

## Proprietary Fund Overview

The Proprietary Funds primary purpose is to account for the services provided to the residents of the City of Kilgore. The City has one proprietary fund; the Water and Sewer Fund. The water and wastewater system operates in a manner similar to a private business. That is why it is referred to as proprietary. Revenues are primarily derived from the rates charged to the customers for each service. The Proprietary Fund is accounted and budgeted for on a cost of service basis using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

### Water and Sewer Fund

The City owns and manages a water and wastewater (i.e. sewer) system to provide water and wastewater services to the residents of the City of Kilgore. Total Water and Wastewater revenue is expected to be \$5,718,450. These revenues will be used to meet maintenance, operation and debt service requirements. In formulating the budget, revenues in the Water and Sewer Fund were calculated at a slight increase of 0.87 percent above FY 2010 levels. This is a combination of a projected increase in water and sewer sales. Water and sewer expenditures and other uses are projected to be \$5,882,190 which includes \$163,740 of fund balance to be used to fund water tank painting. The budget is presented as balanced, however, in the event of excess of expenditures over revenue the difference would be absorbed by retained earnings and/or possibly a rate increase.

### Water Sales

For water service, the City operates water wells and a 3.5 million gallon/day capacity surface water treatment facility. The water source is the Sabine River which is pumped into a 105 million gallon reservoir which represents a 30 day supply for the City. Total Water Sales are expected to be \$3,032,500. This includes residential, commercial, wholesale and bulk water sales. The amount budgeted for FY 2011 increased \$47,500, due to the prior year's rate increase. Water usage by the City's water customers is metered and charges for each customer are determined by the amount of water registered by the meter each month. Residential water rates:

	Inside City Limits	Outside City Limits
Customer service charge	6.85	13.75
Per thousand gallons for all consumption up to 10,000 gallons	2.95	6.15
Per thousand gallons for all consumption between 10,001 to 40,000	3.40	6.75
Per thousand gallons for all consumption 40,001 and over	3.90	7.80

Qualifying senior citizens, age 65 and over, will be eligible for a \$2.50 discount off of the customer service charge (residential only).

## Wastewater Sales

The City operates a 3 million gallon/day capacity wastewater treatment plant. Total Sewer Revenues are budgeted at \$2,165,090 up \$40,000 from FY 2010. Wastewater charges are based on a customer's metered water usage. Wastewater charges for residential users are based upon the average of the three lowest months of water consumption by such user over a twelve-month period, beginning with the first day of March and ending with the last day of February. The first residential billing of May of each year will reflect the new or revised rates. Wastewater Rates are:

	Inside City Limits	Outside City Limits
Customer service charge	8.30	16.60
Per thousand gallons of metered water consumption	3.70	7.40

Qualifying senior citizens, age 65 and over, will be eligible for a \$2.50 discount off of the customer service charge (residential only).

## Miscellaneous Revenue

Miscellaneous revenues include such things as reconnect and transfer fees, water and sewer taps, late pay penalties and interest earnings. The projected revenues decreased by \$38,408 mostly due to a reduction in transfers from ad valorem taxes used to pay bonded debt.

## Debt Service

Each bond issue of the Water and Sewer Fund is accompanied by a formal set of bond covenants that detail the financial responsibility of the City of Kilgore. As of October 1, 2010, the City has \$6,960,000 outstanding. Principal in the amount of \$1,434,000 and interest in the amount of \$73,890 are due during FY 2011. A detail of the Bond Issues is included in this book behind the Water and Sewer Debt Service tab.

**WATER UTILITY FUND  
REVENUES AND RESOURCES  
CITY OF KILGORE**

	<b>ACTUAL 2008-09</b>	<b>BUDGET 2009-2010</b>	<b>BUDGET 2010-2011</b>	<b>Current Year Percent of Total</b>
Residential Water Sales	1,721,147	1,750,000	1,780,000	31.1%
Commercial Water Sales	1,043,294	1,040,000	1,090,000	19.1%
Wholesale Water Sales	122,374	125,000	127,500	2.2%
Bulk Water Sales	40,592	70,000	35,000	0.6%
<i>Subtotal Water Sales</i>	<i>2,927,407</i>	<i>2,985,000</i>	<i>3,032,500</i>	<i>53.0%</i>
Residential Sewer Service	1,371,685	1,400,000	1,425,090	24.9%
Commercial Sewer Service	716,461	725,000	740,000	12.9%
<i>Subtotal Sewer Service</i>	<i>2,088,146</i>	<i>2,125,000</i>	<i>2,165,090</i>	<i>37.9%</i>
Service Charges	20,434	25,000	25,000	0.4%
Water & Sewer Connections	47,296	25,000	25,000	0.4%
New Account Set-up Fees	33,535	40,000	35,000	0.6%
Transfer Fees	2,825	-	2,500	0.0%
Forfeited Discounts (Penalties)	120,590	120,000	120,000	2.1%
Interest - Water Utility Fund	21,313	34,000	34,000	0.6%
Interest - I & S Fund	11,198	15,000	15,000	0.3%
Henderson SRA Pump Station	78,870	75,000	72,600	1.3%
Miscellaneous Revenue	67,828	8,638	5,000	0.1%
Forfeited Deposits	467		250	0.0%
Transfers	208,955	216,630	186,510	3.3%
<b>TOTAL WATER UTILITY REVENUES</b>	<b>5,628,864</b>	<b>5,669,268</b>	<b>5,718,450</b>	<b>100.0%</b>

**WATER UTILITY FUND  
SUMMARY OF TOTAL EXPENDITURES**

	<b>Actual 2008-2009</b>	<b>Budget 2009-2010</b>	<b>Budget 2010-2011</b>	<b>Current Year Percent of Total</b>
Production I (Water Wells)	258,683	238,978	239,282	4.2%
Production II (Surface Water)	911,807	1,006,647	1,032,491	18.1%
Customer Services	435,547	453,515	488,979	8.6%
Distribution & Operation	711,758	871,881	1,084,926	19.0%
Wastewater Department	572,559	802,144	595,939	10.4%
Sabine River Pump Station	91,791	79,750	143,400	2.5%
Debt Service	1,088,233	1,872,905	1,697,400	29.7%
Administration	239,443	232,850	269,473	4.7%
Contingency	-	110,598	166,557	2.9%
Transfer to Capital Projects	-	-	-	0.0%
<b>TOTAL</b>	<b>4,309,821</b>	<b>5,669,268</b>	<b>5,718,447</b>	<b>100%</b>

**WATER UTILITY FUND**

**COMPARISON OF 2009-2010 BUDGET TO 2010-2011 BUDGET**

DEPARTMENT	BUDGET 2009-2010				BUDGET 2010-2011			
	PERSONAL SERVICES	EXPENSES	CAPITAL	TOTAL	PERSONAL SERVICES	EXPENSES	CAPITAL	TOTAL
Production I (Water Wells)	52,548	186,430	-	238,978	55,330	183,952	-	239,282
Production II (Surface Water)	412,346	594,301	-	1,006,647	430,972	601,520	-	1,032,492
Customer Services	308,830	144,685	-	453,515	319,483	154,496	15,000	488,979
Water Distribution	397,540	474,341	-	871,881	414,589	670,338	-	1,084,927
Wastewater	218,705	358,449	224,990	802,144	233,321	362,619	-	595,940
Sabine River Pump Station	-	79,750	-	79,750	-	143,400	-	143,400
Debt Service	-	1,872,905	-	1,872,905	-	1,697,400	-	1,697,400
Contingency	-	110,598	-	110,598	-	166,557	-	166,557
Administration	100,023	132,827	-	232,850	104,654	164,819	-	269,473
Transfer to Capital Projects	-	-	-	187,125	-	-	-	-
<b>Totals</b>	<b>1,489,992</b>	<b>4,179,276</b>		<b>5,669,268</b>	<b>1,558,349</b>	<b>4,145,101</b>	<b>15,000</b>	<b>5,718,450</b>
			Revenues	<u>5,632,389</u>			Revenues	<u>5,718,450</u>
			Excess	<u>-</u>			Excess	<u>-</u>

**DEPARTMENT: WATER PRODUCTION I (WELLS)**

**MISSION**

To provide the citizens of Kilgore with an adequate supply of safe potable water from the water wells in an efficient, affordable, and effective manner; to maintain storage and pumping facilities for adequate fire protection and system pressures.

**DEPARTMENTAL OBJECTIVES**

To complete all monthly reports for submittal by the 5th of the subsequent month.  
 To complete all bacteriological samples by the 24th of each month.  
 To take and record all electrical readings and all sand production readings for each active well at least one time each month.

**DEPARTMENT BUDGET**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
PERSONAL SERVICES	\$ 51,438	52,429	55,330
SUPPLIES	104,518	79,300	74,950
CONTRACTUAL SERVICES	34,467	45,249	45,277
UTILITIES	68,259	62,000	63,725
CAPITAL OUTLAY	-	-	
<b>TOTAL</b>	<b>\$ 258,682</b>	<b>\$ 238,978</b>	<b>\$ 239,282</b>

**PERSONNEL**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
Utility Plant Operator I	1	1	1
Authorized Positions (A.P.)	1	1	1

**DEPARTMENT: WATER PRODUCTION II (Surface Water)**

**MISSION**

To provide the citizens of Kilgore with an adequate supply of safe potable water from the surface water treatment plant in an efficient, affordable, and effective manner; to maintain storage and pumping facilities for adequate fire protection and system pressures.

**DEPARTMENTAL GOALS**

To achieve and maintain effluent turbidity of <0.2 NTU in 80% of measurements taken.

To maintain overtime in this department below budgeted amount of \$10,000

To have all operators licensed at a minimum level of a Grade C license by January 31, 2011

**DEPARTMENT BUDGET**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
PERSONAL SERVICES	\$ 378,646	\$ 411,576	\$ 430,972
SUPPLIES	173,231	193,500	191,850
CONTRACTUAL SERVICES	44,580	119,360	151,769
UTILITIES	315,350	282,211	257,900
CAPITAL OUTLAY	-	-	-
<b>TOTAL</b>	<b>\$ 911,807</b>	<b>\$ 1,006,647</b>	<b>\$ 1,032,491</b>

**PERSONNEL**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
Assistant Water Superintendent	1	1	1
Lab Analyst	1	1	1
Plant Operator II	2	2	2
Plant Operator I	2	2	2
Equipment Operator III	1	1	1
Equipment Operator I (Part-time student)	0	0	0
Authorized Positions (A.P.)	7	7	7

**DEPARTMENT: CUSTOMER SERVICES****MISSION**

To provide efficient and accurate metering, billing and collection services, as well as prompt, courteous customer services to the water utility customers.

**DEPARTMENTAL OBJECTIVES**

To complete reading of all meters efficiently and with no more than 12 misreads annually.

To change out dead and/or old meters to ensure accurate meter readings, up to approximately 250 meters annually.

**DEPARTMENT BUDGET**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
PERSONAL SERVICES	\$ 293,158	\$ 308,496	\$ 319,483
SUPPLIES	36,613	37,350	29,425
CONTRACTUAL SERVICES	86,218	77,405	93,071
SUNDRY	19,558	30,264	32,000
CAPITAL OUTLAY	-	-	15,000
<b>TOTAL</b>	<b>\$ 435,547</b>	<b>\$ 453,515</b>	<b>\$ 488,979</b>

**PERSONNEL**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
Utility Billing Coordinator	1	1	1
Cashier I	1	1	1
Cashier II	1	1	1
Meter Reader	3	3	3
Authorized Positions (A.P.)	6	6	6



**DEPARTMENT: WATER DISTRIBUTION**

**MISSION**

To operate and maintain the water distribution and wastewater collection facilities in an efficient and economical manner that they may provide lasting service to the citizens; to promptly and effectively restore service in the event of water main breaks and wastewater line stoppages.

**DEPARTMENTAL OBJECTIVES**

To flush all dead end water mains identified a minimum of one time per month. (32 per month)  
 To clean a minimum of 4000 linear feet of sewer mains per month.  
 To achieve 80% completion maps of the water lines, valves and hydrants & incorporate into the GIS system by 9/30/11.

**DEPARTMENT BUDGET**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
PERSONAL SERVICES	\$ 390,174	\$ 396,907	\$ 414,589
SUPPLIES	160,766	95,300	91,550
CONTRACTUAL SERVICES	155,917	372,674	574,787
UTILITIES	4,901	7,000	4,000
CAPITAL OUTLAY	-	-	-
<b>TOTAL</b>	<b>\$ 711,758</b>	<b>\$ 871,881</b>	<b>\$ 1,084,926</b>

**PERSONNEL**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
Utility Superintendent	1	Moved to Dept 38	
Crew Leader	1	1	1
Equipment Operator IV	1	1	1
Equipment Operator III	2	2	2
Equipment Operator I	3	3	3
Authorized Positions (A.P.)	8	7	7

**DEPARTMENT: WASTEWATER TREATMENT**

**MISSION**

To provide the citizens of Kilgore with proper treatment of their wastewater; to protect the streams receiving the treated wastewater; to maintain compliance with the discharge permit issued by the Texas Commission on Environmental Quality.

**DEPARTMENTAL OBJECTIVES**

To replace pump structure at the Meadowgreen Lift Station at a cost not to exceed \$30,000 by Jan. 1, 2011..  
 To have all operators licensed at a minimum of a Grade C license by January 31, 2011.  
 Repair & overlay WWTP road at a cost not to exceed \$45,000

**DEPARTMENT BUDGET**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
PERSONAL SERVICES	\$ 191,119	\$ 218,492	\$ 233,321
SUPPLIES	109,006	105,750	111,150
CONTRACTUAL SERVICES	138,881	148,612	142,993
UTILITIES	130,762	104,300	108,475
SUNDRY	2,792	-	-
CAPITAL OUTLAY		224,990	-
<b>TOTAL</b>	<b>\$ 572,560</b>	<b>\$ 802,144</b>	<b>\$ 595,939</b>

**PERSONNEL**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
Plant Chief	1	1	1
Plant Operator II	2	2	2
Equipment operator IV	1	1	1
Authorized Positions (A.P.)	4	4	4

**DEPARTMENT: WATER-SABINE RIVER PUMP STATION**

**MISSION**

To operate and maintain the river pump station facilities in order to provide an adequate supply of raw water to the surface water treatment plant.

**DEPARTMENTAL OBJECTIVES**

To complete cleaning and painting of equipment and piping in pump station by January 1, 2011 using City staff, at a cost not to exceed \$1,500.00

Complete sand removal project in pump station wet well by Dec. 1, 2010 within budget of \$37,000.

**DEPARTMENT BUDGET**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
SUPPLIES	\$ 1,321	\$ 14,500	\$ 10,250
CONTRACTUAL SERVICES	39,439	25,000	104,500
UTILITIES	51,031	40,250	28,650
CAPITAL OUTLAY	-	-	-
<b>TOTAL</b>	<b>\$ 91,791</b>	<b>\$ 79,750</b>	<b>\$ 143,400</b>

**PERSONNEL**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
No personnel assigned to this department	0	0	0

**DEPARTMENT: WATER ADMINISTRATION**

**MISSION**

To provide managerial oversight , guidance and planning for the Water and Wastewater Utilities

**DEPARTMENTAL OBJECTIVES**

To review all monthly reports for submittal by the 10th of the subsequent month.  
Assure all facilities are in compliance with applicable laws and rules

**DEPARTMENT BUDGET**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
PERSONAL SERVICES	\$ 107,750	\$ 100,012	104,654
SUPPLIES	157	650	1,200
CONTRACTUAL SERVICES	957	5,032	2,657
TRANSFERS	130,579	127,156	160,962
CAPITAL OUTLAY	-	-	-
<b>TOTAL</b>	<b>\$ 239,443</b>	<b>\$ 232,850</b>	<b>\$ 269,473</b>

**PERSONNEL**

	<b>ACTUAL FY2009</b>	<b>BUDGET FY2010</b>	<b>BUDGET FY2011</b>
Utility Superintendent	1	1	1
Authorized Positions (A.P.)	1	1	1