



City of Cedar Hill
Finance Department
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TO THE HONORABLE MAYOR, CITY COUNCIL AND CITIZENS OF CEDAR HILL:

Presented herein is the Fiscal Year 2012-2013 approved operating budget. The budget represents the financial plan for providing various services for the year, as well as a policy document for the City. This budget concentrates on the goals set by the City Council and furthers the vision of Cedar Hill as a Premier City. In addition, it reflects the City's mission to deliver the highest quality municipal services to our citizens and customers, consistent with our community values as reflected in the Vision Statement, Mission Statement and Premier Statements.

BUDGET GOALS:

Vision Statement: We envision Cedar Hill as a Premier City that retains its distinctive character, where families and businesses flourish in a safe and clean environment.

Mission Statement: The mission of the City of Cedar Hill is to deliver the highest quality municipal services to our citizens and customers, consistent with our community values.

Premier Statements: Cedar Hill is safe.

Cedar Hill has Texas Schools of Choice.

Cedar Hill is clean.

Cedar Hill has vibrant parks and natural beauty.

Cedar Hill has a strong and diverse economy.

Cedar Hill has excellent, safe and efficient infrastructure.

Cedar Hill has distinctive character.

City Values: Citizen Input and Participation
Accountability and Responsiveness
Diversity and Respect for Individual Differences
Highest Ethical Standards of Integrity
Teamwork and Regional Cooperation
Excellence and Continuous Improvement

The Vision, Mission and Premier Statements were not changed from the prior year, and the FY 2012-2013 theme is "Living responsibility, honoring our heritage and caring for the future."

Rob Franke, *Mayor*

Council Members - Daniel C. Haydin, Jr., *Mayor Pro Tem* • Cory Spillman • Wallace Swayze • Chris Parvin • Stephen Mason • Clifford Shaw • Alan E. Sims, *City Manager*

PRIORITIES/BUDGET FACTORS

In preparing the FY 2012-2013 Budget, the City was faced with the following three major budget factors:

- Declining Property Tax Revenue
- Minimal Growth in Sales Tax
- Rising Health Care Costs

The budget factors in FY 2011-2012 were:

- Declining Property Tax Revenue
- Stagnant Sales Tax
- Declining Investment Income
- Rising Health Care Costs

Declining property tax revenue, minimal growth in sales tax revenue and rising health care costs are common denominators in both years. A more comprehensive description is in the Executive Summary portion of this document.

I am pleased to report that this budget:

- ✓ Ensures that all debt requirements are met.
 - The current tax rate is adequate to satisfy the debt requirements and City operations.
- ✓ Funds each department adequately to continue services at existing levels.
 - The current budget is appropriately designed for all City departments to continue to provide services to our citizens.
 - The current budget provides a one-time, lump-sum amount for all eligible employees.

The following are highlights for the upcoming year and address the directive to make Cedar Hill a Premier City.

AD VALOREM TAX RATES

This budget is based upon the estimated effective tax rate of \$0.69569, which is a \$0.00981 increase to the tax rate to offset the loss in assessed valuation. The effective Maintenance & Operations (M&O) tax rate is estimated at \$0.50963 and the Interest and Sinking (I&S) tax rate is \$0.18606. The total taxable value this year is projected to decrease by 1.95% from \$2,751,093,808 to \$2,697,467,361. The decrease in taxable value totals \$53,626,447. New construction is estimated at \$13,026,685 and revaluations of existing property is estimated to decline \$66,653,132. General Fund property tax revenue for 2012-2013 is projected to increase by \$33,335 or 0.24% when compared to 2011-2012 budgeted revenues.

GENERAL FUND REVENUES

Revenue comparisons are last year's budgeted amounts versus this year's projected amounts since last year's budgeted amounts were used to establish the level of services.

Total General Fund revenues are projected to increase \$1,215,635 or 4.25%. Included in the current year's revenues are transfers from other funds totaling \$1,445,500. \$1,165,500 will be transferred from the Capital Funds (\$790,790 from the Street Construction Fund, \$276,895 from the Drainage Fund and \$97,815 from the Building Improvement Fund). \$280,000 will be transferred from the Equipment Fund. Changes from previous year's estimates in General Fund revenues are discussed below.

Sales Tax – Fiscal Year 2012-2013 sales tax is estimated to increase 3.45% versus the Fiscal Year 2011-2012 Budget. This results in an increase of \$215,000 in revenue when compared to the Fiscal Year 2011-2012 Budget.

Franchise Taxes – Total franchise taxes are projected to increase \$203,000 versus the 2011-2012 budget. Electrical franchise is estimated to increase \$105,000; telephone franchise is estimated to increase \$5,000; gas franchise is projected to decline \$35,000; cable franchise is estimated to increase \$35,000; water/wastewater franchise is projected to increase \$95,000; and sanitation franchise is estimated to decline \$2,000. All changes are based upon current trends.

Administrative Services Revenue – This revenue source is projected to increase \$10,270 versus the 2011-2012 budget. This increase is due to increase in revenue from operating the Government Center.

Public Safety Revenue – This revenue source is projected to increase by \$187,500 when compared to the 2011-2012 budget. This increase is the result of increases in charges for services and charges to other governments.

Community Development Revenues – These revenues are projected to increase \$25,830 when compared to the 2011-2012 budget. The primary reason for the increase is grant revenues.

Inter-fund Transfer – The transfers of \$1,445,000, discussed above, are needed to keep the General Fund's fund balance at or above the 25% fund balance policy.

COMPENSATION PLAN

The budget includes funding for a 5% raise to all sworn public safety personnel on October 1, 2012. This was funded by expenditure reductions in Police and Fire and from a transfer from the Equipment Fund. The budget also includes a 3% one-time lump sum for all general employees.

The City's medical insurance carrier, *Blue Cross and Blue Shield of Texas (BCBCTX)*, initially quoted a 44.80% medical premium increase due to a high claims loss ratio of 130%. This would have cost an additional \$1.2 million dollars in health insurance premiums. During negotiations, *Blue Cross* offered a revised quote of a 14.50% increase for a plan that raises the deductible from \$1,500 to \$2,500. The City offered employees an additional option, a high deductible Health Savings Account (HSA) plan, with no additional premium cost. The City anticipates that health premiums will continue to increase due to rising health care costs, and employees will continue to absorb future increases.

GENERAL FUND EXPENDITURES

The General Fund is organized into four major functions: Administrative Services, Public Safety, Community Development and Public Works. Each department or division is assigned to the appropriate major functional area. A description of each function is presented below.

ADMINISTRATIVE SERVICES

This function includes the Administration, Human Resources, Information Technology, Finance, Government Center and Nondepartmental Departments. The FY 2012-2013 Budget does not include any new programs for these departments. However, normal City operation will require equipment replacement which will be purchased through the Equipment Fund.

The **Information Technology Department's** budget includes 50 replacement desktop computers and nine replacement laptops.

PUBLIC SAFETY

This function includes the Police, Animal Control, Fire, Emergency Management, Municipal Court, Code Enforcement and Animal Shelter Departments. No new programs are recommended for these departments. However, normal City operation will require equipment replacement to be purchased through the Equipment Fund.

The **Police Department's** budget includes replacing four patrol vehicles and two administrative sedans.

The **Fire Department's** budget includes replacing a rescue truck, two power stretchers, fourteen mobile data computers, four patient care tablets and an automatic external defibrillator.

The **Emergency Management Department's** budget includes the replacement of a warning siren.

The **Municipal Court's** budget includes replacing a patrol vehicle and the Juvenile Case Manager Program, which is self-funding.

The **Code Enforcement Department's** budget includes replacing a pickup truck.

The **Animal Shelter Department** will purchase a cage bank this year from the Animal Shelter Donation Fund.

COMMUNITY DEVELOPMENT

This function includes the Parks, Recreation, Library, Neighborhood Services and Planning Departments. No programs were recommended for these departments. However, normal City operation will require equipment replacement which is included in the Equipment Fund's budget.

The **Parks Department's** budget includes replacing a pickup truck and two zero-turning-radius mowers. Also included in the budget are two solar-powered trash compactors funded by a grant.

The **Recreation Department's** budget includes replacing a vehicle with a hybrid SUV.

PUBLIC WORKS

This function includes the Street and Fleet Maintenance Departments. No programs were recommended for these departments. However, normal City operation will require equipment replacement which is included in the Equipment Fund's budget.

The **Street Department's** budget includes replacing a backhoe.

The **Fleet Maintenance Department's** budget includes replacing a tire changer, a vehicle lift and a wheel balancer.

WATER AND SEWER FUND

Revenues - The adopted rates represent a 2.91% increase to an average residential user. This increase is the result of slightly increased operating cost and lower average customer consumption. The minimum charge for water will increase by \$0.25 with no increase in the volume charge. The minimum charge for sewer will increase \$0.25 in addition to an increase in volume charge of \$0.43 per 1,000 gallons.

Expenditures - The departments funded by the Water and Sewer Fund include Public Works Administration/Engineering, Water and Sewer Operations, Utility Billing, Information Technology and Nondepartmental. No programs are recommended for these departments.

EQUIPMENT FUND

A total of \$735,750 of replacement equipment and \$190,000 of new equipment is included in the budget. The General Fund will not pay a lease charge for the life of the equipment for equipment purchased this year.

SIGNIFICANT ACCOMPLISHMENTS FROM PRIOR YEAR

Clean Air Through Energy Efficiency (CATEE) Award - The City received this award for its continuing efforts to be environmentally friendly.

Distinguished Budget and Excellence Financial Reporting Awards - The Finance Department received an award for providing a distinguished budget; the department also received an award for excellent financial reporting.

Grant Recipients - The City received over \$100,000 for 3 grant projects (Wind Turbine, Solar-Powered Recycling and Electronic Charging Stations) to assist in the City's on-going recycling/conservations efforts. These grants will help the City provide clean, safe energy for its citizens and reduce electrical costs.

Mothers Against Drunk Drivers (MADD) - A Cedar Hill Police Officer received an award from MADD for a second year for getting the most DWI arrests in the area.

Scenic City Certification Award - The City received this award for demonstrating exclusive model standards for design and development of public roadways and public space into one program.

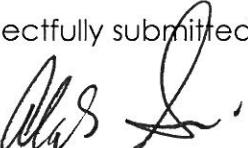
Texas Municipal League Library of Excellence Award - The Library received this award for superior library services provided to our patrons.

Tree City USA Designation - The Parks and Recreation Department received this award for distinguished efforts in tree preservation and beautification.

Operation Clean Sweep – The City of Cedar Hill's Code Enforcement Department continued to educate the public on code enforcement issues, resulting in fewer City code violations.

The content of the budget is a direct response to the Cedar Hill City Council's current and ongoing vision, values and directives to management. Various goals, along with specific objectives, meet those established by management and staff in formulating the FY 2013 Budget. I am confident this budget reflects the policy and direction established by the City Council.

Respectfully submitted,



Alan E. Sims
City Manager

