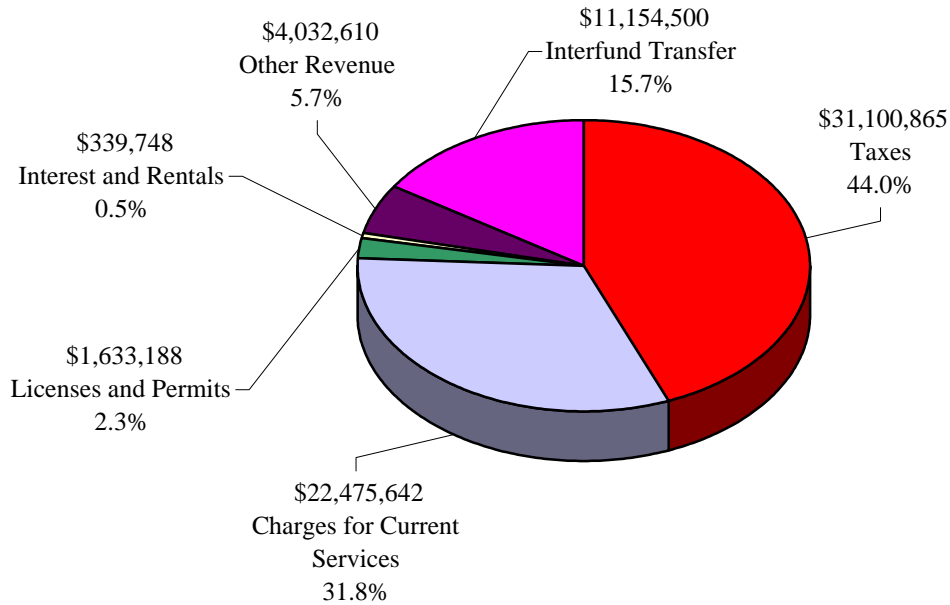


Town of Flower Mound, Texas  
2004-2005 ANNUAL BUDGET

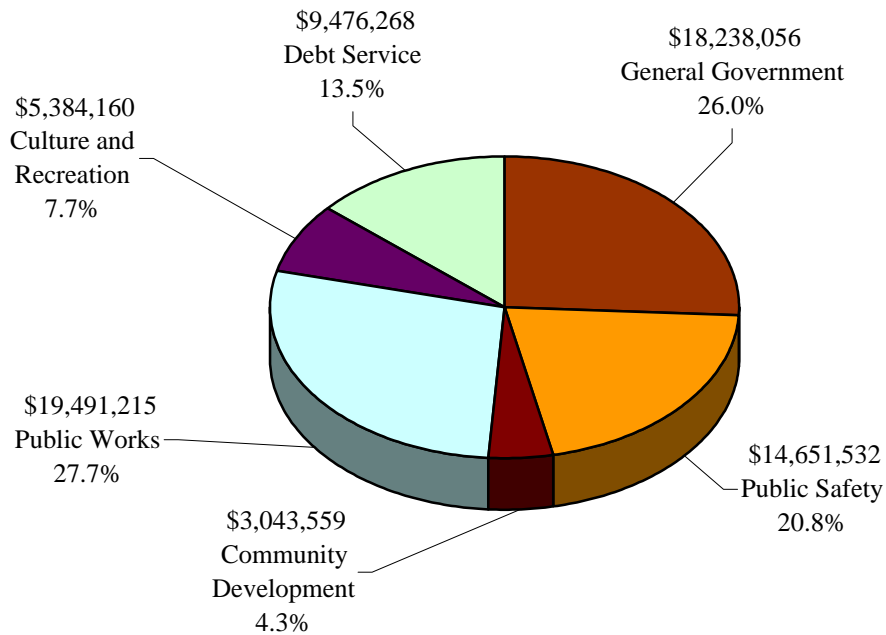
## Consolidated Budget Summary by Fund Fiscal Year 2004-2005

	General Fund	Enterprise Funds	Internal Services Funds	Special Revenue Funds	General Debt Service	Utility Debt Service	Grand Total
<b>Revenues:</b>							
Property Taxes	\$ 18,032,891	\$ -	\$ -	\$ -	\$ 5,420,348	\$ 89,133	\$ 23,542,372
Utility Franchise Taxes	2,824,918	-	-	-	-	-	2,824,918
Sales Tax Collections	4,658,052	-	-	-	-	-	4,658,052
Other Taxes	75,523	-	-	-	-	-	75,523
Charges for Current Services	150,000	20,523,964	-	217,250	-	-	20,891,214
Licenses and Permits	1,428,188	200,000	-	5,000	-	-	1,633,188
Fines and Forfeitures	1,474,619	-	-	109,809	-	-	1,584,428
Interest and Rentals	244,658	31,000	-	40,090	19,000	5,000	339,748
Intergovernmental Revenue	260,554	-	-	22,176	-	-	282,730
Contributions/Memorials	-	-	-	-	-	-	-
Other Revenue	2,792,193	246,068	-	711,619	-	-	3,749,880
Miscellaneous Revenue	-	-	-	-	-	-	-
Interfund Transfer	-	-	7,457,755	-	-	3,696,745	11,154,500
<b>Total Revenues</b>	<b>\$ 31,941,596</b>	<b>\$ 21,001,032</b>	<b>\$ 7,457,755</b>	<b>\$ 1,105,944</b>	<b>\$ 5,439,348</b>	<b>\$ 3,790,878</b>	<b>\$ 70,736,553</b>
Beginning Fund Balances	4,048,866	2,767,389	1,192,920	3,679,186	431,972	3,373,127	15,493,460
<b>Total Available Resources</b>	<b>\$ 35,990,462</b>	<b>\$ 23,768,421</b>	<b>\$ 8,650,675</b>	<b>\$ 4,785,130</b>	<b>\$ 5,871,320</b>	<b>\$ 7,164,005</b>	<b>\$ 86,230,013</b>
<b>Expenditures:</b>							
General Government	\$ 6,030,315	\$ 3,178,457	\$ 7,431,062	\$ 1,598,223	\$ -	\$ -	\$ 18,238,056
Public Safety	14,628,402	-	-	23,130	-	-	14,651,532
Community Development	2,792,629	-	-	250,930	-	-	3,043,559
Public Works	2,372,929	17,118,286	-	-	-	-	19,491,215
Culture and Recreation	4,890,578	-	-	493,582	-	-	5,384,160
Debt Service:							
Principal	-	-	-	-	2,646,133	1,615,000	4,261,133
Interest	-	-	-	-	3,011,849	2,159,470	5,171,319
Administrative Fees	-	-	-	-	27,908	15,908	43,816
<b>Total Expenditures</b>	<b>\$ 30,714,853</b>	<b>\$ 20,296,743</b>	<b>\$ 7,431,062</b>	<b>\$ 2,365,864</b>	<b>\$ 5,685,890</b>	<b>\$ 3,790,378</b>	<b>\$ 70,284,790</b>
Ending Fund Balances	5,275,609	3,471,677	1,819,613	756,825	185,430	3,373,627	15,945,222
<b>Total Fund Commitments/ Fund Balance</b>	<b>\$ 35,990,462</b>	<b>\$ 23,768,420</b>	<b>\$ 9,250,675</b>	<b>\$ 3,122,689</b>	<b>\$ 5,871,320</b>	<b>\$ 7,164,005</b>	<b>\$ 86,230,013</b>

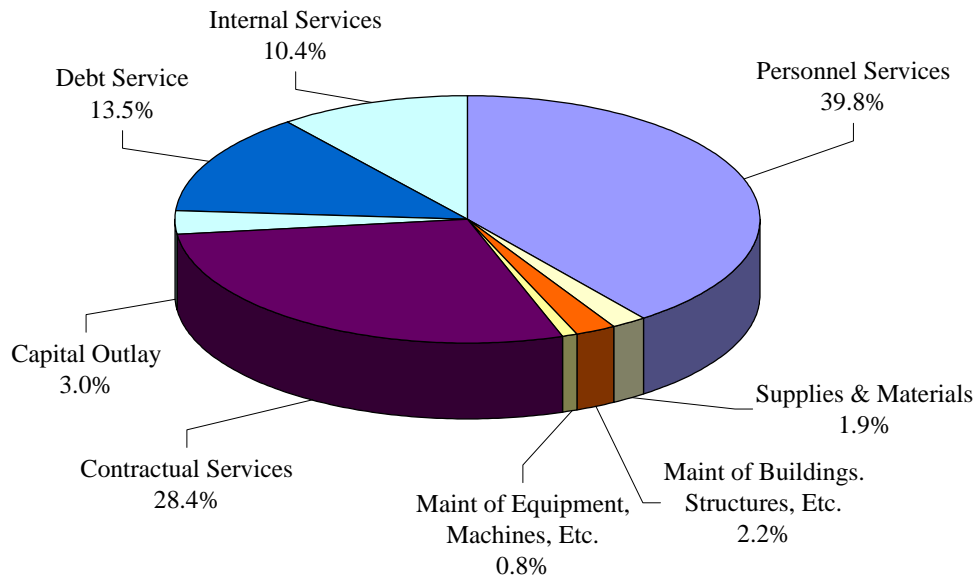
## Consolidated Summary of Revenues by Source



## Consolidated Summary of Expenditures by Function



## Consolidated Budget Summary Expenditures by Object Code Category



	<u>Personnel Services</u>	<u>Supplies &amp; Materials</u>	<u>Maint of Buildings, Structures, Etc.</u>	<u>Maint of Equipment, Machines, Etc.</u>	<u>Contractual Services</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Internal Services</u>	<u>Totals</u>
Administrative Services	\$ 995,547	\$ 68,603	\$ -	\$ 250	\$ 149,602	\$ -	\$ -	\$ 155,744	\$ 1,369,746
Legislative Services	225,811	19,254	-	-	162,775	-	-	39,864	447,704
Community Services	2,639,116	139,337	34,650	69,353	983,289	455,023	-	569,810	4,890,578
Police Services	7,343,720	220,185	155,445	147,857	29,512	-	-	542,951	8,439,670
Financial Services	1,970,049	103,668	222,685	8,428	688,226	-	-	303,311	3,296,367
Fire & Emergency Services	5,333,545	141,850	-	94,962	93,020	-	-	525,355	6,188,732
Development & Environmental Services	2,846,161	99,454	15,850	18,437	342,551	88,299	-	269,461	3,680,213
Non-Departmental	60,439	-	-	-	3,114,690	90,000	-	-	3,265,129
Infrastructure Services	4,495,798	346,566	955,714	147,690	12,435,581	-	-	520,791	18,902,140
Human Resources	378,188	32,026	-	-	76,965	-	-	44,138	531,317
Internal Services Funds	1,476,082	126,611	174,570	35,872	1,222,018	30,430	-	4,365,479	7,431,062
Library Development Fund	-	-	-	-	-	25,000	-	-	25,000
Loan Star Libraries Grant	-	-	-	-	7,000	-	-	-	7,000
Park Development Fund	-	-	-	-	121,000	10,000	-	-	131,000
Tree Preservation Fund	-	8,112	-	-	2,645	-	-	-	10,757
Special Events	15,403	18,500	-	-	41,500	-	-	-	75,403
Summer Day Camp	94,283	16,400	-	800	30,439	-	-	-	141,922
Sports Leagues	-	22,243	-	-	71,757	-	-	-	94,000
Concessions	-	1,000	-	-	2,500	-	-	-	3,500
Tennis	-	1,000	-	-	4,000	-	-	-	5,000
Police Seizures Fund	-	4,176	-	-	-	-	-	-	4,176
S.T.E.P. Grant	1,500	-	-	-	1,500	-	-	-	3,000
Animal Care Grant	-	-	-	-	4,778	-	-	-	4,778
Click It or Ticket Grant	10,976	-	-	-	200	-	-	-	11,176
Municipal Court Security Fund	63,185	-	-	-	6,815	-	-	-	70,000
Municipal Court Tech Fund	-	-	-	-	86,098	-	-	-	86,098
Community Development Block Grant	50,186	-	-	-	200,744	-	-	-	250,930
Vehicle & Equipment Replacement Fund	-	-	-	-	-	1,442,125	-	-	1,442,125
Debt Service	-	-	-	-	-	-	9,476,268	-	9,476,268
<b>TOTAL ALL FUNDS</b>	<b>\$ 27,999,989</b>	<b>\$ 1,368,985</b>	<b>\$ 1,558,914</b>	<b>\$ 523,649</b>	<b>\$ 19,879,205</b>	<b>\$ 2,140,877</b>	<b>\$ 9,476,268</b>	<b>\$ 7,336,904</b>	<b>\$ 70,284,790</b>



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## Statistical Analysis of the FY 2004-2005 Adopted Budget By Fund Type

This executive summary recaps the most significant factors included in the annual budget: revenue assumptions; major initiatives; a reserve analysis; and a fund-by-fund and category synopsis of expenditures. Please note that any references to comparative increases or decreases are based on projections for FY 2003-2004.

### GENERAL FUND

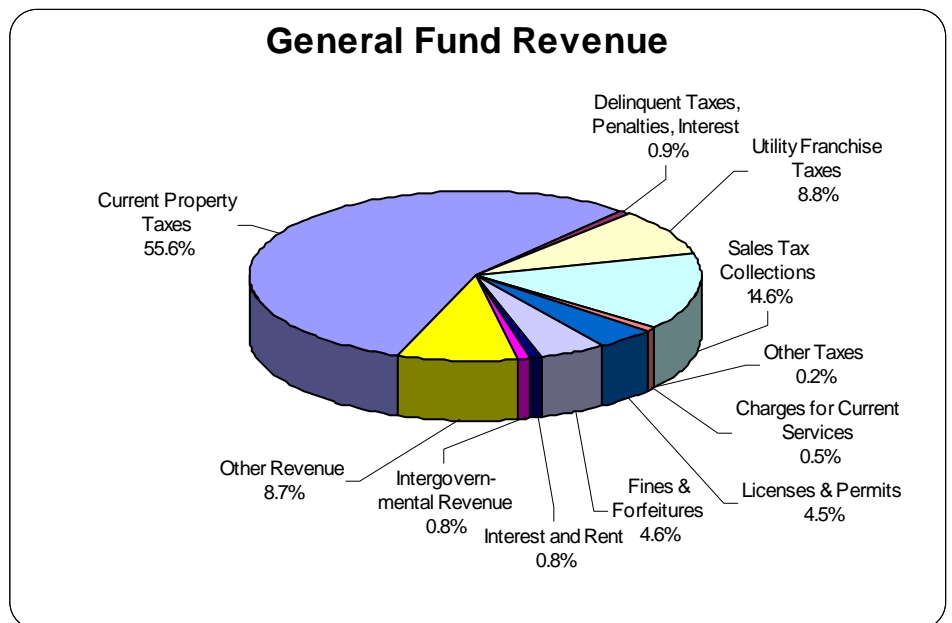
The General Fund is the general operating fund of the Town and is used to account for all transactions and operations of governmental units which are not accounted for in another fund and/or which are financed from taxes or other general revenues.

#### Revenue Assumptions:

The budget document assumes a cautious approach in dealing with revenues, especially growth-oriented revenues. Proposed revenues for FY 2004-2005 assume an overall increase of 5.82 percent over FY 2003-2004 projections. The revenue projections are net of changes in certain revenue categories. Funding of the Town's General Fund operations is derived from 11 major revenue categories. Each of these categories is detailed below with a brief description of how internal and external factors affect revenue amounts and how amounts differ from the prior year.

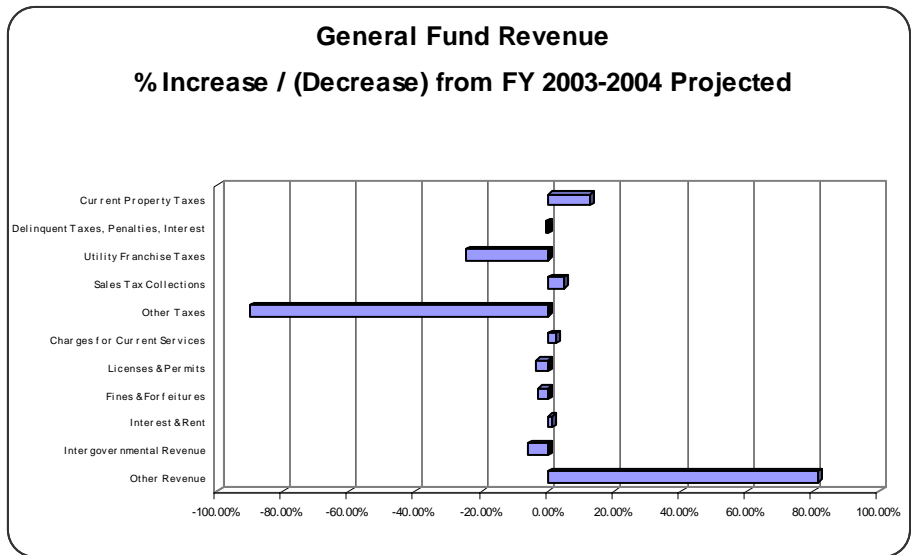
#### **Current Property Taxes: \$17,748,404 (up \$1,994,224 or 12.66 percent)**

The largest revenue source of the General Fund is the ad valorem tax (property tax). Property taxes are levied each October 1 on the assessed value listed as of the prior January 1, for all real and personal property located within the Town. Assessed values represent the appraised value less applicable exemptions authorized by the Town Council. Appraised values are established by the Denton Central Appraisal District at 100 percent of estimated market values. Current Property Taxes account for 55.6 percent of all General Fund revenues.

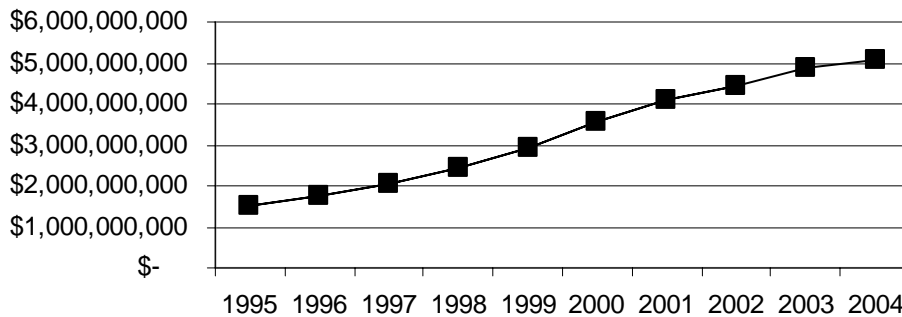


Taxes are levied October 1, immediately following the January 1 lien date, and are delinquent after the following January 31.

The certified property valuations, which are provided by the Denton Central Appraisal District totaled \$5,076,150,138 for 2004, an increase of \$195,977,120 over the 2003 certified tax roll. The certified tax roll is reflective of all taxable property in the Town as of January 1, 2004.



### Taxable Assessed Value



**Delinquent Property Taxes, Penalties and Interest: \$284,487 (down \$1,664 or -0.58 percent)**

Delinquent taxes may be subject to a 12.0 percent penalty and 12.0 percent interest rate per annum according to Texas State law. Taxes are due on receipt and delinquent on February 1 of the year following the year in which imposed. Delinquent taxes incur a penalty and accrue interest for each month the taxes remain unpaid. Delinquent Taxes, Penalties, and Interest account for 0.9 percent of all General Fund revenues.

Over the last 20 years, the attorney representing the Town of Flower Mound in the legal enforcement of delinquent property tax collections has consistently maintained the highest levels of collection in this County and the North Texas region. The Town’s current delinquent tax collection rate is predicted to remain at relatively the same level as the previous year. Within the past five years, the ratio of accumulated

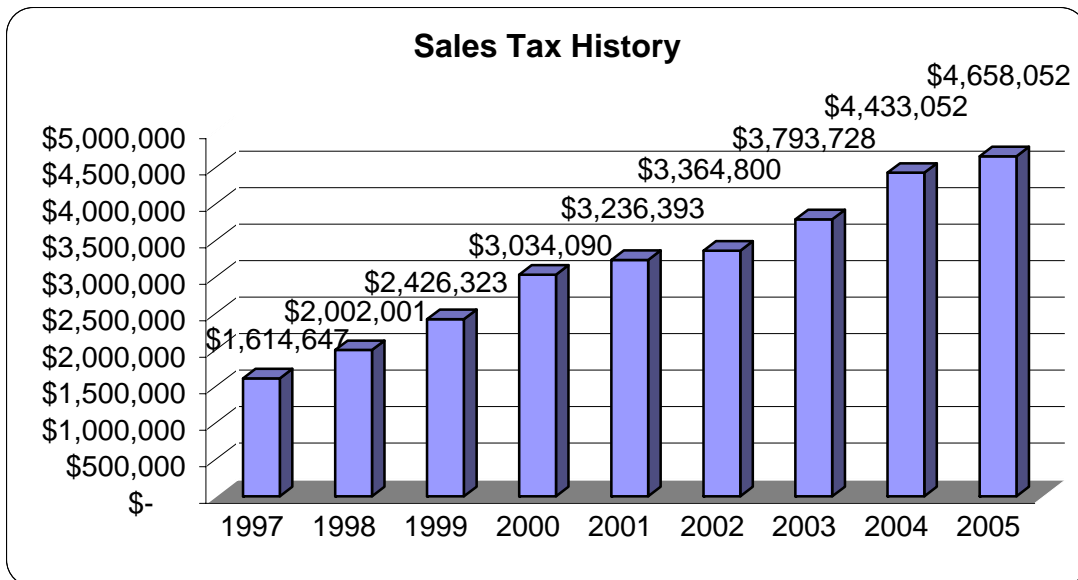
delinquent taxes to current levy has decreased significantly.

**Utility Franchise Taxes: \$2,824,918 (down \$938,133 or -24.93 percent)**

Franchise taxes represent those revenues collected from utilities operating within the Town's right-of-way to conduct their business (i.e., Trinity Waste Services, TXU Gas, TXU Electric Delivery, CoServ {electric and gas}, Comcast Cable, Advantex/Grande Communication, Verizon, and Southwestern Bell). Utility Franchise Taxes are anticipated to decrease 24.9 percent, which is primarily due to the Town's Utility Fund being excluded from paying the tax in FY 2004-2005. Over the past several years, franchise taxes have experienced steady growth in some areas, while in others deregulation has diminished local revenues. The FY 2004-2005 projections for each franchise fee are based on varying methodologies, according to the type of utility. Utility Franchise Taxes account for 8.8 percent of all General Fund revenues.

**Sales Tax Collections: \$4,658,052 (up \$225,000 or 5.08 percent)**

The sales tax increase is consistent with the Town's past experience of steady and strong growth every year. As economic development initiatives produce a greater diversification in the Town's tax base (new commercial retail sales), it is anticipated that sales and use taxes will continue to increase. Sales tax receipts are the result of a tax levy on the sale of goods and services within the Town as authorized by the State of Texas. The maximum sales tax allowed in the Town of Flower Mound is seven and one-quarter cents per dollar (\$0.0725) on all goods and services deemed taxable. Sales and use taxes constitute the second largest revenue source for the General Fund. This revenue source accounts for 14.6 percent of all General Fund revenues.



**Other Taxes: \$75,523 (down \$661,527 or -89.75 percent)**

In previous years, two different revenue sources made up the Other Taxes category: Payment-in-Lieu of Taxes (PILOT) and Liquor Taxes; however, only Liquor Taxes are included for FY 2004-2005.

The PILOT is composed of payments made by the Utility Fund to General Fund in lieu of paying ad valorem property taxes. FY 1998-99 was the first time the Town budgeted for this revenue. The PILOT calculation for the Utility Fund is based on the ad valorem property tax rate for the upcoming fiscal year multiplied times \$100 per assessed value of the Utility Fund's real property at 100 percent assessment ratio.

Alcoholic beverage taxes are the result of mixed beverage sales and private club registrations. The state statutes levy a tax of 14.0 percent on the gross receipts from the sale of mixed beverages in Texas. Each city and county is entitled to receive an allocation of 10.7143 percent. The FY 2004-2005 projections are based on three-year trend analysis of collections. Other Taxes accounts for 0.2 percent of all General Fund revenues.

**Charges for Current Services: \$150,000 (up \$3,504 or 2.39 percent)**

This revenue category accounts for funds earned by the Town in exchange for specific types of services provided. Examples of services include zoning and platting fees, and inspection fees. FY 2004-2005 revenues are anticipated to be slightly higher, due to increased zoning and platting activity. Charges for Current Services account for 0.5 percent of General Fund revenues.

**Licenses and Permits: \$1,428,188 (down \$54,902 or -3.70 percent)**

This revenue category includes license and permit revenue fees charged by the Town for certain types of operator licenses and permits for construction and other items regulated by Town ordinances. Building activity is expected to decrease throughout FY 2004-2005. Licenses and Permits account for 4.5 percent of all General Fund revenues.

**Fines and Forfeitures: \$1,474,619 (down \$47,381 or -3.11 percent)**

Fines and forfeitures represent revenue generated from the municipal court and other punitive actions such as animal control fees and library fines. Fines and forfeitures are anticipated to be slightly below the prior year because of an anticipated decrease in the number of state-sponsored enforcement events; however, the Town has maintained a high level of operating efficiency and an aggressive traffic enforcement program. This revenue source accounts for 4.6 percent of General Fund revenues.

**Interest and Rent: \$244,658 (up \$2,336 or 0.96 percent)**

This source of revenue is conservatively budgeted, due to the current interest rate environment. The overall increase in this revenue category is attributed to additional wireless communications companies leasing Town property. Interest and Rent revenues for next year are conservatively budgeted and account for 0.8 percent of General Fund revenues.

**Intergovernmental Revenue: \$260,554 (down \$17,054 or -6.14 percent)**

Intergovernmental revenues are the result of contracts with Denton County for the provision of library, fire, and ambulance services to the unincorporated areas of the county, with Lewisville ISD for one-half of the cost for three School Resource Officers, and with the U.S. Army Corp of Engineers for the provision of security for Corp property adjacent to Lake Grapevine. Revenues in this category are anticipated to decrease due to a smaller contribution from Denton County for the provision of library services. Intergovernmental Revenues account for 0.8 percent of General Fund revenues.

**Other Revenue: \$2,792,193 (up \$1,252,928 or 81.40 percent)**

The remaining revenue sources in the General Fund include Trinity Waste Services' contribution to the Town's Customer Relations program, contractual-based income, interfund transfers, and other miscellaneous revenues. In FY 2003-2004, an administrative transfer was budgeted to offset the cost of service the General Fund provides the Utility Fund. This practice will continue in FY 2004-2005. The projected increase for FY 2004-2005 is related to a one-time payment to the Town by a developer as a part of a Chapter 380 economic development agreement and a proposed increase in ambulance fees. Other Revenue accounts for 8.7 percent of General Fund revenues.

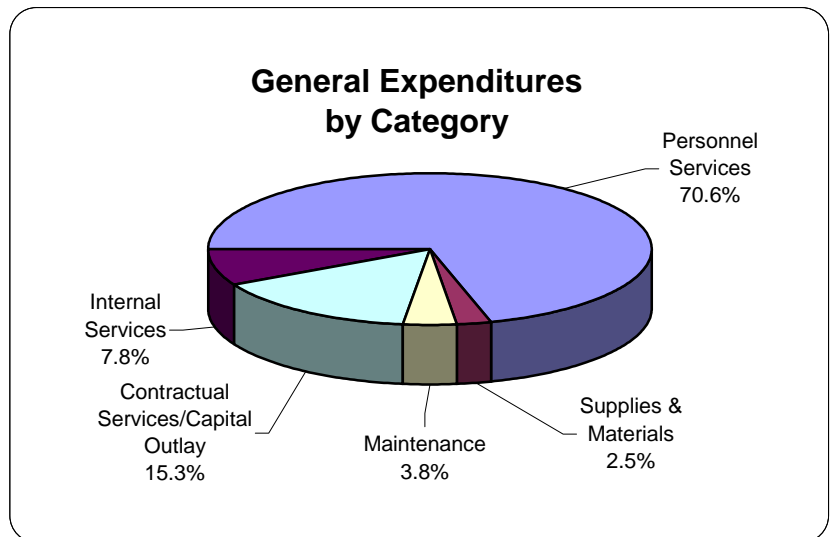
**Expenditure Synopsis:**

**Personnel Services: \$21,665,672 (up \$665,495 or 3.17 percent)**

As the single largest expenditure category, personnel expenses account for 70.5 percent of General Fund expenditures. Increases in FY 2004-2005 are due to TOPPS Team Pay, Step Pay for public safety, and the addition of 10 full time equivalent (FTE) positions.

**Supplies and Materials: \$765,458 (up \$35,311 or 4.84 percent)**

These object classifications are for expendable materials and operating supplies necessary to conduct departmental activities. The anticipated increase for FY 2004-2005 is primarily related to the expansion of Bakersfield Park (Phase II) and the construction of the Chinn Chapel Soccer Complex. Expenditures within this classification account for 2.5 percent of all General Fund expenditures.



**Maintenance of Buildings, Structures, Land, and Improvements; Equipment and Machinery:**  
**\$1,147,844 (up \$73,411 or 6.83 percent)**

These object classifications are for expendable upkeep of physical properties in condition for use or occupancy and tangible property of a more or less permanent nature which is used in carrying out operations. Increases in these areas are attributable to full expenses for Bakersfield Park (Phase I) being added to the budget. Expenditures within these classifications account for 3.7 percent of all General Fund expenditures.

**Contractual Services and Capital Outlay:** **\$4,680,843 (down \$736,094 or -13.59 percent)**

These object classifications are for obligations resulting in services rendered to Town activities by either private firms or other Town departments, along with large expenditures which result in either the acquisition of fixed assets or property with a life expectancy of longer than three years. The expected decrease in these costs is due to elimination of the transfer to the Vehicle and Equipment Replacement Fund for FY 2004-2005 and the removal of one-time payments related to two lawsuits. Expenditures within these classifications account for 15.3 percent of all General Fund expenditures.

**Internal Services:** **\$2,455,036 (up \$84,970 or 3.59 percent)**

These object classifications are for costs associated with services provided by the Internal Services Department (i.e. Information Technology, Facilities Management, and Purchasing and General Services Divisions) to all other divisions within the Town. Expenditures within these classifications account for 8.0 percent of all General Fund expenditures.

**Community Support:** **\$129,519 (no change)**

The Community Support Division accounts for all activities, programs, and services provided by various community organizations to the citizens of Flower Mound. The Town Council approved a total of \$129,519 for these programs in FY 2003-2004. Three additional agencies sought funding this year.

The following is a list of agencies funded in previous years:

- Animal Rescue League
- Camp Summit, Inc.
- CASA of Denton County
- Children's Advocacy Center of Denton County
- Chisholm Trail Retired and Senior Volunteer
- Denton County Friends of the Family, Inc.
- Dial-A-Ride – "City of Lewisville"
- Expressions Theater
- Flower Mound Chamber of Commerce/ Wildflower Festival
- Flower Mound Community Orchestra
- Flower Mound Humane Society
- Humane Society of Lewisville
- Lewisville Lake Symphony Orchestra
- Pedi Place
- The Mound Foundation
- Youth and Family Counseling

## ENTERPRISE FUNDS

Enterprise Funds are those that fully support their own administration, acquisition of facilities, operation, and maintenance through the collection of user charges such as the sale of water and sewer fees. The Town of Flower Mound operates two enterprise funds: the Utility Fund and the Stormwater Utility Fund.

### Revenue Assumptions:

Enterprise Fund revenues are anticipated to increase as a result of the continuing growth of the Town. Proposed revenues for FY 2004-2005 assume an overall growth of 5.22 percent over FY 2003-2004 Projections. The Enterprise Funds derive their revenue from nine major sources: Water Sales; Sewer Charges; Taps and Connect Fees; Solid Waste Collections Administrative Fees; Penalties-Utility Billing; Stormwater Fees; Drainage Inspection Fees; Interest Income; and Other Revenues. The following is a brief description of how internal and external factors affect these revenue sources and how the estimated amounts differ from the previous year.

### **Water Sales: \$13,642,075 (up \$656,511 or 5.06 percent)**

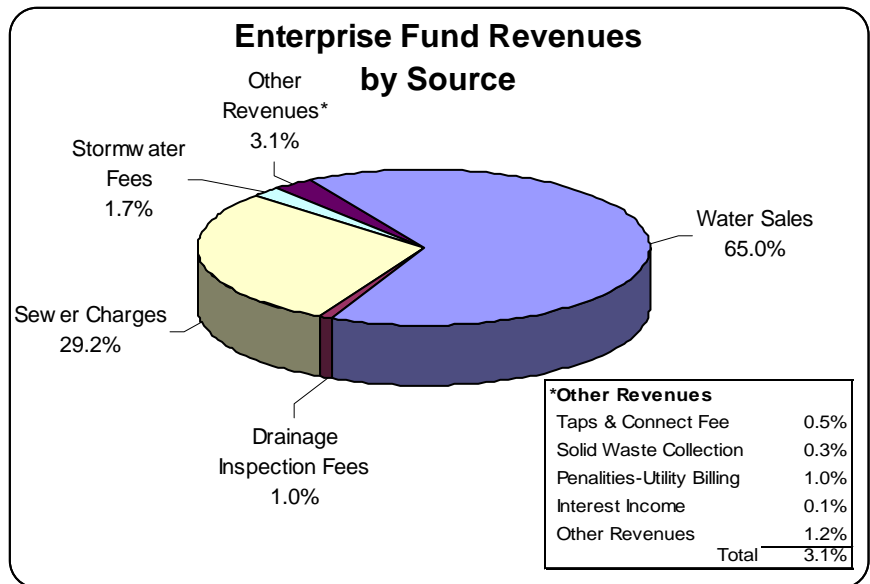
Residential growth is expected to average approximately 33 new households per month in FY 2004-2005. This represents a lower growth rate than in FY 2003-2004. Actual revenue in this category can vary substantially based on weather conditions, and this revenue source has not exhibited expected growth over the past few years, due to mild and wet weather. Water Sales account for 65.0 percent of all Enterprise Fund revenues.

### **Sewer Charges: \$6,133,360 (up \$372,531 or 6.47 percent)**

The anticipated increase in this category is due to additional residential and commercial growth, causing greater demand for sewer services. Actual revenue can vary depending on weather conditions. Sewer Charges account for 29.2 percent of all Enterprise Fund revenues.

### **Taps and Connect Fees: \$108,303 (down \$13,721 or -11.24 percent)**

Higher revenues in FY 2003-2004 were attributable to new accounts; however, this revenue source is anticipated to decrease slightly from the previous year. Taps and Connect Fees account for 0.5 percent of all Enterprise Fund revenues.



**Solid Waste Collection: \$75,625 (up \$2,203 or 3.00 percent)**

This revenue source is projected to increase slightly in FY 2004-2005, and is the 4.0 percent administrative fee charged by the Town for billing and collecting from solid waste customers on behalf of Trinity Waste Services. Solid Waste Collections account for 0.3 percent of all Enterprise Fund revenues.

**Penalties-Utility Billing: \$204,601 (down \$6,393 or -3.03 percent)**

The implementation of a sixth utility billing cycle in FY 1999-2000 has worked to minimize the number of late payments, in addition to the Town's historically low rate of bad debt. The anticipated decrease is attributable to an increased customer base. Penalties-Utility Billing revenues account for 1.0 percent of all Enterprise Fund revenues.

**Stormwater Fees: \$360,000 (up \$8,000 or 2.27 percent)**

In FY 2002-2003, in order to meet the new Environmental Protection Agency (EPA) National Pollutant Discharge Elimination System (NPDES) Phase II Stormwater requirements, the Town created a Stormwater Utility Fund. Property owners in the Town are assessed a per lot fee ranging from \$1.50 for those less than one acre to \$1.00 for those greater than five acres. Commercial properties are charged a flat fee of \$10.00. Stormwater fee revenues account for 1.7 percent of all Enterprise Funds revenues.

**Drainage Inspection Fees: \$200,000 (no change)**

Drainage Inspection Fees are also a part of the stormwater program, and are charged for drainage-related inspections conducted during the development process. This revenue will account for 1.0 percent of all Enterprise Fund revenues.

**Interest and Rent Income: \$31,000 (down \$9,443 or -23.35 percent)**

This source of revenue is conservatively budgeted, due to the current interest rate environment. Interest and Rent revenues for next year account for 0.1 percent of Enterprise Fund revenues.

**Other Revenue: \$246,068 (up \$32,758 or 15.36 percent)**

This revenue category includes sales of equipment and other miscellaneous revenues, including copies of maps, videos, newcomers' lists, plats, street signs, and interfund transfers from CIP funds for services performed by various Town personnel. Other Revenue accounts for 1.2 percent of all Enterprise Fund revenues.

## Expenditure Synopsis:

### **Personnel Services: \$4,622,702 (up \$305,934 or 7.09 percent)**

Personnel Services is the second largest expenditure category in the Enterprise Funds, and it accounts for 22.8 percent of the total Enterprise Funds' budgets. Increases in FY 2004-2005 are due to the expected filling of vacancies experienced in FY 2003-2004. No new full-time-equivalent (FTE) positions are included for funding in FY 2004-2005.

### **Supplies and Materials: \$405,485 (up \$11,807 or 3.00 percent)**

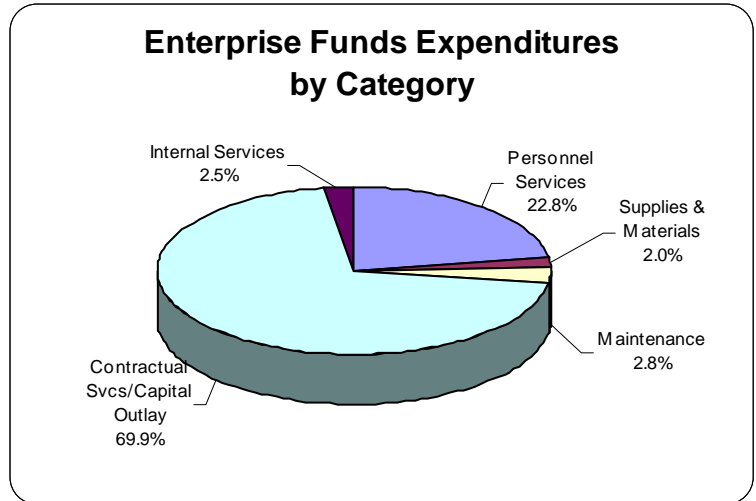
These object classifications are for expendable materials and operating supplies necessary to conduct departmental activities. The purchase of supplies and materials constitutes 2.0 percent of all Enterprise Fund's expenditures.

### **Maintenance of Buildings, Structures, Land, and Improvements; Equipment and Machinery: \$575,620 (up \$9,816 or 1.73 percent)**

These object classifications are for expendable upkeep of physical properties in condition for use or occupancy and tangible property of a more or less permanent nature, which is useful in carrying out operations. Expenditures within these classifications account for 2.8 percent of all Enterprise Funds expenditures.

### **Contractual Service and Capital Outlay: \$14,176,547 (down \$995,151 or -6.56 percent)**

The largest expenditure category in the Enterprise Funds is Contractual Services, which accounts for 69.9 percent of the total Enterprise Funds' budgets. Conversely, Capital Outlay makes up 0.7 percent and is the smallest category. The single largest budgeted expenditure is for water, which the Town purchases from Dallas Water Utilities and the Upper Trinity Regional Water District. The amount of water the Town will purchase in FY 2004-2005 is directly related to demand, contractual agreements with the above entities, and projected population growth. Expenditures for water are expected to increase, as a result of proposed rate increases by the Town's water suppliers; however, this amount will be offset by the elimination of the Payment-In-Lieu Taxes, Water Franchise Fee, and Vehicle and Equipment Replacement Fund transfers.



**Internal Services: \$516,389 (down \$19,650 or 3.96 percent)**

These object classifications are for costs associated with services provided by the Internal Services Department (i.e. Information Technology, Facilities Management, and Purchasing and General Services Divisions) to all other divisions within the Town. Expenditures within these classifications account for 2.5 percent of all Enterprise Fund expenditures.

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are utilized to support the Information Technology, Facilities Management, and Purchasing and General Services Divisions, as well as the Health Insurance/Flex Fund. All divisions in the Town are charged for services they receive from these divisions, and these funds are fully supported by internal charges, with the exception of the Health Insurance/Flex Fund, which is supported by internal charges and employee contributions.

### **Expenditure Synopsis:**

**Personnel Services: \$1,476,082 (up \$30,043 or 2.08 percent)**

As the largest expenditure category, personnel expenses account for 19.9 percent of Internal Service Funds expenditures. An increase in FY 2004-2005 is anticipated with the filling of positions previously vacant during FY 2003-2004. No new full-time-equivalent (FTE) positions are included for funding in FY 2004-2005.

**Supplies and Materials: \$126,611 (up \$32,477 or 34.50 percent)**

These object classifications are for expendable materials and operating supplies necessary to conduct departmental activities. In FY 2004-2005, additional funding is included in the budget to enhance the Town's computer and laptop replacement program. Expenditures within this classification account for 1.7 percent of all Internal Service Funds expenditures.

**Maintenance of Buildings, Structures, Land, and Improvements; Equipment and Machinery: \$210,442 (up \$43,298 or 25.9 percent)**

These object classifications are for expendable upkeep of physical properties in condition for use or occupancy and tangible property of a more or less permanent nature which is used in carrying out operations.

The expected increase in this category is to fund such projects throughout the Town. Expenditures within these classifications account for 2.8 percent of all Internal Service Funds expenditures.

**Contractual Services and Capital Outlay: \$5,617,927 (up \$313,939 or 5.92 percent)**

These object classifications are for obligations resulting in services rendered to Town activities by either private firms or other Town departments, along with large expenditures which result in either the acquisition of fixed assets or property with a life expectancy of longer than three years. The overwhelming majority of expenses in these categories are for the Health Insurance and Flex Benefit expenditures. Expenditures within these classifications account for 75.6 percent of all Internal Service Funds expenditures.

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of special revenue sources other than expendable trusts or major capital projects. The Special Revenue Funds include, but are not limited to, the Town's Library Development Fund, Park Development Fund, Parks and Recreation Special Activities Fund, Community Development Block Grant Fund (CDBG), Municipal Court Security Fund, Municipal Court Technology Fund, and other grant funds.

**GENERAL DEBT SERVICE FUND**

The General Debt Service Fund provides the funds necessary to retire the outstanding tax-supported bonded indebtedness of the Town. Debt in this category primarily consists of general obligation bonds (GOs) and certificates of obligation (COs) that are used to pay the cost of various public improvements such as streets, land acquisitions, and the construction of facilities. Revenues are generated for the repayment of the bonds and certificates primarily through ad valorem property taxes.

The Town issued new General Fund supported debt during the 2003-2004 fiscal year, which includes the following: \$6,550,000 in COs for the construction and improvement of streets within the Town, including drainage, utility line relocations, traffic signalization, and the acquisition of land and right-of-way, as well as for improvements and extensions to the Town's waterworks and sewer system; and \$5,180,000 in GOs for street and park improvement projects.

**2004-2005 General Debt Service Revenues:**

Property Taxes	\$5,420,348
Interest Revenue	<u>19,000</u>
<b>Total Revenues</b>	<b>\$5,439,348</b>

**2004-2005 General Debt Service Expenditures:**

**\$5,685,890**

## UTILITY DEBT SERVICE FUND

The Utility Debt Service Fund provides the funds necessary to retire the outstanding revenue-supported debt of the Town. Debt in this category consists of revenue-supported bonds that are used to pay the cost of improvements to the Town's water and wastewater system, and is repaid with revenues collected from utility customers.

The Town did not issue any new revenue-supported debt during the 2003-2004 fiscal year.

### **2004-2005 Utility Debt Service Revenues:**

Utility Revenues	\$3,651,245
Property Taxes	89,133
Interest Revenue	<u>5,000</u>
<b>Total Revenues</b>	<b>\$3,745,378</b>

**2004-2005 Utility Debt Service Expenditures: \$3,740,378**