide educational programs to the community.

**Status:**

Objective 1 The Library is under the constant process of providing an ethnic diversity to its shelves through obtaining books written in Spanish. Also, books on audio to assist beginning readers provide the community with opportunity. As the need arises, the library is prepared to acquire books of varying ethnic cultures as to inspire a love of reading.

Objective 2 The Library is committed in providing quality educational programs for school children. This allows children opportunities to visit the library with peers, and will hopefully instill an appreciation of books that will continue for years. The Library also instructs the community using the Internet as a learning tool.

**Goal: Implement improvements to the Emergency Management System as to provide a safe environment for the citizens of Lufkin.**

**Objective:**

1. Continue to improve the mitigation, response and recovery activities of the Emergency Management office.

**Status:**

Objective 1A The National Weather Service designates the City of Lufkin as a Storm Ready community. This means that the city is ready to respond in the event that hazardous weather threatens.

Objective 1B The city expended the Office of Domestic Preparedness Grant of \$277,000 in improving the equipment capabilities of the Fire, Police, Public Works Administration, and the Emergency Management Departments.

Objective 1C A Mitigation Action Plan will be developed as required by the State of Texas and FEMA.

**Goal: Develop operational procedures as to improve the collection of waste throughout the city.**

**Objectives:**

1. Revise the Solid Waste Collection Ordinance for the City of Lufkin.
2. Reconstruct the collection routes
3. To implement the different Solid Waste and Special Collections programs. (Commercial Dumpster Program, Residential Cart upgrade and a Work Order system.)
4. To implement a new rate structure for Special Collections.

**Status:**

- Objective 1 Information has been collected from other cities. Staff will work as a team on the update. Target date for completion is the end of October 2007.
- Objective 2 Route audits will be performed. GPS equipment will be installed on each collection vehicle to gather statistical information. Further planning of the routes will result in increased efficiency.
- Objective 3 The commercial dumpster program is underway and should be fully implemented in early 2008. The Residential cart upgrade will allow citizens to upgrade from the previously issued 65 gallon cart to a 96 gallon cart. This program will begin in early 2008.
- Objective 4 Special Collections will go to a “work order only” system as well a rate structure being developed for collections over 2-yards. This project should begin mid year 2008.

**Goal: Improve the operations of the City of Lufkin Recycling Department.**

**Objectives:**

1. Complete the study of and install automated equipment for upgrading the recycling process.
2. Continue to monitor wastewater disposal with emphasis on the feasibility of bio-solids composting.
3. Implement educational opportunities in the community through the use of the Recycling Coordinator.

**Status:**

- Objective 1 The City’s Recycling process is expected to continue with the installation of a new baler in Fiscal 2007 and with the addition of part-time employees to process recyclables in Fiscal 2008.



- Objective 2 The Composting Operation was terminated in Fiscal 2007. The operation was reviewed and it was determined that composting was not a cost effective operation for the City.
- Objective 3 Educational opportunities are ongoing, and include schools, civic organizations, business groups and neighborhood associations. Expanding regional recycling efforts, along with commercial recycling education and participation, will be a focus. Applications for grants have been and will continue to be submitted with DETCOG to fund local and regional programs.

**Goal: Attract new businesses and provide positive growth to the City of Lufkin and surrounding area.**

**Objectives:**

1. Propose an Economic Development (ED) Plan.
2. Develop funding for ED Plan.
3. Implement ED Plan by Summer 2004.

**Status:**

- Objective 1A Proposed during Council discussions late Fiscal 2003.
- Objective 1B Workshop was scheduled for early Fiscal 2004. The citizens voted to implement the ED plan in February 2004.
- Objective 2 Determination for the funding was determined after workshop. Funding has been determined to be 1/8th of a cent from a portion of the sales tax revenue.
- Objective 3 Implementation of the ED began in the summer of 2004, with the appointment of a Board of Directors for the Economic Development Corporation.

**Goal: Construction of new Public works facility.**

**Objectives**

1. Identify a location.
2. Identify funding source for a new Service Center
3. Complete architectural and civil design plans.
4. Coordinate construction process

**Status**

- Objective 1 The new Public Works Service Center will be located at the existing 300 Amey St. property. Additional land has been secured along Birch St. which is adjacent to this facility. Also, an additional tract of land was purchased from the Union Pacific railroad.

- Objective 2 Funding for this project is being provided from the Solid Waste Fund, through the Solid Waste Depreciation Fund.
- Objective 3 Architectural and Civil construction plans have been completed by Goodwin-Lasiter.
- Objective 4 All underground utility, storm and dirt work will be accomplished by City of Lufkin crews. Building construction will be contracted out. Construction of the administration building will be completed and then the existing facility will be moved to the new area. Warehouse buildings will be constructed after the administration facility is moved.



## **BUDGET ADOPTION AND AMENDMENT PROCESS**

The City Charter establishes the City's fiscal year as October 1 through September 30. By Charter, the City Manager is required to submit to Council, at least forty-five days prior to the end of the fiscal year, a proposed budget reflecting a complete financial plan for the ensuing fiscal year. The Council is required to adopt the budget no later than September 30. Should the Council not take action on or prior to that date, the budget, as submitted by the City Manager, automatically becomes the legal operating budget for the City.

The City Charter, Article V, Section 3, Appropriations, provides for a budget amendment process. It states, in part,

“The Council may transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another, at any time. The City Manager shall have authority, with council approval, to transfer appropriation balances from one expenditure account to another within a single office, department or agency.”

Thus, if during the year situations arise whereby additional funds are needed by a department; a Budget Amendment Request is prepared and submitted to Council for approval stating the reasons that additional funds are required.

If only line item changes are required within a departmental budget, the department head submits a Budget Adjustment Request to the City Manager for approval. The Request reflects the account(s) from which funds are requesting to be transferred and the account(s) to which funds will be transferred. Reasons for the transfer are stated, and the City Manager approves or disapproves the request. All approved changes are forwarded to the Finance Department for entry into the financial system.

# A GUIDE TO THE DETAIL BUDGET PAGES

1. **Fund** – The fiscal entity in which the department operates.
2. **Department** – The department in which the division operates.
3. **Mission Statement** – The departmental commitment to the citizens and organization in meeting the needs of the community.
4. **Description of Services** – A short overview and explanation of the services provided to the organization and/or citizens by the department.
5. **Fiscal 2008 Work Program** – The major planned accomplishments for the coming fiscal year.
6. **Performance Measures** – Specific quantitative measures of work performed within a department.

1.	FUND: <b>General</b>	DEPARTMENT:	<b>Fire</b>	2.
3.	<b>MISSION STATEMENT</b>			
	The mission of the Lufkin Fire Department is to protect and serve the citizens of Lufkin and Angelina County through fire suppression and rescue, emergency medical services, fire and accident prevention, hazardous material mitigation, and public information and education.			
4.	<b>DESCRIPTION OF SERVICES</b>			
	Lufkin Fire and EMS responds to fires, medical emergencies, and hazardous materials incidents in the City of Lufkin, and contractually provides emergency medical service to Angelina County. Emergency work includes extinguishing fires, mitigation of hazardous materials incidents, fire inspections and plan review, arson investigation, Fire and EMS training, planning to reduce the impact of natural disasters, public information and educational safety programs.			
5.	<b>FISCAL 2008 WORK PROGRAM</b>			
	Continued cross-the-board training in fire, EMS and hazardous materials. Community smoke detector program through donations by local businesses. Testing of apparatus, equipment and hose. Maintenance of quarters, apparatus and equipment. Training of Lieutenants as Fire Inspectors, to improve inspections. Fire Department Staff, Officers and Line Personnel all contribute to the Emergency Management planning, training and mitigations.			
6.	<b>PERFORMANCE MEASURES</b>			
		2005-2006 ACTUAL	2006-2007 REVISED	2007-2008 BUDGET
	Emergency Medical Calls	4,008	4,520	4,650
	Non-Emergency Medical Calls	3,283	2,017	1,500
	Fire Calls	1,080	1,220	1,280

## A GUIDE TO THE DETAIL BUDGET PAGES

7. **Expenditures** – Summary budget data by expenditure category for personnel services, benefits, supplies, maintenance of structures and equipment, miscellaneous services, sundry charges, debt service and capital outlay.
8. **Authorized Positions** – Full time and part time position listings for current and past budget years.
9. **Significant Changes** – Highlights of proposed major changes, enhancements of service or a new service, method of improving efficiency or effectiveness of an existing service for the coming budget year.

FUND:		DEPARTMENT:			
General		Fire			
7. →	<b>EXPENDITURES</b>	2005-2006 ACTUAL	2006-2007 BUDGET	2006-2007 REVISED	2007-2008 BUDGET
	Personnel Services	\$3,410,398	\$3,753,290	\$3,558,844	\$3,696,086
	Benefits	811,181	946,361	912,678	931,221
	Supplies	226,527	230,717	217,976	225,967
	Maintenance of Equipment	117,626	131,750	109,906	112,050
	Miscellaneous Services	148,366	171,749	156,635	172,310
	Sundry Charges	439	1,100	450	600
	Debt Service	32,079	32,080	19,340	-
	Capital Outlay	11,952	-	28,843	-
	<b>TOTAL</b>	<b>\$4,858,568</b>	<b>\$5,267,047</b>	<b>\$5,004,672</b>	<b>\$5,138,234</b>
8. →	<b>AUTHORIZED POSITIONS</b>	2005-2006 ACTUAL	2006-2007 BUDGET	2006-2007 REVISED	2007-2008 BUDGET
	Fire Chief	1	1	1	1
	Assistant Fire Chief	1	1	1	1
	Office Manager	1	1	1	1
	Account Specialist/Hyd Supvr	1	1	1	1
	Hydrant Maintenance	1	1	1	1
	Battalion Chief	5	5	5	5
	Captain	18	18	18	18
	Lieutenant	21	21	21	21
	Firefighter	34	38	34	35
	Office Assistant	1	1	1	1
	<b>FULL TIME</b>	<b>84</b>	<b>88</b>	<b>84</b>	<b>85</b>
	<b>PART TIME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>84</b>	<b>88</b>	<b>84</b>	<b>85</b>
9. →	<b>SIGNIFICANT CHANGES</b>				

## A GUIDE TO THE DETAIL BUDGET PAGES

**10. Division** – The cost center that provides the activity, function or services.

**11. Division Description** – The division’s primary service responsibility and mission.

**12. Expenditures** - Summary division budget data by expenditure category for personnel services, benefits, supplies, maintenance of structures and equipment, miscellaneous services, sundry charges, debt service and capital outlay.

**13. Authorized Positions** - Full time and part time position listings for current and past budget years for the division.

<b>FUND:</b> <b>General</b>	<b>DEPARTMENT:</b> <b>Fire</b>	<b>DIVISION:</b> <b>Administration</b>		
<b>DIVISION DESCRIPTION</b>				
The Administration Division oversees the day to day operations of the Lufkin Fire Department				
<b>EXPENDITURES</b>	2005-2006 <b>ACTUAL</b>	2006-2007 <b>BUDGET</b>	2006-2007 <b>REVISED</b>	2007-2008 <b>BUDGET</b>
Personnel Services	\$118,501	\$152,695	\$163,941	\$182,293
Benefits	60,320	70,705	80,735	90,273
Supplies	28,200	28,500	28,990	29,000
Maintenance of Equipment	106,179	108,350	119,865	127,275
Miscellaneous Services	120,512	125,417	119,263	43,900
Sundry Charges	2,251	500	1,024	800
Debt Service	0	0	0	0
Capital Outlay	0	0	0	0
<b>TOTAL</b>	<b>\$405,957</b>	<b>\$496,167</b>	<b>\$513,818</b>	<b>\$471,541</b>
<b>AUTHORIZED POSITIONS</b>	2005-2006 <b>ACTUAL</b>	2006-2007 <b>BUDGET</b>	2006-2007 <b>REVISED</b>	2007-2008 <b>BUDGET</b>
Fire Chief	1	1	1	1
Assistant Fire Chief	1	1	1	1
Office Manager	1	1	1	1
Office Assistant	1	1	1	1
<b>FULL TIME</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>PART TIME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

## CITY OF LUFKIN Fiscal Year 2007-2008

The total Fiscal 2007-2008 budget appropriations are \$57,514,500. This is an increase of \$5,170,186 or 9.90% over the Fiscal 2006-2007 approved budget and a decrease of \$5,058,440 from the Fiscal 2006-2007 revised estimate. Details of the major components of the increases and decreases of the revised budget to proposed budget are summarized below and explained in the individual Fund narratives following this summary.

Summary of Major Changes, Fiscal 2007 Budget to Fiscal 2008 Budget		
Salary and Benefit Changes:		\$ 1,790,071
3% Cost of Living Adjustment	\$ 443,155	
Fire Salary Survey Increase	477,413	
Fire Retirement Benefit Increase	120,008	
Other Salary Increases	30,098	
Annual Effect of April 1, 2007 Police Increase	371,078	
Retiree Insurance Transfer	165,000	
New Positions:		
General Fund	183,319	
Supplies		2,494
Structure and Equipment Maintenance		361,579
Miscellaneous Services		(326,843)
Sundry Charges		722,974
Debt Service		1,555,367
Transfers Out		534,257
Capital Outlay		462,780
<b>TOTAL</b>		<b>\$ 5,102,679</b>

total of fifteen positions were added or moved to full time status for Fiscal 2008 operating budget and are listed as follows:

Position	Department	Status
<b>City Marshall</b>	Municipal Court	<b>Changed to Full-Time</b>
<b>Sr. Account Clerk</b>	Finance	<b>Added (9 mos.)</b>
<b>Kennel Attendant - 2</b>	Animal Control	<b>Part-Time Added</b>
<b>Police Officer – 2</b>	Police Department	<b>Added</b>
<b>Education Assistant</b>	Zoo	<b>Added (3 mos.)</b>
<b>Recycling Laborers - 8</b>	Recycling	<b>Part-Time Added</b>



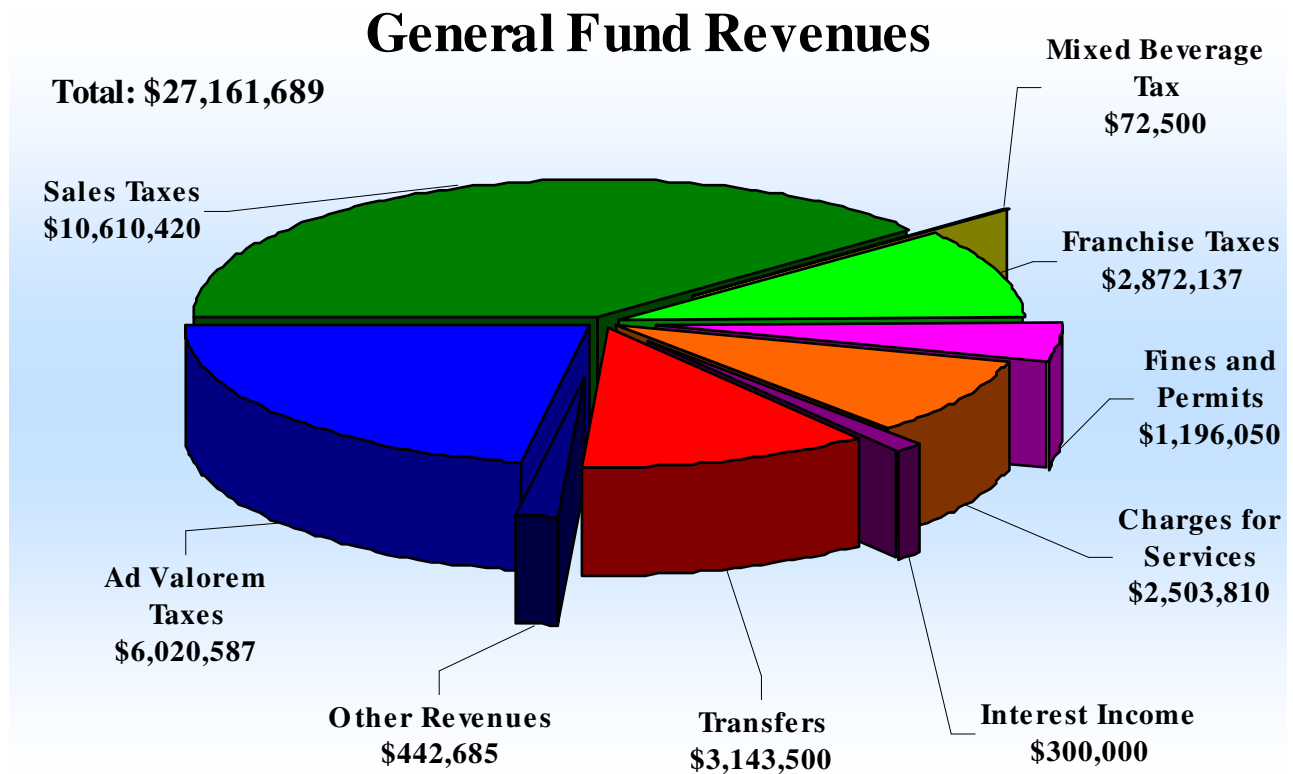


# GENERAL FUND

## REVENUES

The General Fund consists of eight major revenue classifications: **Taxes** – include Ad Valorem, Sales, and Mixed Beverage Taxes; **Franchise Taxes** – paid to the City by utility companies for the right to use rights-of-way; **Licenses and Permits** – consist of business licenses, permit and inspection fees; **Charges for Service** – include Emergency Medical Service (EMS) and false alarm fees; **Fines and Forfeitures** – include fines assessed for misdemeanor traffic, parking, animal control, and code enforcement violations; **Other Revenues** – include animal shelter fees, park fees, and inter-governmental revenue such as grants received from other governmental agencies; **Miscellaneous Revenue** – consists of interest income from investment of idle cash and various smaller revenue sources not applicable to other revenue classifications; and, **Intra-Governmental Revenue** – revenues received from other funds within the City for services provided.

Revenues for Fiscal 2008 are estimated to be \$27,161,689. This represents a 9.98% increase from revised estimates for Fiscal 2007 of \$24,697,241 and a 0.34% increase over Fiscal 2006 actual revenues of \$27,068,611. The following graph represents total revenues by major category.

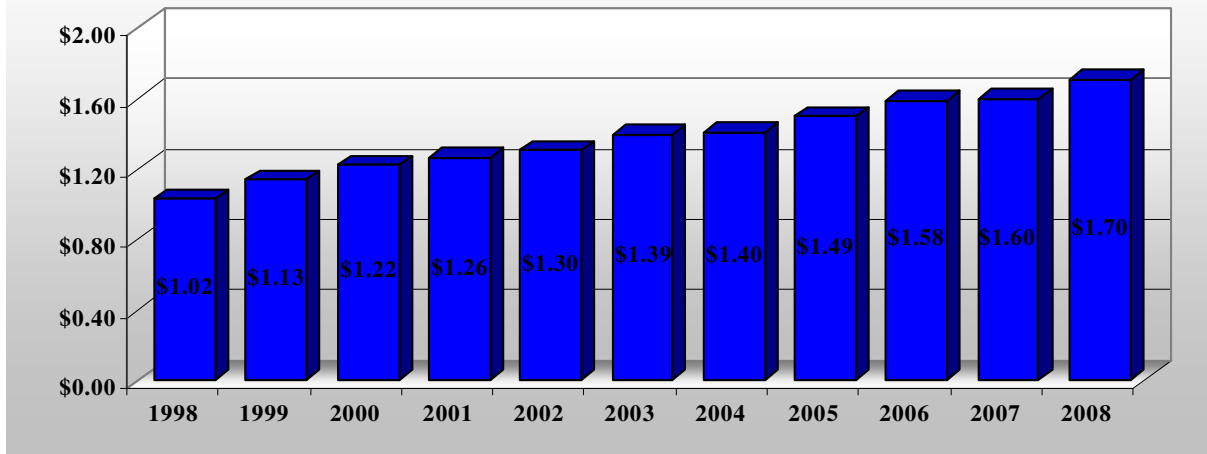


## AD VALOREM TAXES

Ad Valorem Taxes are the City's second largest General Fund revenue source and are based on assessed property values. The City's taxable assessed property value for Fiscal 2008 is \$1,

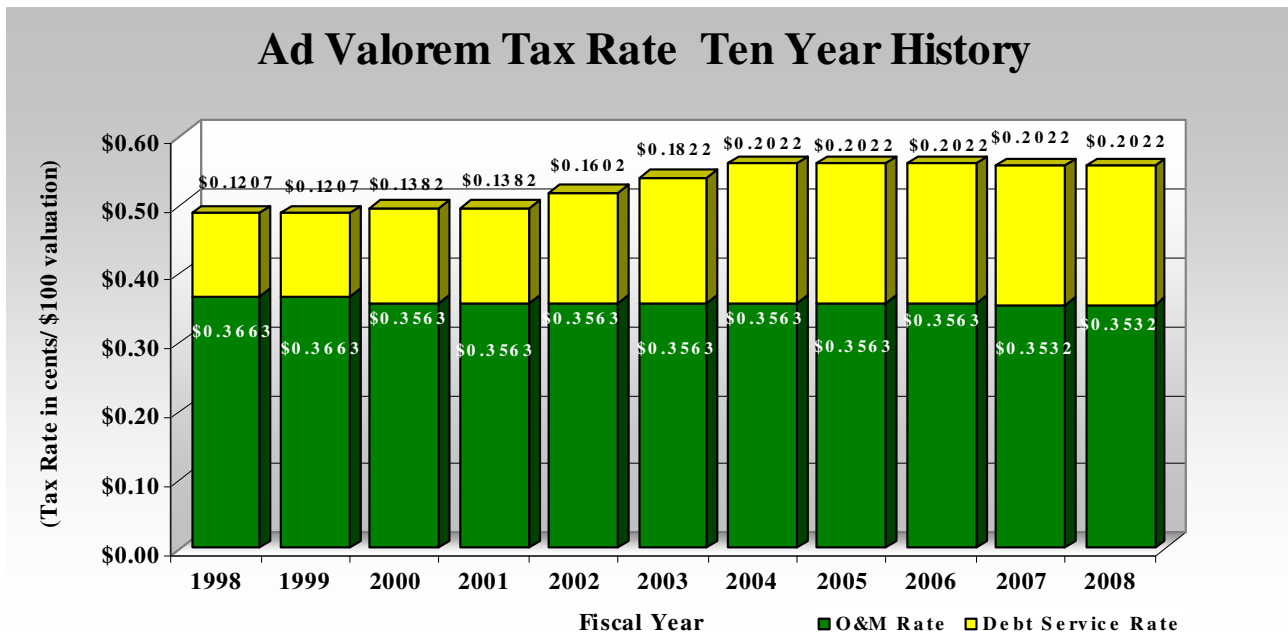
704,692,895, an increase of 7.06% over the previous year's tax roll. New construction values, of approximately \$15.3 million and \$97.1 million of property reappraisals, by the Angelina County Appraisal District, are the reason for the increase. The following graph represents a ten-year history of property values for the City of Lufkin.

## Taxable Assessed Property Values Ten Year History



Ad Valorem taxes are divided between general operating and maintenance requirements and general obligation debt service. The City's tax rate for Fiscal 2008 is \$0.5554 per \$100 of assessed property values. The tax rate for general operations for Fiscal 2008 is \$0.3532; the tax rate for debt service is \$0.2022.

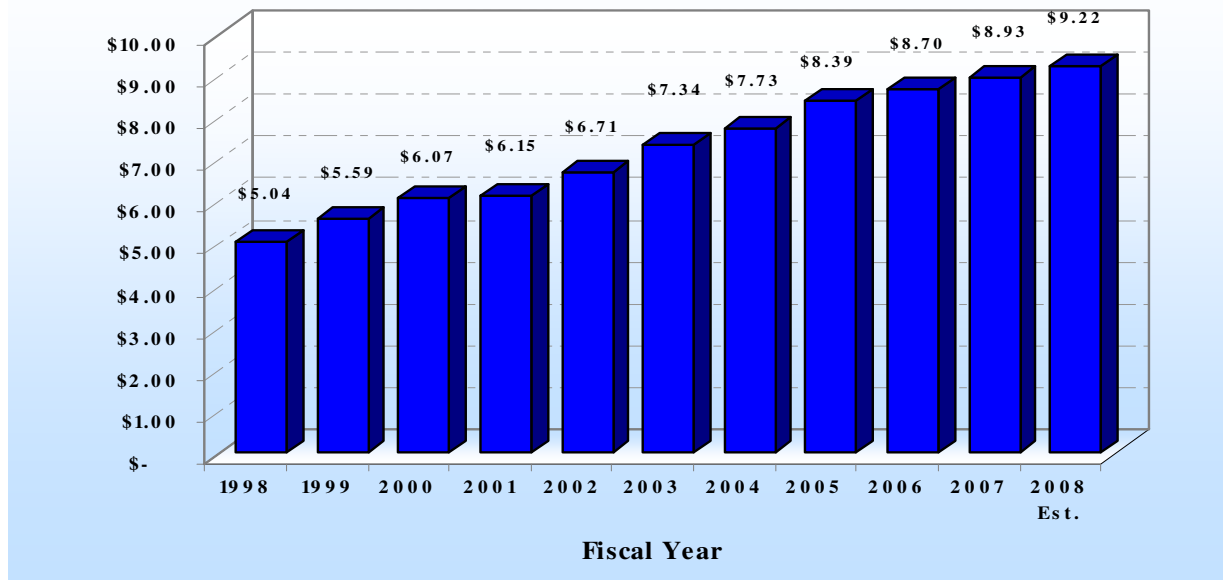
## Ad Valorem Tax Rate Ten Year History



Ad Valorem tax revenue for operating and maintenance purposes is projected to be \$5,839,687, an increase of 7.26% over Fiscal 2007 budget. Ad Valorem tax revenue for debt service purposes is projected to be \$3,377,219. Total revenue from Ad Valorem taxes is estimated to be

\$9,216,906. As mentioned earlier, this increase is due to reappraisals and new construction values. Ad Valorem taxes represent approximately 21.50% of all General Fund revenues. The following graph reflects the City's Ad Valorem tax revenue history for the most recent 10-year period.

### Ad Valorem Tax Revenue Ten Year History



### SALES TAXES

Sales Tax is the largest revenue source of the General Fund and makes up almost 40% of all General Fund revenues. The graph on the following page reflects a ten-year history of the sales tax growth experienced in the City of Lufkin. Sales tax is estimated to be \$10,610,420 in Fiscal 2008, a 2.9% increase over the revised estimate of \$10,315,500 for Fiscal 2007 and a 0.14% increase over Fiscal 2006 actual collections of \$10,301,296. The City receives one and one-half cents for each dollar used to purchase goods and services within the City. Several years ago, Texas passed legislation to allow cities the option of increasing the local sales tax from 0.1% to 1.5%. This adoption, in 1987 was approved by voters, and required cities to reduce the property tax rate by an amount equal to the additional sales tax revenue.

City of Lufkin voters approved a portion of this half-cent increase, which began in December 2004, to be set-aside. One-eighth of every penny collected in sales tax is allocated to an Economic Development program, which is designed to attract new businesses to the area to stimulate local economy. Fiscal 2008, \$964,580 is transferred to this program.

### FRANCHISE FEES

Franchise fees are paid to the City of Lufkin by local utilities (TXU Electric Delivery, Centerpoint Energy, Consolidated Communications, Sudden-Link Cable, and all taxi cab services) for the right to use city streets, alleys, and rights-of-way. The franchise agreements require the utilities to compensate the City between 2% and 4% of their gross receipts. The City also maintains an Industrial District Agreement with a paper manufacturer, which provides an annual payment of \$50,000 per year, escalating at the compounding rate of ten percent per year, the first payment having been made October 1, 1998 with subsequent payments scheduled

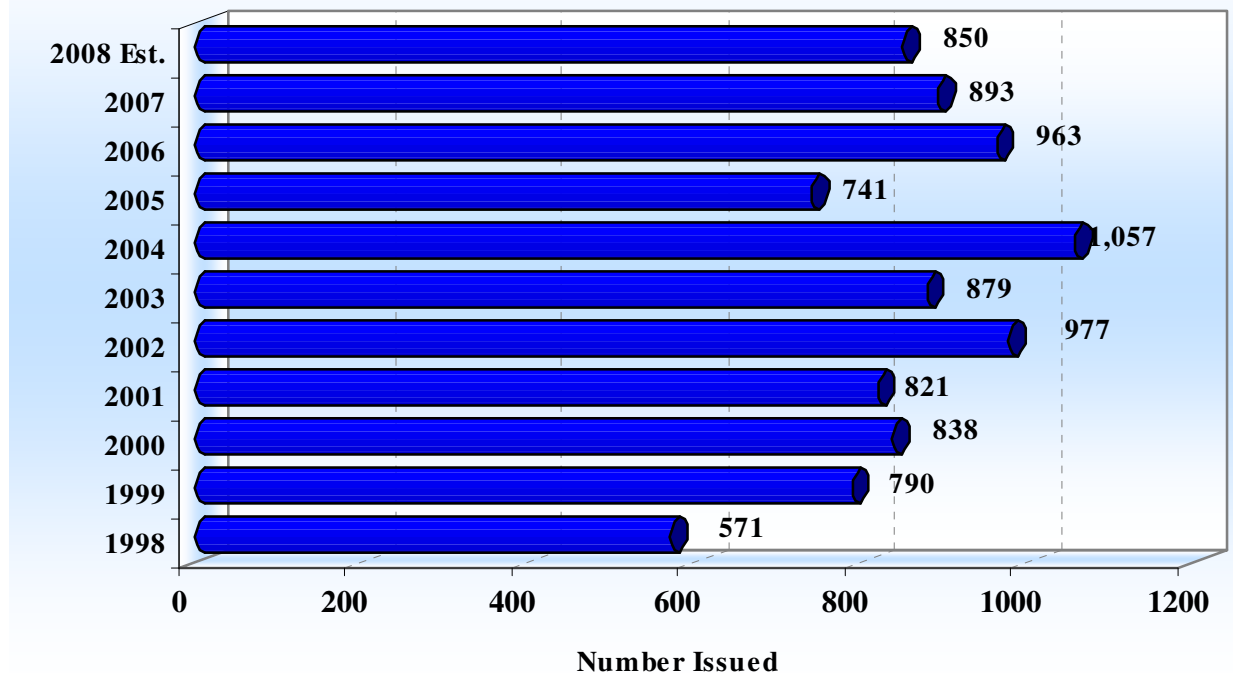
September 30, 1999 through 2012. Total Franchise and Agreement Fees for Fiscal 2008 are anticipated to be \$2,872,137, slightly below the Fiscal 2007 revised estimate. The table below reflects a five-year history of Franchise Fee collections for the City of Lufkin.

Five Year Franchise Fee History					
Source	Actual Fiscal 2004	Actual Fiscal 2005	Actual Fiscal 2006	Revised Fiscal 2007	Est. Fiscal 2008
<b>TXU Energy Delivery</b>	\$1,807,543	\$1,913,741	\$2,014,129	\$2,000,214	\$1,999,900
<b>Centerpoint Energy</b>	185,324	210,129	283,028	230,000	228,253
<b>Consolidated Communications</b>	286,826	295,875	285,238	285,000	288,704
<b>Sudden-Link Cable</b>	217,033	218,419	298,830	153,225	223,490
<b>Abitibi In-Lieu-of- Tax</b>	88,826	97,435	107,180	117,900	129,790
<b>Taxi Cabs</b>	2,093	1,866	2,296	2,000	2,000
<b>Total</b>	<b>\$2,587,645</b>	<b>2,737,465</b>	<b>\$2,990,701</b>	<b>\$2,788,339</b>	<b>\$2,872,137</b>

### LICENSES AND PERMITS

Licenses and Permits include fees charged for business licenses, general construction permits, inspection of electrical, plumbing and mechanical installations, as well as code enforcement and other miscellaneous fees. This revenue makes up approximately 1.0% of the total General Fund revenues and is estimated to be \$277,450 for Fiscal 2008, a 12.74% increase over the revised estimate of \$246,100 for Fiscal 2007. Building permits and inspection fees are anticipated to level out, for the next fiscal year, based on several planned projects and developments. The following graph reflects the number of building permits issued during the past ten years.

### Building Permits Issued Ten Year History



## **CHARGES FOR SERVICE**

The City of Lufkin provides emergency medical service (EMS) to Lufkin citizens and parts of Angelina County. A fee is collected from citizens who use this service and the County is charged a contract fee of \$175,560 for EMS services provided in the County. The City provided ambulance transfer service to Lufkin residents until June 1999 when this service was sold to Memorial Medical Center of East Texas. The City's EMS service fees are projected to total \$2,325,750 for Fiscal 2008, a 55.94% increase over the Fiscal 2007 revised estimate of \$1,491,400. This increase is due to an increase in rates implemented during June of Fiscal year 2007.

## **FINES AND FORFEITURES**

The City operates a Municipal Court that collects fines for class "C" misdemeanors, traffic violations, parking tickets, warrant fees, and code enforcement violations. The Municipal Court Judge, appointed by Council, assesses the fines. Estimated revenues for Fiscal 2008 are \$918,600, a 27.67% increase over the revised estimate of \$719,500 for Fiscal 2007. The increase in revenue over the past four years is attributed the utilization of the Omni System. This system connects the city to several state databases, which enables the city to collect a higher percentage of fines. Also, in Fiscal 2007 the City implemented a Red Light Camera System which will begin operation in Fiscal 2008.

## **MISCELLANEOUS REVENUES**

Miscellaneous revenues include Animal Shelter fees, Park revenues and income from charges for accident reports, records checks, zone changes, city housing rental, salary reimbursement, and interest income. These revenues are expected to generate \$738,085 for Fiscal 2008, a decrease of \$52,928 from the Fiscal 2007 revised estimate of \$791,013.

## **INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues include grants from federal and state agencies for various public safety, recreational and community-oriented programs. Most of the grants received by the City have been related to public safety, specifically police grants. Grant revenues fluctuate from year to year, depending on the types of grants offered by the various agencies and the availability of funds.

Revenues for Fiscal 2008 are estimated to be \$4,600; police related grants and local donations makeup this revenue.

## **INTRA-GOVERNMENTAL REVENUES**

Intra-governmental revenues represent transfers among Funds and General & Administrative charges assessed by the General Fund to other funds in recognition of services rendered such as administration, personnel, accounting, data processing, etc. These revenues are projected to total \$3,143,500 in Fiscal 2008, increasing 31.73% above the Fiscal 2007 revised estimate of \$2,386,370. The charges to the Water and Wastewater Fund were reduced during Fiscal 2007 until a Water & Sewer rate study could be completed.

# GENERAL FUND

## EXPENDITURES

General Fund expenditures for Fiscal 2008 are estimated to be \$27,444,676, which is \$910,619 or 3.80% more than revised totals for Fiscal 2007 of \$26,534,057. This increase is attributed to the cost of living increase as well as increases for the Fire Department survey salary adjustment.

Four positions were added, all positions added are shown in more detail on Page 36.

The following table provides a comparison of departmental expenditures by organizational classification. Detailed departmental expenditures are provided in the detail budget pages.

GENERAL FUND EXPENDITURE COMPARISON BY CATEGORY				
Category	FY 2006 Actual	FY 2007 Revised	FY 2008 Budget	% Change Budget/ Revised
General Government	\$ 2,992,094	\$ 3,204,345	\$3,157,208	<1.47%>
Public Safety	12,911,106	13,672,479	15,141,357	10.87%
Public Works	4,678,422	4,416,257	4,753,366	8.43%
Culture and Recreation	3,264,647	3,378,957	3,535,443	4.63%
Community Development	318,585	341,825	351,840	2.93%
Non-Departmental	1,057,565	1,520,194	505,462	<65.46%>
<b>Total</b>	<b>\$25,222,419</b>	<b>\$26,534,057</b>	<b>\$27,444,676</b>	<b>3.80%</b>

Expenditures are separated into major categories for analysis and control. These categories include Personnel Services, Benefits, Materials and Supplies, Equipment and Structure Maintenance, Miscellaneous Services, Sundry Charges, Debt Service, and Capital Outlay. The following paragraphs provide a comparison of Fiscal 2008 budget with Fiscal 2007 revised expenditure estimates.

## PERSONNEL SERVICES

This category of expenditures includes salaries and benefits for all employees within the General Fund. Included in Personnel Services are salaries, overtime pay, certificate pay, car allowance, and longevity pay. Benefits include social security payments, retirement, and employee health insurance. Personnel Services remains the General Fund's largest expenditure and accounts for 68.71% of total General Fund expenditures for Fiscal 2008. Total Personnel Services expenditures are estimated to be \$18,858,238, a 10.46% increase over the revised Fiscal 2007 estimate of \$17,072,158. This is attributed to the 3% cost of living adjustment, the salary survey adjustment for firefighters and filling of unfilled approved positions.

## SUPPLIES

Supplies are defined as articles or commodities that are consumed or materially altered when used and include office supplies, publications (blueprints, catalogs, magazines, newspapers, etc.), postage, printing, stationary, food supplies, vehicle fuels, minor tools (hand tools, axes, etc.),

minor utensils (brooms, cones, glassware, etc.), cleaning supplies, medical supplies and all new equipment, not meeting the City's capitalization policy. Supplies represent 5.79% of all General Fund expenditures and are projected to be \$1,588,784 in Fiscal 2008. This is a 3.73% decrease from the revised estimate for Fiscal 2007 of \$1,648,102.

### **EQUIPMENT & STRUCTURE MAINTENANCE**

All expenditures for the maintenance and repair of equipment and structures fall into this category. Equipment includes furniture, machinery, equipment (backhoes, tub grinders, fuel trailers, playground equipment, lawn mowers, etc.), small instruments (survey equipment, calculators, etc.), motor vehicles, books, meters, computer and copy machines, and telephone equipment. Structure expenditures include materials and commodities purchased in their existing state to be used in the course of maintaining buildings and structures owned by the City, as well as, contracts for maintenance and repairs of these items. Structures include items such as limited to bridges, sanitary sewers, storm sewers, streets, swimming pools, and parking lots. These expenditures are estimated to be \$2,123,594 for Fiscal 2008, and represents a 13.92% increase over the Fiscal 2007 revised estimate of \$1,827,893. This category of expenditures is 7.74% of total appropriations in the General Fund.

### **MISCELLANEOUS SERVICES**

Miscellaneous Services include activities performed by persons or entities other than municipal employees or departments. They are typically performed under contract to the City and include items such as communications (messaging, telephones, etc.), insurance, advertising, freight service, electricity, heating fuel, and custodial services. This category of expenditures represents 14.88% of General Fund expenditures and is estimated to be \$4,083,290 for Fiscal 2008. This is a 5.44% increase from the Fiscal 2007 revised estimate of \$3,872,591.

### **SUNDRY CHARGES**

Sundry Charges are those expenditures for which the City of Lufkin has a legal or moral obligation and include items such as contributions, gratuities, damages, witness fees, and other such charges. The City contributes funding to several local non-profit organizations. Several of the larger contributions go to Angelina County Child Protective Services, City/County Health Unit, Senior Citizen Center, Transit System, and the Economic Development Program. Total Sundry expenditures are estimated to be \$273,312 for Fiscal 2008, a 79.45% increase from the revised estimate of \$152,302 for Fiscal 2007.

### **DEBT SERVICE AND TRANSFERS**

Debt Service represents lease purchase payments for capital assets and transfers to other funds supported by General Fund monies. This category of costs decreased by 54.65% from \$195,051 in Fiscal 2007 to \$88,448 in Fiscal 2008. Several lease purchase obligations were retired in Fiscal 2006. While new capital items are scheduled for purchase this fiscal year, an alternative source of funding is utilized. These alternatives include supplementing the purchase of police vehicles with seized funds. Transfers to other funds include the Hotel Motel Tax Fund and \$165,000 to the Group Health Insurance Fund for retiree premiums.

All lease purchase payments that affect General Fund accounts have been moved to a centralized account in the Non-Departmental section of the budget. The following table recaps these obligations. This decision was made due to the economic savings the City receives from lease payments negotiated in bulk. The Solid Waste Recycling Replacement and Renewal Fund will



finance purchased items for Fiscal 2007 internally at an interest rate less than market but greater than current investment earnings rate.

Debt Service – Lease Payments					
Department	Item	Year	Principal	Interest	Total
<b>Police:</b>	Laptop Computers (FY 06)	3 of 3	37,488	1,200	38,688
	Video Systems (FY 06)	3 of 3	48,217	1,543	49,760

**CAPITAL OUTLAY**

Capital Outlay expenditures include items of a permanent nature, having a life of more than one year and costing in excess of \$5,000. This includes items such as land, equipment, buildings, and structures. Total Capital Outlay for Fiscal 2008 is estimated to be \$239,010 a decrease of \$431,638 from the Fiscal 2007 revised totals of \$670,648. This category of costs varies from year to year depending upon departmental needs for new or replacement capital. Capital items to be purchased in Fiscal 2008 include the following:

CAPITAL EXPENDITURES	
Department/Item	Budget Amount
<b>Information Technology:</b>	
Router	\$ 15,000
Backup Drive	15,000
ATM Chassis Blades	10,000
<b>Subtotal</b>	<b>\$ 40,000</b>
<b>Police Department:</b>	
HTE CAD6 Migration Project Hardware	\$ 23,900
Maintenance Agreement	8,305
Radio Voting System	13,600
HTE CAD6 Software	35,205
<b>Subtotal</b>	<b>\$ 81,010</b>
<b>Fire Department</b>	
Zoll Monitor	\$ 20,000
Hydraulic Stretcher	10,000
Thermal Imaging Camera	14,000
<b>Subtotal</b>	<b>\$ 44,000</b>
<b>Parks and Recreation:</b>	
Playground Equipment	\$ 37,000
Stump Grinder & Tractor Mount Control	8,000
<b>Subtotal</b>	<b>\$ 45,000</b>
<b>Fleet Maintenance:</b>	

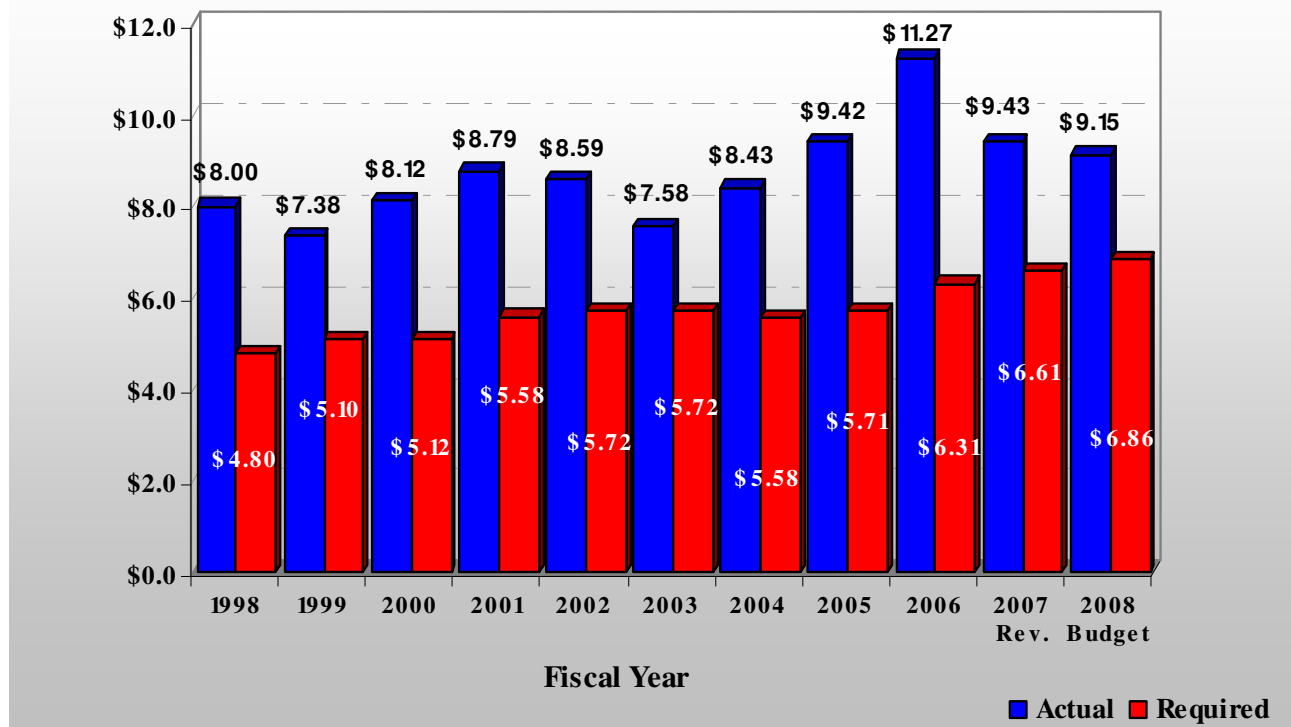
Floor Lit	\$ 8,500
<b>Subtotal</b>	<b>\$ 8,500</b>
<b>Ellen Trout Zoo:</b>	
Two 25 KW Generators	\$ 20,500
<b>Subtotal</b>	<b>\$ 20,500</b>
<b>Total Capital</b>	<b>\$ 239,010</b>

## FUND BALANCE

The City's Financial Policies require that the General Fund maintain a fund balance that is equivalent of 90 days or 25% of General Fund Expenditure Budget. However, during the development of the Fiscal 2004-2005 Budget, Council modified the policy to enable the city to reduce the fund balance requirement up to 5% as considered necessary. This balance is reserved for use in emergency situations such as natural disasters, for additional budget appropriations, unanticipated expenditure needs or for other uses so identified by Council as appropriate. More importantly, the fund balance is maintained to reflect the City's fiscal strength and financial commitment to its citizens, financial institutions and bondholders. The Fiscal 2008 General Fund fund balance is estimated to be \$9,144,783, which represents approximately 120 days of expenses or 33.67% of General Fund expenditures. The City has consistently met its fund balance policy for the last nine years and is committed to continuing that trend.

The following graph provides a ten-year history of the City's General Fund fund balance compared with the fund balance required by Council Financial Policies. The actual fund balances in each fiscal year exceeded the required fund balances because actual departmental expenditures were less than the amounts budgeted. In each year there were unspent budgeted funds resulting from employee vacancies and uncompleted projects in the various departments. These projects were completed in the subsequent years. Revenues are budgeted conservatively resulting in actual revenues exceeding estimates; contributing to the increase in the difference.

### General Fund Balance Actual vs. Required Ten Year History



# WATER/WASTEWATER FUND

## REVENUES

The City provides water and sewer service to residents within the city limits and provides wholesale water to several adjacent communities. In January 1999, the City assumed ownership and operating responsibility for the Burke Water Supply Corporation, which provides water needs to the Burke community and surrounding area. The City currently pumps water from 12 (twelve) ground water wells that have thus far met the needs of the City's water customers.

Additionally, the City owns water rights on Lake Sam Rayburn for up to 28,000 acre-feet of water per day. The City entered into a water storage contract with the United States for 43,000 acre-feet on Sam Rayburn in 1970 and 1976. The 1970 contract grants the City 18,000 acre-feet of storage for present water supply and the 1976 contract grants an additional 25,000 acre-feet of storage for future water demands. In 2003 the City completed a comprehensive water needs assessment and an evaluation of future water demands. It is anticipated that the City will need to begin withdrawing water from Lake Rayburn sometime between 2015 and 2020. The City also has authority for 28,000 acre-feet of water from Sam Rayburn Reservoir. This contract was negotiated in 1968 for a term for 46 years. To date, the City has not taken water under this contract.

Water/Wastewater Revenue Comparisons					
Revenue	Fiscal 2006 Actual	Fiscal 2007 Budget	Fiscal 2007 Revised	Fiscal 2008 Budget	% Change Budget to Revised
Water Revenues	\$ 6,792,965	\$ 6,736,051	\$ 6,552,596	\$ 7,554,069	15.28%
Wastewater Revenues	6,584,002	6,841,844	6,923,875	7,147,054	3.22%
Water Connections	113,427	75,000	122,714	75,000	<38.88%>
Sewer Connections	33,755	25,000	36,800	25,000	<32.07%>
Service Charges	200,094	193,505	199,464	194,828	2.32%
Misc. Revenue	64,999	26,400	25,900	4,200	<83.78%>
Interest Income	107,589	60,000	70,000	60,000	<14.29%>
Intra-Governmental	103,318	101,474	403,964	104,355	<74.17%>
<b>Total Revenues</b>	<b>\$13,999,69</b>	<b>\$14,059,274</b>	<b>\$14,335,313</b>	<b>\$15,164,506</b>	<b>5.78%</b>

The table above reflects a comparison of Water/Wastewater Fund revenues for Fiscal 2006 Actual, Fiscal 2007 Budget and Revised, and Fiscal 2008 Budget Estimate. Fiscal 2008 total revenues are estimated to be \$15,164,506 an increase of 5.78% over Fiscal 2007 revised estimates of \$14,335,313. Water revenues for Fiscal 2008 are estimated to be \$7,554,069, a 15.28% increase above the Fiscal 2007 revised estimate.

Wastewater revenues are estimated to be \$7,147,054, an increase of 3.22% over Fiscal 2007 revised estimate of \$6,923,875.

The City Council approved increases in both water and sewer rates after the completion of a rate study performed during Fiscal 2007. The rate study provided information for future increases over a period of several years according to anticipated growth and expansion in the City.

Other revenues include new water and sewer connections, service charges, sewer pre-treatment testing charges, interest income and miscellaneous revenues. These revenue estimates combined equal \$359,028, or 21.07% under the Fiscal 2007 revised estimates of \$454,878.

An Intra-governmental transfer of \$104,355 is from the Solid Waste Fund. This transfer represents an administrative charge recognizing the collection of sanitation fees for the Solid Waste/Recycling Fund. These revenues are collected through the Utility Collections department.

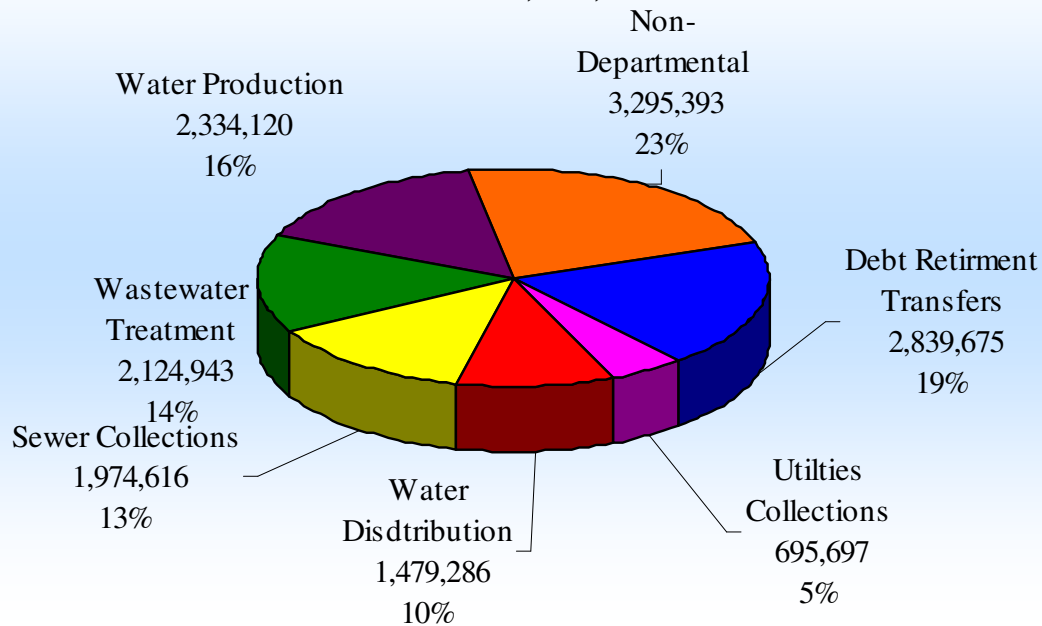
# WATER/WASTEWATER FUND

## EXPENSES

The Water/Wastewater Fund expenses for Fiscal 2008 are estimated to decrease 1.08% from revised estimates for Fiscal 2007. Total projected expenses are estimated to be \$14,743,730, compared to the revised estimate for Fiscal 2007 of \$14,904,895. The Water/Wastewater Fund consists of six departments: Utility Collections, Water Distribution, Water Production, Sewer Collections, Wastewater Treatment, and Non-Departmental. Other expenses include Intra-governmental and Debt Retirement Transfers.

### Water-Wastewater Expenses by Department

Total \$14,743,730

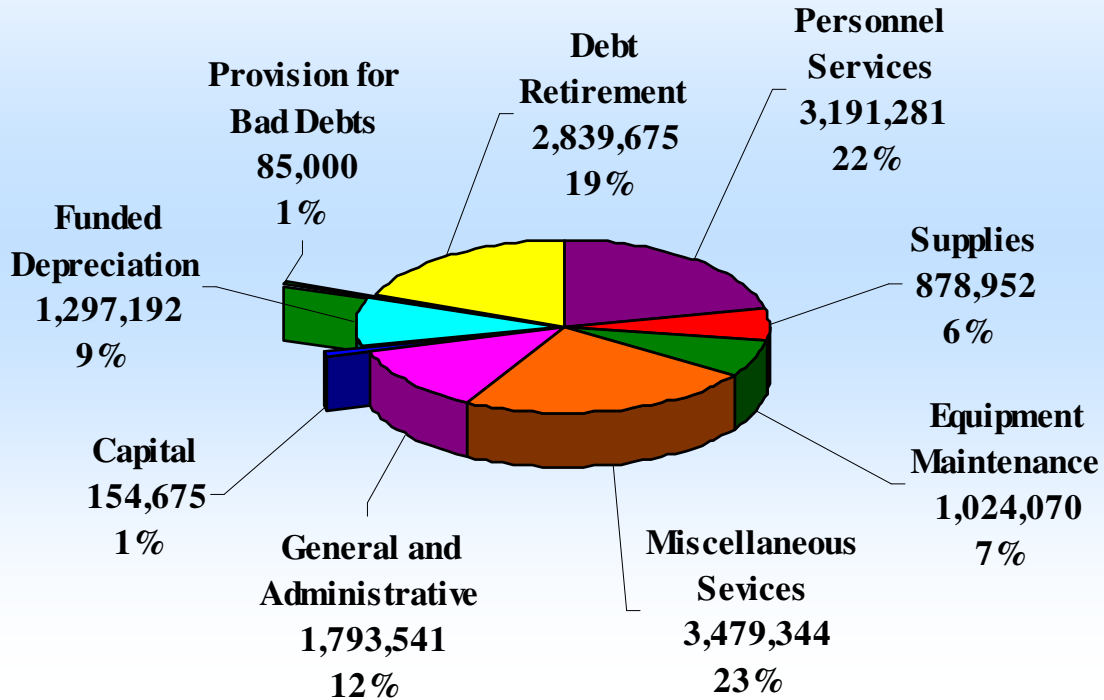


Departmental expenses are divided into major categories to assist managers in analyzing and controlling their departmental costs. As discussed in the General Fund Expenditure section, these categories include Personnel Services, Benefits, Supplies, Structure Maintenance, Equipment Maintenance, Miscellaneous Services, Sundry Charges, Debt Service, and Capital Outlay.

The following chart provides a breakdown of expenses by category. The Sundry categories are combined and are budgeted for no expenditures. Total expenses are \$14,743,730.

## Water-Wastewater Fund Expenses by Category Fiscal 2008

**Total \$14,743,730**



### **PERSONNEL SERVICES**

Personnel Services include salary and benefit costs for all employees within the Water/Wastewater Fund. Expenses for Fiscal 2008 are estimated to be \$3,191,281 and represent an increase of 3.68% over Fiscal 2007 revised estimates of \$3,078,120.

### **SUPPLIES**

Supplies are defined as articles or commodities that are consumed or materially altered when used and include office supplies, publications (blueprints, catalogs, magazines, newspapers, etc.), postage, printing, stationary, food supplies, vehicle fuels, minor tools (hand tools, axes, etc.), minor utensils (brooms, cones, glassware, etc.), cleaning supplies, medical supplies and all new equipment, not meeting the city's capitalization policy. Materials and supplies are estimated to be \$878,952 in Fiscal 2008 compared to \$852,465 for the Fiscal 2007 revised estimate. This is a 3.11% increase.

### **EQUIPMENT & STRUCTURE MAINTENANCE**

Expenses for the maintenance of equipment and structures fall into this category. Total expenses for Fiscal 2008 are estimated to be \$1,024,070, which represents a 17.16% decrease from the revised estimate of \$1,236,168 for Fiscal 2007.

## MISCELLANEOUS SERVICES

Miscellaneous Services includes a variety of expenses such as telephone communications, custodial services, advertising, and other expenses. Expenses in this category are estimated to be \$3,479,344, a 15.83% decrease from the Fiscal 2007 revised estimate of \$4,133,797. This is due to an increase in contract labor to assist with sewer line repair projects. The Pineywoods Groundwater Conservation District, which encompasses Angelina and Nacogdoches Counties and includes representatives of both counties, the cities of Lufkin and Nacogdoches and the business community, formed July 2001, to monitor ground water use and conduct usage and recharge studies of the Carrizo-Wilcox Aquifer, from which Lufkin gets all of its water requirements. Fees for these services are derived come from this category.

## SUNDRY CHARGES

Sundry Charges include legal and moral obligations of the City and include contributions, gratuities, judgments, bad debts, etc., incurred by the City. Expenses in this category are estimated to be \$85,000 for water and sewer bad debts. This estimate is based on several years of past experience of 7.0% of total water and sewer revenues. The City continues to maintain an excellent utility billing collection rate.

## CAPITAL OUTLAY

Capital Outlay includes physical assets having a life of more than one year and a value greater than \$5,000. Total capital expenses for Fiscal 2008 are estimated to be \$154,675, a decrease from the Fiscal 2007 revised estimate of \$418,116. The following list of capital items are scheduled for purchase in Fiscal 2008.

Department/ Items	Budget Amount
<b>Wastewater Treatment Plant:</b>	
24" MAG Meter for raw influent	\$ 15,000
Polysonic Meter	\$ 6,000
Primary Sludge Pump	\$ 25,000
<b>Subtotal</b>	<b>\$ 46,000</b>
<b>Water Production:</b>	
Riding Mower	\$ 9,000
Replace Booster Pump #5	\$ 15,800
Replace Booster Pump #3	\$ 33,875
<b>Subtotal</b>	<b>\$ 58,675</b>
<b>Sewer Collection:</b>	
Materials for Distribution Lines	\$ 50,000
<b>Subtotal</b>	<b>\$ 50,000</b>
<b>Total Capital</b>	<b>\$ 154,675</b>

## INTRA-GOVERNMENTAL TRANSFERS

Intra-Governmental Transfers include General and Administrative (G&A) Charges and Funded Depreciation transfers to the Water/Wastewater Renewal/Replacement Fund. Total transfers for Fiscal 2008 are projected to be \$3,090,733, an increase of 18.33% from revised totals of \$2,612,018 for Fiscal 2007.



G&A Transfers represent charges for service by certain General Fund departments to departments in the Water/Wastewater Fund and are made to cover the cost of accounting, purchasing, information technology, fleet maintenance, engineering, and human resources assistance. The amount budgeted for Fiscal 2008 is \$1,793,041 and is derived by formula. This is an increase of 40.99% based on the budgeted costs of service departments within the General Fund. An allocation table of G&A calculations can be found in the Appendix, on page 360 of this document.

Depreciation transfers to the Water/Wastewater Renewal & Replacement Fund represent cash transfers in an amount equal to actual depreciation expense incurred in the operating fund in the second preceding year. These cash transfers are restricted in use. Approximately one-half the amount transferred each year may be used for replacement of capital items. The other one-half is retained to provide future funding for major plant replacements. The transfer for Fiscal 2008 is budgeted at \$1,297,192. This is a \$78,458 increase from the \$1,218,734 transfer in Fiscal 2007.

### **TRANSFERS TO DEBT SERVICE**

This category of expenses includes transfers to the Revenue Bond Retirement and Reserve Fund for payment of long term debt issued by the City's Utility System. Transfers of \$2,839,675 will be made in Fiscal 2008. This is an increase of 14.01% over the revised estimate of \$2,489,211 and is attributable to continued borrowings relating to the asbestos cement water line replacement project. Standard and Poor's and Moody's Investment Service have rated the City's Revenue Supported bonds A1 and A+, respectively. A comprehensive discussion of Utility System debt can be found in the Debt Service Fund section of this document.

### **WORKING CAPITAL BALANCE**

Council Financial Policies require that the City's Enterprise Funds maintain a working capital balance of 45 days of budgeted expenses or \$1,842,966. The working capital balance in the Water/Wastewater Fund is projected to be \$3,640,800 in Fiscal 2008, which is \$420,776 more than the working capital of \$3,220,024 for the 2007 revised amount.

# SOLID WASTE AND RECYCLING FUND

## REVENUES

The City's Solid Waste and Recycling departments provide both residential and commercial solid waste service to the entire city. The Solid Waste and Recycling Fund includes revenues from residential collection service, commercial and roll-off container collection services, garbage bag sales, sale of recycled materials, miscellaneous and interest revenues. Total revenues for Fiscal 2008 are estimated to be \$5,767,550, a 1.44% increase from Fiscal 2007 revised estimates of \$5,685,492. Collection revenues comprise approximately 88.43% of total revenues in the Solid Waste and Recycling Fund. An explanation of each revenue source and comparison with the Fiscal 2007 revised estimate follows.

## SANITATION COLLECTION REVENUES

Sanitation collection includes one solid waste and one recycling pickup per week to residential customers in the City. Commercial collection service includes two-, three-, four-, six- and eight-yard containers that are picked up on a predefined commercial route schedule that allows the customer to choose the frequency, size and number of containers he/she requires. In Fiscal 1999, the City purchased new utility billing software that provides greater flexibility in accounting for revenues. As a result of this flexibility, more clearly defined customer and rate classes have been established and revenues for each rate class have been budgeted. The following table provides a comparison of Fiscal 2007 revised revenues to Fiscal 2008 revenues.

<b>SOLID WASTE AND RECYCLING FUND</b>			
<b>Comparison of Collection Revenues</b>			
<b>Collection Classification</b>	<b>Fiscal 2007 Revised</b>	<b>Fiscal 2008 Budget</b>	<b>% Change Budget To Revised</b>
Residential Collections	\$ 1,850,000	\$ 1,850,000	0.00%
Commercial Collections	1,880,000	1,875,000	<0.27%>
Commercial Can Pickups	225,000	225,000	0.00%
Commercial Non-Compacted Pick ups	550,000	500,000	<9.09%>
Commercial Compacted Roll-Offs	650,000	650,000	0.00%
Commercial Special Pickups	12,000	-0-	<100.00%>
Commercial Recycling Revenues	125,000	125,000	0.00%
Sanitation Container Revenues	10,000	12,000	20.00%
Garbage Bag Sales	22,500	25,000	11.11%
Sale of Recycled Materials	230,000	250,000	8.00%
Miscellaneous Income	30,992	5,550	<82.09%>
Interest Income	90,000	90,000	0.00%
<b>Total Revenues</b>	<b>\$ 5,685,492</b>	<b>\$ 5,767,550</b>	<b>1.44%</b>

No rate increases are included in solid waste and recycling rates for Fiscal 2008. The current residential rate is \$13.92 per month plus sales tax of \$1.15. Commercial rates vary with the size, number and frequency of container service selected by the customer. Collection revenues for

Fiscal 2008 are estimated to be \$5,225,000, a decrease of 1.27% from revised estimates of \$5,292,000.

### **RESIDENTIAL COLLECTION REVENUES**

Residential revenues are estimated to be relatively flat for Fiscal 2008. Revenues of \$1,850,000 are estimated for Fiscal 2008, in line with the Fiscal 2007 Revised estimate.

### **COMMERCIAL COLLECTION REVENUES**

Commercial Collection includes commercial front load containers, 90 gallon can pickups, roll off containers (both compacted and non-compacted), special pickups that include customer requests outside their regular route pickup, requested pickups outside the city limits and recycling pickups. Total commercial collection revenues for Fiscal 2008 are anticipated to be \$3,375,000, a 1.95% decrease from the 2007 revised estimates.

### **SANITATION CONTAINER REVENUES**

The Solid Waste Department previously purchased two-, three-, four-, six- and eight-yard commercial containers in bulk quantities for resale to its commercial customers at slightly above the City's cost. In Fiscal 2008 a new program is scheduled to be implemented to purchase all dumpsters back from the commercial customers. The dumpsters will be City of Lufkin property and will be rented to commercial customers for a monthly fee. Revenue from the rental of these containers is recorded in this account. Due to implementation of the new program revenue estimates for Fiscal 2008 are remaining relatively flat at \$22,000.

### **GARBAGE BAG SALES**

The City sells plastic garbage bags to citizens for both solid waste and recycled materials. Newcomers to the City are given their first two rolls of garbage bags free. Subsequent rolls are sold to the general public for \$5.50 each, which includes a slight markup of the City's cost of the bag to cover handling charges. Revenues from this source are typically consistent from year to year. Fiscal 2008 revenues are estimated to be \$25,000; this estimate is slightly above the Fiscal 2007 revised estimate of \$22,500.

### **SALE OF RECYCLED MATERIALS**

Recycled materials include paper products, aluminum and metal cans, plastics and compost. Sales of these materials fluctuate with market demand and thus can fluctuate widely from year to year. The revised revenues are estimated at \$230,000. Revenue estimates for Fiscal 2008 are slightly more at \$250,000.

### **INTEREST INCOME**

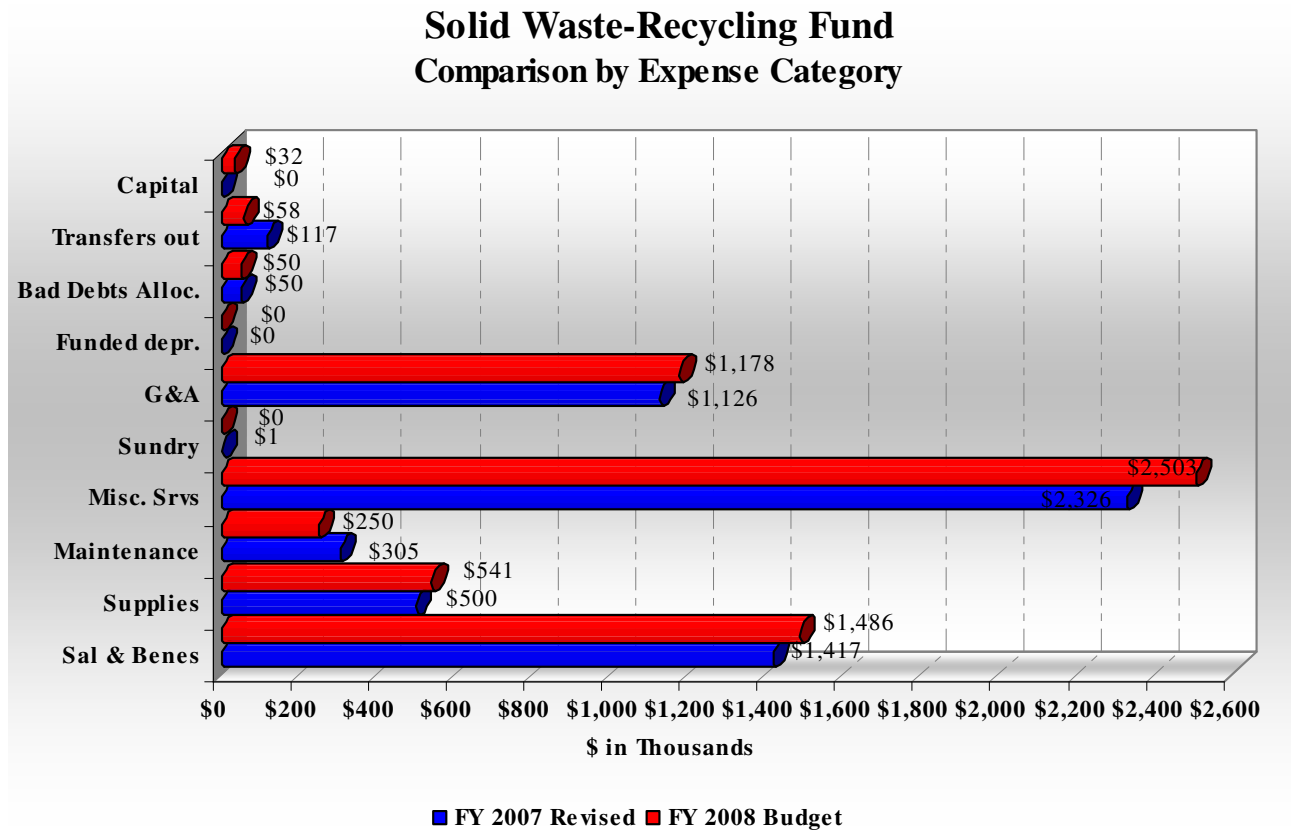
Interest Income is earned from the investment of idle funds. Interest income for Fiscal 2008 is estimated to be \$90,000 remaining flat with the revised Fiscal 2007 estimate. The investment rate has been estimated at 5.25%.

# SOLID WASTE AND RECYCLING FUND

## EXPENSES

The Solid Waste and Recycling Fund includes two operating departments: Solid Waste and Recycling. These departments are responsible for the pickup and disposal of disposable and recyclable materials within the City of Lufkin. These departments are located at the Southpark Business Park on FM 819 between Loop 287 and US 59 South.

Expenses for the Fund are projected to increase 4.37% above to Fiscal 2007 revised estimates, of \$5,842,448 to the Fiscal 2008 Budget estimate, \$6,097,584. The following graph reflects a comparison of Fiscal 2007 revised and Fiscal 2008 budget estimates by expenditure category.



The following narrative provides an explanation of expenses.

### PERSONNEL SERVICES

Personnel Services include salary and benefit costs for all employees within the Solid Waste/Recycling Fund. Expenses for Fiscal 2008 are estimated to be \$1,486,147 and represent an increase of 4.85% from Fiscal 2007 revised estimates of \$1,417,393.

### SUPPLIES

In Fiscal 2008, expenses for materials and supplies are estimated to be \$540,755, an increase of 8.06% above the revised estimate of \$500,400 for Fiscal 2007.

## **EQUIPMENT & STRUCTURE MAINTENANCE**

The Solid Waste and Recycling Fund operates a fleet of automated garbage trucks equipped with sophisticated hydraulics and mobile data terminals that require both routine and non-routine maintenance of a technical nature. A decrease of 18.07% is anticipated in this expenses category. The Fiscal 2008 estimate is \$250,250 compared to the revised estimate for Fiscal 2007 of \$305,452. The decrease is due primarily to fewer repairs and proper maintenance scheduling of existing and newly purchased equipment.

## **MISCELLANEOUS SERVICES**

The major expenditure in miscellaneous services is county landfill charges the City pays for use of the Angelina County Landfill. These charges are based on cubic yards of refuse dumped at the landfill site. Miscellaneous Services expenses for Fiscal 2008 are estimated to be \$2,502,735, representing an increase of 7.58% over the Fiscal 2007 revised estimate of \$2,326,464.

## **SUNDRY CHARGES**

These charges include bad debts. Sundry charges budgeted for Fiscal 2008 are estimated at \$50,000, remaining flat with the Fiscal 2007 revised estimate.

## **CAPITAL OUTLAY**

Capital outlay is estimated at \$31,500 for Fiscal 2008. There was no Capital outlay in Fiscal 2007. The addition of five customer drop off containers is planned for Fiscal 2008.

## **INTRA-GOVERNMENTAL TRANSFERS**

Intra-Governmental Transfers include General and Administrative (G&A) charges, and transfers to the General Obligation Debt Service Fund. Total transfers for Fiscal 2008 are projected to be, \$1,236,097, an increase of 1.25% above the revised estimate of \$1,220,812 for Fiscal 2007.

General and Administrative charges represent charges for service by certain General Fund departments to departments in the Solid Waste & Recycling Fund and are made to cover the cost of accounting, purchasing, data processing, engineering, and human resources assistance. This expenditure is derived by formula and is \$1,177,921 for Fiscal 2008, an increase of 4.64% above the revised 2007 amount. An allocation table of G&A calculations can be found in the Appendix on page 361.

Transfers to the Solid Waste & Recycling Renewal & Replacement Fund represent cash transfers in an amount equal to actual depreciation expense incurred in the operating fund in the second preceding year. There is no transfer for Funded Depreciation in Fiscal 2008 due to the implementation of the Equipment Acquisition and Replacement Fund.

One transfer is budgeted for Fiscal 2007-08. This transfer of \$58,176 will be made to the General Obligation Debt Service Fund, which represents the Solid Waste Fund's portion of a tax supported Certificate of Obligation bond issue, a portion of the proceeds having been used for construction of the Solid Waste Facility built in 1999.

## **WORKING CAPITAL BALANCE**

City Financial Policies require that the City's Enterprise Funds maintain a working capital balance of 45 days of budgeted expenses. The working capital balance in the Solid Waste & Recycling Fund is projected to be \$3,153,342 in Fiscal 2008, which exceeds the required working capital balance of \$751,757 by \$2,401,585.

## **OTHER FUNDS**

There are seven other funds for which the City Council appropriates fiscal expenditures. They are the Hotel/Motel Tax Fund, the Special Recreation Fund, the Ellen Trout Zoo Building Fund, the Court Security/Technology Fund, The Animal Control Kurth Grant and Animal Attic Gift Funds, the Economic Development Fund and the Equipment Acquisition and Replacement Fund.

The Hotel/Motel Tax Fund is used to provide funding for the operation and maintenance of the Pitser Garrison Civic Center. Space in the Civic Center is leased to various organizations for business conferences, concerts, organizational meetings and school graduations. Operation of the Museum of East Texas, Texas Forestry Museum, Lufkin Convention and Visitors Bureau, and the Angelina County Exposition Center are partially funded by revenues from the Hotel/Motel Tax Fund, i.e. hotel/motel taxes.

The Special Recreation Fund was established to account for the revenues and operating and maintenance expenses of the softball, basketball, gymnastics and other athletic leagues. Approximately 5,000 adults and children participate in the various programs offered by the recreation staff. Revenues generated by these recreation and sports programs are retained by the fund to pay operating and maintenance expenses and to upgrade facilities.

The Ellen Trout Zoo Fund is used to account for donations to the Zoo and for revenues generated from admissions receipts. These funds are used to make physical improvements to the Zoo and to acquire animals for display.

The Court Security/Technology Fund was developed as a Municipal Court fund. The Security revenues generated are used to finance items for the purpose of providing security services for the building housing the Municipal Court. The Technology revenues are to be used exclusively for the purchase and maintenance of computer systems including network, hard, software, imaging systems, electronic kiosks, electronic ticket writers and document management systems for the Municipal Court.

The Animal Control Kurth Grant Fund is used to account for contributions received from the Kurth Foundation for the financing and benefit of the Kurth Memorial Animal Shelter and Animal Services.

The Animal Control Animal Attic Gift Shop Fund was developed to account for donations to the Kurth Memorial Animal Shelter and the use of such donations in support of the animals in the shelter.

The Equipment Acquisition and Replacement Fund was established to account for the depreciation on and the replacement of machinery, equipment and vehicles, with the exception of large cost items with a long depreciation life.

## **COMPONENT UNIT**

The Economic Development Fund is a Component Unit and was established to account for the sales tax portion allocated to economic development within the City. Revenues to the fund are derived from  $1/8^{\text{th}}$  of each cent of sales tax collections in the City.

# **HOTEL/MOTEL TAX FUND**

## **REVENUES**

The Hotel/Motel Tax Fund collects revenues from several sources. Total estimated revenue for Fiscal 2008 is projected to be \$712,200, a 21.72% decrease from the Fiscal 2007 revised estimate of \$909,801. This decrease is due to revenue projected in FY 2007 for a Disaster Recovery Grant from ORCA for \$162,553 which will not be received until Fiscal 2008. These funds come from hotel/motel occupancy tax, fees from use of the Civic Center, and services offered to patrons by the Civic Center such as catering, security and concessions.

## **HOTEL/MOTEL OCCUPANCY TAX**

The City charges a 7% room rental occupancy tax to hotels and motels within the City of Lufkin. The City divides this revenue among four different organizations. The hotel/motel occupancy tax revenue is projected to decrease slightly at \$570,000 in Fiscal 2008.

## **RENTAL AND USE FEES**

Fees received from rental of the Civic Center facilities are projected to be \$80,000 for Fiscal 2008. This represents an increase of \$3,000 over revised estimates of \$77,000 for Fiscal 2007.

## **CATERING SERVICE FEES**

The Civic Center provides catering services for activities held within the building. These services are available to any party renting the facility. These revenues are estimated to be \$5,500 in Fiscal 2008, an increase of \$500 over the 2007 revised estimate.

## **OTHER REVENUES AND FEES**

Other revenues and fees include security fees, concessions, equipment replacement charges, and miscellaneous revenue. For a fee, the Civic Center offers security services and provides refreshment concessions to those renters requesting the service. In the event Civic Center equipment is broken or destroyed during use by renters, they are required to pay an equipment replacement fee. These revenues and fees, taken together, are estimated to total \$28,700 in Fiscal 2008.

## **INTEREST INCOME**

Interest income is earned from investment of idle cash in the Fund. The investment rate for Fiscal 2008 is estimated to be 5.25%.



# **HOTEL/MOTEL TAX FUND**

## **EXPENDITURES**

### **PERSONNEL SERVICES**

Personnel Services are expected to increase 8.56% in Fiscal 2008. A cost of living adjustment and vacant positions account for the increase in these expenditures.

### **SUPPLIES**

Materials and supplies expenditures are anticipated to be \$26,668 in Fiscal 2008, a decrease of 19.84% below the Fiscal 2007 revised estimate of \$33,268.

### **EQUIPMENT & STRUCTURE MAINTENANCE**

The Civic Center maintains sound equipment, heating and air conditioning equipment, and stage equipment. Fiscal 2008 expenditures are projected to be \$11,500 compared to the revised Fiscal 2007 estimate of \$45,176. This decrease is due to the replacement and upgrade of much of the equipment in the last few years.

### **MISCELLANEOUS SERVICES**

Miscellaneous services include items such as electricity, heating fuel, building insurance, custodial services and other contract services. The Fiscal 2008 estimate of \$158,884 is an increase of 22.026% over the Fiscal 2007 revised estimate of \$130,216 largely due to the anticipated cost of electrical services.

### **SUNDRY CHARGES**

Council allocates a portion of the hotel/motel tax to several local agencies in support of economic development, tourism and community enhancement. These agencies include the Angelina County Exposition Center, the Museum of East Texas, the Texas Forestry Museum, and the Lufkin Convention and Visitors Bureau. The chart on the subsequent page reflects the Fiscal 2006 actual, Fiscal 2007 revised and Fiscal 2008 budget amounts for these activities.

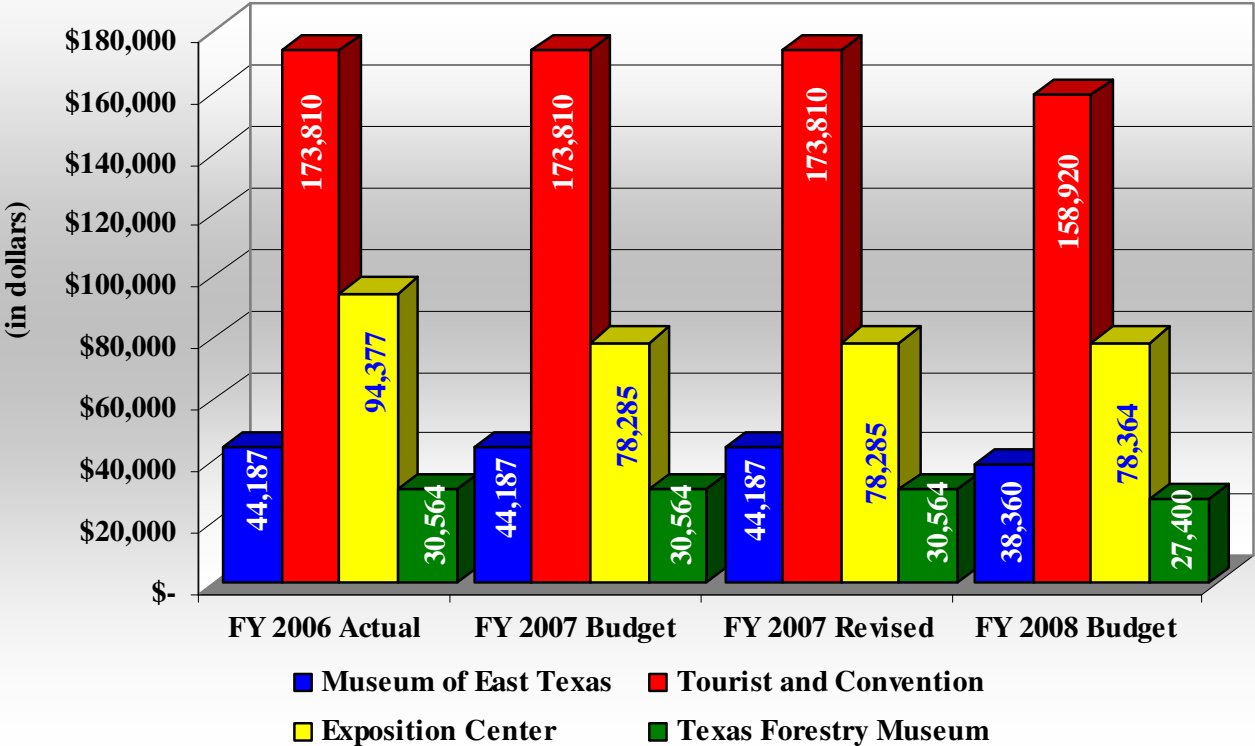
### **CAPITAL OUTLAY**

There are no capital expenditures scheduled for Fiscal 2008.

### **FUND BALANCE**

The fund balance for the Civic Center Fund is estimated to be \$80,339 for Fiscal 2008. City Financial Policies require a fund balance equal to 12.5% of expenditures, or \$95,849. Because demand for these funds from competing agencies has increased over the years, Council permitted an exception in this Fund to its financial policy in Fiscal 2005. The City Council has reviewed the allocation procedure for these funds and has modified the method of allocation at a percentage of actual tax collections rather than a fixed amount.

# Civic Center Agency Contributions



# **SPECIAL RECREATION FUND**

## **REVENUES**

The Special Recreation Fund generates revenues from user charges and fees charged to participants in City sponsored league play such as softball, volleyball, basketball and gymnastics leagues. Total revenue is projected to be \$182,875 in Fiscal 2008, which is a 1.43% increase over the Fiscal 2007 revised estimate of \$180,300.

### **SOFTBALL**

Softball leagues have grown in popularity during the past decade. This growth has resulted in increased revenues. This growth is expected to continue slightly in Fiscal 2008. In Fiscal 2007, the revised revenue estimate totals \$111,175. The Fiscal 2008 revenue estimate is projected at \$113,500.

### **VOLLEYBALL**

Volleyball has decreased in popularity and generates very little or no revenue. For Fiscal 2008, no revenue is projected.

### **BASKETBALL**

Basketball remains a steady income generator for the Special Recreation Fund. Estimated revenue for Fiscal 2008 of \$31,225 is an increase of 7.67% over the Fiscal 2007 revised revenue estimate of \$29,000.

### **GYMNASTICS**

Gymnastics, taught at the Recreation Center, is projected to generate revenues of \$13,250 for Fiscal 2008. This is a slight growth from the Fiscal 2007 revised estimate of \$12,125.

### **SPECIAL EVENTS**

Revenues from special events are anticipated to be \$3,600 for Fiscal 2008 estimated above the Fiscal 2007 revised estimate of \$2,300.

### **OTHER REVENUES**

The Special Recreation Fund also generates revenues from recreation classes, other miscellaneous sources, as well as investment of idle funds. These revenues are projected to increase by \$500 in the upcoming Fiscal year to \$20,500.

### **INTEREST INCOME**

Interest income for Fiscal 2008 is estimated to be \$800 in line with the Fiscal 2007 revised estimate of the same amount.

# **SPECIAL RECREATION FUND**

## **EXPENDITURES**

### **PERSONNEL SERVICES**

No personnel salaries or benefits are charged to this fund.

### **SUPPLIES**

All equipment used in sports and recreation leagues is purchased in this expenditure category, and is projected to be \$33,885 in Fiscal 2008. This is an increase of 0.97% from the Fiscal 2007 revised estimate of \$33,560, and is due primarily to an increasing participation in programs such as softball and basketball.

### **EQUIPMENT & STRUCTURE MAINTENANCE**

Expenditures in this category are projected to increase from \$11,500 in Fiscal 2007 to \$13,275 in Fiscal 2008. This represents an increase of 15.43%.

### **MISCELLANEOUS SERVICES**

Expenditures in this category are estimated to increase minimally at 3.19% in Fiscal 2008 to \$134,235, compared with the revised estimate of \$130,085 for Fiscal 2007. These expenditures fluctuate from year to year depending on program participation, which is expected to increase.

### **SUNDRY CHARGES**

There are no expenditures anticipated in this category.

### **CAPITAL OUTLAY**

No Capital outlay for this fund is projected for Fiscal 2008.

### **FUND BALANCE**

City Financial Policies require a fund balance in the Recreation Fund of 12.5% of expenditures, which for Fiscal 2008 is \$22,674. The fund balance estimate for Fiscal 2008 is \$34,831 which is \$12,157 above the required balance.

# ZOO BUILDING FUND

## REVENUES

The Zoo Building Fund is used to record transactions associated with new construction, renovation, upgrades and expansion to the Ellen Trout Zoo facilities. Revenues are generated from admission fees, sales of animals, safari classes, animal adoptions, concessions, miscellaneous revenue, interest income and donations. Approximately 80% of the total revenue is generated from admission fees. Donations vary from year to year, but are usually less than \$5,000 per year.

### ADMISSION FEES

Admission fees were increased in July 2007. Currently fees are \$5 for adults and \$2.50 for children between the ages of 4 and 11. (Children under 4 are admitted free.) The fees were increased from \$3 for adults and \$1.50 for children between the ages of 4 and 11. Revenues from admission fees are expected to be \$198,000 for Fiscal 2008 compared to FY 2007 revenues of \$164,000.

### DONATIONS

Individuals and organizations such as "Friends of the Zoo" make donations. Donors are given free passes to the Ellen Trout Zoo and to other zoos around the country. Projected revenue for Fiscal 2008 totals \$1,000 and reflects normal donation levels.

### SAFARI CLASSES

The Zoo holds educational safari classes that provide the student an inside look at the care and handling of the animals and operation of the Zoo. The fees charged for these classes are applied to the cost of providing them. Fees are projected to be \$7,500 in Fiscal 2008, a slight increase above the Fiscal 2007 revised estimate.

### ANIMAL ADOPTION DONATIONS

Zoo patrons make animal adoption donations to help support their favorite animal at the Zoo. The funds are used to purchase food and supplies for the animal, and a plaque is erected with the donor's name. Donations for Fiscal 2008 are estimated to be \$4,000.

### MISCELLANEOUS REVENUES

These revenues include sale of animals, concessions and other miscellaneous items that the Zoo Building Fund receives. Total combined miscellaneous revenues for Fiscal 2008 are estimated to be \$6,500 slightly above the Fiscal 2007 revised estimate of \$5,250.

### INTEREST INCOME

Interest income is anticipated to be \$30,000 for Fiscal 2008. This is based on an investment rate of 5.25%.

# ZOO BUILDING FUND

## EXPENDITURES

### PERSONNEL SERVICES

No personnel salaries or benefits are charged to this fund.

### SUPPLIES

Supplies include plant and landscape materials and educational supplies used in various Zoo educational programs. Expenditures are expected to remain at \$32,800 in Fiscal 2008 remaining flat with the revised 2007 estimate.

### EQUIPMENT & STRUCTURE MAINTENANCE

Expenditures in this category are projected to remain flat from Fiscal 2007 to Fiscal 2008 at \$60,700.

### MISCELLANEOUS SERVICES

Miscellaneous services are projected to be \$15,700 for Fiscal 2008. This is a 34.13% decrease from the Fiscal 2007 revision of \$23,835.

### SUNDRY CHARGES

There are no expenditures budgeted in this category.

### CAPITAL OUTLAY

Expenditures for this category are \$10,500 for Fiscal 2008, which is a decrease from the revised 2007 estimate of \$22,500 or 53.33%.

### FUND BALANCE

City Financial Policies require the Zoo Building Fund to maintain a fund balance of zero or greater because this fund serves as a construction fund for zoo expansion projects and depends heavily on contributions for its income. However, excess funds are retained from year to year and applied to various projects or used as grant matches. The Fund has maintained fund balances in previous years and is anticipated to have a fund balance of \$1,516,946 at Fiscal 2008 year-end. This is an increase of \$127,300 over the Fiscal 2007 ending fund balance of \$1,389,646.

# **COURT SECURITY/TECHNOLOGY FUND**

## **REVENUES**

The Court Security/Technology Fund revenues are generated through the Municipal Court. By Ordinance an assessment of \$7.00 is included in the cost of each fine. \$3.00 of each assessment is to be used for Security and \$4.00 is to be used for Technology purposes in the Municipal Court. Fiscal Year 2008 revenues are estimated at \$48,500.

# **COURT SECURITY/TECHNOLOGY FUND**

## **COURT SECURITY/TECHNOLOGY EXPENDITURES**

### **PERSONNEL SERVICES**

No personnel salaries or benefits are charged to this fund.

### **SUPPLIES**

Court Security supplies are anticipated to be \$2,000 in Fiscal 2008.

### **EQUIPMENT & STRUCTURE MAINTENANCE**

Expenditures in this category are expected to be \$17,200 in Fiscal 2008, slightly above the Fiscal 2007 revised estimate of \$16,700.

### **MISCELLANEOUS SERVICES**

Anticipated costs of Miscellaneous services are \$9,280 for Fiscal 2008 which is a decrease of 64.17% below the Fiscal 2007 revised estimate of \$25,900. This decrease is attributed to a one time purchase for security cameras purchased in Fiscal 2007.

### **SUNDRY CHARGES**

There are no expenditures budgeted in this category.

### **CAPITAL OUTLAY**

There are no expenditures budgeted in this category.

### **INRA-GOVERNMENTAL TRANSFERS**

The position of the City Marshall was changed from a part-time position to a full-time position for Fiscal 2008. As the Court Security portion allows for the salary of the City Marshall, there is a transfer of \$47,038 budgeted to help cover the costs of the position within Municipal Court in the General Fund.

### **FUND BALANCE**

City Financial Policies requires the Court Security/Technology Fund to maintain a fund balance of zero or greater. However, excess funds are retained from year to year and applied to various security, and technology equipment purchases. The Fiscal 2007 ending fund balance was \$64,724 which is a decrease of \$27,015 to the Fiscal 2008 anticipated fund balance of \$37,709.



# **ANIMAL CONTROL KURTH GRANT FUND**

## **REVENUES**

The revenues for this fund are strictly contributions received as a grant through the Kurth Foundation in support of the Kurth Memorial Animal Shelter. Current Year revenues are estimated to be \$123,000.

## **EXPENDITURES**

Expenditures in the fund are for the non-salaried operations of the Kurth Memorial Animal Shelter. Fiscal Year 2008 expenditures include the construction of an animal intake facility for surrendered animals and animals held on complaint, as well as a transfer to the General Fund to subsidize the costs of supplies needed for shelter operations.

# **ANIMAL ATTIC GIFT FUND**

## **REVENUES**

Animal Attic Gift Fund revenues are donations received from individuals for the support of animals at the shelter. Current year revenues are expected to be approximately \$3,400.

## **EXPENDITURES**

The anticipated expenditures of the Animal Attic Gift Fund include the purchase of supplies and miscellaneous services for shelter operations.

# **EQUIPMENT ACQUISITION & REPLACEMENT FUND**

## **REVENUES**

Revenues for the Equipment Acquisition and Replacement Fund are charged to the Departmental budgets to cover the cost of annual depreciation on the City's rolling stock or other machinery and equipment. After a one time initial transfer in from the General, Water/Wastewater and Solid Waste funds in Fiscal 2006, annual replacement cost on each piece of equipment will be recorded in this fund until such time as the equipment is ready for replacement. All machinery and equipment is placed on a schedule for replacement based upon anticipated life of the equipment. Revenues for Fiscal 2008 are anticipated to be \$1,676,020.

# **EQUIPMENT ACQUISITION & REPLACEMENT FUND**

## **EXPENDITURES**

### **CAPITAL OUTLAY**

All expenditures in the fund are Capital in nature. The Fiscal 2008 estimated expenditures are \$2,444,506.

### **FUND BALANCE**

City Financial Policies require the Equipment Acquisition & Replacement Fund to maintain a fund balance of zero or greater. However, excess funds are retained from year to year to be applied toward future purchases. The anticipated fund balance at Fiscal 2008 year-end is \$176,329.

# **ECONOMIC DEVELOPMENT FUND – COMPONENT UNIT**

## **REVENUES**

Revenues for the Economic Development Fund are derived from the City's Sales Tax Revenues and interest income. 1/8 of each cent of the City's Sales Tax Revenues is dedicated to the Economic Development Fund. Revenues for Fiscal 2008 are anticipated to be \$1,004,580. This is slightly below the Fiscal 2007 revised estimate of \$1,057,430.

# **ECONOMIC DEVELOPMENT FUND – COMPONENT UNIT**

## **EXPENDITURES**

### **PERSONNEL SERVICES**

Salaries and benefits for the Economic Development Fund are anticipated to be \$158,408 in Fiscal 2008, increasing by 1.26% over the Fiscal 2007 revised estimate of \$156,442. This increase is attributed to the 3% cost of living increase.

### **SUPPLIES**

Expenditures for supplies are anticipated to be \$7,000 in Fiscal 2008 decreasing from the \$9,000 revised estimate for Fiscal 2007.

### **EQUIPMENT & STRUCTURE MAINTENANCE**

There are no expenditures budgeted in this category.

### **MISCELLANEOUS SERVICES**

Anticipated costs of Miscellaneous services are \$229,200 for Fiscal 2008, above the Fiscal 2007 revised estimate of \$164,550.

### **SUNDRY CHARGES**

Sundry charges include incentives paid by the Economic Development Fund. The Fiscal 2008 estimate is \$164,550.

### **CAPITAL OUTLAY**

There are no expenditures budgeted in this category.

### **NON-DEPARTMENTAL DEBT SERVICE**

Interest payments of \$10,069 for land purchase payments are estimated for Fiscal 2008.

### **FUND BALANCE**

Council Financial Policies requires the Economic Development Fund to maintain a fund balance of zero or greater. However, excess funds are retained from year to year and are applied to the fund balance for future expansion projects to boost the economy and development of business within the City of Lufkin. The anticipated fund balance at Fiscal 2008 year-end is \$2,162,650.

