

**Fiscal Year 2019 - 2020
Proposed Operating Budget**



City of Commerce, Texas

This budget will raise more total property taxes than last year's budget by \$197,924, 9.4%, and of that amount \$20,632 is tax revenue to be raised from new property added to the tax roll this year.

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August 1, 2019

Mayor and City Council,

It is my pleasure to submit to you, for your consideration, the City of Commerce's Proposed Operating Budget for the fiscal year beginning October 1, 2019 and ending September 30, 2020. City staff developed the budget with the goal of providing a range of important services to our community as we continually strive to increase the quality of life enjoyed by our residents and guests alike. The recommendations included in the Fiscal Year 2020 Proposed Budget represent a commitment to efficient and effective fiscal, personnel, and capital management.

The Fiscal Year 2020 Proposed Budget is a statutorily balanced budget and is presented in accordance with state and local laws governing our community. The budget represents a series of balances constructed between revenues and expenditures and between operational needs and long-term community investment strategies.

Our Budget will serve as a management guide, a planning document, and a financial report throughout the coming fiscal year. It establishes a system of resource management for the city and provides a framework for the utilization of people, equipment, and other working capital aimed at the facilitated growth and enhancement of our community. As such, it is the most important working and planning tool used by the City Council and city staff to determine the desired level of service, maintenance, and infrastructure necessary to ensure our residents enjoy an abundant life in Commerce.

I look forward to implementing the plans and performing the work proposed for the coming year through this budget.

Thank you,

A handwritten signature in blue ink, appearing to read 'D. Ferrell', is positioned above the printed name of the City Manager.

Darrek Ferrell
City Manager

FY 2019 – 2020
Proposed Operating Budget

Budget Summary

Budget Summary

The Proposed Budget for Fiscal Year (FY) 2020 totals approximately \$13 million with \$6 million in the General Fund, \$5 million in the Public Utility Fund, and the balance spread through numerous restricted funds. Additionally, the city has established a Type A Economic Development Corporation that receives oversight from a board of directors appointed by the City Council. The FY 2020 Proposed Budget allocates \$823,088 for the purpose of economic development through the Commerce Economic Development Corporation.

The information that follows is intended to provide a foundational understanding of the city's financial structure. Departmental budgets are comprised of several different line items, each with an intended purpose, rolled into a fund. The budget ordinance that will be presented to the City Council in September will request appropriation of resources at the fund level. These different levels carry different levels of authorization and necessary approval. In the event that a fund appears to have the potential to exceed the amount that the City Council has allocated by ordinance, staff will request that the City Council adopt a budget-amending ordinance. Because the budget is adopted at the fund level, no action will be necessary if an individual department is expected to exceed their budget, as long as the authorized fund level remains intact.

The Property Tax

Also referred to as an ad valorem tax, the City Council sets a tax rate that is levied against all properties within the City limits, minus any exemption that is applied to a property. In FY 2020, staff is proposing to maintain the \$0.82 property tax rate which has been constant for the past few years. For FY 2020, \$0.618364 will be designated for the maintenance and operations for all General Fund activities and \$0.174665 will be allocated to make required property tax supported debt payments. An additional \$0.026971 is recommended to be used towards a new certificate of obligation with the purpose of facilities repairs and improvements.

Due to an increase in the total appraised value of property within the city limits, we do expect to realize an increase in our property tax collections this year while maintaining the same property tax rate.

Budgetary Adjustments

The proposed budget reflects the results from efforts made last year to reduce the deficits in funds that have not been balanced in years past. For example, the demolition fund has historically maintained a negative fund balance. This is due to an increase in code enforcement, resulting in increased demolition costs for vacant substandard structures that pose a risk to the life, health, and safety of our residents. With each demolition, a lien is placed on the property until the cost of demolition can be recovered – initially resulting in a negative fund balance. In FY 2020, this fund will be consolidated into the General Fund which will alleviate the need for any transfers and eliminate the negative fund balance.

Operational Improvements

The proposed budget also includes projects, applied across several funds, that will directly improve the operations within the City. Their implementation will increase efficiency, create future cost savings, and help achieve city-wide objectives.

GIS Mapping Software

During the 2019 legislative session, Senate Bill 1303 was passed requiring the City to create and maintain a digital map. This map must be made available on the City's website, using a geographic information system (GIS) software. This mapping will include valuable information such as utility lines, streets, zoning and land use. It also will be available free of charge to the public. Not only will this software be an improvement of visibility to residents but will also improve staff's ability to complete daily tasks.

Heavy Machinery Lease Program

In FY 2020 the City is planning to begin a lease program for some of the aging heavy equipment in its fleet. Currently there are two large backhoes in desperate need of repair or replacement. By moving into a lease program, the City will be able to receive new backhoes, with warranties, for the next 5 years. This will ultimately save on maintenance expenses while replenishing the Equipment Replacement Fund with revenues from selling the existing backhoes. Improving the available equipment will also enhance the capability of City Staff to address infrastructure concerns – particularly as they relate to streets and drainage.

Continuation of Enterprise Lease Program

In FY 2018 the City entered into a lease program with Enterprise to replace both emergency and non-emergency fleet vehicles. Throughout FY 2019, a total of 20 vehicles were acquired from Enterprise. In a year's time, the maintenance savings has totaled approximately \$47,000. Three more vehicles are scheduled to be replaced by FY 2020. Following this replacement, the City will have eliminated all of the vehicles identified to have substantial mechanical problems. Over the next 4 years of the lease program, there are 14 vehicles remaining to be sold and replaced with Enterprise vehicles. This will ensure the continuity of a healthy replacement cycle, thereby avoiding the significant repair costs associated with an aging fleet.

New Animal Shelter Grant/Loan

In FY 2020 staff plans to apply for the USDA Community Facilities program. This program offers a partial grant with a low interest loan. The funds are intended to be used towards the construction of a new animal shelter. This program allows for 55% (up to \$50,000) of a project to be covered by grant funds. The remaining portion of the project can be financed through the USDA with a low interest loan, or the City is eligible to finance through local institutions if a better rate is available. The new shelter will increase the functionality of the Animal Control department, ensure humane and safe conditions within the facility, and better serve the community.

Municipal Airport Improvements

In FY 2019 the City applied for and received a grant from TxDOT Aviation to extend the taxiway. This extension will allow for additional hangar space and provide a safer environment for self-service fueling at the airport. The grant totals \$750,000, obligating the City to a 10% match. The \$75,000 match will be split 3 ways between the City, Commerce EDC and Texas A&M Commerce. Engineering for the project has begun, but construction

is not expected to begin until FY 2021. Due to the grant match and additional infrastructure improvements that are needed at the airport, the subsidy from the General Fund is expected to increase in FY 2020.

Staff Compensation

The FY 2020 Proposed Budget includes a new pay structure for all employees. An in-depth salary analysis was completed, and a new step and grade program is being presented. The step and grade structure is based on the General Schedule used by the Federal Government. The new program will elevate all employees to a more competitive rate for this specific area of Texas. This program will help with future budgets and give employees a clear path for upward mobility.

This initial year of the step and grade program will see a large variation in salary increases, based on the salary analysis completed. Many of the employees that will receive the greatest increase are those in laborer positions. Salary increases range between 3% and 22%, with an average increase of 10%. Future years can anticipate a more level increase across all positions. In the implementation of this compensation model, there is a need to bring many employees to a competitive wage while maintaining equity and parity between positions within the organization. For this reason, there is a very broad range of salary adjustments included in this proposed budget.

During FY 2020 the City will continue the longevity pay program that was initiated in FY 2019. Employees received \$100 in their fifth year of service and \$10 for each additional year of service. This program incentivizes loyalty to the City and provides a more consistent and predictable cost allocation that can be managed in subsequent budgets.

Our anticipated loss ratio for our health benefits in FY 2019 is approximately 83%. This means that for every \$1 paid in premiums, our benefits provider paid out \$0.83 in claims. The City will have an overall increase to insurance costs; 2% is mandatory taxes and an additional 3% directly related to insurance premiums. This is largely the result of the successful implementation of the HSA plan and Motion program last year. The City will continue funding 100% of the benefit costs for full time employees.

Adjustments to Authorized Positions

With an emphasis on improvements for public infrastructure – primarily streets and drainage, this proposed budget includes the addition of one new laborer position in the Public Works Department.

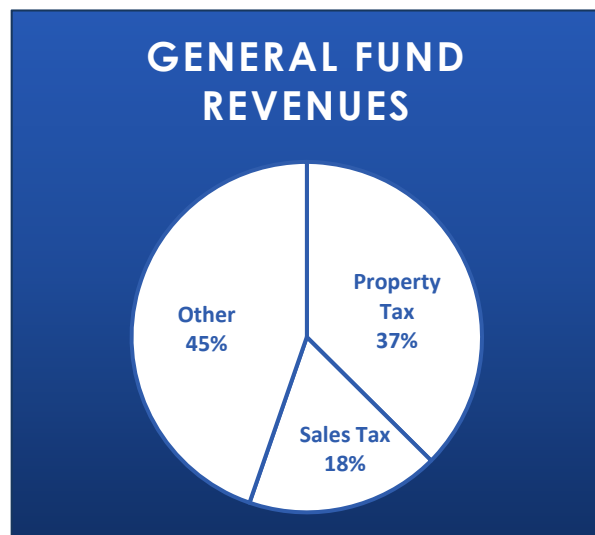
Further, the proposed budget reflects an adjustment in public safety staffing, as the Police Chief and the Fire Chief positions were combined to form a Public Safety Director position in FY 2019

PERSONNEL SCHEDULE			
DEPARTMENT	FY 2019 APPROVED	FY 2020 PROPOSED	FTE CALCULATION
General Fund	82	82	75.70
City Manager's Office	4	4	4.00
Administration	5	5	4.34
Community Development	3	3	2.48
Police Department	22	21	22.50
Animal Control	2	2	2.00
Code Enforcement	2	2	2.00
Fire Department	25	25	19.70
Municipal Court	2	2	1.20
Parks & Recreation	7	7	7.00
Public Works	10	11	10.48
Public Utility Fund	13	13	13.00
Water Production	7	7	7.00
Wastewater Treatment	6	6	6.00
Component Unit	1	1	1.00
Commerce Economic Development Corporation	1	1	1.00
Total City Employees	96	96	89.70

The General Fund

Revenues

The proposed General Fund budget relies heavily on property taxes. Fortunately, growth in the local economy shows some stability and provides optimism in this revenue source. The average residential value, after Homestead Exemptions are applied, has increased from \$90,594 to \$99,524. That being said, based on the FY 2020 proposed General Fund expenses, a property needs to be valued at \$208,432 to generate enough revenue from property taxes alone to pay for the General Fund services provided to that property. This means a majority of residential properties pay for less than half of the services they receive with their property taxes. As such, this cost must be offset with revenue from sales tax and other sources.



Although the proposed budget for sales tax has been increased from \$973,000 to \$1,000,000, the proportional contribution of the sales tax in the General Fund has remained the same at 18%. This indicates that the growth in the property tax base is exceeding growth in the commercial tax base. In the 2019 tax year, the City of Commerce realized approximately \$3.2 million in new construction and single-family homes accounted for \$1.6 million, or roughly 50%, of that development.

Outside of property and sales tax, the bulk of General Fund revenues is derived from fines and usage fees. City Staff has worked hard to consistently analyze these fees and apply the costs to the services provided. Changes have been made to the fee ordinance to ensure that Staff is adequately funding the General Fund. Since this category includes all building permits and inspections, and given the new growth and development mentioned above, this revenue category is expected to remain stable.

Expenses

The FY 2020 proposed budget includes a slight deficit in the General Fund for the single year. The Fund remains statutorily balanced because of previously accumulated fund balance, but it is not considered structurally balanced. In FY 2019, a single-year deficit was adopted in the budget. Over the past year, City Staff has worked diligently to reduce spending and increase efficiency of operations, and as a result of these efforts, FY 2019 is expected to finish structurally balanced. In the year to come, City Staff will continue their efforts to find efficiencies within operations with the goal of establishing a structurally balanced fund. Efforts made at improving employee compensation and access to reliable and effective equipment are expected to result in reduced turnover, which has historically created budgetary challenges for the City.

Public Utilities Fund

In FY 2019, the Water Fund and the Wastewater Fund were consolidated to create a singular Public Utilities Fund. This reduced the administrative requirements of the utilities and streamlined their financial structure. In FY 2020, there is an increase in allocations to repair and improve the current Water and Wastewater facilities and equipment.

In FY 2019, the City continued an administrative transfer out of the Water and Wastewater Funds to the General Fund in the amount of \$600,000. Even with this transfer, several improvements at both treatment plants have been completed, and there was a resolution of a water quality problem that had persisted for over 2 years prior. However, the General Fund continues to rely on that revenue, and it is recommended that the administrative transfer be increased 6% consistent with proposed increases in General Fund expenses.

In developing the FY 2020 Proposed Budget, Staff prioritized the needs of the Public Utility Fund over the flexibility that the General Fund has received by having this subsidy. The ending fund balance proposed for the Public Utility Fund is approximately 181% of the budgeted expenses, including the \$646,600 transfer. This means that even with the increased transfer, the Public Utility Fund will maintain a fund balance that is very healthy. Without the continuation of this transfer, the General Fund reserves would not be in a healthy position.

Conclusion

The City of Commerce has seen property values increase and growth in both residential and commercial areas has had a positive impact on financial stability. Strategic plans continue to move Commerce to a position of growth.

Similarly, the City's budgetary practices have made progress toward improved capacity and increased financial management. The City continues to reduce the number of bank accounts and has received a stellar audit that

produced no findings. The City's bond rating continues to be an "A" based on strong financial management practices combined with growth in the local economy. The work Staff has done to this point continues to produce positive results for the community.

The City continues to find new ways to be productive, cost effective, and fiscally transparent. Staff has found ways to procure new equipment and reduce the ever-increasing maintenance costs of aging capital. In an effort to control spending and assist department directors with budget management, administrative measures and financial controls were put into place. Strategies aimed at reducing maintenance and operations costs have been employed in our public utilities, and Staff is continuing to address issues that have historically been a drain on financial resources.

The FY 2020 proposed budget is a continuation of the same fiscal conservatism that has led to successful improvements elsewhere in the City. In the upcoming year, City Staff intends to continue taking steps to improve our own capacity as an organization and to make strides toward visible improvements in the community, afforded by the work completed over the last few years.

Between August 1 and September 17, the City Council and the community will have several opportunities to become familiar with and to ask questions about the FY 2020 proposed budget. Our goal at the City of Commerce is to present the information transparently, accurately, and in a timely manner. In addition, we will make the information as user-friendly and as conveniently available as possible.

Staff will hold public hearings on the FY 2020 proposed budget and take out advertisements in the local newspaper. The budget and related materials will be readily available on the City's website and an electronic and/or hard copy will be provided to anyone who requests it in person, by phone, or by email.

All information contained in the following pages is intended to serve as an open and transparent guide to the planned operations of the City of Commerce in FY 2020. City Council and community members with questions about the proposed budget are encouraged to contact the City Manager at any time.

FY 2019 – 2020
Proposed Operating Budget

Fund Schedules

All Funds Fund Schedule

FY 2020 Proposed Budget Summary - By Fund Type:

Fund Type	Beginning Balance	Revenue	Available Funds	Expenses	Ending Balance
<i>Governmental Funds</i>	\$ 1,741,834	5,818,341	7,560,176	6,117,854	\$ 1,442,322
General Fund	1,590,643	5,599,411	7,190,055	5,899,978	1,290,077
Grant Fund	56,259	400	56,659	0	56,659
Airport Fund	(5,543)	118,000	112,457	111,856	601
Recreation Fund	189	66,330	66,519	66,020	499
Hotel-Motel Fund	43,209	32,000	75,209	40,000	35,209
Municipal Court Security Fund	24,633	100	24,733	0	24,733
Municipal Court Technology Fund	32,443	2,100	34,543	0	34,543
<i>Enterprise Funds</i>	\$ 10,996,026	5,043,846	16,039,872	5,763,913	\$ 10,275,959
Public Utility Fund	10,984,349	4,947,886	15,932,235	5,667,963	10,264,272
Commerce Water District	11,677	95,960	107,637	95,950	11,687
<i>Internal Service Funds</i>	\$ 803,760	880,071	1,683,831	816,025	\$ 867,806
Equipment & Vehicle Service Fund	726,826	291,114	1,017,940	227,568	790,372
Employee Benefits Trust Fund	76,934	588,957	665,891	588,457	77,434
Sub-total Maintenance & Operating	\$ 13,541,621	11,742,258	25,283,879	12,697,792	\$ 12,586,087
<i>Governmental Capital Project Funds</i>	\$ 101,790	1,133,590	1,235,380	600,348	\$ 635,033
Debt Service Fund	58,527	610,348	668,875	600,348	68,527
Capital Projects Fund	43,263	523,242	566,506	0	566,506
Total All Funds	\$ 13,643,411	12,875,849	26,519,259	13,298,139	\$ 13,221,120

Component Unit

Commerce Eco Dev Corp Fund	\$ 3,069,650	496,500	3,566,150	823,088	\$ 2,743,062
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General Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 1,502,370	\$ 1,502,370	\$ 1,590,643
REVENUE	5,276,213	5,404,869	5,599,411
TAXES	3,437,054	3,537,070	3,643,478
LICENSES & PERMITS	40,750	57,765	46,700
INTERGOVERNMENTAL	30,250	31,663	29,250
CHARGES FOR SERVICES	30,500	38,667	63,900
RENTS & LEASES	8,275	6,975	6,900
FINES & FORFEITS	85,000	56,514	70,100
MISCELLANEOUS REVENUE	120,100	116,309	77,600
OTHER FINANCING SOURCES	1,524,285	1,559,905	1,661,484
AVAILABLE FUNDS	6,778,583	6,907,239	7,190,055
EXPENSES	5,542,914	5,321,366	5,899,978
CITY MANAGER	433,439	371,532	407,891
ADMINISTRATIVE SERVICES	225,889	217,703	252,077
GOVERNMENTAL AFFAIRS	533,500	577,918	597,035
CITY COUNCIL	4,500	1,686	4,500
POLICE	1,463,091	1,408,611	1,541,717
EMERGENCY MANAGEMENT	24,000	20,338	26,400
CODE ENFORCEMENT	136,954	135,177	153,730
ANIMAL CONTROL	144,054	136,488	158,800
COMMUNITY DEVELOPMENT	208,323	138,492	196,141
PARKS & RECREATION	433,011	433,683	468,457
PUBLIC LIBRARY	61,450	57,693	60,700
ECONOMIC DEVELOPMENT	81,785	80,615	86,888
FIRE & EMERGENCY SERVICES	1,001,761	955,400	1,076,276
MUNICIPAL COURT	65,483	69,792	80,824
PUBLIC WORKS	725,675	716,240	788,542
ENDING FUND BALANCE	\$ 1,235,669	\$ 1,585,872	\$ 1,290,077

Public Utilities Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 11,368,748	\$ 11,368,748	\$ 10,984,349
REVENUE	5,141,863	5,099,956	4,947,886
LICENSES & PERMITS	13,000	8,305	11,500
INTERGOVERNMENTAL	0	0	0
CHARGES FOR SERVICES	4,492,650	4,423,563	4,553,650
RENTS & LEASES	25,613	30,296	30,296
FINES & FORFEITS	0	0	0
MISCELLANEOUS REVENUE	6,600	19,063	14,600
COOPER LAKE	340,000	354,729	337,840
OTHER FINANCING SOURCES	264,000	264,000	0
AVAILABLE FUNDS	16,510,611	16,468,704	15,932,235
EXPENSES	5,806,820	5,484,356	5,667,963
UTILITY SERVICES	1,205,111	1,201,892	1,287,800
WATER SERVICES	2,186,350	2,063,343	1,914,131
WASTEWATER SERVICES	1,387,860	1,326,354	1,437,931
SOLID WASTE SERVICES	1,027,500	892,767	1,028,100
ENDING FUND BALANCE	\$ 10,703,791	\$ 10,984,349	\$ 10,264,272

Public Utility Fund – Major Proprietary Fund; accounts for the operating activities of the City’s water, sewer utilities, and solid waste disposal services.

Equipment Service Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 738,910	\$ 738,910	\$ 726,826
REVENUE	341,893	228,266	291,114
RENTS & LEASES	300,893	207,263	265,114
MISCELLANEOUS REVENUE	500	0	0
OTHER FINANCING SOURCES	40,500	21,003	26,000
AVAILABLE FUNDS	1,080,803	967,176	1,017,940
EXPENSES	0	240,350	227,568
CAPITAL OUTLAY - EQUIP	0	240,350	227,568
ENDING FUND BALANCE	\$ 1,080,803	\$ 726,826	\$ 790,372

Equipment Service Fund - Non-major proprietary fund; accounts for the financing of goods and services provided by the fund to other funds and departments on a cost reimbursement basis.

Debt Service Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 55,401	\$ 61,193	\$ 58,527
REVENUE	611,050	640,719	610,348
TAXES	611,000	638,026	610,348
MISCELLANEOUS REVENUE	50	2,692	0
OTHER FINANCING SOURCES	0	0	0
AVAILABLE FUNDS	666,451	701,912	668,875
EXPENSES	642,588	643,385	600,348
MISCELLANEOUS EXPENSES	642,588	643,385	600,348
ENDING FUND BALANCE	\$ 23,863	\$ 58,527	\$ 68,527

Debt Service Fund – Major Governmental Fund; accounts for the accumulation of financial resources for the payment of principal and interest on the City’s general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds, capital leases, and interest. This fund reports all such ad valorem taxes collected.

Grant Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 406	\$ 406	\$ 56,259
REVENUE	400	615,811	400
GRANT REVENUE	0	608,851	0
MISCELLANEOUS REVENUE	400	6,960	400
OTHER FINANCING SOURCES	0	0	0
AVAILABLE FUNDS	806	616,217	56,659
EXPENSES	0	559,958	0
SIDEWALK GRANT	0	318,899	0
FEMA RADIO GRANT	0	118,540	
CENTENNIAL PARK GRANT	0	122,519	0
ENDING FUND BALANCE	\$ 806	\$ 56,259	\$ 56,659

Grant Fund – Non-major Governmental fund; accounts for the grant funded activities in the City.

Capital Project Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 43,094	\$ 43,094	\$ 43,263
REVENUE	0	169	523,242
LISCENSE & PERMITS	0	0	523,242
MISCELLANEOUS REVENUE	0	169	0
OTHER FINANCING SOURCES	0	0	523,242
AVAILABLE FUNDS	43,094	43,263	566,506
EXPENSES	0	0	0
MISCELLANEOUS EXPENSES	0	0	0
ENDING FUND BALANCE	\$ 43,094	\$ 43,263	\$ 566,506

Capital Projects Fund – Non-major Governmental fund; accounts for the large capital projects in the City.

Commerce Municipal Airport Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ (5,489)	\$ (5,489)	\$ (5,543)
REVENUE	108,909	120,234	118,000
INTERGOVERNMENTAL	633	1,811	0
RENTALS & LEASES	4,076	3,234	4,000
CHARGES FOR SERVICES	103,000	79,662	103,000
MISCELLANEOUS REVENUE	1,200	2,527	0
OTHER FINANCING SOURCES	0	33,000	11,000
AVAILABLE FUNDS	103,420	114,745	112,457
EXPENSES	112,330	120,288	111,856
SUPPLIES	75,936	79,362	84,040
PROFESSIONAL SERVICES	7,500	6,438	9,000
MAINTENANCE - BUILDING	2,500	1,670	1,500
MAINTENANCE - EQUIPMENT	6,300	12,772	8,300
OTHER SERVICES & CHARGES	6,194	7,762	5,556
PUBLIC UTILITIES	13,900	12,285	3,460
ENDING FUND BALANCE	\$ (8,911)	\$ (5,543)	\$ 601

Airport Fund – Non-major Governmental fund; accounts for the activities of the Municipal Airport.

Recreational Programs Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 1,451	\$ 1,451	\$ 189
REVENUE	68,150	86,396	66,330
CHARGES FOR SERVICES	57,000	64,473	57,980
MISCELLANEOUS REVENUE	11,150	21,923	8,350
OTHER FINANCING SOURCES	0	0	0
AVAILABLE FUNDS	69,601	87,847	66,519
EXPENSES	73,800	87,658	66,020
OTHER SERVICES & CHARGES	61,100	71,758	53,020
MISCELLANEOUS EXPENSES	12,700	15,900	13,000
ENDING FUND BALANCE	\$ (4,199)	\$ 189	\$ 499

Recreation Programs Fund – Non-major Governmental fund; accounts for the operating activities of certain City recreational programs

Commerce Water District Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 11,426	\$ 11,426	\$ 11,677
REVENUE	96,125	96,011	95,960
SERVICES	96,000	95,760	95,760
MISCELLANEOUS REVENUE	125	251	200
AVAILABLE FUNDS	107,551	107,437	107,637
EXPENSES	96,190	95,760	95,950
OTHER SERVICES & CHARGES	96,000	95,760	95,760
MISCELLANEOUS EXPENSES	190	0	190
ENDING FUND BALANCE	\$ 11,361	\$ 11,677	\$ 11,687

Commerce Water District Fund – Non-major Proprietary fund; accounts for the purchase and sale of water to the Sabine Water Authority. Activities of the fund include water purchases, water sales, and administration fees.

Hotel Occupancy Tax Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 25,396	\$ 25,396	\$ 43,209
REVENUE	32,000	37,813	32,000
TAXES	32,000	37,813	32,000
AVAILABLE FUNDS	57,396	63,209	75,209
EXPENSES	20,000	20,000	40,000
OTHER SERVICES & CHARGES	20,000	20,000	40,000
ENDING FUND BALANCE	\$ 37,396	\$ 43,209	\$ 35,209

Hotel Occupancy Tax Fund – Non-major Governmental fund; accounts for the collections and related expenditures of the City Hotel/Motel Tax.

Municipal Court Security Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 21,348	\$ 21,348	\$ 24,633
REVENUE	100	3,285	100
FINES & FORFEITS	100	3,285	100
OTHER FINANCING SOURCES	0	0	0
AVAILABLE FUNDS	21,448	24,633	24,733
EXPENSES	0	0	0
CAPITAL OUTLAY - EQUIPMENT	0	0	0
ENDING FUND BALANCE	\$ 21,448	\$ 24,633	\$ 24,733

Municipal Court Security Fund – Non-major Governmental fund; accounts for the portion of fines revenue designated for funding security services for the municipal court building.

Municipal Court Technology Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 28,919	\$ 28,919	\$ 32,443
REVENUE	1,400	3,524	2,100
FINES & FORFEITS	1,400	3,524	2,100
OTHER FINANCING SOURCES	0	0	0
AVAILABLE FUNDS	30,319	32,443	34,543
EXPENSES	0	0	0
MAINTENANCE - EQUIPMENT	0	0	0
ENDING FUND BALANCE	\$ 30,319	\$ 32,443	\$ 34,543

Municipal Court Technology Fund – Non-major Governmental fund; accounts for the portion of fines revenue designated for the purchase or maintenance of technological enhancements for the municipal court building.

Employee Benefits Trust Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 87,783	\$ 87,783	\$ 76,934
REVENUE	575,244	542,004	588,957
TAXES	574,844	540,154	588,457
MISCELLANEOUS REVENUE	400	1,850	500
AVAILABLE FUNDS	663,027	629,787	665,891
EXPENSES	574,844	552,853	588,457
PERSONNEL SERVICES	574,844	552,853	588,457
ENDING FUND BALANCE	\$ 88,183	\$ 76,934	\$ 77,434

Employee Benefits Trust Fund – Non-major Governmental fund; accounts for contributions and related expenditures made for City employee benefits.

Commerce Economic Development Fund

	FY 2019 ADOPTED BUDGET	FY 2019 PROJECTED BUDGET	FY 2020 PROPOSED BUDGET
BEGINNING BALANCE	\$ 2,424,271	\$ 2,424,271	\$ 3,069,650
REVENUE	459,300	826,385	496,500
TAXES	450,000	498,144	475,000
RENTS & LEASES	0	3,750	0
MISCELLANEOUS REVENUE	9,300	49,491	21,500
OTHER FINANCING SOURCES	0	275,000	0
AVAILABLE FUNDS	2,883,571	3,250,657	3,566,150
EXPENSES	735,148	181,007	823,088
PERSONNEL SERVICES	85,905	80,728	86,888
SUPPLIES	2,000	995	2,000
PROFESSIONAL SERVICES	393,800	24,129	540,300
MAINTENANCE - BUILDING	60,000	15,200	16,000
MISCELLANEOUS EXPENSES	6,000	7,000	7,200
OTHER SERVICES & CHARGES	75,700	43,170	70,700
CAP PURCHASE - BUILDING	111,743	9,786	100,000
ENDING FUND BALANCE	\$ 2,148,424	\$ 3,069,650	\$ 2,743,062

Commerce Economic Development Corporation – Component unit; CEDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CEDC board for cause. CEDC is a nonprofit corporation governed by Section 4A of the Texas Development Corporation Act of 1979 and organized for the public purpose of aiding, promoting and furthering economic development within the City of Commerce, Texas.

FY 2019 – 2020
Proposed Operating Budget

Department Pages

General Fund

City Manager's Office

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 339,818	\$ 359,683	\$ 395,601
SUPPLIES	0	100	1,150
MAINTENANCE - EQUIPMENT	5,459	1,820	1,800
OTHER SERVICES & CHARGES	7,794	9,929	9,340
TOTAL	\$ 353,072	\$ 371,532	\$ 407,891

The City Manager's Office houses the roles of City Manager, Assistant City Manager, City Secretary and Assistant City Secretary. The City Manager's responsibilities include overseeing administrative tasks necessary for city operations and making recommendations to the mayor and city council on a variety of issues, including budgets, personnel needs and project costs. This department also provides support to council members, maintains official city records, and the preparation of documentation and recording of official City Council minutes, ordinances, resolutions and other related business.

Administrative Services

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 131,288	\$ 209,523	\$ 245,387
SUPPLIES	755	1,652	1,750
OTHER SERVICES & CHARGES	2,648	6,528	4,940
TOTAL	\$ 134,690	\$ 217,703	\$ 252,077

The Administration Department has the role of finance, payroll, utility billing, and accounts payable. The department manages responsibilities, such as; annual budget preparation, facilitates the yearly audit, monitors monthly financial reports and manages payroll for all employees. Utility billing creates and monitors all outstanding water and sewer accounts and generates invoices throughout each month. Accounts payable reviews, approves and pays all invoices from outside vendors for services or products provides.

Governmental Affairs

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
SUPPLIES	\$ 26,090	\$ 18,409	\$ 19,300
PROFESSIONAL SERVICES	161,584	169,467	165,443
MAINTENANCE - BUILDING	29,204	48,621	32,000
MAINTENANCE - EQUIPMENT	9,412	26,300	30,006
OTHER SERVICES & CHARGES	169,638	215,187	248,686
PUBLIC UTILITIES	127,531	99,808	101,600
MISCELLANEOUS EXPENSES	(891)	125	0
TOTAL	\$ 522,567	\$ 577,918	\$ 597,035

Governmental Affairs has no personnel cost. This department is used to record expenses that are related to city wide services, such as; legal fees, audit fees, governmental building maintenance. This department carries the majority of all overhead expenses.

City Council

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 231	\$ -	\$ -
OTHER SERVICES & CHARGES	4,937	1,686	4,500
TOTAL	\$ 5,168	\$ 1,686	\$ 4,500

The City Council department monitors any costs associated with training and memberships of current city council members.

Police Department

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 1,269,055	\$ 1,130,942	\$ 1,211,341
SUPPLIES	88,592	97,182	124,050
PROFESSIONAL SERVICES	4,354	3,977	5,000
MAINTENANCE - EQUIPMENT	69,776	64,425	55,600
OTHER SERVICES & CHARGES	108,998	97,092	127,927
PUBLIC UTILITIES	23,236	14,991	17,800
TOTAL	\$ 1,564,012	\$ 1,408,611	\$ 1,541,717

The Police department is responsible for maintaining public safety and security by enforcing the law. Officers patrol streets, respond to emergency calls, arrest offenders, and investigate complaints and crimes. This department includes dispatch personnel, patrol officers, investigators, and a portion of the public safety director's expenses. Other expenses in this department include all the supplies needed to complete daily tasks, such as; body cams, patrol supplies, emergency vehicles, and requirements mandated by specific agencies. The police department is a department of Public Safety and is under the management of the Public Safety Director.

Emergency Management

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
SUPPLIES	976	3,962	3,900
MAINTENANCE - EQUIPMENT	3,293	2,698	5,600
OTHER SERVICES & CHARGES	10,464	13,678	16,900
TOTAL	\$ 14,733	\$ 20,338	\$ 26,400

Emergency Management does not have personnel expenses. This department is responsible for maintaining resources before, during and after a major emergency and disaster. Developing and maintaining plans in case of emergencies and keeping all required information updated and accurate. The expenses include emergency/threat software and any supplies that may be needed in the event of an emergency. Emergency management is a department of Public Safety and is under the management of the Public Safety Director.

Code Enforcement

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 461	\$ 81,602	\$ 97,864
SUPPLIES	573	6,602	6,800
PROFESSIONAL SERVICES	19,403	22,375	15,000
MAINTENANCE - EQUIPMENT	7,568	8,754	19,100
OTHER SERVICES & CHARGES	2,253	15,844	14,966
TOTAL	\$ 30,257	\$ 135,177	\$ 153,730

Code Enforcement department performs a variety of duties that monitor and enforce applicable ordinances, codes, and regulations related to building codes, health and safety. Other responsibilities include placing liens on specific properties and monitoring the resolution of any violations. Code Enforcement is a department of Public Safety and is under the management of the Public Safety Director.

Animal Control

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 1,873	\$ 70,480	\$ 91,250
SUPPLIES	38,569	25,560	32,150
PROFESSIONAL SERVICES	8,336	15,371	12,000
MAINTENANCE - BUILDING	6,110	14,831	5,000
OTHER SERVICES & CHARGES	720	1,689	10,400
PUBLIC UTILITIES	6,867	8,557	8,000
TOTAL	\$ 62,476	\$ 136,488	\$ 158,800

Animal Control responsibilities include capturing and impounding dangerous or stray animals and managing the animal shelter. The shelter provides a safe clean environment for stray, abandoned or lost animals. Animal Control facilitates adoptions for the animals in their care. Currently the shelter will accept dogs and cats from within the city limits and Hunt County limits. Animal Control and shelter management is a department of Public Safety and is under the management of the Public Safety Director.

Community Development

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 79,391	\$ 62,177	\$ 127,884
SUPPLIES	559	751	800
PROFESSIONAL SERVICES	100,280	27,599	28,000
MAINTENANCE - EQUIPMENT	7,882	12,249	18,426
OTHER SERVICES & CHARGES	8,832	2,716	10,031
PUBLIC UTILITIES	4,681	0	0
MISCELLANEOUS EXPENSES	0	33,000	11,000
TOTAL	\$ 201,625	\$ 138,492	\$ 196,141

Community Development department oversees ordinances related to building and construction. Their roles include site plan reviews, issuance of permits, and scheduling of inspections. The department also houses the airport management responsibilities. Airport roles include a part time airport manager that assists with fuel management, leases, and maintenance.

Parks & Recreation

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 330,452	\$ 298,717	\$ 344,243
SUPPLIES	38,118	45,243	31,400
MAINTENANCE - BUILDING	7,551	5,785	2,700
MAINTENANCE - EQUIPMENT	32,211	27,832	33,521
OTHER SERVICES & CHARGES	24,895	21,737	25,993
PUBLIC UTILITIES	35,322	31,869	28,100
MISCELLANEOUS EXPENSES	8,157	2,500	2,500
CAPITAL OUTLAY	0	0	0
TOTAL	\$ 476,705	\$ 433,683	\$ 468,457

Parks and Recreation department maintains the city's public spaces, organizes community events and maintains all parks in the city. The department helps support the Recreation fund which is responsible for the youth sports leagues and tournaments. All personnel expenses for the Recreation fund is carried in the Parks and Recreation department.

Public Library

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PROFESSIONAL SERVICES	\$ 43,500	\$ 43,500	\$ 43,500
MAINTENANCE - BUILDING	3,232	3,886	4,300
MAINTENANCE - EQUIPMENT	3,513	3,459	5,500
PUBLIC UTILITIES	6,786	6,847	7,400
OTHER SERVICES & CHARGES	0	0	0
TOTAL	\$ 57,032	\$ 57,693	\$ 60,700

The public library department helps maintain the building and any repairs. There is a monthly payment made to the library that assists them in paying for salaries. The library department is the responsibility of the Parks and Recreation manager.

Economic Development

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 78,661	\$ 80,435	\$ 86,888
OTHER SERVICES & CHARGES	(215)	180	0
TOTAL	\$ 78,446	\$ 80,615	\$ 86,888

The Economic Development department only holds the salary expenses related to the EDC Director. These expenses are billed to the Commerce Economic Development Corp twice a year.

Fire & Emergency Services

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 766,774	\$ 777,098	\$ 871,907
SUPPLIES	39,059	34,625	47,070
PROFESSIONAL SERVICES	16,457	15,600	15,600
MAINTENANCE - BUILDING	217	267	500
MAINTENANCE - EQUIPMENT	52,133	44,908	41,850
OTHER SERVICES & CHARGES	212,689	70,212	85,898
PUBLIC UTILITIES	17,952	12,689	13,450
TOTAL	\$ 1,105,281	\$ 955,400	\$ 1,076,276

Fire and Emergency Services is responsible for protecting the public in emergency situations. They respond to a wide variety of calls including fire, health emergencies, and water rescues. This department holds the expense related to their sophisticated firefighting and rescue equipment, including fire trucks. Fire and Emergency is a department of Public Safety and is under the management of the Public Safety Director.

Municipal Court

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 38,168	\$ 48,651	\$ 53,369
SUPPLIES	174	309	600
PROFESSIONAL SERVICES	9,031	10,344	10,000
MAINTENANCE - EQUIPMENT	2,798	3,345	10,455
OTHER SERVICES	15,281	7,144	6,400
TOTAL	\$ 65,451	\$ 69,792	\$ 80,824

Municipal Court department provides judicial processing of citations. The court has jurisdiction over criminal offenses punishable by fine only, including traffic and parking citations, animal control cases and code enforcement cases. This jurisdiction only covers offenses which occur within the territorially limits of the City of Commerce. All the costs associated with personnel, training, court fees and the appointed municipal judge are covered in this department.

Public Works

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 187,101	\$ 498,230	\$ 531,752
SUPPLIES	35,350	39,978	38,601
MAINTENANCE - BUILDING	78,184	84,019	95,000
MAINTENANCE - EQUIPMENT	29,161	37,218	27,855
OTHER SERVICES & CHARGES	14,498	52,290	90,333
PUBLIC UTILITIES	203	4,504	5,000
TOTAL	\$ 344,496	\$ 716,240	\$ 788,542

Public Works department is responsible for maintaining streets, drainage systems and infrastructure. The department is responsible for overseeing planning, engineering and construction of projects related to all forms of roadway transportation, including streets and sidewalks. They help maintain the city owned lots and right of ways.

Public Utilities Fund

Utility Services

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 320,182	\$ 426,600	\$ 452,196
MAINTENANCE - BUILDING	65,889	74,691	75,800
OTHER SERVICES & CHARGES	1,840	5,076	47,732
PUBLIC UTILITIES	6,506	0	0
MISCELLANEOUS EXPENSES	904,329	695,525	712,072
TOTAL	\$1,298,745	\$ 1,201,892	\$ 1,287,800

Utility Services is responsible for the maintenance of the City's water and sewer infrastructure. Wastewater collection function maintains all sewer mains in the city and makes new service additions to the overall systems and is responsible for sewer tap installations. The water distribution function is responsible for operating, maintaining and repairing water lines, valves, fire hydrants, meters, water meter shut offs and water tap installations. The Utility services function falls under Public Works.

Water Production

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 279,624	\$ 264,003	\$ 342,108
SUPPLIES	108,961	92,519	97,000
PROFESSIONAL SERVICES	13,079	8,750	10,000
MAINTENANCE - BUILDING	144,229	219,174	240,180
MAINTENANCE - EQUIPMENT	21,545	24,144	27,123
OTHER SERVICES & CHARGES	157,741	157,482	166,126
PUBLIC UTILITIES	192,482	152,983	171,000
MISCELLANEOUS EXPENSES	540,281	806,452	522,754
COOPER LAKE EXPENSES	324,502	337,837	337,840
TOTAL	\$1,782,443	\$ 2,063,343	\$ 1,914,131

Water Production department is responsible for the Water treatment facility that improves the quality of water to make it acceptable for drinking, irrigation, industrial water supply and many other uses. Water treatment removes contaminants and undesirable components so that the water becomes fit for desired end-use. This treatment is crucial to the health of our residents.

Wastewater Treatment

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PERSONNEL SERVICES	\$ 223,920	\$ 234,034	\$ 262,278
SUPPLIES	30,514	43,778	37,350
PROFESSIONAL SERVICES	12,150	18,283	42,500
MAINTENANCE - BUILDING	46,834	125,717	118,000
MAINTENANCE - EQUIPMENT	11,810	7,513	7,723
OTHER SERVICES & CHARGES	63,689	65,510	73,781
PUBLIC UTILITIES	122,044	100,208	122,100
MISCELLANEOUS EXPENSES	288,749	731,311	774,198
TOTAL	\$ 799,710	\$ 1,326,354	\$ 1,437,931

Wastewater Treatment department is responsible for managing the Wastewater Treatment facility. This facility manages the process used to remove contaminants from wastewater or sewage and convert it into an effluent that can be returned to the water cycle with minimum impact on the environment.

Solid Waste Services

	FY 2018 ACTUAL	FY 2019 PROJECTED	FY 2020 BUDGET
PROFESSIONAL SERVICES	1,014,747	851,257	997,500
MISCELLANEOUS EXPENSES	34,006	41,510	30,600
TOTAL	\$1,048,753	\$ 892,767	\$ 1,028,100

Solid Waste department records the cost associated for a third-party vendor to manager our resident's trash pickup. This trash pickup includes temporary dumpsters, weekly trash disposals, and seasonal large item disposals.