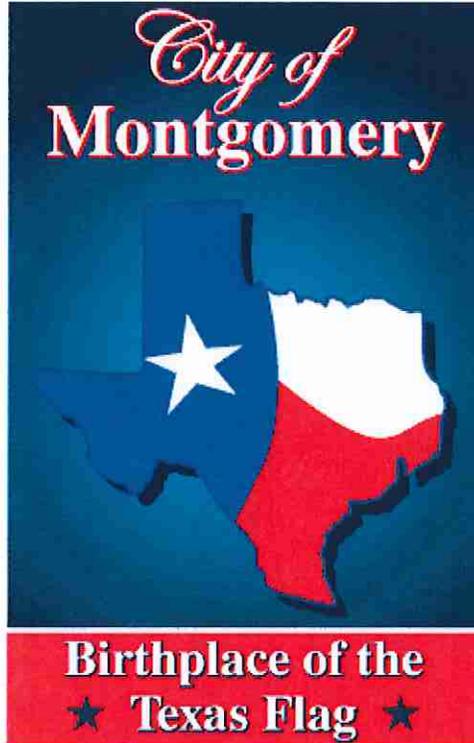


# City of Montgomery



## FY 2016-2017 *Proposed* Annual Operating Budget

H.B. 3195 Notice

“This budget will raise more total property taxes than last year’s budget by \$\_\_\_\_\_, and of that amount, \$\_\_\_\_\_ is the tax revenue to be raised from new property added to the roll this year.”

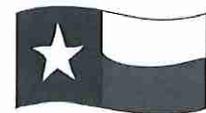
*Filed with the City Secretary on:  
Date: July 22, 2016*

# CITY OF MONTGOMERY

## FY 2016-17 OPERATING BUDGET

### Table of Contents

<b>Table of Contents</b>	2
<b>Mayor and Members of the City Council</b>	3
<b>FY 2016-2017 Budget Letter</b>	4
<b>City's Budget Message</b>	4
<b>Acknowledgments</b>	5
<b>City Information and Area Demographics</b>	6
<b>Budget Summary</b>	9
<b>City of Montgomery Organizational Chart</b>	18
<b>General Fund</b>	19
Summary	20
Administration	26
Police	29
Municipal Court	32
Public Works and Community Development	35
<b>Water and Sewer Fund</b>	39
<b>Debt Service Fund</b>	42
<b>Capital Projects Fund</b>	45
<b>Hotel Occupancy Tax Fund</b>	48
<b>Court Technology Fund</b>	51
<b>Court Security Fund</b>	54
<b>Police Asset Forfeiture Fund</b>	57
<b>Capital Outlay Project List</b>	60
<b>Appendices</b>	
Appendix A – Glossary of Terms	61
Appendix B – Bond Debt Service	64
Appendix C – General Obligation Refunding Bonds, Series 2012	65
Appendix D – Tax and Obligation Certificates of Obligation, Series 2012	66



# City of Montgomery

## Mayor and Members of the City Council

**Kirk Jones**  
Mayor  
Term: 2016-2018

**Jon Bickford**  
City Council Member, Position #1  
Term: 2015-2017

**John Champagne**  
City Council Member, Position #2  
Term: 2016-2018

**T.J. Wilkes**  
City Council Member, Position #3  
Term: 2015-2017

**Rebecca Huss**  
City Council Member, Position #4  
Term: 2016-2018

**Dave McCorquodale**  
City Council Member, Position #5  
Term: 2015-2017

## Administration

**Jack Yates**  
City Administrator

**Susan Hensley**  
City Secretary

**James Napolitano**  
Police Chief

**Rebecca Lehn**  
Court Administrator

**Mick Muckleroy**  
Public Works Foreman





Dear Citizens of Montgomery:

In compliance with state law, the City's code of ordinances, and good management practices, we are pleased to submit the *FY 2016-2017 Annual Operating Budget* for the City of Montgomery. This budget has been developed with the goal of providing a wide range of quality services and maintaining the quality of life for the citizens of the City of Montgomery.

The budget is a statement of policy, a management and planning document, a financial report, and a means of communication with the citizens of Montgomery. It reviews past accomplishments, identifies future needs, sets objectives for the coming year, and defines the purposes and resources to achieve those objectives.

**Budget Preparation** –The City begins preparing the projections and estimates needed to compile the Budget in April. Department heads meet with the City Administrator to review their goals, objectives, and financial needs for the coming fiscal year. A public hearing on the proposed budget will be held on August 9, 2016 and the FY 2016-2017 budget and 2016 tax rate will be considered at a meeting of City Council on August 23, 2016.

**Financial Policies** – An annual budget cannot be prepared without first determining where the organization intends to go and how it intends to get there. The budget is the City's policy statement. It represents priorities for the expenditure of public funds. With this in mind, this budget has been created with recognized and adopted standard municipal financial guidelines.

The city staff is to be commended for their work in creating and preparing this budgetary document. Also, the guidance and support of the City Council in providing direction and assistance in the budgeting process is very much appreciated. Thanks to these efforts, the citizens of Montgomery's quality of life will be protected as the City continues to grow. **We are happy to report to our residents and bondholders that on December 10, 2013 Standard and Poor's upgraded the City's credit rating three notches to "AA" based on the "strong economy, very strong budgetary flexibility, strong budgetary performance, very strong liquidity, strong management, very weak debt and liability profile, and strong institutional framework."**

*Kirk Jones*  
Mayor

*Jack Yates*  
City Administrator



# ACKNOWLEDGMENTS

Once again, it is important to recognize the dedication and exceptional service provided by the Department Heads and their staff. Those department heads include Chief of Police Jim Napolitano, City Secretary Susan Hensley, Municipal Court Administrator Becky Lehn and Mike Muckleroy, Public Works Foreman.

Also, special acknowledgment and consideration goes to the City Council, City residents, members of the appointed boards and commissions, Larry Foerster, City Attorney, Glynn Fleming and Ed Shackleford, City Engineers with Jones and Carter, Municipal Accounts, Fernland and all City employees for their hard work and dedication to the City of Montgomery.



# CITY INFORMATION AND AREA DEMOGRAPHICS

## Location and History

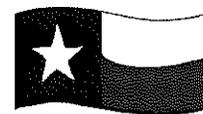
Founded in 1837 and recognized as the birthplace of the Texas Lone Star Flag, the City of Montgomery and the surrounding area is rich with historical sites where events occurred that have shaped the history of the City.

Prior to 1837, Montgomery was a trading post situated a mile north of the City's present site. Owen and Margaret Montgomery Shannon, colonists with Stephen F. Austin, had settled on their grant of land and traded with the Indians. In July of 1837, an ad in the *Telegraph and Texas Register* advertised the sale of lots in the newly-organized town of Montgomery. The article stated that a new county was expected to be created and Montgomery, from its central position, would be selected as the seat of justice. Montgomery remained the seat of government until 1889, when the records were moved to Conroe.

In its early days, Montgomery was the trade center for a large farming area, where stagecoach, railroad, and telegraph lines crossed. Civic and religious organizations came early to the City, as well as the first school in 1839. In 1848, the City of Montgomery was officially incorporated, and in 1842, the first Protestant parsonage in Texas was built here.

In the 1850's, Montgomery experienced a building boom. Some of the fine homes built at that time remain today with descendants of the original owners or early owners occupying them. The Civil War stopped much of the progress in the City, but by 1900, numerous mercantile establishments were in business, as well as three cotton gins, railroads active with freight and passengers, five hotels and boarding houses, doctors, dentists, and lawyers. However, with the railroads bypassing the City, and the county seat moving to Conroe, Montgomery reverted back to the little town it is today – quiet, peaceful, and rich in history.

Today, Montgomery is a small and friendly community of approximately **800** residents, and is located in the scenic countryside of west Montgomery County, intersected by Highways 105 and 149. Known for its large assortment of antiques and crafts stores, Montgomery enjoys a relaxed small-town atmosphere, but due to its close proximity with Conroe, The Woodlands, and Houston, the City is poised for significant growth in the coming years.



## Population

	<i>1990</i>	<i>2000</i>	<i>2010</i>	<i>2016</i>
Montgomery	356	489	621	960
Montgomery RTA	N/A	24,822	40,837	48,200
Montgomery County	182,201	293,768	455,760	537,599
Houston MSA	3,321,911	4,715,407	5,920,416	6,622,047

Note: RTA means Retail Trade Area as defined in Retail Coach Study, 2013  
MSA means Metropolitan Statistical Area

## Unemployment

	<i>2005</i>	<i>2010</i>	<i>2016</i>
Montgomery County	4.6	7.3	4.0
Houston MSA	5.3	8.2	4.8
Texas	5.6	8.4	4.4
USA	5.1	9.6	4.9

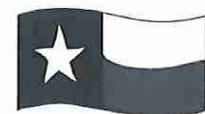
## Education

Montgomery ISD:

- 1 senior high school
- 1 junior high school
- 1 middle school
- 1 intermediate school
- 4 elementary schools

Higher Education:

*Montgomery County* Lone Star College-Montgomery, The Woodlands  
The University Center, The Woodlands



**Area Colleges**

Prairie View A&M University, Prairie View  
Rice University, Houston  
Sam Houston State University, Huntsville  
Texas A&M University, College Station  
Texas Southern University, Houston  
University of Houston, Houston  
University of St. Thomas, Houston

**Utilities**

Electric Power:	Supplier	Entergy
Natural Gas:	Supplier	LDC, Centerpoint
Water Supply:	Supplier Water Source	City of Montgomery Jasper and Catahoula Aquifers
Sewer System:	Operator	City of Montgomery
Telephone:	Supplier	Consolidated Numerous others

**Community**

Newspaper:	Houston Chronicle (daily) The Courier (daily) Montgomery County News (weekly)
Radio:	Numerous stations in the Houston area
Television:	KPRC Channel 2 (NBC) KHOU Channel 11 (CBS) KTRK Channel 13 (ABC) KRIV Channel 26 (FOX) KHTV Channel 39 (WB) Numerous cable channels
Church:	Numerous churches of various denominations
Parks and playgrounds:	4 City parks



# BUDGET SUMMARY

This Budget Summary is a condensed overview of the City of Montgomery's budget for the fiscal year that begins on October 1, 2016 and ends on September 30, 2017 (FY 2016-2017). A City's budget presents in financial terms a plan to accomplish certain objectives in a fiscal year. Budget preparation and development is an ongoing process. The City Council sets the vision and direction for the City by establishing priorities, developing proposals or projects, and providing feedback to the staff on a variety of ideas and propositions. The staff's role is to then translate that information into a financial action plan that is reviewed and reformed by the City Council.

The budget for FY 2016-2017 is a balanced, conservative plan that maintains the City's previous commitments towards providing quality services and facilities for the citizens of Montgomery, and addresses opportunities for continual improvements. The total operating budget for FY 2016-2017 is just over \$\_\_\_\_\_ million. The following is an outline of some general conditions and the key components of this budget.

## **Basis of Accounting and Budget**

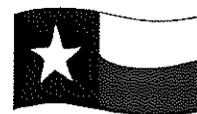
The City's accounting and budgeting records for all general governmental funds are maintained on a modified accrual basis. This method recognizes revenues when they are measurable and available, and expenditures when goods and services are received, except for principal and interest on long-term debt, which is recognized when paid.

## **Economic Climate**

While the city economy is limited primarily to residences and small retailers, residents have access to employment opportunities throughout the northern Houston MSA which is undergoing rapid economic growth. **The projected per capita effective buying income is \_\_\_\_\_% of the national level. Market value, a wealth indicator is \$\_\_\_\_\_per capita.** County unemployment is 4.0% in May 2016, which was below state and national rates.

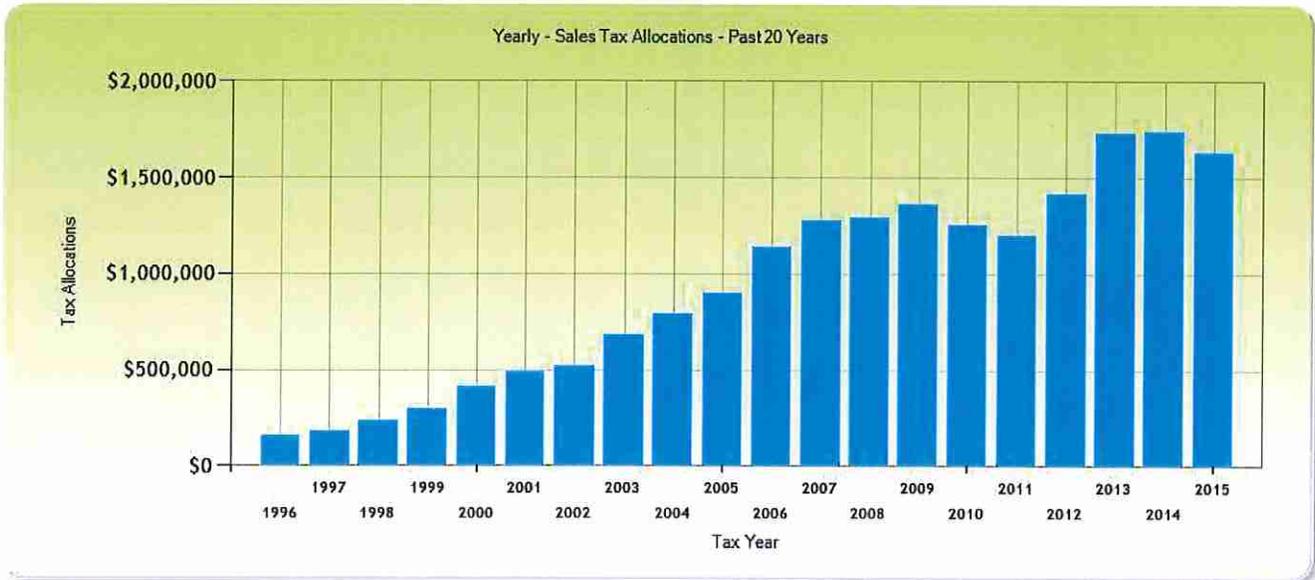
## **NEEDS INFO:**

The city's tax bases have benefited from the growth occurring in the region. City sales tax collections have increased 24% over two years ending in fiscal 2015 with \$1.76 million. Taxable assessed valuation (AV) has increased by 26.5% over two years ending in 2015 at \$170 million. The tax base is diverse with 10 leading taxpayers accounting for 23% of the AV.

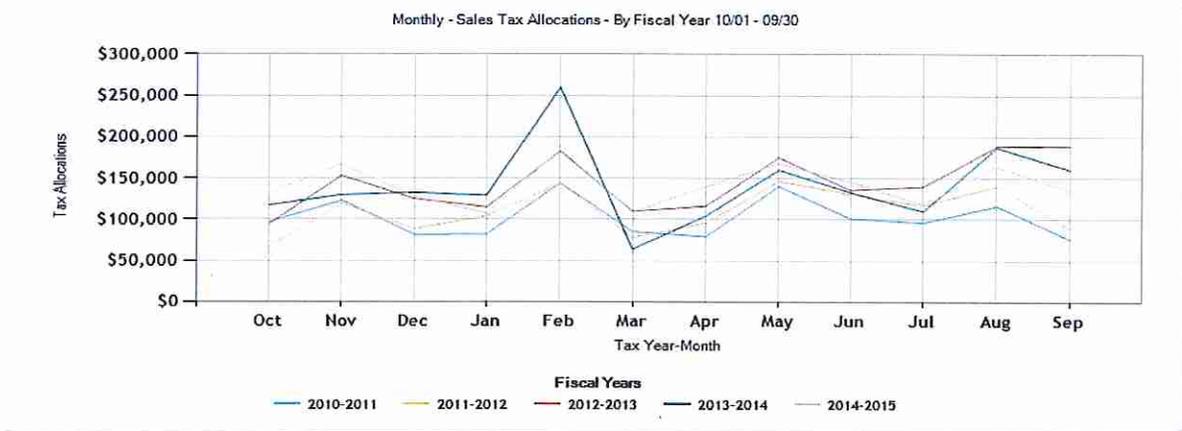


## Sales Tax

Sales tax is the largest revenue source for the City, accounting for nearly two-thirds of the projected revenues in the General Fund. The City collects 2% from all taxable sales within the city limits. One percent is authorized for general government use, ½ percent is allocated to the Montgomery Economic Development Corporation (MEDC), and the remaining ½ percent is designated for property tax reduction. While sales tax is a major contributor for the City’s revenues, it is also highly volatile and can rise and fall unpredictably. In order to try and offset these fluctuations, the City tries to carefully forecast sales tax growth. Based upon this and projected growth rates, the City estimates that sales tax revenues in the General Fund will increase by **12% to 1.65 million compared to \$1.44 budgeted for FY 2015-2016.**



This chart shows the City’s total sales tax allocations since 1996. From 2004 to 2016, sales tax allocations have increased by over \_\_\_\_%. In 2005, the City passed an ordinance authorizing the collection of an additional ½ cent sales tax for use by MEDC, and this revenue is transferred to the MEDC Fund on a monthly basis.

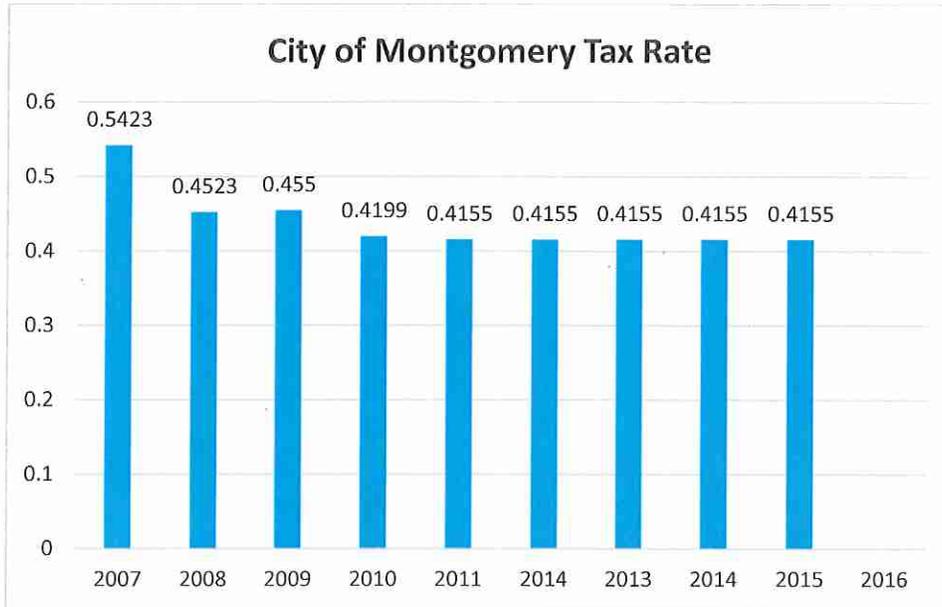


Monthly and Yearly Sales Tax Allocation charts, as reported by the Texas State Comptroller of Public Accounts.



## Property Tax

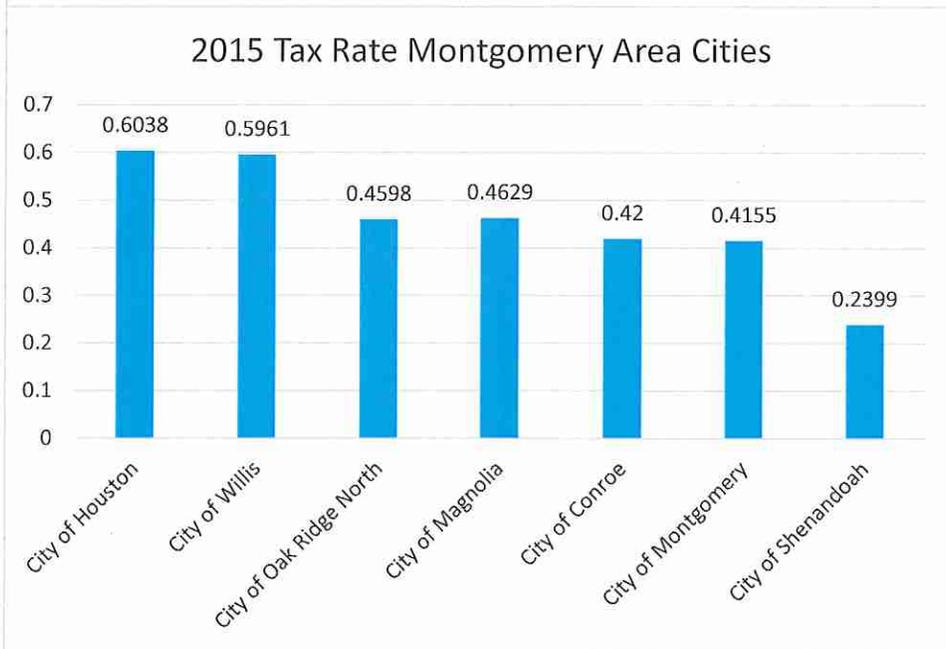
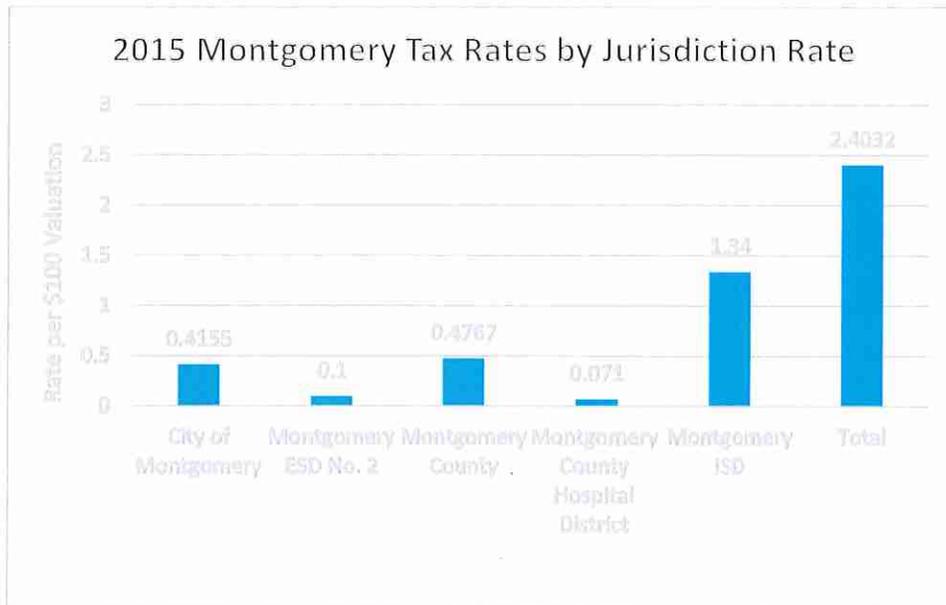
Property tax (also known as ad valorem tax) paid to the City is broken down into two components: maintenance & operations (M&O) and debt service, sometimes known as interest & sinking (I&S). The M&O rate is used to fund general operations of the City. Meanwhile, the debt service rate is calculated to raise enough revenue to make the payments on bonded debt for the upcoming twelve months. The proposed property tax rate for 2016 is unchanged at \$0.4155 per \$100 valuation. The revenue from this property tax is shown in the FY 2016-2017 budget.



This tax rate is levied on all property within the City that is classified as real (land), improvements (homes, stores, and other buildings), and business personal property (machinery and equipment used for commercial purposes as well as business inventories). The Montgomery Central Appraisal District (MCAD) is charged with determining the appropriate market value for all of the property in the county, as well as maintaining records for the exemptions and deductions allowed by state law. This comprises the City's property tax roll, and the tax is assessed in October and due by the end of January. The Montgomery County Tax Assessor and Collector's office bills and collects our taxes via an Interlocal Agreement.

The property tax rolls for the City can be increased in several ways. First, new improvements can be built or additional personal property can be located within the City. Second, exempt property can lose its exemption through a change of use. Third, market conditions can increase the value of existing property and improvements. Finally, the City can also annex additional territory. As the property tax rolls can increase, they can also decrease if the opposite occurs in the examples listed above. In 2015 (FY 2015-2016), the total assessed valuation (AV) for property in the City was estimated at \$125,000,000. The estimated preliminary AV in the City for FY 2016-2016 is \$170,000,000.





The first chart illustrates the 2015 property tax rates charged by the taxing entities most applicable to residents of the City, and these rates are configured based upon \$100 of the property’s assessed valuation by the Montgomery Central Appraisal District. For example, a tax rate of \$0.5000 would be assessed at 50¢ for each \$100 in value. The average resident pays property taxes to the Montgomery Independent School District, the City, Montgomery County, Emergency Services District #2, and the Montgomery County Hospital District. Also, the second chart compares the property tax rates of Montgomery with several other area municipalities.



## Water and Sewer Sales

Another major revenue source for the City is water and sewer sales. The Water and Sewer Fund is an Enterprise Fund, which means that the fund operates in a self-sufficient manner to cover the operating costs associated with the water and sewer utilities. Water consumption varies each year in proportion to the amount of rainfall. Essentially, water sales tend to increase in a dry year and decrease in a wet year.

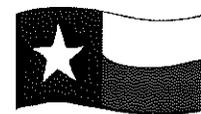
Water and sewer rates bills are invoiced on a monthly basis. For residential customers, the City charges a minimum of \$16.00 up to 2,000 gallons for water usage, with increasing block rates for water use beginning at \$2.50 per 1,000 gallons of use. The City charges residential sewer customers a minimum of \$12.50 for up to 2,000 gallons of water usage plus \$1.60 per \$1,000 gallons of water used in excess of 2,000 gallons. For commercial customers, the City charges a minimum of \$19.50 up to 2,000 gallons for water usage, with increasing block rates for water use beginning at \$2.50 per 1,000 gallons of use. The City charges commercial sewer customers a minimum of \$21.50 for up to 2,000 gallons of water usage plus \$2.00 per \$1,000 gallons of water used in excess of 2,000 gallons. Also, it should be noted there are different rates for institutions such as schools as well as customers located outside the city limits. Additionally, the City charges all water customers \$1.50 per 1,000 gallons of water used for a Groundwater Reduction Program implemented to satisfy regulations by Lone Star Groundwater Conservation District. Customers are also charged \$16.40 for garbage pickup, along with \$1.35 in tax. New water and sewer rates are being considered for the 2016-2017 FY Budget.

Each year, the Texas Municipal League (TML) conducts a survey of the water and sewer rates in several Texas cities. The chart below compares Montgomery's rates to other area cities as reported in the TML survey, and these monthly rates are based on 10,000 gallons of water use. Based upon these figures, Montgomery's rates are below several area cities.

City	Water and Sewer Base Bill
Houston	123.81
Conroe	68.73
Willis	67.70
<b>Montgomery</b>	<b>78.75</b>
Cleveland	114.00
Oak Ridge North	101.89

## Fund Overviews

The City's budget consists of many different funds, and these funds account for the various functions or projects of the government. Some revenue sources, such as water and sewer sales, are dedicated for a specified purpose, so a fund is created to record these activities. Each fund is a stand-alone operation and audited as an individual unit, and the following is a brief outline of the activity in each funds. In order to view more detailed information and figures on these funds, please see their separate sections.



### ***General Fund***

The General Fund is the City's largest fund, and finances nearly all of the City's services. This fund accounts for revenue, expenditures, and transfers associated with municipal services not directly supported or accounted for in other funds. The primary funding sources for the General Fund are taxes and franchise fees, permits and licenses, and court fines and forfeitures. For FY 2016-2017, the budget calls for revenues and transfers of \$ \_\_\_\_\_ and expenditures of \$ \_\_\_\_\_.

### ***Water and Sewer Fund***

The Water and Sewer Fund finances the operation and maintenance of the City's water and sewer systems, and the contracted municipal solid waste collection and disposal service. The main source of revenue for the fund is the water and sewer fees that are collected monthly from the customers of the City's systems. In FY 2016-2017, the budget proposes revenues of \$ \_\_\_\_\_ and expenditures of \$ \_\_\_\_\_ and a transfer to Debt Service of \$ \_\_\_\_\_.

### ***Debt Service Fund***

The Debt Service Fund was established to account for the payment of principal and interest on outstanding tax supported debt. When this debt was issued, property taxes were pledged to repay the bondholders. The revenue sources for this fund are property taxes and transfers from the MEDC and Water and Sewer Funds. The proposed FY 2016-2017 budget includes tax and interest revenues of \$ \_\_\_\_\_, transfers from Montgomery Economic Development Corporation (MEDC) Fund of \$177,500, and transfers from Water and Sewer Fund of \$125,300 to pay expenditures of \$ \_\_\_\_\_.

### ***Capital Projects Fund***

The Capital Projects Fund was created primarily to finance the purchase or construction of infrastructure projects. Capital projects are characterized by their costs, the long operational life of the asset, and the potential impact these projects would have on a department's operating budget. The main revenue sources for this fund are bonds, grants, transfers from other funds and interest. Several large capital projects were completed in FY 2015-2016. For FY 2016-2017 a water line across Buffalo Springs Bridge, lift station upgrades and water plant improvements are planned from this fund.

### ***Hotel Occupancy Tax Fund***

The Hotel Occupancy Tax Fund collects taxes from hotels, motels, and bed and breakfasts located in the City. The City collects a 6% hotel tax from local bed and breakfasts. For FY 2016-2017, the budget calls for revenues of \$600 and expenditures of \$100.



### ***Court Technology Fund***

The Court Technology Fund is a fund that collects revenues from court fines and utilizes these resources to finance the purchase of technological enhancements for the Municipal Court. Based upon the Texas Code of Criminal Procedure and enabled through a City ordinance, the City created this fund that requires a defendant convicted of a misdemeanor offense to pay a technology fee not to exceed \$3.00 as a cost of the court. In FY 2016-2017, the budget proposes revenues of \$6,000 and expenditures to equal \$6,000.

### ***Court Security Fund***

The Court Security Fund collects revenues from court fines for the purposes of providing funding for the enhancement of Municipal Court security. Also, similar to the Court Technology Fund, the City created this fund based upon the Texas Code of Criminal Procedure and via a City ordinance. Based upon the FY 2016-2017 budget, revenues of \$6,000 and transfers of \$3,400 to General Fund for security expenses and \$1,000 other expenses are proposed.

### ***Police Asset Forfeiture Fund***

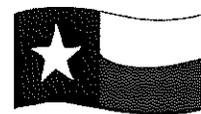
The Police Asset Forfeiture Fund collects funds related to assets by the Montgomery Police Department. According to state law, expenditures in this fund are to be solely used for law enforcement purposes. For FY 2016-2017, both revenues and expenditures are projected to equal \$0.

### ***Other Financial Structures***

Besides the above operating funds, the City also maintains several other financial vehicles and accounts that merit some discussion. In the future, the City may decide to consolidate these items or close some of the accounts.

The City maintains its reserve funds with several accounts in TexPool, which is the largest and oldest local government investment pool in the State of Texas, providing investment services to over 1,700 communities throughout the state. The City holds five TexPool accounts (General, Reserve, Utility, Customer Deposits, and MEDC). These funds were placed in TexPool because this fund earns a much higher interest rate than regular banks, but can still be easily accessed. The State Comptroller of Public Accounts oversees TexPool, and Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. TexPool seeks to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act, and TexPool investments consist exclusively of U.S. Government securities, repurchased agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds.

The Montgomery Economic Development Corporation (MEDC) Fund accounts for the revenues and expenditures associated with MEDC, the City's 4B economic development corporation. MEDC receives a ½ cent sales tax transfer from the General Fund every month, and its primary goals are to promote the expansion of the City by attracting business activity of all types and encouraging the creation of new businesses. The corporation is managed by a Board of Directors responsible for the allocation of these funds in accordance with State Law and the policies or directives established by the City Council. The funds raised through the sales tax allocation may be used for many projects, including direct contribution



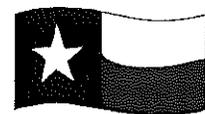
to new business enterprises that create and retain primary jobs, attracting new industrial development, assistance with expansions or related infrastructure. Although under a separate budget, MEDC anticipates revenues of \$\_\_\_\_\_ and expenditures of \$\_\_\_\_\_.

The Grant and HOME Grant Accounts are designed as a pass-through for the City's grant programs which are funded through other governmental sources, such as the Texas Department of Housing and Community Affairs. It is anticipated that the projects associated with these grants will soon be completed.

The Police, Drug, and Miscellaneous Account collects money earned through the activities of the Police Department. However, this account is currently separate from the proposed Police Asset Forfeiture Fund and does not currently have an operating budget.

The City's Escrow Account is primarily used for collecting money from developers related to the pending satisfaction of a contractual contingency or condition to safeguard the City from any major financial losses. Finally, the Customer Utility Deposit Account was established to hold the deposits of water and sewer customers.

The table on the **page \_\_\_\_\_ (16)** is a summary of the City's funds including projected fund balances and the proposed FY 2016-2017 activity for each fund. This table shows the funds available to the City to meet its obligations along with the projected revenue and expenses in each fund. On the following page, a simple organizational chart for the City is presented.



## Summary of All Funds

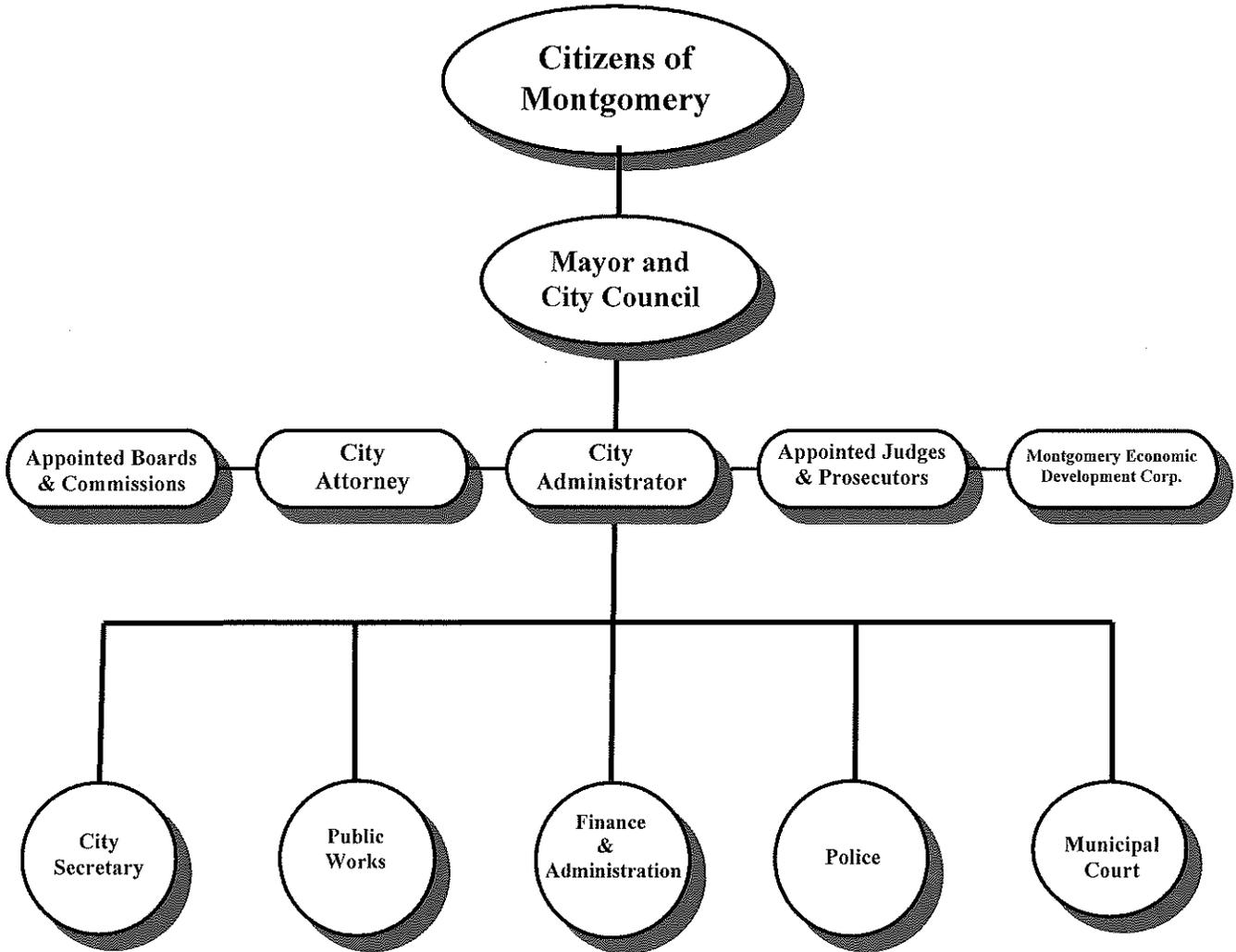
	Fund Balance 10/1/2013	Proj. Balance 9/30/2014	FY 2015 Expense	FY2015 Transfer	FY2015 Revenue	Proj. Balance 9/30/2015
<b>Governmental Funds</b>						
General Fund	\$ 1,064,368	\$ 1,234,096	\$ 2,285,323	\$ 2,880	\$ 2,155,128	\$ 1,106,781
Debt Service Fund	67,610	90,096	497,114	125,300	373,000	91,282
Capital Projects Fund (Grants/	2,251,394	209,107	-	-	1,000	210,107
Hotel Occupancy Fund	5,930	7,767	-	-	1,270	9,037
Court Technology Fund	1,042	5,479	6,000	-	6,010	5,489
Court Security Fund	2,963	4,571	-	(2,880)	4,520	6,211
Police Asset Forfeiture Fund	4,514	4,715	-	-	1,000	5,715
<b>Total Governmental Funds</b>	<b>\$ 3,397,821</b>	<b>\$ 1,555,831</b>	<b>\$ 2,788,437</b>	<b>\$ 125,300</b>	<b>\$ 2,541,928</b>	<b>\$ 1,434,622</b>
<b>Non-Governmental Funds</b>						
Water & Sewer Fund	\$ 214,107	\$ 352,579	\$ 625,910	\$ (125,300)	\$ 794,500	\$ 395,869
<b>Total Non-Governmental Funds</b>	<b>\$ 214,107</b>	<b>\$ 352,579</b>	<b>\$ 625,910</b>	<b>\$ (125,300)</b>	<b>\$ 794,500</b>	<b>\$ 395,869</b>
<b>Total All Funds</b>	<b>\$ 3,611,928</b>	<b>\$ 1,908,410</b>	<b>\$ 3,414,347</b>	<b>\$ -</b>	<b>\$ 3,336,428</b>	<b>\$ 1,830,491</b>

\* MIDC Fund is not shown and its transfers are shown as revenues to other funds.

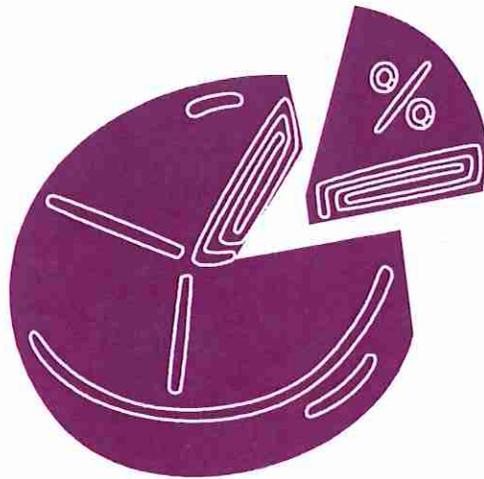
**[NO CHANGES UNTIL BUDGET TOTALLED]**



# CITY OF MONTGOMERY ORGANIZATIONAL CHART



# GENERAL FUND



# GENERAL FUND SUMMARY

The General Fund accounts for revenue, expenditures, and transfers associated with municipal services not directly supported or accounted for in other funds.

## FUND FINANCIAL ACTIVITY

The General Fund finances nearly all of the City's services. Issues such as the ad valorem tax rate, fees, objectives, levels of service, the number of employees, salaries and benefits are all determined using the preparation of the General Fund's budget. The General Fund is the source of funds for the following City departments: Administration, Police, Municipal Court, and Public Works and Community Development.

**Revenue Projections for 2016-2017.** The FY 2016-2017 Budget forecasted revenues to finance the General Fund's services at \$\_\_\_\_\_ million. Based on unaudited year-end numbers, revenues are expected to exceed this target, ending FY 2016-2017 with revenues of \$\_\_\_\_\_ million.

**Expenditure Projections for 2016-2017.** The FY 2016-2017 Budget appropriated \$\_\_\_\_\_ million. Using unaudited year-end numbers, it appears that actual expenditures will be under this amount, ending FY 2016-2017 with expenditures of \$\_\_\_\_\_ million.

**Financial Position in 2016-2017.** The City of Montgomery's General Fund will close 2016 in sound fiscal condition. The estimated balance available for appropriation will be approximately \$1.22 million, and this amount represents about 67% of estimated 2016-2017 expenses. In other words, the General Fund's operations could be sustained for around eight months with no additional revenues.

## 2016-2017 Budget

**Projected 2016-2017 Revenues.** The City's General Fund Revenues for FY 2016-2017 are forecasted to increase \$\_\_\_\_\_, or \_\_\_\_\_% over 2016-2017 budgeted revenues. Total revenues are expected to be \$\_\_\_\_\_.

Taxes and franchise fees are projected to be \$\_\_\_\_\_. General Fund revenues generated by the City's sales tax are budgeted at \$\_\_\_\_\_, \_\_\_\_\_% higher than the \$\_\_\_\_\_ budgeted in 2015-2016. With a total property valuation within the City appraised at approximately \$\_\_\_\_\_ million, maintenance and operations property tax revenues are budgeted at \$\_\_\_\_\_, which is an increase of \_\_\_\_\_% over 2015-2016 budgeted estimates. Franchise taxes provide \$\_\_\_\_\_, or \_\_\_\_\_% of the City's General Fund revenues, while beverage taxes account for \$\_\_\_\_\_, which is less than \_\_\_\_\_%.

Revenues from permits and licenses are budgeted at \$\_\_\_\_\_ because of annexations and increased commercial and residential development. Administrative transfers from MEDC and the Court Security Fund will account for \$\_\_\_\_\_. Community building rentals should produce revenues of \$\_\_\_\_\_. Revenues related to court fines and forfeitures are budgeted at \$\_\_\_\_\_, which is a \_\_\_\_\_% increase from the previous year.

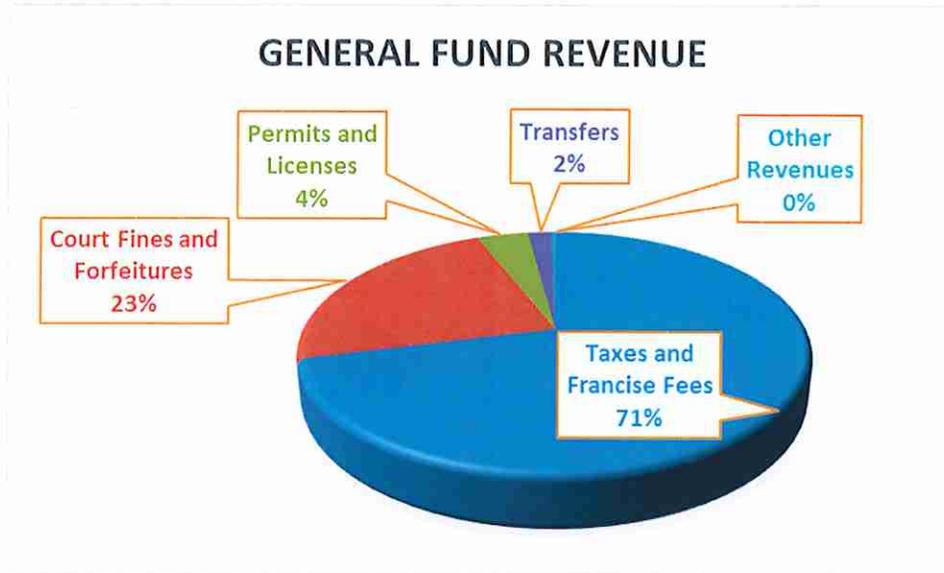
**Expenditures in 2016-2017.** The FY 2016-2017 Budget recommends an appropriation in the amount of \$\_\_\_\_\_ in the General Fund. The General Fund's 2016-2017 Budget was \$\_\_\_\_\_, so this budget represents a \_\_\_\_\_% increase in the total budget.



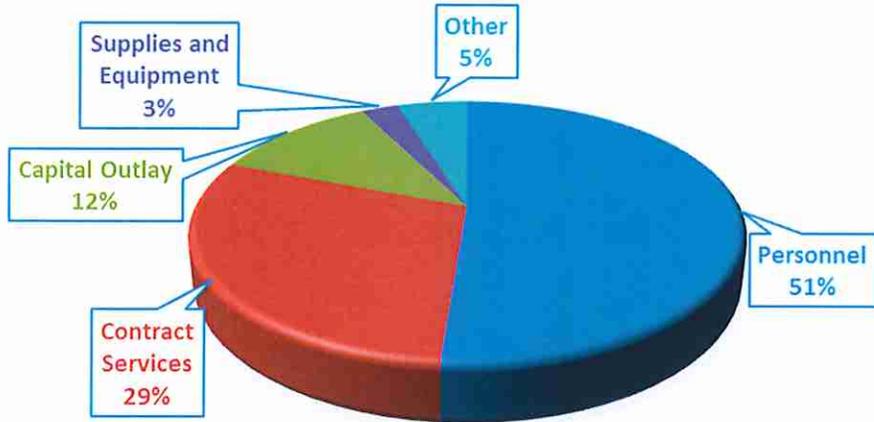
Personnel costs, including benefits, amount to \$\_\_\_\_\_ or about \_\_\_\_% of the budget, which is roughly the same percentage as last year. Contract services are budgeted at \$\_\_\_\_\_, an increase of \_\_\_\_% over last year. Expenditures for capital outlays are budgeted at \$\_\_\_\_\_, which is a \_\_\_\_% increase from last year. Expenditures related to communications, supplies and equipment, staff development, insurance, and utilities have modest

increases from last year. Meanwhile, expenditures for maintenance and miscellaneous expenses will decrease slightly, with spending for contingency purposes remaining stable.

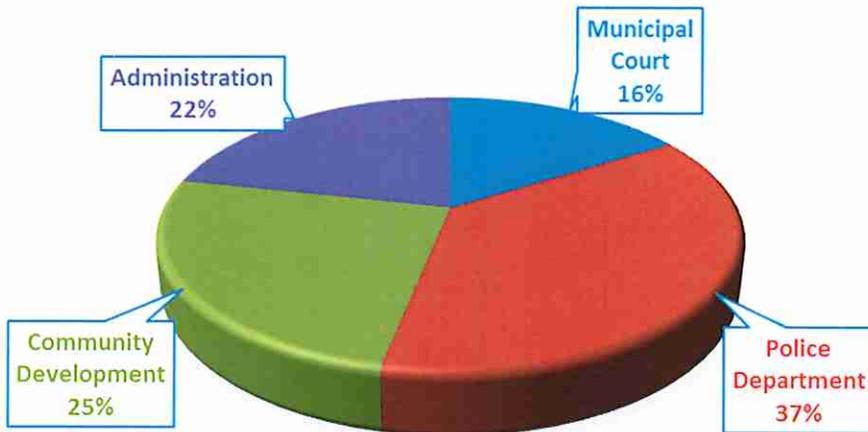
It is anticipated that there will be an amendment to the FY 2016-2017 Budget to account for increased revenue and expenses in this fiscal year. These figures are not shown on the tables in the FY 2016-2017 budget.



### GENERAL FUND EXPENDITURES



### GF EXPENDITURES BY DEPARTMENT



**Fiscal Year 2016-17  
Proposed Base Budget**

<b>General Fund Budget at a Glance</b>	<b>2014 Actual</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2016-17 Budget</b>
<b>Beginning Fund Balance</b>	<b>750,929</b>	<b>912,612</b>	<b>912,612</b>	<b>983,302</b>
<b>Revenue</b>				
14000.1 Taxes and Franchise Fees	1,553,410	1,819,200	1,553,231	2,074,010
14000.2 Permits and Licenses	82,754	124,759	122,800	133,600
14000.4 Fees For Service	4,161	9,660	4,030	8,580
14000.5 Court Fines and Forfeitures	437,533	701,859	723,970	730,850
14000.6 Other Revenues	69,502	55,099	41,880	42,400
<i>Revenue</i>	<u>2,147,360</u>	<u>2,710,577</u>	<u>2,445,911</u>	<u>2,989,440</u>
<b>Expenditures</b>				
16000 Personnel	907,097	1,135,204	1,126,090	1,352,183
16001 Communications	5,776	7,000	5,000	9,000
16002 Contract Services	610,016	746,801	861,090	939,800
16003 Supplies and Equipment	65,289	76,420	68,350	134,800
16004 Staff Development	27,541	23,700	51,650	33,200
16005 Maintenance	13,090	14,300	19,500	104,500
16006 Insurance	16,208	17,570	17,320	21,220
16007 Utilities	52,548	29,900	28,820	33,800
16008 Capital Outlay	150,020	164,813	401,447	127,600
16010 Miscellaneous/ Contingency	47,769	6,000	8,200	28,000
<i>Expenditures</i>	<u>1,895,354</u>	<u>2,221,708</u>	<u>2,587,467</u>	<u>2,784,103</u>
<b>Net Ordinary Income</b>	<b>252,006</b>	<b>488,869</b>	<b>-141,556</b>	<b>205,337</b>
<b>Interfund Transfers</b>				
Transfers In	40,380	40,380	40,380	40,380
Transfers Out	130,703	0	0	0
<i>Net Transfers</i>	<u>-90,323</u>	<u>40,380</u>	<u>40,380</u>	<u>40,380</u>
<b>Net Income</b>	<b>161,683</b>	<b>529,249</b>	<b>-101,176</b>	<b>245,717</b>
<b>Ending Fund Balance</b>	<b>912,612</b>	<b>1,441,861</b>	<b>983,302</b>	<b>1,229,019</b>

**Fiscal Year 2016-2017  
Proposed Base Budget**

<b>General Fund Revenues</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016-17</b>
<b>Statement of Revenues</b>	<b>Actual</b>	<b>Estimate</b>	<b>Ammended Budget</b>	<b>Proposed Budget</b>
<b>Ordinary Revenue</b>				
<b>Taxes and Francise Fees</b>				
14103 Beverage Tax	5,164	3,800	7,500	4,000
14111 Francise Tax	68,295	68,000	75,000	70,000
14320 Ad Valorem Tax	131,668	255,000	143,981	347,310
14330 Penalties and Interest	2,104	2,300	1,500	2,500
14331 Rendition Penalties	327	100	250	200
14600 Sales Tax	1,345,854	1,490,000	1,325,000	1,650,000
<b>14000.1 Total Taxes and Francise</b>	<b>1,553,410</b>	<b>1,819,200</b>	<b>1,553,231</b>	<b>2,074,010</b>
<b>Permits and Licenses</b>				
14105 Building Permits	79,964	110,000	120,000	130,000
14146 Vendor Permits	0	45	150	100
14611 Sign Fee	2,600	1,000	2,400	1,500
14612 Miscellaneous Permit Fee	190	13,714	250	2,000
<b>14000.2 Permits and Licenses</b>	<b>82,754</b>	<b>124,759</b>	<b>122,800</b>	<b>133,600</b>
<b>Fees for Service</b>				
14380 Community Building Rental	3,885	6,800	4,000	5,800
14381 Kiosk Revenue	276	0	30	30
14385 Right of Way Use Fees	0	2,860	0	2,750
<b>14000.4 Fees for Service</b>	<b>4,161</b>	<b>9,660</b>	<b>4,030</b>	<b>8,580</b>
<b>Court Fines and Forfeitures</b>				
14101 Collection Fees	28,054	26,000	26,000	24,000
14102 Asset Forfeitures	0	0	0	1,100
14104 Bond Fees	26,907	-636	2,050	-500
14106 Child Belt Fees	2,045	2,000	2,500	2,000
14108 Court Fees	0	0		
14110 Fines	219,340	520,000	515,000	500,000
14118 OMNI	2,373	2,200	2,500	2,000
14119 Overpayment	0			
14120 State Portion	156,790	150,000	174,230	200,000
14121 State Jury Fees	0			
14122 STF Fees				
14124 TP Fees				
14125 Warrant Fees	204	80	240	50
14126 Judicial Efficiency Court	1,473	2,000	1,250	2,000
14128 Admin Deferred Fee				
14130 Accident Reports	348	215	200	200
<b>14000.5 Court Fines and Forfeitures</b>	<b>437,533</b>	<b>701,859</b>	<b>723,970</b>	<b>730,850</b>
<b>Other Revenues</b>				
14000.6 Other Revenues	0	6719	0	0

**Fiscal Year 2016-2017  
Proposed Base Budget**

<b>General Fund Revenues</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016-17</b>
<b>Statement of Revenues</b>	<b>Actual</b>	<b>Estimate</b>	<b>Ammended Budget</b>	<b>Proposed Budget</b>
14132 DWI Step Revenue	983	0	0	0
15350 Proceeds from Sales	17,714	0	0	
15380 Unanticipated Income	8,054	7,000	0	
15391 Interest Income	1,125	0	1,000	1,000
15392 Interest on Investments	1,246	1,000	500	500
<i>14000.6 Other Revenues</i>	<i>29,122</i>	<i>14,719</i>	<i>1,500</i>	<i>1,500</i>
<b>Net Income</b>	<b>2,106,980</b>	<b>2,670,197</b>	<b>2,405,531</b>	<b>2,948,540</b>
<b>Grants/ Transfers</b>				
14107 Cops Universal Grant				
14113 Intergovernmental Grants	0			
14620.2 MEDC Contributions	37,500	37500	37500	37,500
14620.4 Court Security Contributions	2,880	2880	2880	<b>3,400</b>
Subtotal	40,380	40,380	40,380	40,900
<b>Total Income</b>	<b>2,147,360</b>	<b>2,710,577</b>	<b>2,445,911</b>	<b>2,989,440</b>



## Administration

Administration is responsible for the efficient delivery of City services. The City Administrator, Jack Yates, has day-to-day responsibility for the operation of all City activities and employees. The

City Secretary, Susan Hensley, is responsible for maintaining ordinances, resolutions, meeting minutes, and all City documents and required publications. The City Secretary serves as the Human Resources Officer, Records Management Officer and Public Information Officer for the City.

The City Attorney, Larry Foerster, serves as a consultant, providing the City with general counsel, litigation, contract review, and ordinance review.

The contract Bookkeeper, Municipal Accounts records the financial activities of the City and assists in managing payroll, city depositories and investments. The City has retained BrooksCardiel, PLLC Certified Public Accountants to audit the financial records.

### ***Budget Changes:***

- Add a part-time records and administrative clerk to assist with the duties of the City Secretary.

### ***Accomplishments during 2015-2016***

- Began Re-Codification of City's Code of Ordinances, submitting ordinances from 2005 through current. Legal review has been completed and the draft Code is being prepared. Once completed. The draft will be reviewed by staff, and then City Council for adoption.
- Set up Administrative Archive Room to provide a working location to scan and organize all the City's files, and documents for City Council and all the boards and commissions.
- Converted the City's Records Management Schedule to the Texas State Library and Archives Schedule.

### ***Goals for 2016-2017:***

- Adopt Re-Codification of City Code of Ordinances.
- Consult with the Texas State Library and Archives Commission to convert to electronic records management for City records, which are not required to be maintained in paper copy.
- Review and update contracts with city consultants and vendors.
- Review and update personnel policies and procedures.



**Fiscal Year 2016-2017  
Proposed Base Budget**

<b>General Fund Admin Class Expenditures</b>	<b>2014 Actual</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2016-17 Budget</b>	<b>% Change</b>
<b>Ordinary Expense</b>					
<b>Personnel</b>					
16247 Compensated Benefit		64,000	69,000	0	
16353.1 Health Insurance	11,123	12,000	13,307	12,000	-9.8%
16353.4 Unemployment Insurance	496	230	500	370	-26.0%
16353.5 Workers Comp.	410	638	638	650	1.9%
16353.6 Dental Insurance	1,211	1,100	1,352	1,400	3.6%
16353.7 Life & AD&D Insurance	133	153	153	160	4.6%
16560 Payroll Taxes	13,644	13,500	14,611	14,630	0.1%
16600 Wages	178,482	170,000	170,000	184,500	8.5%
16620 Retirement	5,594	6,000	6,000	6,410	6.8%
<i>16000 Personnel</i>	<i>211,093</i>	<i>267,621</i>	<i>275,561</i>	<i>220,120</i>	<i>-20.1%</i>
<b>Communications</b>					
16338 Advertising/Promotion	5,776	2,500	3,000	7,000	133.3%
<i>16001 Communications</i>	<i>5,776</i>	<i>2,500</i>	<i>3,000</i>	<i>7,000</i>	<i>133.3%</i>
<b>Contract Services</b>					
16102 General Consultant Fees	0	20,000	34,200	34,200	0.0%
16320 Legal	28,576	32,000	33,000	33,000	0.0%
16321 Audit	15,800	17,350	16,000	19,000	18.8%
16322 Engineering	6,000	20,000	105,000	40,000	0.0%
16333 Accounting	65,566	69,000	65,000	79,000	21.5%
16335 Repairs and Maintenance	8,998	3,000	1,200	6,300	425.0%
16340 Printing and Office Supplies	847	2,700	3,100	3,000	-3.2%
16342 Computers Website	3,700	2,600	2,500	3,000	20.0%
16350 Postage and Delivery	1,710	1,500	1,300	2,400	84.6%
16351 Telephone	12,515	12,800	12,000	13,000	8.3%
16360 Tax Assessor Fee	2,950	4,500	2,500	4,500	80.0%
16370 Election	0	0	100	16,000	15900.0%
17040 Computer Technology	15,791	12,000	18,300	10,000	-45.4%
<i>16002 Contract Services</i>	<i>162,453</i>	<i>197,450</i>	<i>294,200</i>	<i>263,400</i>	<i>-10.5%</i>
<b>Supplies and Equipment</b>					
16358 Copier/Fax	2,465	6,800	2,500	7,000	180.0%
16460 Operating Supplies	10,979	11,000	18,000	12,600	-30.0%
17100 Furniture	3,870	800	1,700	3,200	88.2%
<i>16003 Supplies and Equipment</i>	<i>17,314</i>	<i>18,600</i>	<i>22,200</i>	<i>22,800</i>	<i>2.7%</i>
<b>Staff Development</b>					
16339 Dues/ Subscriptions	3,046	2,100	20,000	2,500	-87.5%

**Fiscal Year 2016-2017  
Proposed Base Budget**

<b>General Fund Admin Class Expenditures</b>	<b>2014 Actual</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2016-17 Budget</b>	<b>% Change</b>
16341 Employee Relations	1,175	1,000	1,000	<b>1,400</b>	40.0%
16354 Travel and Training	7,715	<b>5,000</b>	7,900	<b>6,000</b>	-24.1%
<i>16004 Staff Development</i>	<i>11,936</i>	<i>8,100</i>	<i>28,900</i>	<i>9,900</i>	<i>-65.7%</i>
<b>Insurance</b>					
16353.2 Liability Insurance	5,949	<b>6,100</b>	5,700	<b>6,900</b>	21.1%
16353.3 Property Insurance	1,614	<b>1,500</b>	1,700	<b>2,200</b>	29.4%
<i>16006 Insurance</i>	<i>7,563</i>	<i>7,600</i>	<i>7,400</i>	<i>9,100</i>	<i>23.0%</i>
<b>Utilities</b>					
16352.6 Utilities - City Hall	2,057	<b>1,800</b>	3,000	3,000	0.0%
16352.7 Utilities - Gas	1,144	<b>700</b>	2,000	<b>1,200</b>	-40.0%
16352.8 Utilities - Community Center	321	<b>600</b>	0	1,400	0.0%
<i>16007 Utilities</i>	<i>3,522</i>	<i>3,100</i>	<i>5,000</i>	<i>5,600</i>	<i>12.0%</i>
<b>Capital Outlay</b>					
16223 Community Bldg Irrigation	0				
17071 Computers/ Equipment	7,408	<b>1,722</b>	3,400	2,700	
16336 Capital projects					
<i>16008 Capital Outlay</i>	<i>7,408</i>	<i>1,722</i>	<i>3,400</i>	<i>2,700</i>	
<b>Miscellaneous</b>					
16504 Adams Park Lease	1,475	<b>2,641</b>		<b>2,800</b>	
16590 Miscellaneous	41,196	1,800	3,800	12,800	
Miscellaneous	41,196	1,800	3,800	12,800	
<b>Total Expense</b>	<b>468,261</b>	<b>508,493</b>	<b>643,461</b>	<b>553,420</b>	<b>-14.0%</b>



## Police

Montgomery Police Department is a constituted body of persons empowered by the state to enforce the law, protect property, and limit civil disorder. Montgomery Police Department includes the Police Chief Jim Napolitano, Lt. Joe Belmares, and Patrol Sergeant Miguel Rosario, Administrative Sergeant Becky Lehn, five patrol officers, and several reserve officers.

**Mission:** The mission of the Montgomery Police Department is to enhance the quality of life in the City of Montgomery by working with the public and within the guidelines of the US Constitution to enforce the laws, preserve peace, reduce fear, and provide a safe environment.

**Vision:** To optimize the efficient use of the police resources and respond quickly and professionally to all forms of crime, emergencies, and homeland security concerns. The Montgomery Police Department and its community stakeholders will partner with other law enforcement, government, and civic groups to address all crime and disorder issues. Montgomery Police Department seeks to improve public safety guided by its core values: respect, dignity, integrity, and fairness.

Montgomery Police Department participates in a grant funded program known as the DWI task force to prevent loss of life by apprehending violators operating a motor vehicle on our public roadways under the influence of an alcoholic beverage or

substance which causes a level of intoxication. This task force works closely with other law enforcement agencies and the District Attorney to reduce the number of violators on the roads particularly during holiday weekends.

### *Goals for 2016:*

- Maintain high visibility to reduce criminal activity.
- Practice fiscal responsibility and accountability in the management of public resources.
- Update the Department Policy Manual.
- Manage purchase and use of equipment to assist officers in provide effective service in a timely and safe manner.
- Manage, evaluate, and train personnel to maintain safety, high standards of performance. Provide continuing education to improve professionalism and personal development.
- Improve communication and cooperation with the community by implementing new web page, by utilizing other media such as Nixle, and by participating in community partnerships and programs that promote our mission and values.
- Update emergency response procedures.



**Fiscal Year 2016  
Proposed Base Budget**

General Fund Police Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Pro. Budget
<b>Ordinary Expense</b>				
<b>Personnel</b>				
16247 Compensated Benefit	0	5,000	5,000	0
16353.1 Health Insurance	36,891	51,284	51,284	<b>60,000</b>
16353.4 Unemployment Insurance	1,893	2,610	2,610	<b>2,000</b>
16353.5 Workers Comp.	5,870	12,970	11,959	<b>15,100</b>
16353.6 Dental Insurance	4,187	6,423	5,943	<b>6,000</b>
16353.7 Life & AD&D Insurance	544	728	728	<b>800</b>
16560 Payroll Taxes	27,801	33,755	29,669	<b>45,600</b>
16600 Wages	337,036	441,236	430,231	<b>576,200</b>
16600.1 Overtime	21,090	16,000	12,000	<b>16,000</b>
16620 Retirement	11,184	18,223	19,223	<b>24,500</b>
<i>16000 Personnel</i>	<u>446,496</u>	<u>588,229</u>	<u>568,647</u>	<u>746,200</u>
<b>Communications</b>				
16338 Advertising/Promotion		4,500	2,000	2,000
<i>16001 Communications</i>	<u>0</u>	<u>4,500</u>	<u>2,000</u>	<u>2,000</u>
<b>Repairs and Maintenance</b>				
16334 Gas/Oil	28,751	<b>20,338</b>	35,000	<b>30,000</b>
16357 Auto Repairs	17,298	<b>14,196</b>	14,100	<b>15,000</b>
16373 Equipment Repairs	1,311	<b>2,600</b>	2,500	<b>3,000</b>
16374 Bldg Repairs-City Hall/Comm	350	0	0	0
16335.1 Maint-Vehicles & Equip	624	0	0	<b>55,000</b>
16376 Building Maintenance	0	0	0	0
16340 Printing/ Office Supplies	774	<b>1,680</b>	1,500	<b>2,000</b>
16342 Computers/ Website	295	<b>14,000</b>	8,000	<b>4,000</b>
16350 Postage/ Delivery	146	<b>48</b>	500	700
16351 Telephone	3,452	<b>1,300</b>	5,000	<b>15,000</b>
17030 Mobile Data Terminal (Air Fees)	9,152	<b>16,000</b>	6,000	8,000
17031 Police Officer Scheduling Syst	0	0	0	2,000
17040 Computer Technology	5,082	0	0	2,000
<i>16005 Repairs and Maintenance</i>	<u>67,235</u>	<u>70,162</u>	<u>72,600</u>	<u>81,700</u>
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>

**Fiscal Year 2016  
Proposed Base Budget**

General Fund Police Class Expenditures		Actual	Estimate	Budget	Budget
<b>Sup</b>	16244 Radio Fees	2,727	<b>4,270</b>	2,800	<b>5,000</b>
	16328 Uniforms	7,114	<b>7,500</b>	6,000	<b>8,000</b>
	16358 Copier/Fax	2,152	<b>4,800</b>	100	<b>2,000</b>
	16460 Operating Supplies	5,685	<b>5,000</b>	5,000	5,000
	17010 Emergency Equipment	2,947	<b>2,000</b>	1,500	3,000
	17050 Radios		<b>0</b>		26,000
	17100 Capital Purchase Furniture	0	<b>500</b>	2,000	<b>15,000</b>
	<b>16003 Supplies and Equipment</b>	<b>20,625</b>	<b>24,070</b>	<b>17,400</b>	<b>64,000</b>
<b>Staf</b>	16241 Police Training/ Education	5,360	<b>5,000</b>	6,000	<b>7,000</b>
	16339 Dues/ Subscriptions	140	<b>450</b>	1,500	<b>2,000</b>
	16341 Community Relations	1,574	<b>400</b>	1,000	1,300
	16354 Travel and Training	1,559	<b>4,000</b>	4,000	<b>5,000</b>
	<b>16004 Staff Development</b>	<b>8,633</b>	<b>9,850</b>	<b>12,500</b>	<b>15,300</b>
<b>Inst</b>	16353.2 Liability Insurance	6,363	7,000	7,000	<b>8,500</b>
	16353.3 Property Insurance	1,328	1,500	1,500	<b>2,000</b>
	<b>16006 Subtotal Insurance</b>	<b>7,691</b>	<b>8,500</b>	<b>8,500</b>	<b>10,500</b>
<b>Cap</b>	17070 Police Cars	95,247	<b>52,501</b>	52,000	<b>63,000</b>
	Emergency Lights, Decals	0	<b>19,158</b>	21,000	<b>25,000</b>
	Coban Video Equipment	0	15,000	115,000	0
	Vid Tec - In Car	0	<b>1,376</b>	0	<b>12,000</b>
	17071 Computers/Equipment	17,185	17,000	18,000	15,000
	17071.1 Copsync	200	<b>5,285</b>	5,100	<b>6,500</b>
	17071.2 Radar	0	<b>1,176</b>	0	<b>4,000</b>
	Investigative and Testing Equip		<b>2,200</b>	2,000	3,000
	Ballistic Vests and Shields		<b>3,000</b>	7,000	5,000
	17071.5 Patrol Weapons	14,830	<b>2,500</b>	3,000	<b>3,000</b>
	17071.9 In Field Fingerprinter	0	0	0	0
	17080 Improvements	0	0	0	0
	<b>16008 Capital Outlay</b>	<b>127,462</b>	<b>119,196</b>	<b>223,100</b>	<b>136,500</b>
<b>Oth</b>	16590 Miscellaneous	4,919	2,000	2,000	0
	16010 Contingency	0	0	0	100
	16356 Contract Labor	19,600	0	0	0
<b>Total Expense</b>		<b>702,661</b>	<b>826,507</b>	<b>906,747</b>	<b>1,056,300</b>



## Municipal Court

The Municipal Court is a trial court of limited jurisdiction. The court acts as an impartial fact finder in determining if a City ordinance has been violated. The Municipal Court processes citations, warrants, court payments, and trials. Municipal Court Administrator Becky Lehn is responsible for the overall operations of the court and supervises Deputy Court Clerks Krystal Gonzalez and Kimberly Duckett.

**Mission:** To provide individuals a fair and impartial judicial process in a timely and efficient manner.

### *Accomplishments achieved in FY 2015-2016:*

- Deputy Court Clerk Krystal Gonzalez is working towards her Level II Court Clerk Certification.
- Deputy Court Clerk Kimberly Duckett was hired to join our Municipal Court team right before the 2015-1016 fiscal year started.
- Deputy Court Clerk Kimberly Duckett, attended a week long “Boot Camp” put on by TMCEC, as well as working towards her Level I Court Clerk Certification.
- Court Administrator Becky Lehn, was invited, again this year, to sit on faculty for the Texas Court Clerk Association to instruct/teach both the Level I and Level II Court Clerk Certification classes throughout Texas.
- Officer Angelina Flores was transferred over to the Court as the Warrant/Bailiff Officer.

- Court Administrator Becky Lehn, and Officer Angelina Flores attended training regarding Court Room Security.
- Total revenue collected is at an all-time high in the Court due to collaborated efforts by the Court staff, Police Department and Collection Agency.

### *Goals for FY 2016-2017:*

- Provide employees with customer service training that focuses on our specific customer services issues.
- Judge and staff will actively participate in City and State Court Organizations to promote continuous court knowledge and excellence.
- Judge, Prosecutor and staff will increase court dates to insure a timely process for the increased number of defendants.
- Continue to develop and improve procedures to collect past-due payments for fines and fees.
- Continue to improve electronic technology for Municipal Court record keeping and processing.
- Deputy Court Clerk Krystal Gonzalez to obtain her Level II Court Clerk Certification.
- Deputy Court Clerk Kimberly Duckett to obtain her Level I Court Clerk Certification.



**Fiscal Year 2016-2017  
Proposed Base Budget**

<b>General Fund Court Class Expenditures</b>	<b>2014 Actual</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2016-17 Budget</b>	<b>% Change</b>
<b>Ordinary Expense</b>					
<b>Personnel</b>					
16353.1 Health Insurance	9,927	9,795	9,795	<b>19,500</b>	99.1%
16353.4 Unemployment Insurance	414	522	433	780	80.1%
16353.5 Workers Comp.	243	309	309	347	12.3%
16353.6 Dental Insurance	1,201	1,352	1,352	<b>1,600</b>	18.3%
16353.7 Life & AD&D Insurance	133	153	153	<b>220</b>	43.8%
16560 Payroll Taxes	6,065	7,244	7,244	<b>11,686</b>	61.3%
16600 Wages	78,540	93,196	90,136	<b>150,760</b>	67.3%
16600.1 Overtime	1,528	1,500	1,500	1,500	0.0%
16620 Retirement	2,518	3,911	3,911	<b>6,310</b>	61.3%
<i>16000 Personnel</i>	<i>100,569</i>	<i>117,982</i>	<i>114,833</i>	<i>192,703</i>	<i>67.8%</i>
<b>Contract Services</b>					
16100 Admin Expense Misc.					
16102 General Consultant	385	<b>4,000</b>	1,800	<b>4,000</b>	122.2%
16220 Omni Expense	2,540	<b>13,000</b>	3,000	<b>3,500</b>	16.7%
16242 Prosecutor	7,650	<b>9,450</b>	9,000	<b>11,500</b>	27.8%
16310 Judge	12,000	<b>12,000</b>	12,000	<b>18,000</b>	50.0%
16322 Engineering	0	489	0	0	0.0%
16326 Collection Agent	25,940	<b>18,000</b>	35,000	<b>30,000</b>	-14.3%
16340 Printing/ Office Supplies	658	<b>1,600</b>	600	<b>2,500</b>	316.7%
16342 Computers/ Website	2,000	<b>5,500</b>	2,500	<b>5,500</b>	120.0%
16350 Postage/ Delivery	921	<b>1,200</b>	750	<b>1,500</b>	100.0%
16351 Telephone	1,200	1,200	1,200	1,200	0.0%
17040 Computer Technology	0	0			
17510 State Portion of Fines	145,580	<b>150,000</b>	210,000	<b>200,000</b>	-4.8%
<i>16002 Contract Services</i>	<i>198,874</i>	<i>216,439</i>	<i>275,850</i>	<i>277,700</i>	<i>0.7%</i>
<b>Supplies and Equipment</b>					
16328 Uniforms & Protective Gear	114		19,750	0	
16358 Copier/Fax Machine Lease	184	0	0	0	0.0%
16003 Supplies and Equipment - Other		2,500	2,300	<b>7,000</b>	
16460 Operating Supplies	3,477	<b>3,000</b>	0	<b>4,000</b>	0.0%
17100 Furniture	0	<b>750</b>		<b>5,000</b>	
<i>16003 Supplies and Equipment</i>	<i>3,775</i>	<i>6,750</i>	<i>2,300</i>	<i>16,000</i>	<i>595.7%</i>
<b>Staff Development</b>					
16339 Dues/ Subscriptions	197	250	250	250	0.0%
16341 Employee Relations (Education)	105	0	0	0	0.0%
16354 Travel and Training	3,670	<b>3,000</b>	5,000	<b>5,000</b>	0.0%
<i>16004 Staff Development</i>	<i>3,972</i>	<i>3,250</i>	<i>5,250</i>	<i>5,250</i>	<i>0.0%</i>

**Fiscal Year 2016  
Proposed Base Budget**

<b>General Fund Court Class Expenditures</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2015 Budget</b>	<b>2016 Budget</b>	<b>% Change</b>
<b>Insurance</b>					
16353.2 Liability Insurance	100	450	400	450	12.5%
16006 Insurance	100	450	400	450	12.5%
<b>Capital Outlay</b>					
17071.4 LaserFiche (Software Equip)	1,375	0	0	0	
17071 Computers/Equipment	5,720	2,000	2,000	3,000	
16008 Capital Outlay	7,095	2,000	2,000	3,000	50.0%
<b>Miscellaneous</b>					
16590 Miscellaneous	0	200	200	200	
	0	200	200	2,500	1150.0%
<b>Total Expense</b>	<b>314,385</b>	<b>347,071</b>	<b>400,833</b>	<b>462,987</b>	<b>15.5%</b>



## Public Works and Community Development

The Department of Public Works and Community Development is responsible for engineering, water and sewer utilities, streets and drainage, parks and recreation, city facilities maintenance, planning, code enforcement, building permits, and inspections. The department consists of a Public Works Foreman, 2 maintenance technicians, and a utility/permits clerk.

### *Accomplishments in FY 2016:*

- Replaced all lighting in parks and historical district with LED's for lower energy consumption
- Installation of electronic read water meters
- Complete rewire of Community Center with LED lighting
- Parking lot project for Vintage Tea Garden to provide more parking
- 2 lift station fences added
- All speed humps painted and signage placed

- Street sign replacement project started
- Installed rock in all lift stations to reduce mowing
- Started sanitary sewer smoke testing
- Painted all stop bars in city

### *Goals for FY 2017:*

- Add maintenance technician position
- More attention and time dedicated to parks
- Continue sanitary sewer smoke testing
- Continue repairs to city streets
- Add more parking for Cedar Brake Park
- Sidewalk improvements at Memory and Fernland Parks



**Fiscal Year 2016-2017  
Proposed Base Budget**

General Fund Public Works Class Expenditures	2014 Actual	2015-16 Estimate	2015-16 Budget	2016-17 Budget	%
					Change
<b>Ordinary Expense</b>					
<b>Personnel</b>					
16353.1 Health Insurance	13,435	<b>12,700</b>	14,693	<b>15,200</b>	3%
16353.4 Unemployment Insurance	1,082	<b>500</b>	929	<b>400</b>	-57%
16353.5 Workers Comp.	2,416	<b>3,550</b>	3,801	<b>4,300</b>	13%
16353.6 Dental Insurance	1,255	<b>1,565</b>	2,028	<b>2,400</b>	18%
16353.7 Life & AD&D Insurance	150	<b>200</b>	230	<b>320</b>	39%
16560 Payroll Taxes	9,278	<b>11,030</b>	11,975	<b>11,680</b>	-2%
16600 Wages	114,686	<b>124,700</b>	123,792	<b>150,760</b>	22%
16600.1 Overtime	3,191	<b>3,000</b>	6,001	<b>2,000</b>	-67%
16620 Retirement	3,446	<b>4,127</b>	3,600	<b>6,100</b>	69%
<i>16000 Personnel</i>	<i>148,939</i>	<i>161,372</i>	<i>167,049</i>	<i>193,160</i>	<i>16%</i>
<b>Communications</b>					
16338 Advertising/Promotion	0	0	0	0	
<i>16001 Communications</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
<b>Contract Services</b>					
16102 General Consultant Fees	65,947	<b>23,000</b>	0	23,000	0%
16280 Mowing	65,947	<b>60,000</b>	75,000	<b>85,000</b>	13%
16299 Inspections/ Permits	28,643	<b>51,000</b>	40,000	<b>55,000</b>	38%
16320 Legal	5,553	<b>2,000</b>	0	2,000	
16322 Engineering	22,799	67,000	35,000	35,000	0%
16337 Street Signs	1,548	<b>6,000</b>	3,200	<b>6,500</b>	103%
16340 Printing and Office Supplies	60	<b>500</b>	500	500	0%
16342 Computers/ Website	800	<b>1,950</b>	5,500	<b>2,300</b>	-58%
16350 Postage/ Delivery	266	<b>600</b>	400	<b>700</b>	75%
16351 Telephone	3,115	<b>2,700</b>	3,200	<b>2,700</b>	-16%
17040 Computer Technology	2,835	<b>13,000</b>	5,200	2,000	-62%
16334 Gas/Oil	6,910	<b>3,300</b>	6,400	<b>1,000</b>	-84%
16335 Maintenance -Other	15,747	15,200	8,240	15,000	82%
16343 Tractor & Mower	715	<b>500</b>	1,000	<b>2,000</b>	100%
16357 Auto Repairs	2,773	<b>1,600</b>	4,000	3,000	-25%
16372 Finance & Administration	152	0	0	0	0%
16373 Equipment Repairs	968	<b>3,000</b>	3,000	<b>3,500</b>	17%
16374 Building Repairs-City Hall/Comm	18,841	<b>21,700</b>	5,300	18,500	249%
16375 Street Repairs	3,782	<b>12,700</b>	22,500	<b>8,000</b>	-64%
<i>16002 Contract Services</i>	<i>181,454</i>	<i>262,750</i>	<i>218,440</i>	<i>265,700</i>	<i>22%</i>

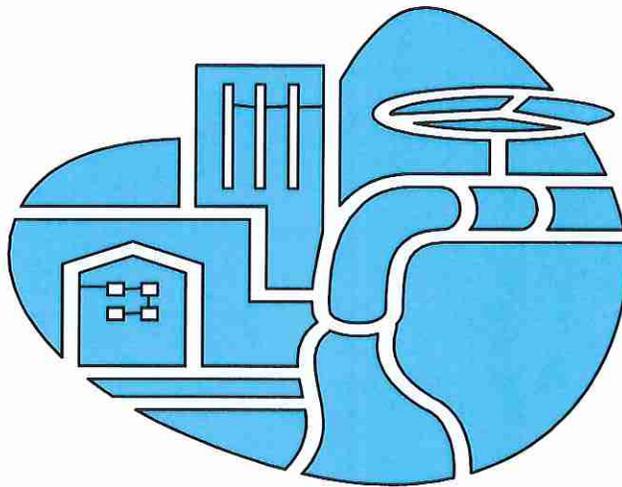
**Fiscal Year 2016-2017  
Proposed Base Budget**

General Fund Public Works Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
<b>Supplies and Equipment</b>					
16328 Uniforms/ Protective Gear	5,008	<b>2,800</b>	2,750	<b>7,500</b>	173%
16460 Operating Supplies	2,245	<b>4,500</b>	1,000	5,000	0%
16460.1 Streets and drainage	1,763	<b>5,000</b>	2,000	<b>3,500</b>	75%
16460.2 Cedar Brake Park	2,638	<b>3,000</b>	3,500	<b>2,000</b>	-43%
16460.3 Homecoming Park	917	<b>1,500</b>	2,000	2,000	0%
16460.4 Fernland Park	1,735	<b>1,600</b>	2,000	2,000	0%
16460.5 Community Building	6,594	<b>5,000</b>	6,000	<b>5,000</b>	-17%
16460.6 Tools, Etc	145	<b>1,600</b>	900	<b>2,000</b>	0%
16460.7 Memory Park	2,215	<b>2,000</b>	1,300	2,000	54%
16503 Code Enforcement Expense	315	<b>0</b>	5,000	<b>1,000</b>	-80%
<i>16003 Supplies and Equipment</i>	<i>23,575</i>	<i>27,000</i>	<i>26,450</i>	<i>32,000</i>	<i>21%</i>
<b>Staff Development</b>					
16339 Dues/ Subscriptions			0	250	
16341 Employee Relations	500	500	500	500	0%
16354 Travel and Training	2,500	<b>2,000</b>	4,500	<b>2,500</b>	-44%
<i>16004 Staff Development</i>	<i>3,000</i>	<i>2,500</i>	<i>5,000</i>	<i>3,250</i>	<i>-35%</i>
<b>Maintenance</b>					
16228 Memory Park Maintenance	2,668	7,000	7,000	<b>8,500</b>	21%
16229 Fernland Park Maintenance	3,378	<b>1,500</b>	6,000	6,800	13%
16230 CB Park Maintenance	5,158	<b>4,800</b>	4,000	<b>5,000</b>	25%
16231 Homecoming Park Maintenance	1,886	<b>1,000</b>	2,500	<b>2,500</b>	0%
<i>16005 Park Maintenance</i>	<i>13,090</i>	<i>14,300</i>	<i>19,500</i>	<i>22,800</i>	<i>17%</i>
<b>Insurance</b>					
16353.2 Liability Insurance	569	720	720	770	7%
16353.3 Property Insurance	285	300	300	400	33%
<i>16006 Insurance</i>	<i>854</i>	<i>1,020</i>	<i>1,020</i>	<i>1,170</i>	<i>15%</i>
<b>Utilities</b>					
16352 Electronic Sign-City		400	370	500	
16352.1 Street Lights	15,406	<b>12,000</b>	11,800	<b>13,000</b>	10%
16352.2 Traffic Lights	200	<b>1,000</b>	250	1,200	380%
16352.3 Cedar Brake Park	1,774	1,800	1,800	1,800	0%
16352.4 Homecoming Park	590	900	900	1,000	11%
16352.5 Fernland Park	23,895	<b>2,400</b>	2,000	2,400	20%
16352.6 City Hall Utilities	4,190	<b>5,000</b>	3,500	<b>5,000</b>	43%
16352.8 Community Center Utilities	2,971	<b>3,300</b>	3,200	<b>3,300</b>	3%
<i>16007 Utilities</i>	<i>49,026</i>	<i>26,800</i>	<i>23,820</i>	<i>28,200</i>	<i>18%</i>

**Fiscal Year 2016-2017  
Proposed Base Budget**

<b>Expenditures</b>	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
<b>Capital Outlay</b>					
16233 Community Building		<b>2,000</b>	10,000	<b>2,000</b>	
17071.4 Laser Fiche (Software Equip)	3,490		2,100	0	
17071 Computers/Equipment	4,565	<b>500</b>	2,000	<b>2,000</b>	
17072 Public Works Items	0	<b>39,395</b>	27,000	<b>60,400</b>	
17080 Improvements	0	0	60,000	<b>10,000</b>	
17081 Drainage Improvements	0	0	71,847	0	
<b>16008 Capital Outlay</b>	<b>8,055</b>	<b>41,895</b>	<b>172,947</b>	<b>74,400</b>	<b>-57%</b>
<b>Miscellaneous</b>					
16356 Contract Labor-Streets	416	0	0	<b>25,000</b>	
16590 Miscellaneous	238	2,000	2,200	100	
16500 Lease	1,000	0	0	0	
Miscellaneous/Other	1,654	2,000	2,200	<b>25,100</b>	0
<b>Total Expense</b>	<b>429,647</b>	<b>539,637</b>	<b>636,426</b>	<b>645,780</b>	<b>1%</b>

# WATER AND SEWER FUND



---

FY 2016-2017 Operating Budget  
City of Montgomery

# WATER AND SEWER FUND SUMMARY

The Water and Sewer Fund is an Enterprise Fund. Enterprise funds are operated and accounted for like business enterprises in the private sector, and are specifically meant to be self-sufficient. The Water and Sewer Fund accounts for the revenue, expenditures, and transfers associated with the operation of the water and sanitary sewer system as well as municipal solid waste collection. User fees finance the system and its services.

The Utility Billing Coordinator and Utility Technician are City staff members assigned to the Water and Sewer Department and are supervised by the City Administrator.

Water and sewer service fees must reflect the cost of operation, maintenance and replacement of costly water and sewer facilities. The replacement cost of facilities is reflected in the water and sewer rates by charging a rate sufficient to cover the operating costs and the debt service costs associated with major capital maintenance or replacement.

The City of Montgomery has implemented a Groundwater Reduction Program (GRP) to reduce the withdrawal of water from the Jasper Aquifer in compliance of regulations by the Lone Star Groundwater District. The City's program included development of a Catahoula aquifer water well and related treatment equipment at Water Plant No. 3. The City is also a partner with Montgomery County Utility Districts 3 and 4 in the development of their GRP until 2016. The City

charges a GRP Fee as a separate line item for all water customers to cover the costs of this program.

## FUND FINANCIAL ACTIVITY

*The 2016-2017 Budget.* The City's Water and Sewer Fund revenues for FY 2016-2017 are projected to be \$\_\_\_\_\_, a \_\_\_\_% increase from the previous year's budget. Revenue increases are based on new customers expected in the budget year. Expenditures for FY 2016-2017 are proposed at \$\_\_\_\_\_ plus a transfer to debt service of \$\_\_\_\_\_ for a total outlay of \$\_\_\_\_\_.

*For the Future.* The Water and Sewer Fund is the most difficult of all of the City's funds to predict, as water usage can vary dramatically with the weather. Due to anticipated growth, the City will need to continue invest in additional utility infrastructure. One improvement to operations this year was the conversion to an Automated Meter Reading System where meters are read by radio signal, simplifying and shortening the reading process and billing process. The City is currently in the process of evaluating water rates to better balance goals of promoting conservation while generating sufficient revenue to cover expenses and debt service. **The City is evaluating the water and sewer rates to begin to cover the City's operation costs, which are not currently being covered by the existing rates.**



**Fiscal Year 2016-2017  
Proposed Base Budget**

<b>Water and Sewer Fund</b>	<b>2014 Budget</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2016-17 Budget</b>	<b>% Change</b>
<b>Beginning Fund Balance</b>	<b>259,608</b>	<b>138,836</b>	<b>90,000</b>	<b>54,256</b>	
<b>Revenue</b>					
24000 Charges for Service	804,717	770,600	783,400	919,600	17.4%
24101 Taxes and Franchise Fees	5,201	5,650	5,500	5,600	1.8%
25000 Other Revenues	3,500	110,517	96,220	110,610	15.0%
<i>Income</i>	<u>813,418</u>	<u>886,767</u>	<u>885,120</u>	<u>1,035,810</u>	17.0%
<b>Expenditures</b>					
26001 Personnel	90,291	109,942	122,040	125,000	2.4%
26200 Contract Services	132,590	246,580	190,400	255,700	34.3%
26300 Communications	0	900	500	900	80.0%
26326 Permits and Licenses	14,225	16,085	0	16,000	0.0%
26400 Supplies and Equipment	39,671	44,750	45,600	51,500	12.9%
16401 Groundwater Reduction Exp	115,942	54,300	10,000	40,000	300.0%
26500 Staff Development	1,442	2,750	3,150	4,000	27.0%
26600 Maintenance	109,418	159,000	127,000	167,000	31.5%
26700 Insurance	10,915	8,640	10,620	11,000	3.6%
26800 Utilities	74,016	94,200	79,350	100,600	26.8%
26900 Capital	96,583	105,400	160,000	175,000	9.4%
27000 Misc./ Contingency/ GRP	619	3,500	1,000	1,000	0.0%
<i>Expenditures</i>	<u>685,712</u>	<u>846,047</u>	<u>749,660</u>	<u>947,700</u>	26.4%
<b>Net Ordinary Income</b>	<b>127,706</b>	<b>40,720</b>	<b>44,840</b>	<b>88,110</b>	109.2%
<b>Interfund Transfers</b>					
Transfers In	24,340	0	0	0	
Net GRP Fees	0	0	0	0	
Transfers Out	80,000	125,300	125,300	125,300	0.0%
<i>Net Transfers</i>	<u>-55,660</u>	<u>-125,300</u>	<u>-125,300</u>	<u>-125,300</u>	0.0%
<b>Net Income</b>	<b>72,046</b>	<b>-84,580</b>	<b>-80,460</b>	<b>-37,190</b>	-53.8%
<b>Ending Fund Balance</b>	<b>286,153</b>	<b>54,256</b>	<b>9,540</b>	<b>17,066</b>	

# DEBT SERVICE FUND



---

FY 2016-2017 Operating Budget  
City of Montgomery

# DEBT SERVICE FUND SUMMARY

The Debt Service Fund is established by ordinances authorizing the issuance of general obligation bonds. These same ordinances call for an ad valorem tax to be levied in sufficient amount to produce the funds needed to satisfy the City's annual debt service requirements for its general obligation bonds.

## FUND ACTIVITY

The City of Montgomery uses debt financing to fund large capital investments. Streets, drainage, water and waste water systems are primarily constructed with borrowed funds. The Debt Service Fund expenditures include the interest, principle and fees related to the City's debt. The revenue used to pay these expenditures comes from ad valorem taxes and transfers from Montgomery Economic Development Corporation (MEDC) and Water and Sewer Fund.

In FY 2016-2017, the Debt Service Fund will expend \$\_\_\_\_\_ for debt service, a \_\_\_\_\_% increase over the \$\_\_\_\_\_ funded in FY 2015-2016. The income budgeted for FY 2016-2017 includes \$\_\_\_\_\_ from ad valorem taxes and interest, a transfer from Water and Sewer Fund of \$\_\_\_\_\_, and a

transfer from MEDC of \$\_\_\_\_\_. The projected fund balance at the end of FY 2016-2017 is \$\_\_\_\_\_ or \_\_\_\_\_% of expenditures. There are three outstanding debt issues that the City is currently financing:

- Tax & Revenue Certificate of Obligation, Series 2005 were refunded during the 2015 and are related to water and sewer improvements
- General Obligation Refunding Bonds, Series 2012, which were issued to refinance debt related to the City Hall and utility improvements.
- Tax & Obligation Certificates of Obligation, Series 2012, which were issued for construction projects associated with improvements to the City's water and sanitary sewer systems.

## FUTURE ACTIVITY

In December 2013, Standard and Poor's upgraded the City's Tax & Obligation Certificate of Obligations from "A" to "AA". In the future, this should increase the City's bond market ability and decrease bond issuance related costs.



**Fiscal Year 2016-2017  
Proposed Base Budget**

**Debt Service Fund  
Budget at a Glance**

	2014 Actual	2015-16 Estimate	2015-16 Budget	2016-17 Budget	% Change
<b>Beginning Balance*</b>	\$ 77,442	\$ 42,805	\$ 42,805	\$ 35,180	-17.8%
<b>Revenues</b>					
Ad Valorem Tax	\$ 194,233	\$ 235,000	\$ 264,085	\$ 359,040	36.0%
All Other Revenues	270	1,500	1,300	1,500	15.4%
<b>Total Revenues</b>	<b>\$ 194,503</b>	<b>\$ 236,500</b>	<b>\$ 265,385</b>	<b>\$ 360,540</b>	<b>35.9%</b>
<b>Interfund Transfers</b>					
Transfers In	\$ 117,500	\$ 197,500	\$ 242,800	\$ 302,800	24.7%
Transfers Out	-	-	-	-	0.0%
<b>Net Interfund Transfers</b>	<b>\$ 117,500</b>	<b>\$ 197,500</b>	<b>\$ 242,800</b>	<b>\$ 302,800</b>	<b>24.7%</b>
<b>Expenditures</b>					
Debt Service	\$ 345,390	\$ 494,614	\$ 513,310	\$ 560,203	9.1%
Contract Services	1,250	2,500	2,500	3,600	44.0%
All Other Operating Expenditures	-	-	-	-	0.0%
<b>Total Expenditures</b>	<b>\$ 346,640</b>	<b>\$ 497,114</b>	<b>\$ 515,810</b>	<b>\$ 563,803</b>	<b>9.3%</b>
<b>Ending Balance*</b>	<b>\$ 42,805</b>	<b>\$ (20,309)</b>	<b>\$ 35,180</b>	<b>\$ 134,717</b>	<b>282.9%</b>

# CAPITAL PROJECTS FUND



---

FY 2016-2017 Operating Budget  
City of Montgomery

## CAPITAL PROJECTS FUND SUMMARY

The Capital Projects Fund is designed to finance the purchase or construction of infrastructure projects (i.e. roads and water/waste water system improvements), equipment and vehicles having very long service lives, property, and buildings. Capital projects are characterized by their costs, which normally exceed \$25,000, the long operational life of the completed asset, and the impact they would have on a department's operating budget. Capital Projects are financed by debt proceeds, General Fund transfers, reserves, intergovernmental grants, developer participation, and interest earned on investments.

### FUND ACTIVITY

In FY 2016-2017, the Capital Projects Fund started with a fund balance of \$\_\_\_\_\_ from The Series 2012 Tax & Obligation Certificates of Obligation and some insurance proceeds. Estimated engineering and construction costs in FY 2016 - 2017 for water supply and street projects total \$\_\_\_\_\_ leaving approximately \$\_\_\_\_\_ available for future construction projects.

Projects underway at budget were completed in FY 2015-2016. They include:

**Water Well No. 4:** This water well has been completed and is awaiting construction approval by the state environmental authority.

**Water Plant No. 3 Improvements:** This project is complete.

**State Highway 105 Water Line Improvements:** This project is complete and in service.

The City is considering borrowing approximately \$2.0 million dollars for water and sewer needs.

### FUTURE ACTIVITY

Due to anticipated growth in the City, this Fund will likely expand in future years. The City anticipates that there will be increased spending related to numerous annexations; residential and commercial growth; and infrastructure planning, construction, and maintenance. The City plans to complete a Capital Improvement Project in FY 2016-2017 in Water and Sewer Fund to identify projects needed in the next five years.

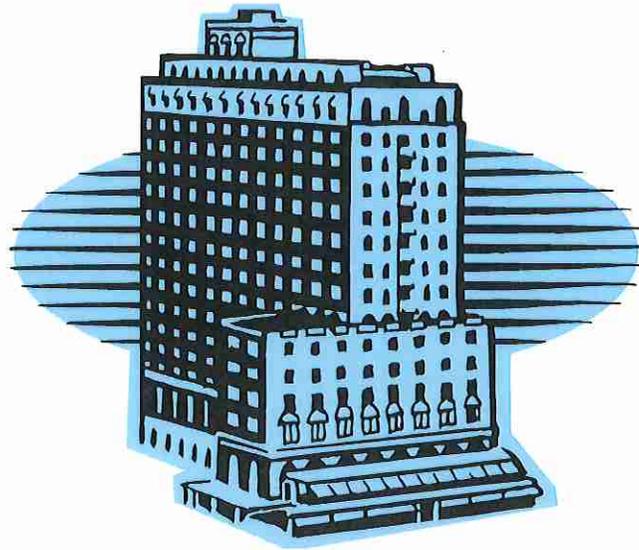


**Fiscal Year 2016-2017  
Proposed Base Budget**

**Capital Projects Fund**

	2014 Actual	2015-16 Estimate	2015-16 Budget	2016-17 Budget	% Change
<b>Beginning Balance*</b>	\$ 2,028,371	\$ 347,587	\$ 209,107	\$ 24,107	
<b>Revenues</b>					
43960-TWDB	\$ 2,732	\$ -	\$ -	\$ 2,000,000	-
CDBG Block Grant	-	-	-	-	0.0%
FEMA Hazard Mitigati	-	-	-	-	0.0%
Insurance Proceeds	-	-	-	-	0.0%
45391-Interest	994	100	1,000	100	-90.0%
<b>Total Revenues</b>	\$ 3,726	\$ 100	\$ 1,000	\$ 2,000,100	199910%
<b>Interfund Transfers</b>					
45392-Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
43002-Transfers Out	-	-	-	-	0.0%
<b>Net Interfund Transfers</b>	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Expenditures</b>					
43890 Engineering	\$ 110,804	\$ 34,515	\$ -	\$ 300,000	0.0%
44002-Wastewater Pr	3,098	-	-	1,100,000	0.0%
48000-Water Meters	1,424,089	186,000	186,000	600,000	222.6%
46000-Roadway Proje	257,324	-	-	-	0.0%
Other	-	-	-	-	0.0%
<b>Total Expenditures</b>	\$ 1,684,510	\$ 220,515	\$ 186,000	\$ 2,000,000	0.0%
<b>Ending Balance</b>	\$ 347,587	\$ 127,172	\$ 24,107	\$ 24,207	0.4%

# HOTEL OCCUPANCY TAX FUND



---

FY 2016-2017 Operating Budget  
City of Montgomery

# HOTEL OCCUPANCY TAX FUND SUMMARY

The Hotel Occupancy Tax Fund collects taxes from hotels, motels, and bed and breakfasts within the City. For the purposes of the tax, a hotel is considered to be any building in which members of the public rent sleeping accommodations for \$15 or more per day, and local hotel taxes apply to sleeping rooms costing \$2 or more per day. While the state's hotel tax rate is 6%, local taxing authorities are also allowed to levy hotel tax rates up to 7%. The City collects a 6% hotel tax that may only be used for specified purposes related to promoting the hotel and convention industry such

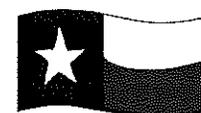
as tourism marketing. The funds may not be used for other general governmental functions.

## FUTURE ACTIVITY

In FY 2016- 2017, the City projects there will be \$\_\_\_\_\_ in revenues derived primarily from hotel taxes. There are not expenditures budgeted from this fund in FY 2016 - 2017. In the future, as the City adds hotels, motels, as well as additional bed and breakfasts, these revenues should rise accordingly.

### Hotel Occupancy Tax Fund

	2013 Actual	2014 Estimate	2014 Budget	2015 Budget	% Change
<b>Beginning Balance</b>	\$ 4,729	\$ 5,936	\$ 5,936	\$ 7,767	30.8%
<b>Revenues</b>					
Hotel Occupancy Tax	\$ 1,187	\$ 1,819	\$ 1,250	\$ 1,250	0.0%
All Other Revenues	20	12	20	20	0.0%
<b>Total Revenues</b>	\$ 1,207	\$ 1,831	\$ 1,270	\$ 1,270	0.0%
<b>Interfund Transfers</b>					
Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
Transfers Out	-	-	-	-	0.0%
<b>Net Interfund Transfers</b>	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Expenditures</b>					
Contract Services	-	-	-	-	0.0%
All Other Operating Exp	-	-	-	-	0.0%
<b>Total Expenditures</b>	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	\$ 5,936	\$ 7,767	\$ 7,206	\$ 9,037	25.4%



**Fiscal Year 2016-2017  
Base Budget**

**Hotel Occupancy Tax Fund**

	2014 Actual	2015-16 Estimate	2015-16 Budget	2016-17 Budget
<b>Beginning Balance</b>	\$ 5,936	\$ 7,138	\$ 7,743	\$ 7,743
<b>Revenues</b>				
Hotel Occupancy Tax	\$ 1,190	\$ 600	\$ 600	\$ 600
All Other Revenues	12	5	20	10
<b>Total Revenues</b>	<b>\$ 1,202</b>	<b>\$ 605</b>	<b>\$ 620</b>	<b>\$ 610</b>
<b>Interfund Transfers</b>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-
<b>Net Interfund Transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>				
Contract Services	-	-	-	-
All Other Operating Expenditures	-	-	-	100
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100</b>
<b>Ending Balance</b>	<b>\$ 7,138</b>	<b>\$ 7,743</b>	<b>\$ 8,363</b>	<b>\$ 8,253</b>

# COURT TECHNOLOGY FUND



---

FY 2016-2017 Operating Budget  
City of Montgomery

# COURT TECHNOLOGY FUND SUMMARY

The Court Technology Fund is a fund that collects revenues from court fines and forfeitures and utilizes these resources to finance the purchase of technological enhancements for the Municipal Court in accordance with Article 102.0172 in the Texas Code of Criminal Procedure.

Some of the items that may be purchased in the Court Technology Fund include:

1. Computer systems, networks, hardware, and software
2. Imaging systems

3. Electronic kiosks
4. Electronic ticket writers
5. Docket management systems

## FUND/FUTURE ACTIVITY

During FY 2016, the City projects that the revenues and the expenditures in this fund will be \$6,100 and \$6,000 respectively. As the operations and scope of the Municipal Court expands, this fund should be flexible enough to meet further technological needs.

### Court Technology Fund

	2013 Actual	2014 Estimate	2014 Budget	2015 budget	% Change
<b>Beginning Balance</b>	\$ 887	\$ 2,677	\$ 2,677	\$ 5,479	104.7%
<b>Revenues</b>					
Court Technology Fees	\$ 5,973	\$ 5,900	\$ 6,000	\$ 6,000	0.0%
All Other Revenues	2	2	10	10	0.0%
<b>Total Revenues</b>	\$ 5,975	\$ 5,902	\$ 6,010	\$ 6,010	0.0%
<b>Interfund Transfers</b>					
Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
Transfers Out	-	-	-	-	0.0%
<b>Net Interfund Transfers</b>	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Expenditures</b>					
Supplies & Equipment	\$ 4,185	\$ -	\$ -	\$ -	0.0%
Contract Services	-	3,100	6,340	6,000	-5.4%
All Other Operating Exp	-	-	-	-	0.0%
<b>Total Expenditures</b>	\$ 4,185	\$ 3,100	\$ 6,340	\$ 6,000	-5.4%
<b>Ending Balance</b>	\$ 2,677	\$ 5,479	\$ 2,347	\$ 5,489	133.9%



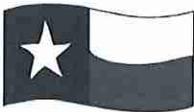
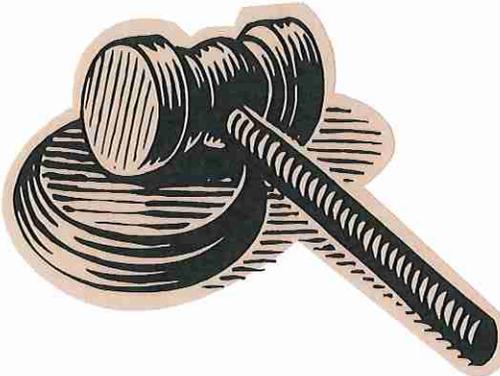
**Fiscal Year 2016-2017  
Proposed Base Budget**

**Court Technology Fund**

	<b>2014 Actual</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2016-17 budget</b>	<b>% Change</b>
<b>Beginning Balance</b>	\$ 2,482	\$ 2,812	\$ 5,294	\$ 4,964	-6%
<b>Revenues</b>					
Court Technology Fees	\$ 5,900	\$ 6,000	\$ 6,000	\$ 6,000	0%
All Other Revenues	2	10	10	2	-0.8
<b>Total Revenues</b>	<b>\$ 8,384</b>	<b>\$ 8,822</b>	<b>\$ 11,304</b>	<b>\$ 10,966</b>	<b>-3%</b>
<b>Interfund Transfers</b>					
Transfers In	0	0	0	0	0%
Transfers Out	0	0	0	0	0%
<b>Net Interfund Transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Expenditures</b>					
Supplies & Equipment	0	0	0	0	0%
Contract Services	\$ 3,100	\$ 6,340	\$ 6,340	\$ 4,800	-24%
All Other Operating Expendit	0	0	0	0	0%
<b>Total Expenditures</b>	<b>\$ 3,100</b>	<b>\$ 6,340</b>	<b>\$ 6,340</b>	<b>\$ 4,800</b>	<b>-24%</b>
<b>Ending Balance</b>	<b>\$ 5,284</b>	<b>\$ 2,482</b>	<b>\$ 4,964</b>	<b>\$ 6,166</b>	<b>24%</b>

125

# COURT SECURITY FUND



---

FY 2016-2017 Operating Budget  
City of Montgomery

# COURT SECURITY FUND SUMMARY

The Court Security Fund is a fund that collects revenues from court fines and forfeitures for the purposes of providing funding for the enhancement of Municipal Court security. The Court Security Fund collects fees in accordance with Article 102.017 in the Texas Code of Criminal Procedures.

Some of the items that may be purchased in the Court Security Fund include:

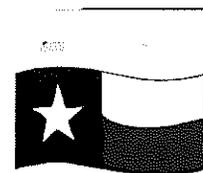
1. X-ray machines and metal detectors
2. Identification cards and systems
3. Electronic locking and surveillance equipment

## Court Security Fund

4. Court bailiff
5. Continuing education on security issues for court and security personnel

## FUND/FUTURE ACTIVITY

For FY 2016 - 2017, this fund will have projected revenues of \$\_\_\_\_\_ and a transfer of \$\_\_\_\_\_ to General Fund to pay for a bailiff officer for Municipal Court. Also, similar to the Court Technology Fund, as the operations and scope of the Municipal Court expands, this fund should be flexible enough to meet further technological needs regarding the Municipal Court.



**Fiscal Year 2016-2017  
Proposed Base Budget**

**Court Security Fund**

	<b>2014 Actual</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2016-17 Budget</b>	<b>% Change</b>
<b>Beginning Balance</b>	\$ 2,963	\$ 7,631	\$ 6,539	\$ 8,179	25.1%
<b>Revenues</b>					
84110.1-Court Security Fees	\$ 4,648	\$ 7,600	\$ 4,500	\$ 5,500	22.2%
84120.1-All Other Revenues	20	2	20	5	-75.0%
<b>Total Revenues</b>	\$ 4,668	\$ 7,602	\$ 4,520	\$ 5,505	21.8%
<b>Interfund Transfers</b>					
84130-Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
86551-Transfers Out-- Baliff		3,000	2,880	3,400	18.1%
<b>Net Interfund Transfers</b>	\$ -	\$ (3,000)	\$ (2,880)	\$ (3,400)	0.0%
<b>Expenditures</b>					
Contract Services	-	-	-	-	0.0%
All Other Operating Expenditures	-	-	-	1,000	0.0%
<b>Total Expenditures</b>	\$ -	\$ -	\$ -	\$ 1,000	0.0%
<b>Ending Balance</b>	\$ 7,631	\$ 12,233	\$ 8,179	\$ 9,729	19.0%

# POLICE ASSET FORFEITURE FUND



---

FY 2016-2017 Operating Budget  
City of Montgomery

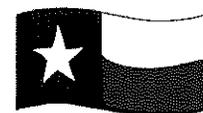
# POLICE ASSET FORFEITURE FUND SUMMARY

The Police Asset Forfeiture Fund is a fund that collects revenues from seized contraband that is used in the commission of certain felonies, and utilizes these resources to finance the purchase of specified items for the Police Department. In this context, contraband refers to property of any nature, including real, personal, tangible, or intangible as defined by Article 59.06 in the Texas Code of Criminal Procedure.

Expenditures within this fund must be used solely for law enforcement purposes, such as salaries and overtime pay for officers, officer training, specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties.

## FUND/FUTURE ACTIVITY

For FY 2016-2017, this fund will start with a beginning balance of \$ \_\_\_\_\_, and will have projected revenues of \$ \_\_\_\_\_ and no expenditures. In the future, this fund will likely continue to increase as the Police Department obtains more revenues through seized assets.



**Fiscal Year 2016-2017  
Proposed Base Budget**

**Police Asset Forfeiture Fund**

	2014 Actual	2015-16 Estimate	2015-16 Budget	2016-17 Budget
<b>Beginning Balance</b>	\$ 4,515	\$ 4,715	\$ 4,715	\$ 5,715
<b>Court Fines and Fees</b>				
Asset Forfeitures	\$ 200	\$ 1,000	\$ 1,000	\$ 1,000
All Other Revenues			-	-
<b>Total Revenues</b>	\$ 4,715	\$ 5,715	\$ 5,715	\$ 6,715
<b>Interfund Transfers</b>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-
<b>Net Interfund Transfers</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Supplies & Equipment	\$ 3,000	\$ -		
Contract Services	-	-	-	-
Capital Outlay	-	-	-	-
All Other Operating Expenc	-	-	-	-
<b>Total Expenditures</b>	\$ 3,000	\$ -	\$ -	\$ -
<b>Ending Balance</b>	\$ 4,715	\$ 5,715	\$ 5,715	\$ 6,715

# CAPITAL OUTLAY PROJECT LIST



---

FY 2016-2017 Operating Budget  
City of Montgomery

## Appendix A

### Glossary of Terms

**Account:** A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance, or fund balance.

**Accounts Payable:** A liability account reflecting amounts on open account owing to private persons or organizations for goods and services received by a government but not including amounts due to other funds of the same government or to other governments.

**Accounts Receivable:** An asset account reflecting amounts owing to open accounts from private persons or organizations for goods and services furnished by a government.

**Ad Valorem:** Latin for “value of.” Refers to the tax assessed against real (land and buildings) and personal (equipment and furniture) property; usually in reference to property taxes.

**Appropriation:** A legal authorization granted by City Council to make expenditures and incur obligations for designated purposes.

**Assessed Valuation:** A valuation set upon real estate or other property by a government on a basis for levying taxes.

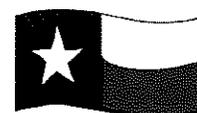
**Balance Sheet:** The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP.

**Bond:** A written promise, generally under seal, to pay a specific amount of money, called the face value, at a fixed time in the future, called the maturity date, and carrying interest at fixed rate, usually paid periodically.

**Budget:** A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

**Budget Ordinance:** The official enactment by the City Council establishing the legal authority for City Officials to obligate and expend funds.

**Capital Outlays:** Expenditures which result in the acquisition of or addition to fixed assets which are individually priced more than \$1,000.



**Capital Improvements Program:** A plan for capital expenditures to be incurred each year over a fixed period of several years setting forth each capital project and the amount and method of financing.

**Central Appraisal District:** A county-wide district formed by legislature to provide appraisals of property located within the county. These county-wide appraisals are provided to the county, school districts, cities, and municipal utility districts for basis of taxation.

**Current Assets:** Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments, and

**Current Liabilities:** Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

**Debt Service:** A cost category which typically reflects the repayment of general long-term debt principle and interest.

**Delinquent Taxes:** Property taxes remaining unpaid at the end of the current fiscal year. Although taxes become delinquent and accrue penalties and interest on February 1 of each year, they are carried as current taxes receivable during the current fiscal year.

**Effective Interest Rate:** The property tax rate set necessary to generate the same tax dollars as the previous tax year.

**Encumbrances:** Obligations in the form of purchase orders or contracts charged to an appropriation which reserves the fund until it is necessary to pay the bill.

**Fiscal Year:** A twelve month period at the end of which the City determines its financial condition and the results of its operations and closes its books.

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

**Franchise:** A special privilege granted by a government permitting the continuing use of public property, such as City streets, and usually involving the elements of monopoly and regulation.

**Fund:** 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.



**Fund Balance:** The difference between governmental fund assets and liabilities; also referred to as fund equity.

**General Ledger:** A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double-entry bookkeeping, the debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances

**Governmental Funds:** Those funds through which most governmental functions typically are financed. The acquisition, use and financial resources and the related current liabilities are accounted for through governmental funds.

**Ordinance:** A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances.

**Purchase Order:** A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

**Revenues:** Increases in governmental fund type net current assets from other than expenditure funds and residual equity transfers.

**Taxes:** Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

**Tax Rate:** The amount of tax levied for each \$100 of assessed valuation.

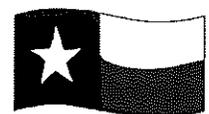
**User Fees:** The payment of a fee for a direct receipt of a public service by the party benefiting from the service.



## Appendix B

### Tax & Revenue Certificates of Obligation, Series 2005

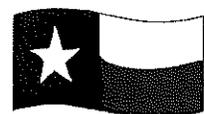
FYE September	Interest Rate	Interest Due		Principle March 1	Total
		1-Mar	1-Sep		
2014	4.6400	\$23,841	\$23,029	\$35,000	\$81,870
2015	4.7900	23,029	22,191	35,000	80,220
2016	4.8900	22,191	21,335	35,000	78,526
2017	4.9900	21,335	20,337	40,000	81,672
2018	5.0900	20,337	19,319	40,000	79,656
2019	5.1400	19,319	18,163	45,000	82,482
2020	5.2400	18,163	16,984	45,000	80,147
2021	5.3400	16,984	15,782	45,000	77,766
2022	5.3900	15,782	14,435	50,000	80,217
2023	5.4900	14,435	12,925	55,000	82,360
2024	5.5400	12,925	11,401	55,000	79,326
2025	5.6400	11,401	9,709	60,000	81,110
2026	5.6900	9,709	8,002	60,000	77,711
2027	5.6900	8,002	6,153	65,000	79,155
2028	5.6900	6,153	4,162	70,000	80,315
2029	5.7400	4,162	2,153	70,000	76,315
2030	5.7400	2,153	0	75,000	77,153
<b>Total</b>		<b>\$249,921</b>	<b>\$226,080</b>	<b>\$880,000</b>	<b>\$1,356,001</b>



## Appendix C

### General Obligation Refunding Bonds, Series 2012

FYE September	Interest Rate	Interest Due		Principle March 1	Total
		1-Mar	1-Sep		
2014	2.0000	\$42,259	41,259	\$100,000	\$183,518
2015	2.0000	41,259	40,259	100,000	181,518
2016	2.0000	40,259	39,209	105,000	184,468
2017	2.0000	39,209	38,159	105,000	182,368
2018	2.0000	38,159	37,109	105,000	180,268
2019	2.1250	37,109	35,994	105,000	178,103
2020	2.2500	35,994	34,756	110,000	180,750
2021	2.5000	34,756	33,319	115,000	183,075
2022	2.5000	33,319	31,881	115,000	180,200
2023	2.7500	31,881	30,231	120,000	182,112
2024	2.7500	30,231	28,513	125,000	183,744
2025	3.0000	28,513	26,563	130,000	185,076
2026	3.0000	26,563	24,613	130,000	181,176
2027	3.2500	24,613	22,419	135,000	182,032
2028	3.2500	22,419	20,144	140,000	182,563
2029	3.7500	20,144	17,425	145,000	182,569
2030	3.7500	17,425	14,519	155,000	186,944
2031	3.7500	14,519	12,456	110,000	136,975
2032	3.7500	12,456	10,300	115,000	137,756
2033	4.0000	10,300	7,800	125,000	143,100
2034	4.0000	7,800	5,300	125,000	138,100
2035	4.0000	5,300	2,700	130,000	138,000
2036	4.0000	2,700	0	135,000	137,700
<b>Total</b>		\$597,187	\$554,928	\$2,780,000	\$3,932,115



## Appendix D

### Tax and Obligation Certificates of Obligation, Series 2012

FYE September	Interest Rate	Interest Due		Principle March 1	Total
		1-Mar	1-Sep		
2014	3.0000	\$62,263	62,263	\$0	\$124,526
2015	3.0000	62,263	60,613	110,000	232,876
2016	3.0000	60,613	58,888	115,000	234,501
2017	3.0000	58,888	57,088	120,000	235,976
2018	3.0000	57,088	55,288	120,000	232,376
2019	3.0000	55,288	53,413	125,000	233,701
2020	3.0000	53,413	51,463	130,000	234,876
2021	3.0000	51,463	49,513	130,000	230,976
2022	3.0000	49,513	47,488	135,000	232,001
2023	3.0000	47,488	45,388	140,000	232,876
2024	3.0000	45,388	43,213	145,000	233,601
2025	3.0000	43,213	41,038	145,000	229,251
2026	3.5000	41,038	38,413	150,000	229,451
2027	3.5000	38,413	35,700	155,000	229,113
2028	3.5000	35,700	32,900	160,000	228,600
2029	3.5000	32,900	30,013	165,000	227,913
2030	3.5000	30,013	27,038	170,000	227,051
2031	3.5000	27,038	23,975	175,000	226,013
2032	3.5000	23,975	20,825	180,000	224,800
2033	3.5000	20,825	17,500	190,000	228,325
2034	3.5000	17,500	14,185	190,000	221,685
2035	3.5000	14,185	10,763	195,000	219,948
2036	3.5000	10,763	7,263	200,000	218,026
2037	3.5000	7,263	3,675	205,000	215,938
2038	3.5000	3,675	0	210,000	213,675
<b>Total</b>		\$950,169	\$887,906	\$3,760,000	\$5,598,075

