

Comprehensive Annual Financial Report



City of Temple, Texas

**For the year ended
September 30, 2020**

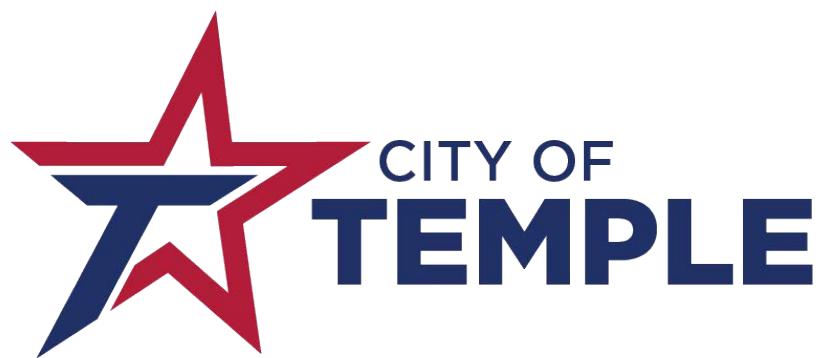
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2020

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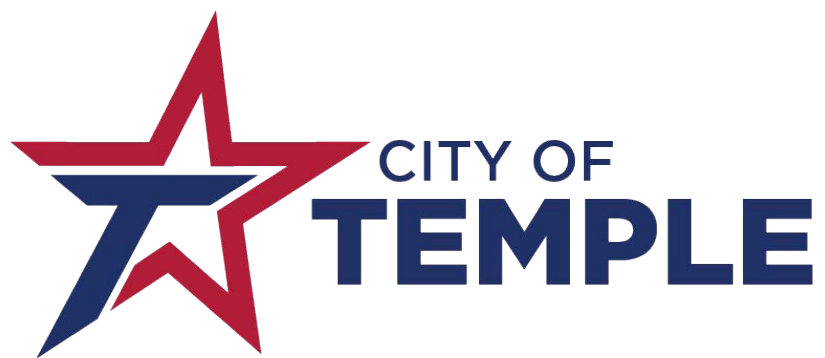
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Introductory Section





February 18, 2021

Honorable Mayor and City Council
City of Temple
Temple, Texas

Dear Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Temple, Texas (the City) for the fiscal year ended September 30, 2020, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Brockway, Gersbach, Franklin & Niemeier, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Temple financial statements for the year ended September 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

GENERAL INFORMATION – CITY OF TEMPLE

Temple is located near the geographic and population center of the State of Texas, 67 miles north of Austin, 130 miles north of San Antonio, 160 miles northwest of Houston, and 120 miles south of the Dallas-Fort Worth Metroplex. There are approximately 75 square miles in the City's corporate boundary.

The City was founded on June 20, 1881, when the original town lots were sold by the Gulf, Colorado and Santa Fe Railway. It was subsequently chartered on March 27, 1907, and operates under a Council-Manager form of government. The City Council is comprised of a Mayor and four members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of various statutory and advisory boards, the City Manager, City Attorney, Director of Finance, City Secretary, and a Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors and heads of departments, and the performance of functions within the municipal organization.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Temple as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; economic development; sanitation services; community development; building inspection; parks and recreation; the construction and operation of water, sewer, drainage, solid waste services, streets and infrastructure; convention and tourism activities and a civic center, library and airport facilities.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Temple Economic Development Corporation and the Tax Increment Financing District (Reinvestment Zone No. 1) are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Temple Housing Authority, a related organization, is not a part of this report, as the City's accountability does not extend beyond appointing some members of the Board.

ECONOMIC CONDITIONS AND OUTLOOK

Fiscal year 2020 has been an extraordinary year, one in which many have never experienced. The COVID-19 pandemic has changed the world's economy. Municipalities across the United States have felt the impact and will continue to feel it in some way in the foreseeable future. The pandemic has certainly had an impact on the City of Temple. While trying to respond to the needs and desires of the community during the pandemic, the City had to make several difficult choices in regard to operations and services being offered. Fortunately, the City does not foresee any major negative financial impacts resulting from the COVID-19 pandemic. The City's location, which is close to the geographic center of the State of Texas, provides a strategic location in the State and has been important for economic development. Temple continues to be a regional center for manufacturers, distribution centers and medical facilities in the Central Texas area. Temple's location is enhanced being located at the intersection of Interstate Highway 35 (NAFTA link with Mexico and the U.S.), Interstate 14, State Highways 36, 53, 93 and 95. Additionally, major rail services intersect within Temple's city limits. During the past year, the City has experienced a steady increase in economic development despite the COVID-19 pandemic. Significant new construction permits of \$ 221,846,194 for FY 2020 underscore the continued

steady expansion of our residential base. Sales tax receipts of \$ 24,418,211 show an increase of 5.54% over fiscal year 2019. Local unemployment is currently 6.30%, representing one of the lowest rates in the State of Texas.

In FY 2020, the City experienced an 11.02% increase in taxable assessed property value to bring the current value to \$ 4,882,056,874. The census figures for 2010 of 66,102 residents show an average growth of over 3.00% per year over the past ten years.

Given Temple's continued pro-business attitude and enthusiastic accommodation of industry, the City continues to prosper economically. Highlights include:

- In August 2019, Cargill, Inc. completed its expansion of its Animal Nutrition & Health facility on Berger Road to produce various additional types of animal feed in both bulk and packaged form. The expansion involved an upgrade of the existing mill with additional equipment and bulk loading capabilities, a new 82,000 square foot warehouse for packaged finished goods with new packaging lines, and a 5,000 square foot extension of the existing packages raw warehouse. Cargill's expansion also created 23 additional jobs. The City did enter into a tax abatement agreement with Cargill, Inc.
- Palladio Industries, Inc. constructed a new chemical manufacturing facility and associate offices for the production of products utilized in water intensive applications. The facility located at 2114 Trino Road sits on a 21.193-acre tract of land and will house approximately 30 employees. Construction was substantially completed Fall 2020. The City has entered into a tax abatement agreement with Palladio Industries, Inc.
- In October 2019, KEG 1 O'Neal, LLC completed its expansion project on 23-acres at the corner of Lucius McCelvey Drive and Enterprise Road. The expansion included construction of an 80,000 square foot new office and commercial distribution warehouse. The expansion project is expected to create 50 additional jobs. The TEDC Board of Directors approved an economic development agreement that included a land grant.
- East Penn Manufacturing Company announced that it will be expanding its finishing distribution center operations to Temple. East Penn Manufacturing is a manufacturer of high-quality lead batteries and accessories for automotive, agricultural, commercial, marine, industrial, and specialty markets. The company's expansion will include the construction of a new facility and the creation of 266 new jobs. Construction was originally expected to be started in December 2019 but was delayed until June 2020. The City has entered into a tax abatement agreement with East Penn Manufacturing Company.
- Universal Health Services (UHS) has started construction on Canyon Creek Behavioral Health, a multi-million dollar 102-bed inpatient psychiatric hospital located on Canyon Creek Drive. The new hospital partially opened in Fall 2020 with plans of being fully operation in 2021. The new facility is expected to add approximately 360 jobs to the area.

- An economic development agreement exists between the City, Temple Historic Arcadia Theatre, Inc., and Turner Behringer Development Company (“TB”) for the redevelopment of the Hawn Hotel, Arcadia Theater, and the Sears Building properties in downtown Temple. This project will redevelop approximately 85,000 square feet of historic buildings in downtown Temple into mixed-use residential, retail space, and entertainment uses. The project includes the Hawn Hotel and Arcadia Theatre that will include approximately 40-50 for-lease residential units, as well as retail and restaurant space. The Arcadia Theatre will be redeveloped into a multi-purpose events and performance hall. The Sears Building will include retail, office, and/or residential units. A lease agreement was approved by the City in December 2020. The agreement agrees to exclusively lease eighty-nine parking spaces and all the retail space in the parking garage to be constructed on the Central parking lot, located east of North 4th Street and north of East Central Avenue. The project continues to move forward and is an exciting redevelopment project for downtown Temple.
- Niagara Bottling, the nation’s largest family owned and operated beverage supplies, announced in February 2019 that they would construct a new 450,000 square foot bottling facility on a 50-acre site in the Temple Industrial Park creating 70 new jobs. The project construction is divided in two phase – the first phase was completed in April 2020, creating 49 jobs and the second phase is scheduled to be completed in December 2022, creating an additional 21 jobs. The City has entered into a tax abatement agreement with Niagara Bottling.
- In September 2020, it was announced that Lengefeld Lumber Company, LLC would relocate their current operations located at 8 North 13th Street to a 15.35-acre lot in Temple’s Central Pointe Industrial Park. This project is designed to expand Lengefeld Lumber’s current business operations, as well as allow for the job creation and retention of 43 positions.
- H-E-B’s distribution facility announced in September 2020 that is will expand its current facility footprint of 800,000 square feet to 1,050,000 square feet in order to increase their warehouse capacity and operations. The distribution facility currently supports more than 50 H-E-B retail stores across the region, from Austin to Dallas, and has been operating in the Temple community since 2010. Construction on the expansion was slated to begin by the end of 2020 with a project completion expected in 2021.
- In September 2020, Sunbelt-Solomon Solutions announced that it will begin their expansion project in Temple. The expansion will result in a new 10,000 square foot building that will allow for the operation of all product families to be done in-house. This expansion will also create approximately 100 new jobs. The City has entered into a tax abatement agreement with Sunbelt-Solomon Solutions.

The City of Temple is recognized by the medical community in the United States as a leading medical provider with two major hospitals located within Temple. Baylor Scott & White Health (BS&W) and the Olin E. Teague Veterans Hospital, combined, employ approximately 10,000 full time positions. The hospitals provide medical care to the surrounding local, state, and

international community. Texas A&M University College of Medicine, in conjunction with BS&W and Veterans Hospital, provide the four years of medical school as well as research and development.

Baylor Scott & White Health includes 48 hospitals, more than 800 patient care sites, more than 7,800 active physicians, 47,000 employees and the Scott & White Health Plan. It is guided by a combined team of leaders from both Baylor and Scott & White. It is the largest not-for-profit health system in Texas and one of the largest in the United States.

In addition, the Temple Health and Bioscience District was created as a result of legislation passed by the State of Texas in 2003 and approved by Temple voters, to establish the district in that same year. The first such district created in Texas, Temple's Health and Bioscience District is devoted to the development and creation of health and bioscience/biotechnology opportunities within the City of Temple.

Serving the Temple area are seventeen major schools and universities, detailed in the statistical section of this document, which offer one of the highest levels of educational opportunities available in the nation.

The City of Temple also operates the Frank Mayborn Civic and Convention Center which can accommodate both small activities and major conventions. There is over 894 miles of developed park acreage which includes public parks and special use areas, ranging from small neighborhood parks to major sport activity facilities; such as Lions Park which hosts major intra-mural softball events for teams throughout the State of Texas. The City has five swimming pools/water parks. The Hardin Swim Center, owned and operated by the Temple Independent School District, is a heated indoor junior Olympic size pool that hosts statewide high school and intra-mural competitions. The City has several neighborhood and recreational centers which provide day-time activities for the youth of Temple. There are two golf facilities; the City owned Sammons Park (18 holes), and the private Wildflower Country Club (18 holes).

Many new jobs continue to be created with the opening, expansion and relocation of the businesses to the City.

LONG-TERM FINANCIAL PLANNING

The City of Temple is currently managing the largest capital improvement program in the history of the community. As of September 30, 2020, a total of \$ 289,198,810 has been allocated for various capital projects including such improvements as water and sewer infrastructure, transportation infrastructure, parks improvements and public safety infrastructure. Funding sources for these projects can be identified in eight major areas:

- ▶ Utility Revenue Bonds
- ▶ General Obligation Bonds
- ▶ Certificates of Obligation
- ▶ General Operating Budget Funding
- ▶ Limited Tax Notes

- ▶ TxDOT Reimbursable Utility Agreements
- ▶ Grants
- ▶ Reinvestment Zone No. 1

During FY 2020, several major capital projects were underway or have been completed such as Hogan Road improvements, South 31st Street sidewalks, reconstruction and relocation of Shallowford Lift Station, Williamson Creek Trunk Sewer improvements, rehabilitation of Scott Elevated Storage Tank, Gateway Center Area utility improvements, pool re-plastering of Lions Junction Family Water Park, improvements to Alta Vista Park, property acquisition for Pepper Creek Tank Site 2, elevator refurbishment at City Hall, replacement of the City's storage area network, purchase of an enterprise firewall solution, installation of Routeware Software for Solid Waste, as well as various waterline and wastewater line replacements.

The FY 2020 Budget includes \$ 19,833,048 for routine capital for the general operating budget which includes equipment and public infrastructure projects that are underway and/or planned for this fiscal year. Included in this amount is \$ 15,156,500 of Reinvestment Zone infrastructure improvements. In accordance with current fiscal and financial policies, \$ 1,988,618 of General Fund routine capital is funded with fund balance.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The City's accounting records for general governmental activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility fund are maintained on the accrual basis.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is maintained at the department level. Encumbrances are entered at the time a purchase order is issued. Open encumbrances are recorded as reservations of fund balance as of September 30 of each year, and the subsequent year's budget is increased to reflect these carried-forward encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's financial management staff, and expenditure estimates by each City department. Budgets are reviewed by the Director of Finance. The City Manager makes final decisions and submits a recommended budget to the City Council. The proposed budget is reviewed extensively by the City Council, a process which includes a Charter-mandated public hearing, in addition to work sessions, which are open to the public. The City Charter requires adoption of the City budget in conformity with State law. If City Council fails to adopt the annual budget before the start of the fiscal year to which it applies, appropriations of the last budget adopted shall be considered as adopted for the current fiscal year on a month-to-month pro rata basis until the next budget is adopted.

While the budget is developed and controlled at the departmental level, appropriations are made at the account level. An ordinance establishes the budget for operating expenditures, debt service payments, and interfund transfers while a separate ordinance establishes the property tax rate.

During the course of the fiscal year, expenditure controls are maintained by each department head with overall review exercised by the Director of Finance and the City Manager. Monthly departmental expenditure reports are generated by an automated management accounting system and provide expenditure totals and encumbrances at the line-item level for the most recently completed month, as well as a year-to-date total, and an actual versus planned rate of expenditure.

Constant review of revenue and expenditure trends is maintained with specific responsibility assigned to the Director of Finance. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure compliance with the adopted budget.

The City's Finance Department publishes a Quarterly Financial Report directed at providing internal and external users with the general awareness of the City's financial positions and economic activity. The report includes a Financial Summary section reporting the performances of the major operating funds and a status report of the City's capital projects; a section summarizing key economic indicators and an in-depth review with graphic illustrations; and a section describing investment activity, interest earnings and the City's investment portfolio. The highlights of each quarter's report are presented to the City Council.

GENERAL GOVERNMENTAL FUNCTIONS

Tax Rates

All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under State law and provisions of the City Charter, the City is limited to a maximum tax rate of \$ 1.20 per \$ 100 assessed valuation. As shown below, the tax rate adopted by the City Council has historically been substantially lower than the maximum allowed by law.

The allocation of the property tax rate by purpose (General Fund operations and Debt Service) for FY 2019-20 and the preceding four fiscal years is reflected in the following table:

Purpose	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund	\$ 0.3097	\$ 0.2982	\$ 0.3142	\$ 0.3142	\$ 0.3234
Debt Service	0.3630	0.3630	0.3630	0.3430	0.3064
Total Tax Rate	<u>\$ 0.6727</u>	<u>\$ 0.6612</u>	<u>\$ 0.6772</u>	<u>\$ 0.6572</u>	<u>\$ 0.6298</u>

Tax Appraisal/Collection Responsibilities

Under Texas law enacted in 1979, and subsequent revisions to the State Property Tax Code, the appraised value of taxable property in Temple is established by the Tax Appraisal District of Bell County. The City of Temple and other taxing jurisdictions in Bell County pay a pro rata share of the budgeted expenditures incurred by the Appraisal District, based upon individual levy. In fiscal year 2019-20, the City's payment to the Appraisal District for tax collection and appraisal services was \$ 374,432, an increase of \$ 32,211 from the amount paid by the City in FY 2018-19.

Debt Administration

Two ratios traditionally used to analyze the debt structure of municipalities are presented below. Revenue debt has been excluded since service and user charges made by utility system customers are used to retire such debt and no ad valorem tax proceeds are used for utility revenue bond debt service.

Outstanding General Bonded Debt at 9-30-20 (Net of Debt Service)	\$ 205,538,992
Estimated Population	84,613
Net Bonded Debt per Capita	\$ 2,429
Net Bonded Debt per Assessed Value	4.21%

The City's latest bond issues received the rating of "AA" from Standard & Poor's.

Cash Management

According to the City of Temple's Investment Policy, the Investment Officer has three main objectives in managing the portfolio, in order of priority: safety, liquidity and yield.

Safety

Safety is insured in several ways: investing only in securities allowed by state statute and the City's investment policy; using delivery versus payment for all security transactions; requiring all cash in the bank be collateralized with government securities pledged to the City and safe kept at a third party institution; and diversifying investment purchases to minimize individual security market risk. In addition, the City uses an approved list of security brokers when making investment transactions.

The City's bank deposits are secured with the following collateral:

- \$ 20,000,000 letter of credit from the Federal Home Loan Bank of Atlanta
- \$ 25,111,933 in letters of credit from the Federal Home Loan Bank of Dallas
- \$ 10,310,309 in letters of credit from the Federal Home Loan Bank of San Francisco
- \$ 229,334 in government securities at fair value held at the Federal Home Loan Bank of Dallas

Liquidity

Liquidity is the second objective of the Investment Officer's management of the portfolio. To ensure sufficient funds to meet scheduled obligations, investment maturities are matched to projected expenditures. In addition, a portion of the portfolio is invested in liquid assets, such as pools and short-term securities, to cover unforeseen expenditures and day-to-day fluctuations. By using the matching strategy, a portion of the portfolio can be extended out longer, thus increasing yield and stabilizing interest earnings.

At September 30, 2020, the weighted average maturity of the City's investment portfolio was 113.00 days.

Yield

Maximizing yield is the third objective of the Investment Officer. Although maintaining safety and liquidity are always more important than increasing yield, the Investment Officer should be able to maintain a reasonable rate of return and at the same time avoid taking on unnecessary risks.

The City of Temple uses the average rolling 90-day T-bill rate as a yield benchmark. The City's portfolio average yield was 0.73% at September 30, 2020, which was below the average rolling T-bill yield of 0.12%.

As of September 30, 2020, the City's cash and investment resources were divided between cash on hand of \$ 14,296, deposits of \$ 53,961,127, and investments of \$ 88,280,232.

MAJOR INITIATIVES

Budget Development & Background

Budget Process - The City's typical budget process occurs over an eight-month period through the collective efforts of department staff members, directors, the City Manager and the City Council. The budget process is coordinated to identify major policy issues for City Council consideration several months prior to the budget approval date so that proper decisions can be made. Preparation of the FY 2021 Budget was comprised of several key steps:

- City Council Budget Retreat
- Leadership Team Budget Retreat
- Departments Develop Budget Requests
- City Manager Develops Proposed Budget
- City Manager Files Proposed Budget with City Secretary
- City Council Work Sessions
- Hold Public Hearings on Budget & Tax Rate
- Adopt Budget & Tax Rate

Budget Approach - This is the second year we have presented the annual budget in the context of a multi-year business plan. Last year, we began the process of creating our first business

plan. Through that initiative, instead of approaching the budgeting process and work plan development from a single year perspective, as we have traditionally done, the City of Temple committed to being future focused.

We challenged ourselves to look into the future and approach our planning from a longer-term view and to set an intentional direction for the organization. We challenged ourselves to plan for those things that are critical to maintain and enhance the Temple we love. We challenged ourselves to consider the need for growth, change, and innovation so that the City of Temple will be a city where next generations will also love to call home.

2020 has been an extraordinary year, the likes of which we have never experienced. The COVID-19 pandemic has changed the world's economy. Every one of us has felt that impact and we will continue to feel it in some way for the foreseeable future. The pandemic has certainly also had a financial impact on the City of Temple. In navigating this challenging time, the work we did and the foundation we laid in developing our multi-year Business Plan became more important and more valuable than anyone ever imagined.

The multi-year planning framework of our Business Plan allows us to be flexible and responsive to changing circumstances. In response to the financial implications of the COVID-19 pandemic, the 2021 Business Plan shifts many of our planned service level enhancements and new initiatives to a future year. We have also added fiscal years 2026-2028 to the plan to further broaden our planning horizon and continue to maintain our focus on the future. These adjustments will allow us to continue to be financially sound while maintaining the focus on our strategic goals and commitments.

City Manager's Highlights

The focus of the FY 2021 Budget is on maintaining our service levels while responding to the growth of our community and doing so in a way that maintains the financial health of the City. This budget reflects a fiscally responsible approach to improving the City's infrastructure and maintaining quality City services to a growing population.

In accordance with the Financial Plan, the City's Annual Budget allocates resources based on the four focus areas identified in the Strategic Plan. The Annual Budget estimates available revenue over the upcoming fiscal year and identifies the resources needed for the specific initiatives that will help accomplish the strategic goals of the City and drive improvement in each focus area.

For Fiscal Year 2021, the Budget totals \$ 174,611,505 for all funds. This annual budget has been developed with the goal of providing a wide range of high-quality services while maintaining fiscal soundness as the foundation of all that we do.

FY 2021 Budget Financial Highlights by Fund

General Fund Revenues - Total revenues for the FY 2021 General Fund Budget are presented at \$ 81,457,021 a decrease of 0.19% compared to the FY 2020 Adopted Budget. The three largest sources of revenue for the General Fund are sales tax, property tax, and solid waste charges.

Property Tax - In the FY 2021 Budget, property tax accounts for 21.08% of the General Fund budgeted revenues and is the second largest revenue source of the General Fund. The Budget is based on a property tax rate of 65.25¢ per \$100 valuation, which is a decrease of 2.02¢ as compared to FY 2020 tax rate of 67.27¢.

This rate is based on a certified appraised value of \$ 5,568,407,064 (net taxable value not adjusted for frozen values). The tax rate is comprised of two components, the Maintenance and Operations rate (M&O) and the Interest and Sinking rate (I&S). This year's tax rate is at 30.00¢ for the M&O rate and 35.25¢ for the I&S rate.

Sales Tax - While much attention is focused on the property tax rate number, our single largest source of revenue for the General Fund continues to be sales tax revenue. In the FY 2021 Budget, sales tax is projected to account for 28.92% of the General Fund budgeted revenues.

The FY 2021 Budget estimates \$ 23,554,500 in sales tax revenue, a 2.50% increase in sales tax revenue over budgeted FY 2020 sales tax revenue.

Solid Waste Rates - Charges associated with solid waste services represent the third largest source of revenue for the General Fund and are projected to account for 15.38% of total General Fund revenues. \$ 12,528,607 in solid waste revenue is projected for FY 2021, representing a 3.71% increase from the FY 2020 solid waste revenue adopted budget of \$ 12,080,571. There are no rate adjustments for solid waste services in FY 2021.

General Fund Expenditures - Total expenditures for the FY 2021 General Fund Budget are presented at \$ 83,707,907, a decrease of 0.61% compared to the FY 2020 Adopted Budget.

Water and Wastewater Fund - Total revenues for the FY 2021 Water and Wastewater Fund Budget are presented at \$ 43,728,324, a decrease of 3.99% compared to the FY 2020 Adopted Budget. Total expenditures for the FY 2021 Water and Wastewater Fund Budget are presented at \$ 44,037,124, a decrease of 3.32% compared to the FY 2020 Adopted Budget. There are no rate adjustments to the water and wastewater rates in FY 2021.

Hotel/Motel Tax Fund - Total revenues for the Hotel/Motel Fund Budget are presented at \$ 2,248,938, a decrease of 2.80% compared to the FY 2020 Adopted Budget. 19.22% of the Hotel/Motel revenues are from the operations of the Frank Mayborn Center. Expenditures for

the Hotel/Motel Fund Budget are presented at \$ 2,248,938, a decrease of 13.46% compared to the FY 2020 Adopted Budget.

Federal and State Grant Fund - Total revenues and expenditures for Federal and State Grant Fund Budget are presented at \$ 626,742, an increase of 6.56% compared to the FY 2020 Adopted Budget. Total revenues include the award of the Community Development Block Grant (CDBG). The allocation of CDBG funds are as follows:

- Projects - \$ 289,190
- Housing Improvement Program - \$ 102,470
- Crime Prevention Program - \$ 75,089
- Neighborhood Revitalization Program - \$ 39,121
- General Administration - \$ 120,872

Drainage Fund - Total revenues and expenditures are presented at \$ 2,850,103, a 2.68% increase from prior year. These revenues are based on rates that remain unchanged from FY 2020.

FY 2021 – FY 2028 Financial Plan

The Financial Plan links the City's strategic focus areas to an eight-year funding model to ensure that the necessary resources are allocated to the City's goals in order to make their achievement possible. The Financial Plan aligns the City's budget with the four strategic focus areas, estimates available revenue over the eight-year planning period, and identifies the resources needed for the specific initiatives that will help accomplish the strategic goals of the City and drive improvement in each focus area.

An Organization Committed to Performance Excellence

Our organization is committed to performance excellence through identifying and adopting leading-edge management practices, focusing on data-driven decision making, and striving for continuous improvement within our organization.

Funding for the expansion of the Office of Performance Excellence is included in the Financial Plan including a Performance Analyst (FY 22), a Data Assistant (FY 23), and Innovation Analyst (FY 28). These additions will provide the staff resources necessary to pursue accreditation for our four largest departments: Parks and Recreation, Public Works, Police, and Fire. Additionally, these positions will support the implementation of the Baldrige Performance Excellence program framework across the organization and the development of department-specific Performance Excellence plans.

The Financial Plan also recommends continued funding for the performance management system which assist City Staff in the execution of the Strategic Plan. This system is monitored and maintained by the Office of Performance Excellence, and progress is reported regularly to our citizens.

A Customer Service Champion (FY 22) position is also included as part of the Office of Performance Excellence. This position will be tasked with developing and implementing an organization-wide Customer Service Excellence program.

The addition of two Customer Service Representative positions (FY 23) are included in the Financial Plan to provide professional customer service at the Temple Airport in support of the new executive terminal facility.

Additional Administrative Assistant positions are included in the Fire Department (FY 24) and Municipal Court (FY 22).

In support of our strategic commitment to optimize the use of data and technology to improve service and protect mission critical infrastructure the Financial Plan proposes the implementation of the following technology initiatives:

- a new parks and recreation software (FY 23);
- a new police records management software (FY 23);
- replacement police and fire mobile data laptops (FY 21, FY 25); and
- a new digital records management system (FY 25).

The Financial Plan also recommends the addition of a Senior Project Manager (FY 24) and a Technical Trainer (FY 24), to provide the staff resources necessary to implement and maintain these systems.

Funding is also included for a Systems Database Administrator (FY 21) position who will be tasked with developing a comprehensive cyber security program.

The replacement of the storage area network (FY 21), the data center server (FY 22), the network core (FY 22), network edge switch (FY 24), and the Mitel phone switch (FY 24) is also included in the plan.

In order to plan for, design, construct, and maintain high quality facilities that meet the needs of the community now and in the future, the Financial Plan includes funding for individual Facility Master Plans for each of our city-owned facilities (FY 22-FY 25), allocates approximately \$ 1.3 million towards facility improvements, adds an Assistant Director of Purchasing and Facility Services (FY 22) position, and a Building Improvement Team in Facility Services (FY 23).

The Financial Plan also proposes the following major facility improvements:

- a renovation to the first floor of the Municipal Building (FY 21);
- a new recycling center and transfer station facility (FY 21);
- an expansion to the Service Center facility (FY 21); and
- a new executive airport terminal and aircraft rescue & firefighting facility (FY 22).

The Financial Plan allocates approximately \$ 18.4 million in capital equipment purchases and replacements throughout the eight-year plan and recommends the addition of a Heavy-Duty Technician (FY 22) and an Automotive Technician (FY 23). Funding is also included for a reclassification of the Auto Shop Service Writer position to an Auto Shop Foreman (FY 23) position and the addition of an Inventory Specialist (FY 25) for Fleet Services.

Talented and Dedicated Employees who have a Heart for Service

The City of Temple is committed to delivering exceptional services to our community. Providing service is at the heart of what we do. We are a service-based organization. With few exceptions, we do not produce or sell products; we provide services. Our citizens expect those services to be provided in an efficient, professional, and practical manner. Our employees are the drivers of our ability to deliver high quality services and so attracting and retaining the very best employees is a critical strategy to ensure we are providing the highest levels of service in the most efficient way possible.

The Financial Plan includes the addition of two Human Resource Generalist (FY 22, FY 27) positions, a part-time Human Resource specialist (FY 23), an Organizational Development Manager (FY 26), and an Employee Experience Champion (FY 23) to provide the staffing resources necessary to attract, retain, and develop talented employees. The Financial Plan includes an allocation to develop and implement a Public Safety Recruitment Strategy (FY23, FY 24), a Talent Attraction Strategic Plan (FY 24), a Leadership Succession Plan (FY 23), and to expand our employee training and development programs (FY 22).

The Financial Plan includes an allocation to conduct and implement compensation studies for public safety employees (FY 22, FY 24, FY 26, FY 28) and general government employees (FY 21, FY 23, FY 25, FY 27) to ensure competitive compensation. The plan also continues to fund our group health insurance plan, employee retirement plan, and employee longevity program.

An Open, Responsive, and Accountable Government

Temple is committed to continuing our history of being a well-run, financially stable city as evidenced by our strong fund balance, conservative budgeting practices, and AA bond rating from Standard & Poor's. The Financial Plan proposes the addition of an Accountant (FY 22), a Senior Accountant (FY 27), and an Accounting Technician (FY 27) in the Finance Department to invest in the resources necessary to ensure financial excellence.

Funding for the expansion of the Marketing and Communications Department is included in the Financial Plan including a Communication Specialist (FY 23), a Community Engagement Specialist (FY 24), and two Multi-Media Specialists (FY 23). These staff additions will provide the resources necessary to implement a city-wide Marketing, Communication, and Engagement Plan. Funding for a new quarterly city news magazine (FY 22), Welcome Home guide (FY 22), and an overall increase to our marketing and communications resource budget is included in the Financial Plan. Funding to continue to conduct regular citizen surveys (FY 23, FY 26) is also included.

Beautiful Spaces and Unique Experiences

Quality of life, the characteristics of our community that makes it an attractive place in which to live and raise a family, is an important priority for the City of Temple. Temple is a unique place with amazing arts, culture, dining, and recreation experiences and amenities which add to the City's excellent quality of life.

The Financial Plan proposes several areas of additional funding in our Parks & Recreation Department to enhance and expand our infrastructure of parks, recreation centers, greenspaces, and trails to encourage active living and wellness.

The Financial Plan includes funding for a part-time Recreation Leader (FY 22) position to maximize the use of our new tennis facilities at Crossroads Park, adds a Recreation Superintendent (FY 22) position, and adds eight additional Maintenance Workers (FY 22, FY 23, FY 24, FY 27) to maintain our park system and support special events.

An allocation of \$ 33,000,000 for a potential Parks Capital Improvement Program is included in the Financial Plan and is proposed as a general obligation bond program in November 2022. The proposed projects included as part of the Parks Bond include Improvements to approximately 24 existing parks and facilities, approximately 5 new parks, and approximately 10 miles of new trails.

In order to continue leveraging partnerships with other community organizations in providing culture and art programming, the Financial Plan recommends continued funding for all of our Arts and Tourism Partner organizations.

A Library Master Plan (FY 23) is included, as well as the replacement of the Library Bookmobile (FY 23). A part-time Circulation Assistant (FY 23) and part-time Outreach Assistant (FY 23) position are also included to be upgraded to full-time positions.

Neighborhoods Where People Love to Live

The City of Temple is committed to fostering neighborhoods that are beautiful, safe, and, stable, and to connecting citizens together to help reinvigorate communities.

The City of Temple's vision for our community is that Temple is a place you love to call home. Our vision statement is intentionally short and simple but also powerful and inclusive. In casting this vision, we have challenged ourselves to strive to build a community that every person - regardless of color, race, ethnicity, income, or creed - loves to call home.

If we are to achieve success in our vision, it is critical that we reaffirm our commitment to advancing equity in the delivery of and access to our services.

Successful partnerships within the community help the City leverage service delivery and offer the ability to respond to the needs of our growing community. To help us foster coordination with other agencies and organizations and to improve access to affordable housing and social services, the Financial Plan recommends continued funding for all of our Strategic Partner agencies and includes an allocation of \$ 100,000 per year for Community Enhancement Grants.

The Financial Plan allocates funding for the development of a strategic action plan on homelessness (FY 21) and the implementation of a Social Navigator program (FY 23) to improve access to existing programs and resources for vulnerable populations and help identify solutions to address homelessness, poverty issues, and other high priority human service needs.

The Financial Plan recommends the continuation of a neighborhood planning program focused initially on the eighteen neighborhoods that form the core of our community. The program is comprised of two major components: 1) the physical transformation of our older neighborhoods through public improvements, housing reinvestment projects, and neighborhood cleanups; and 2) social transformation through education, awareness, and neighborhood engagement.

Through this process, our goal is to identify and empower neighborhood leaders, strengthen communities, and re-instill a sense of pride where our citizens can love where they live.

The Financial Plan continues to leverage our Community Development Block Grant (CDBG) funds to assist with the implementation of our efforts to build strong neighborhoods. Programs included funding throughout the eight-year plan include the housing improvement program, affordable rental housing, solution-oriented code compliance, crime prevention, and the demolition program.

The Financial Plan includes funding to systematically develop neighborhood-specific strategic plans for each of the eighteen core neighborhood planning districts. The plan is based on initiating one new neighborhood plan per quarter, which began in fiscal year 2020. The individual neighborhood plans, as well as the Housing Reinvestment Strategy that was adopted by the City Council in 2020, should be used to guide the implementation of public improvements as well as other neighborhood revitalization programs.

The plan also recommends an additional Resource Coordinator (FY 23) focused on housing and a Grant Coordinator (FY 22) position to help us maximize grant funding opportunities.

A City That Supports Well-Managed Growth and Development to Promote a Thriving Economy

The City's diverse economy generates high quality, well-paying jobs that strengthen the sales and property tax base and contribute to an exceptional quality of life.

In order to continue to facilitate high quality, safe, and strategic community growth, the Financial Plan recommends the addition of a Planning Manager (FY 22), a Planner (FY 23), a Permit Technician (FY 24), and two Combination Building Inspector (FY 23, FY 27) positions in the Planning and Development Department and a Plan Reviewer (FY 23) in the Fire Department.

The continued funding of the Strategic Investment Zone grant program is also included in the plan.

The addition of a Business Navigator (FY 23) position is also included to provide increased support to small, mid-sized, and start-up businesses throughout the development process.

Extensive planning processes are underway to ensure the successes of the past are carried forward into the future and that we are able to identify and act on strategic decisions. This year, we are in the process of updating our Comprehensive Plan. The updated Comprehensive Plan will lay the groundwork for the future development of our community. A Senior Planner (FY 22) position is included to assist in the implementation of the action items identified in the Comprehensive Plan. Funding is also allocated in the Financial Plan for professional services (FY 23) related to an update to the Unified Development Code in support of implementation of the new Comprehensive Plan.

In order for us to continue to meet the demands for current service, and in order for us to meet the needs of projected growth and development, it is critical that we continue to invest in expanding our tax base.

For many years, the City of Temple has committed to fund the operations of the Temple Economic Development Corporation to provide investment attraction marketing and incentive negotiation services. The Financial Plan continues that commitment.

Infrastructure and Systems that Support Exceptional Services and Community Growth

The City continues to implement the largest capital improvement program in the history of the community and the Financial Plan recommends significant funding to continue the priority of investing in our infrastructure and systems in order to prepare for growth and redevelopment as well as to preserve our assets and the investments made by the generations before us.

The Financial Plan includes the final two years of the ten-year mobility capital improvement program and recommends expansion of the current program from \$ 148,581,000 to \$ 171,743,000 in order to fund several additional projects that have been identified as high priority needs including:

- Little River Road/Old Highway 95;
- 42nd Street;
- North Pea Ridge Road, Phase II; and
- an additional allocation of funds to design and construct mobility improvements identified as part of the neighborhood planning district strategic planning process.

The Financial Plan also includes funding for the development of a Mobility Master Plan (FY 21) to identify transportation infrastructure needs and guide future investments. The last project in the current capital program is funded in fiscal year 2023, and it is recommended that a Mobility Master Plan be developed to identify the next program of investments needed.

An allocation of \$ 50,000,000 for a potential successor Mobility Capital Improvement Program is included in the Financial Plan and is proposed as a certificate of obligation bond program beginning in fiscal year 2024. It is recommended that the specific projects that are proposed as part of this bond program would be determined based on the Mobility Master Plan.

The Financial Plan also includes funding for an upgrade of an existing Planner position to Senior Planner (FY 22) to assist in the implementation of the Mobility Master Plan and to help represent Temple's interest in regional planning initiatives such as the Killeen-Temple Metropolitan Planning Organization.

Four new transportation-related maintenance crews are included as part of the Financial Plan to provide the necessary level of maintenance needed for the transportation infrastructure in which we have invested. Additional crew proposals include a Street Patching Crew (FY 24), an Alley and Right-of-Way Crew (FY 24), a Concrete Crew (FY 25), and Sign Crew (FY 27). The Financial Plan also recommends the implementation of an annual pavement marking maintenance program (FY 22) and the addition of a Traffic Control Technician (FY 26).

We are currently in the process of finalizing a Drainage Study and Comprehensive Modeling Assessment. The first phase of this assessment began in the fall of 2017. The second phase of the assessment began in spring of 2019. An allocation of \$8,900,000 for an expansion to our Drainage Capital Improvement Program is included in the Financial Plan. It is recommended that the highest priority projects that were identified as part of the Drainage Study be included as part of this bond program. Another expansion to the Drainage Capital Improvement Program is anticipated following the full completion of the study. A Drainage Rate Study will also be conducted to determine capital project capacity and funding options.

The City has invested almost \$ 124,252,000 over the past 10 years in improving and extending our water and sewer infrastructure. In 2020, we completed an extensive update to the Water and Wastewater Master Plan. The Master Plan evaluates system demands and improvements through 2070.

The Financial Plan includes an additional \$ 279,305,000 in capital funds to implement water and wastewater improvement projects including an expansion of our water treatment plant, an expansion of the Temple-Belton and Doshier Farms wastewater treatment plants, and a systematic approach to reducing sanitary sewer overflows.

An additional Project Engineer (FY 24) position is included in Engineering in order to provide project management support for our extensive capital improvement programs.

Two additional water maintenance crews (FY 26, FY 28) are included as part of the Financial Plan to provide the staffing resources necessary to maintain our water distribution system and to provide an enhanced response time for non-emergency water leaks.

Three additional wastewater maintenance crews are also included as part of the Financial Plan to provide the staffing resources necessary to maintain our wastewater collection system and to provide a systematic approach to eliminating sanitary sewer overflows. Additional crew proposals include one Wastewater Maintenance crew in fiscal year 2026, one additional crew in fiscal year 2027, and one additional crew in fiscal year 2028.

An additional Utility Manager (FY 23) position is also included to provide additional management resources to the Public Works Department.

The Financial Plan also includes the addition of a Meter Technician (FY 26) position and two Environmental Program Technician (FY 26, FY 27) positions.

Funding for additional Solid Waste and Recycling routes is also included in the Financial Plan. These route additions are intended to maintain service levels in the midst of the growth of our community. An additional residential route and additional roll-off route are funded in fiscal year 2021. This year, we are in the process of developing a Solid Waste Management Plan to help us review and analyze the current solid waste management system, residential & commercial routes, system alternatives, and capital equipment and facility improvement needs. The Financial Plan includes a \$ 1,700,000 placeholder for implementation of additional routes and resources recommended by the Solid Waste Management Plan.

A Safe and Healthy Community

Protecting our public safety is a top priority for the City of Temple in providing a community where businesses can thrive, and residents want to call home.

Recent events in Minneapolis have created a chain reaction across our country. This reaction has led to pain, anger, and frustration. We have watched as people across the nation voiced their sadness, outrage, and hurt over a horrific incident that took the life of George Floyd.

We recognize there are incidents throughout the nation that raise legitimate questions about interactions between law enforcement and the community. Police Officers are sworn to protect the residents they serve. It is devastating to see that these interactions have caused citizens to fear those whose duty it is to protect them. It is our belief that our police cannot be successful without community support and that begins by having an ongoing, authentic relationship between the community and the police.

We are committed to fostering relationships between Temple Police Department and the community through healthy and productive conversations concerning police and community issues. We are committed to treating each of our citizens equally as we drive hate, discrimination, and divisiveness out of our city.

We fully believe the Temple Police Department and our community can work together to promote understanding and build trust. The Temple Police Department has taken a proactive approach to community policing since 1993 to reduce crime and improve the quality of life for residents and the City is committed to adding additional personnel and increasing community and neighborhood policing efforts. Funding is included in the Financial Plan to establish an enhanced Neighborhood and District Community Policing Program. This proposal involves funding an additional Community Oriented Policing (COPs) unit (FY 21, FY 23, FY 25) as well as the addition of six civilian Safety Ambassador (FY 25, FY 26) positions to help provide expanded foot and bicycle patrol in neighborhoods, downtown, and in our parks.

The Financial Plan also includes the expansion of our police patrol program from eight patrol districts to ten patrol districts to provide enhanced response capacity and consistent, visible police presence in our community. A total of five additional police officers are needed for this

initiative. The addition of three patrol officers is included in fiscal year 2025 and two in fiscal year 2026.

The plan also includes funding to complete the final phase of staffing for the Proactive Enforcement/Violent Crime Squad. The addition of two Police Officer (FY 25, FY 26) positions is included to fully staff that unit.

A second Property Crimes Investigation Squad (FY 25, FY 26) is included to respond to the projected increase in case load based on the growth of our community. An additional detective (FY 25) position is also funded to be added to the Violent Crimes Investigation Squad.

The Financial Plan also allocates funding for the addition of a School Resource Officer (FY 21) position for the new Lake Belton High School, a Police Officer (FY 25) position to implement an enhanced training program, and three civilian Community Service Records Technicians (FY 22, FY 24) an Animal Services Field Officer (FY 23) position, as well as two additional Animal Shelter Technicians (FY 24, FY 25) to maintain service levels as our community grows.

An allocation of \$ 22,400,000 for a Public Safety Capital Improvement Program is included in the Financial Plan and is proposed as a certificate of obligation bond program. It is recommended that this bond include an expansion of the Public Safety Training Center, a new shooting range, an expansion and update of the Animal Shelter and Pet Adoption Center, improvements to fire stations, and investments in equipment.

The Financial Plan includes funding to upgrade the Fire Marshal position to an Assistant Fire Chief (FY 21) position and the addition of a Fire Management Specialist (FY 22) position.

An additional two fire squad vehicles are scheduled to be purchased and fully staffed (FY 27) to provide enhanced response capacity in the growth areas of our community.

Three additional Battalion Chief (FY 27) positions and three additional Driver Safety Officer (FY 27) positions are funded in order to allow the City to be divided into two response districts to provide greater supervisory resources to the Fire Department as the community continues to grow.

The plan includes funding for four additional outdoor warning sirens (FY 21, FY 22, FY 23, FY 25), the replacement of ten cardiac monitors (FY 21-FY 26), the replacement of a ladder truck (FY 22), the replacement of three fire engines (FY 23, FY 27, FY 28), the replacement of a fire rescue vehicle (FY 24), the replacement of two fire squad vehicles (FY 24), and the replacement of our aircraft rescue and firefighting truck (FY 26).

Funding for additional code compliance resources are included in the Financial Plan including a Code Compliance Manager (FY 23) position. These additions will provide the staff resources necessary to expand our proactive, solution-oriented code compliance approach.

OTHER INFORMATION

Independent Audit According to the City Charter of the City of Temple, an annual independent audit is required to be made of the financial records of the City by a Certified Public Accountant selected by the City Council. The City of Temple engaged the firm of Brockway, Gersbach, Franklin & Niemeier, P.C., and the opinion has been included in this report.

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with auditing standards generally accepted in the United States of America and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2020, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Temple for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Temple has received a Certificate of Achievement for the last thirty-nine consecutive years (Fiscal Years ended 1981-2019). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award For the fiscal year 2019-20 Budget document, the City received, for the twenty-fourth consecutive year, the distinguished Budget Presentation Award from the Governmental Finance Officers Association (GFOA).

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff in the Finance Department. We would like to express our appreciation to all the staff of the Finance Department who assisted and contributed to the preparation of this report. In particular, we would like to thank Assistant Director of Finance, Melissa Przybylski, CPA, Treasury & Debt Division Director, Stacey Reisner, CPA, and Budget Division Director, Jennifer Emerson for their exemplary efforts in assuming primary responsibility for producing this document.

Other departments and offices of the City have also contributed directly or indirectly to the preparation of this report. We acknowledge the efforts of the departments in following good financial management practices and in providing information and assistance during the preparation of this report.

We acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, Brockway, Gersbach, Franklin & Niemeier, P.C.

Finally, we acknowledge the Mayor and Council Members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.

In conclusion, this report reflects the overall financial condition of the City as the City continues to provide the necessary services to the citizens of Temple.

Respectfully submitted,

Traci L. Barnard, CPA
Director of Finance

Brynn Myers
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

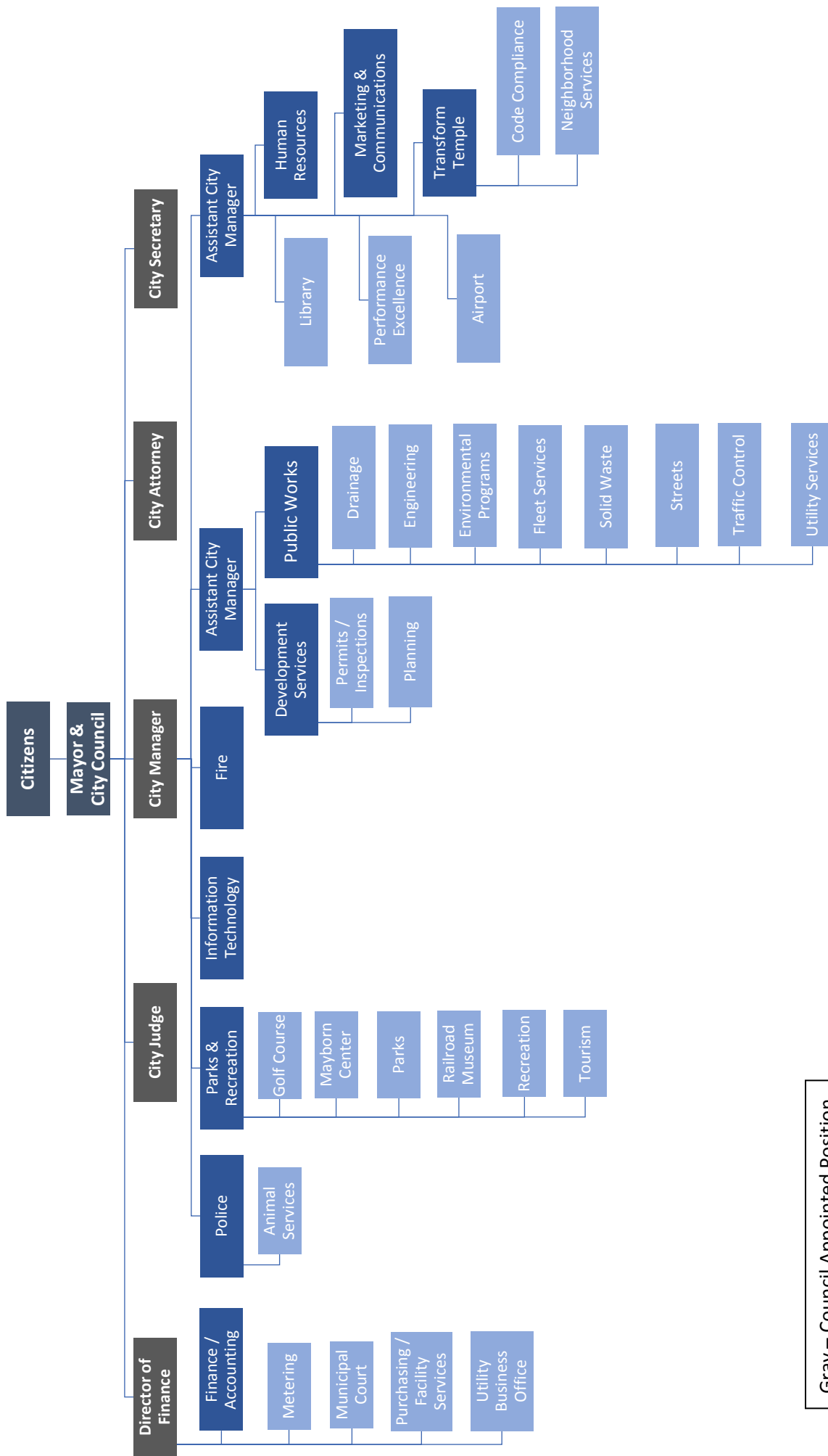
**City of Temple
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



Gray – Council Appointed Position
 Dark Blue – Departments
 Light Blue - Divisions



**CITY OF TEMPLE
PRINCIPAL OFFICIALS**

MAYOR
TIM DAVIS

MAYOR PRO-TEMPORE
JUDY MORALES

COUNCILMEMBER
JESSICA WALKER

COUNCILMEMBER
SUSAN LONG

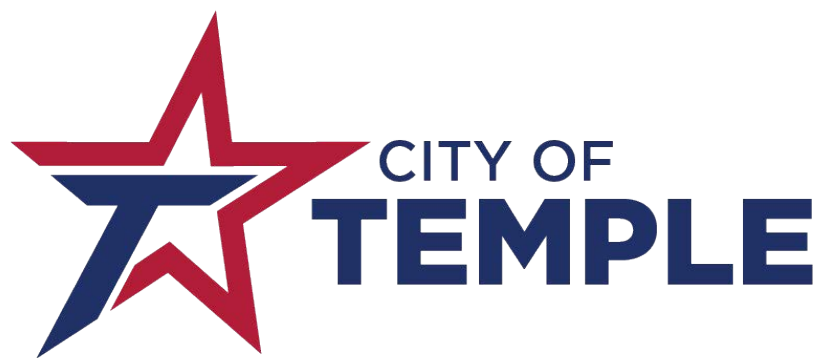
COUNCILMEMBER
WENDELL WILLIAMS

BRYNN MYERS, *CITY MANAGER*

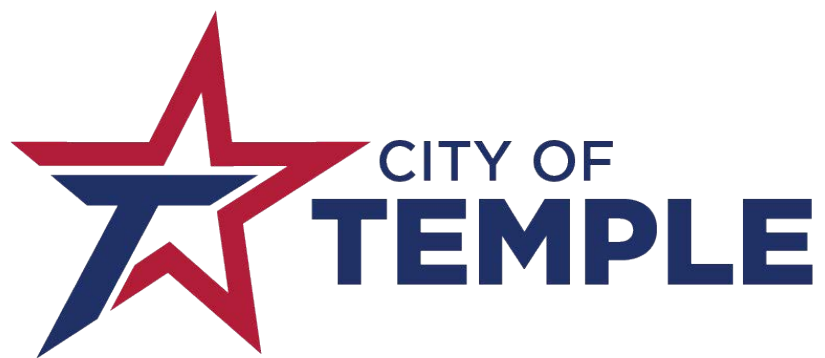
TRACI L. BARNARD, C.P.A., *DIRECTOR OF FINANCE*

KATHRYN DAVIS, *CITY ATTORNEY*

JANA LEWELLEN, *CITY SECRETARY*



Financial Section



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Temple, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Temple, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Temple, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 43 - 56, the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions for the Texas Municipal Retirement System (TMRS) and the Temple Firefighters' Relief and Retirement Fund (TFRRF) on pages 136 - 139 and the Schedule of Changes in Total OPEB Liability and Related Ratios and Schedule of Employer Contributions for TMRS – Supplemental Death Benefits and Retiree Health Care Plan on pages 140 - 144 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

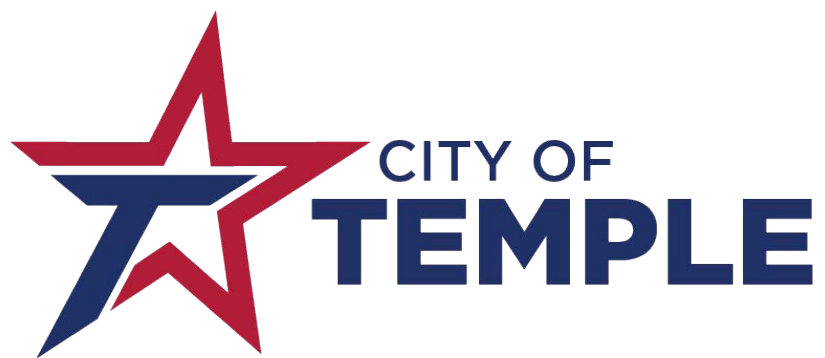
The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

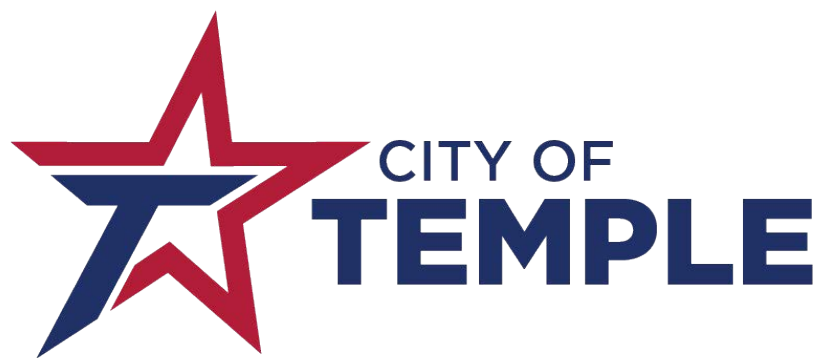
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Temple, Texas
February 2, 2021



Management's Discussion and Analysis



CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020

Our discussion and analysis of the City of Temple's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position of the primary government was \$ 183,374,885 at September 30, 2020. Of this amount, \$ 12,518,006 is unrestricted and may be used to meet the City's future obligations. Of the \$ 12.5 million net unrestricted net position, (\$ 10,732,638) is related to governmental activities, which includes the General Fund. The \$ 23,250,644 net balance of unrestricted net position is related to business-type activities, which is the City's enterprise fund (water and wastewater).
- The City of Temple's total net position increased by \$ 13,527,703 during the current fiscal year. Net position of governmental activities increased \$ 6,256,095 from \$ 50,910,426. Net position of business-type activities increased \$ 7,271,608 from \$ 118,936,756. The net increase in governmental activities and in the business-type activities is attributable to an increase in the City's investment in capital assets and the large decrease in the net pension liability in the amount of \$ 13,157,234.
- Due to the large decrease in the net pension liability, there was a corresponding decrease in deferred outflows of resources in the amount of \$ 8,765,611. In addition, there was an increase in deferred inflows of resources in the amount of \$ 7,714,378.
- As of September 30, 2020, the City of Temple's governmental funds reported combined ending fund balances of \$ 87,589,210, an increase of \$ 12,236,816 in comparison with the prior fiscal year. The capital projects fund had a net increase of \$ 9,162,230 due to the issuance and expenditure of bond proceeds from Transportation Capital Improvement Program and the expenditure of bond proceeds from the Parks General Obligation bonds. The offset to the overall increase is attributable to an increase in the fund balance in the general fund of \$ 4,263,515, as well as a decrease in the debt service fund of \$ 1,153,755 due to the use of fund balance for defeasance of debt. In addition, there was a decrease in fund balance in the nonmajor governmental funds of \$ 35,174.
- At the end of the current fiscal year, assigned/unassigned fund balance for the general fund was \$ 32,430,213 or approximately 37.03% of total general fund expenditures.
- The City's total net bonded debt increased by \$ 10,969,508 during the current fiscal year. This net increase was due to bond issuance of \$ 23,660,000 for the Transportation Capital Improvement Program and to purchase sanitation and street equipment and debt service payments during the year.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City of Temple's basic financial statements. The City of Temple's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City of Temple's finances, in a manner similar to private-sector business. The statement of net position presents information on all of the City of Temple's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Temple is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and wastewater lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but not used vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, library, airport, streets, sanitation, culture and recreation, and general government. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and wastewater system activity are reported here.
- **Component units** – The City includes two separate legal entities in its report – the Temple Economic Development Corporation and the Reinvestment Zone No. 1 (a tax incremental financing unit). Although legally separate, these "component units" are important because the City is financially accountable for them.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

Reporting the City's Most Significant Funds

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by the City's charter and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's three kinds of funds – governmental, proprietary and fiduciary – utilize different accounting approaches.

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City of Temple maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

- **Proprietary funds** – The City of Temple maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. The City uses an enterprise fund to account for its water and wastewater utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater utility. The water and wastewater utility is considered a major fund of the City.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 73 through 134 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's net pension obligation as it relates to Texas Municipal Retirement System and Temple Firefighters' Relief and Retirement Fund as well as the total OPEB liabilities as it relates to the TMRS-SDB and retiree health plan. Required supplementary information can be found on page 136 through 144 of this report.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net position was \$ 183,374,885 as of September 30, 2020. The following tables focus on the net position (Table I) and general revenues and significant expenses of the City's governmental and business-type activities (Table II).

By far the largest portion of the City's net position (92.38%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

Table I
Summary of Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 106,886,682	\$ 96,182,001	\$ 53,514,234	\$ 61,335,035	\$ 160,400,916	\$ 157,517,036
Capital assets	219,783,651	212,350,682	205,491,121	196,460,312	425,274,772	408,810,994
Total assets	326,670,333	308,532,683	259,005,355	257,795,347	585,675,688	566,328,030
Deferred outflows of resources	13,055,254	20,644,748	2,538,733	3,714,850	15,593,987	24,359,598
Long-term liabilities outstanding	263,441,293	265,402,567	129,160,016	138,053,061	392,601,309	403,455,628
Other liabilities	11,351,528	11,907,330	5,218,420	4,468,333	16,569,948	16,375,663
Total liabilities	274,792,821	277,309,897	134,378,436	142,521,394	409,171,257	419,831,291
Deferred inflows of resources	7,766,245	957,108	957,288	52,047	8,723,533	1,009,155
Net Position:						
Net investment in capital assets	67,899,159	60,880,317	101,504,335	91,337,862	169,403,494	152,218,179
Restricted	-	-	1,453,385	1,258,484	1,453,385	1,258,484
Unrestricted (deficit)	(10,732,638)	(9,969,891)	23,250,644	26,340,410	12,518,006	16,370,519
Total net position	\$ 57,166,521	\$ 50,910,426	\$ 126,208,364	\$ 118,936,756	\$ 183,374,885	\$ 169,847,182

An additional portion of the City of Temple's net position (0.79%) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position*, \$ 12,518,006, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Temple is able to report positive balances in all three categories of net position for the government as a whole.

There was an increase of \$ 7,271,608 in net position reported in connection with the City of Temple's business-type activities. The net increase is the result of an increase in investments in capital assets in FY 2020.

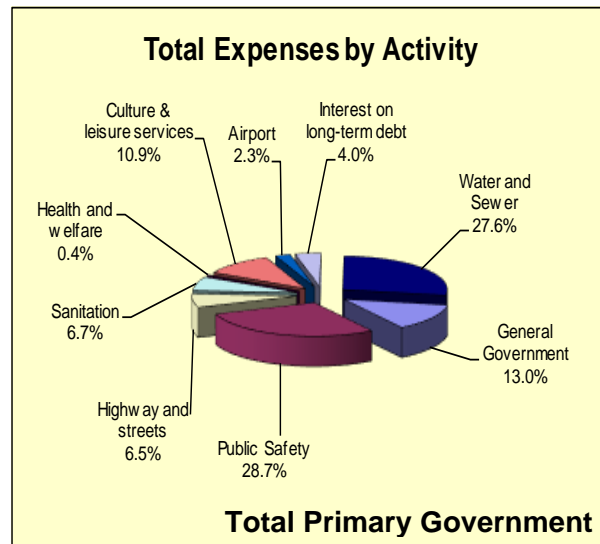
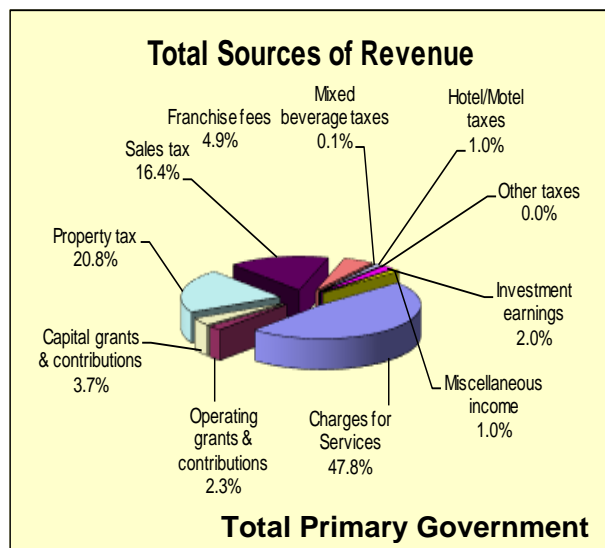
CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

Governmental and business-type activities increased the City's net position by \$ 13,527,703. The key elements of this increase are as follows:

Table II
Statement of Activities, Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 32,299,231	\$ 34,968,885	\$ 39,084,642	\$ 31,913,681	\$ 71,383,873	\$ 66,882,566
Operating grants and contributions	3,359,451	362,394	-	-	3,359,451	362,394
Capital grants and contributions	1,479,579	2,027,054	3,989,857	1,144,596	5,469,436	3,171,650
General revenues:						
Property tax	30,972,535	27,468,319	-	-	30,972,535	27,468,319
Sales tax	24,418,211	23,136,176	-	-	24,418,211	23,136,176
Franchise fees	7,376,450	7,128,549	-	-	7,376,450	7,128,549
Mixed beverage taxes	163,391	190,466	-	-	163,391	190,466
Hotel/Motel taxes	1,563,648	1,783,186	-	-	1,563,648	1,783,186
Other taxes	66,345	82,499	-	-	66,345	82,499
Investment earnings	1,328,204	1,919,652	1,599,150	1,255,800	2,927,354	3,175,452
Miscellaneous income	1,533,100	5,669,726	-	-	1,533,100	5,669,726
Total revenues	104,560,145	104,736,906	44,673,649	34,314,077	149,233,794	139,050,983
Expenses:						
General government	17,662,291	18,391,391	-	-	17,662,291	18,391,391
Public safety	38,922,907	37,492,964	-	-	38,922,907	37,492,964
Highway and streets	8,780,297	9,058,790	-	-	8,780,297	9,058,790
Sanitation	9,117,863	8,461,326	-	-	9,117,863	8,461,326
Health and welfare	515,154	105,146	-	-	515,154	105,146
Culture & leisure services	14,744,515	15,750,444	-	-	14,744,515	15,750,444
Airport	3,165,090	3,668,067	-	-	3,165,090	3,668,067
Interest on long-term debt	5,395,933	6,275,371	-	-	5,395,933	6,275,371
Water and sewer	-	-	37,402,041	32,407,309	37,402,041	32,407,309
Total expenses	98,304,050	99,203,499	37,402,041	32,407,309	135,706,091	131,610,808
Increase in net position	6,256,095	5,533,407	7,271,608	1,906,768	13,527,703	7,440,175
Net position - beginning	50,910,426	45,377,019	118,936,756	117,029,988	169,847,182	162,407,007
Net position - ending	\$ 57,166,521	\$ 50,910,426	\$ 126,208,364	\$ 118,936,756	\$ 183,374,885	\$ 169,847,182

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020



For FY 2020, revenues from governmental activities totaled \$ 104,560,145. In comparison to FY 2019, revenues for governmental activities only decreased \$ 176,761 or 0.17%. This decrease can be attributed to a decrease in fees, fines, and other charges for services related to the impacts of COVID-19. Property taxes experienced an increase of \$ 3,504,216 due to growth in assessed valuations from both new construction and increases in existing values. Despite the impacts of COVID-19, sales tax reflected an increase of \$ 1,282,035. Property taxes and sales tax combined are the largest components of revenues (52.98%). Although charges for services decreased \$2,669,654 in FY 2020 as compared to FY 2019 due to service level changes as a result of COVID-19, it should be noted that charges for services account for 30.89% of total governmental revenue. In addition, the City recognized \$ 2,945,101 of grant funding awarded through the CARES Act for the Coronavirus Relief Fund (CRF) to prevent, prepare for, and respond to the COVID-19.

Expenses for governmental activities in FY 2020 totaled \$98,304,050. In comparison to FY 2019, expenses for governmental activities decreased \$ 899,499 or 0.91%. This reduction is primarily due to city-wide operational reduction in expenditures in response to the COVID-19 pandemic. The five largest program expenses in FY 2020 are public safety (\$ 38,922,907), general government (\$ 17,622,291), culture and leisure services (\$ 14,744,515), sanitation (\$ 9,117,863), and highways and streets (\$ 8,780,297).

For governmental activities, the Statement of Activities on page 59 shows that \$ 32,299,231 was financed by those receiving services, \$ 3,359,451 from operating grants and contributions, \$ 1,479,579 from capital grants and contributions, with the City's general revenues financing \$ 67,421,884 of the remaining program expenses.

The debt service fund has a total fund balance of \$ 303,617, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

service fund was attributable to the use of fund balance for debt service payments. In October 2019, the City defeased debt in the amount of \$ 1,085,297 with the fund balance available at the end of FY 2019.

The capital projects fund has a total fund balance of \$ 49,682,906. The fund balance increased by \$ 9,162,230 during the current fiscal year. This net increase is due to the issuance of bonds and expenditure of bond proceeds during the fiscal year.

Business-type Activities

Revenues of the City's business-type activities were \$ 44,673,649 for the fiscal year ended September 30, 2020. Revenues increased \$ 10,359,572 as compared to the prior fiscal year. Expenses for the City's business-type activities were \$ 37,402,041, an increase of \$ 4,994,732, or 15.41%, compared to the prior fiscal year. The increase in revenues is the result of water and wastewater rate increases effective October 4, 2019, an increase in contributed capital of \$ 2,856,005, and an increase in consumption. Water consumption increased 19.36% in FY 2020 compared to the prior fiscal year. Unrestricted net position of the water and wastewater fund was \$ 23,250,644. The water and wastewater fund unrestricted net position decreased in the current fiscal year by \$ 3,089,766.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the FY 2020, the City had \$ 425,274,772 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges and water and wastewater lines.

Table III
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 33,739,896	\$ 32,267,437	\$ 3,782,416	\$ 3,576,819	\$ 37,522,312	\$ 35,844,256
Construction in progress	40,283,106	32,563,980	32,883,423	46,869,740	73,166,529	79,433,720
Buildings	43,141,939	44,277,033	17,088,990	18,127,853	60,230,929	62,404,886
Infrastructure	79,056,780	76,917,234	146,636,637	123,077,515	225,693,417	199,994,749
Furniture & equipment	10,842,310	11,751,402	762,222	555,286	11,604,532	12,306,688
Machinery & equipment	12,719,620	14,573,596	4,337,433	4,253,099	17,057,053	18,826,695
	<u>\$ 219,783,651</u>	<u>\$ 212,350,682</u>	<u>\$ 205,491,121</u>	<u>\$ 196,460,312</u>	<u>\$ 425,274,772</u>	<u>\$ 408,810,994</u>

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

Major capital asset additions during the current fiscal year included the following:

- Reconstruction and Relocation of Shallowford Lift Station - \$7,660,416
- County View Subdivision Utility Extension - \$ 3,987,465
- Hogan Road Improvements - \$ 3,837,323
- Old Town South Wastewater Line Replacement - \$ 3,221,787
- Williamson Creek Trunk Sewer Improvements - \$3,057,421
- Bird Creek Interceptor, Phase 5 Project - \$ 2,467,750
- Azalea Drive Parcels and Cost Share Agreement for Water, Wastewater, and Drainage Infrastructure Improvements - \$ 2,012,155
- Rehabilitation of Scott Elevated Storage Tank - \$ 1,515,415
- Improvements to Clarifier # 3 and Clarifier # 4 at Water Treatment Plant - \$ 1,301,390
- Meadowbrook and Conner Park Drainage Improvements - \$ 1,024,590
- Parcels for Poison Oak Roadway Expansion - \$ 868,132
- Construction of South 31st Street Sidewalks - \$415,000
- Replacement of Storage Area Network (SAN) - \$ 226,822

Additional information on the City of Temple's capital assets can be found in Note III on pages 90 through 92 of this report.

Debt

At year-end, the City had \$ 329,898,084 in bonds and notes payable outstanding as shown in Table IV.

Table IV
Outstanding Debt, at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 69,255,000	\$ 73,560,000	\$ 34,975,000	\$ 38,610,000	\$ 104,230,000	\$ 112,170,000
Certificate of obligation	112,600,000	96,540,000	-	-	112,600,000	96,540,000
Contractual obligations	4,645,000	3,330,000	-	-	4,645,000	3,330,000
Revenue bonds	-	-	80,125,000	83,200,000	80,125,000	83,200,000
Pass-through revenue & limited tax bonds	1,030,000	3,715,000	-	-	1,030,000	3,715,000
Notes payable	3,423,172	3,992,419	197,145	14,418	3,620,317	4,006,837
Premiums/discounts	14,585,819	15,207,445	9,061,948	9,834,720	23,647,767	25,042,165
Totals	<u>\$ 205,538,991</u>	<u>\$ 196,344,864</u>	<u>\$ 124,359,093</u>	<u>\$ 131,659,138</u>	<u>\$ 329,898,084</u>	<u>\$ 328,004,002</u>

The City of Temple maintains an "AA" rating from Standard & Poor's for general obligation debt and revenue bonds.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

The City is permitted by State law and provisions of the City Charter to levy taxes up to \$ 1.20 per \$ 100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 4.21%.

Additional information on the City of Temple's long term debt can be found in Note III, on pages 97 through 104 of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Governmental funds - The focus of the City of Temple's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Temple's governmental funds reported combined ending fund balances of \$ 87,589,210. Approximately 37.03% of this total amount, \$ 32,430,213, constitutes assigned/unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is nonspendable for inventory and prepaid items \$ 576,150; has already been restricted 1) to pay for debt service, \$ 303,617; 2) to pay for drug enforcement, \$ 207,562; 3) to pay for library collection enhancement and other, \$ 321,970; 4) to pay for bond-funded construction projects, \$ 49,682,906; 5) to pay for museum expenditures \$ 16,096; 6) to pay for promotion of tourism \$ 1,345,760 or 7) committed to drainage in the amount of \$ 2,704,936.

In the general fund, the City budgeted for a decrease in the fund balance of \$ 3,407,839, which was primarily resulting from transfers of \$ 2,420,708 to capital project funds, debt service fund, and the grant fund. An additional \$ 2,611,118 was to fund capital. This decrease was a reduction of excess fund balance to fund "pay as you go" capital projects. The actual fund balance increased for fiscal year 2020 by \$ 4,263,515. This increase was due to a net variance with the final adopted budget of \$ 7,671,354. This net increase was comprised of the following: sales tax for the City came in \$ 1,438,211 over the budgeted amount, \$ 2,567,386 of grant funding awarded through the CARES Act for the Coronavirus Relief Fund (CRF), franchise fees were \$ 161,847 under budget, charges for services were \$ 2,113,318 under budget, licenses and permits were \$ 64,548 over budget, property taxes were \$ 110,905 under budget, interest income was \$ 31,409 under budget, sale of assets were \$ 24,686 under budget, and fines were \$ 600,631 under budget. All other revenues netted together came in over budget in an amount of \$ 163,129. In addition, total expenditures in the General Fund came in \$ 8,686,773 under budget. Expenditures coming in under budget falls in line with our budgetary philosophy of estimating expenditures high. Hiring lag was one reason that expenditures came in under budget. Other expenditures that came in under budget were electricity, fuel, tipping fees and golf course. Operating expenditures spread across all departments accounted for \$ 3,866,743 of expenditures that came in under budget.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

Debt service fund balance decreased in 2020 by \$ 1,153,755 for an ending balance of \$ 303,617. The decrease in the debt service fund balance was attributable to the use of fund balance for debt payments. In October 2019, the City defeased debt in the amount of \$ 1,085,297 with the fund balance available at the end of FY 2019. Capital projects fund balance had a net increase in 2020 of \$ 9,162,230 due to the issuance of bonds and the expenditure of prior bond proceeds.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Wastewater fund is \$ 23,250,644, a decrease of \$ 3,089,766. The water and wastewater fund unrestricted net position decrease in the current fiscal year was due to the result of water and wastewater rate increases effective October 4, 2019, an increase in contributed capital and an increase in consumption offset by the "pay as you go" capital expenses.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in an increase in budgeted expenditures from the original budget of 2.34% or \$ 1,973,817.

During the year there was a \$ 1,973,817 increase in appropriations between the original operating budget and final amended budget. Following are the main components of the increase:

- \$ 773,056 increase in personnel services for various departments. Of this amount,
 - \$ 477,697 was re-appropriated from contingency (compensation) to the individual department personnel accounts to cover the 2.00% or 3.00% Performance Pay for all eligible employees that went into effect November 2019.
 - \$ 66,828 was appropriated to the Police department's overtime accounts to fund outside assignments that are reimbursed by James Construction.
 - \$ 369,575 supplemental funding in Special Services to cover the additional separation pay for General Fund employees in FY 2020.
 - \$ 49,500 was re-appropriated from City Secretary's salary account to cover retirement settlement agreement with former employee.
 - \$ 11,035 was re-appropriated from Finance's operating account to their salary account to cover salary adjustments.
 - \$ 24,615 was re-appropriated from operating accounts into salary accounts for over budget payroll accounts for Information Technology Services, Animal Services, Code Compliance, PARD Administration, and Parks - Hillcrest.
 - \$ 3,151 was re-appropriated from Permits' and Inspections' operating accounts to their salary accounts to cover Combination Building Inspector position hired above budgeted salary.
 - \$ 5,755 was re-appropriated from Human Resources' operational accounts to their salary accounts to support structure changes authorized by City Manager during October 2019.

CITY OF TEMPLE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

September 30, 2020

- \$ 22,900 was re-appropriated from Solid Waste's benefit accounts to their operational accounts to cover higher than anticipated repair and maintenance to fleet and equipment.
- \$ 80,736 was re-appropriated from salary and benefit accounts to various operational accounts within City Council and Transform Temple.
- \$ 1,067,692 supplemental funding in operations to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 739,419 supplemental funding in capital to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 1,586,113 of economic development funding for the "Operating Expense Component" to TEDC was un-appropriated from General Fund since it was to be funded directly by Reinvestment Zone No. 1 Fund's operating accounts.
- \$ 315,000 of economic development funding for the "Incentive Matrix Component" to TEDC was un-appropriated based on the new TEDC agreement not requiring "Incentive Matrix Component" funding for FY 2020.
- \$ 35,000 supplemental funding for legal services to be provided by Naman, Howell, Smith & Lee for the possible creation of an urban renewal zone, a proposed 2020 general obligation bond election, an election proposition regarding the possible sale of park land, and creation of a Community Housing Development Organization.
- \$ 21,577 supplemental funding for the Chapter 380 Agreement with Buc-ee's.

The increase in expenditure appropriations was partially possible because of additional anticipated revenues. Increases in revenues were from a net increase in various charges for services to cover increases in services provided (\$ 65,963), an increase in insurance proceeds (\$ 185,662), and an increase in other income from various sources (\$ 143,057). The remaining increases in expenditure appropriations were funded with Assigned General Fund Balance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The current financial statements reflect certain financial impacts of the COVID-19 pandemic. While the City has been fortunate to not have a sizeable presence in many of the industries most affected there have been impacts. The City's golf course, library, and recreational facilities were closed for a period of time resulting in lower fee revenue. Fewer vehicles traveling in conjunction with temporary reassignment of patrol staff during the pandemic resulted in fine reductions. The City also saw a reduction in interest earnings due to significant decreases in interest rates as a result of financial uncertainty flooded by the COVID-19 pandemic. To help offset the loss of revenue due to COVID-19, the City instituted a hiring freeze on vacant positions and all departments were direct to curtail discretionary spending when possible while still maintaining essential City services. In addition, the City was awarded \$ 4,251,225 through the CARES Act for the Coronavirus Relief Fund (CRF) to prevent, prepare for, and respond to the COVID-19. The City recognized \$ 2,945,101 of the grant funding awarded in FY 2020 and plans to recognize the remainder of \$ 1,306,124 in FY 2021.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

The City's elected and appointed officials considered many factors when setting the FY 2021 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The population growth experienced by the City has stimulated local business and development activity, and the community has placed additional demands on the City to maintain or enhance services provided to our citizens. Temple's greatest economic strength is the diversified employment base. The three largest job sectors are health and medical, distribution and manufacturing. It is anticipated that future growth for the region will focus on healthcare and small businesses. The City has one of the lowest unemployment rates at 6.27% as compared to the State of Texas, which is 7.75%. The reasonable costs of living and homes priced below the national average continue to make Temple an attractive area for new business locations and re-locations. The City continues to attract new and existing companies due to the strategy of working diligently with corporations on relocation incentives.

These indicators were considered when adopting the General Fund budget for fiscal year 2021. The total 2020-2021 combined budget appropriation totals \$ 153,744,102 for six operating funds.

The 2020-2021 General Fund budget of \$ 83,707,907 represents a decrease of 0.61% or \$ 512,913 in comparison to the adopted 2019-2020 budget. The focus of the FY 2021 Budget is on maintaining services while responding to the growth of our community and doing so in a way that maintains the fiscal health of the City. The adopted budget reflects a fiscally responsible approach to improving the City's infrastructure and maintaining quality City services to a growing population. The FY 2021 Budget allocates resources based on the four focus areas as identified in the Strategic Plan: High-Performing Organization, Places and Spaces, Public Safety, and Smart Growth.

Overall, the City Council was presented with a budget that requires \$ 2,250,886 from fund balance to assist in the funding of \$ 1,625,386 in capital outlay, \$ 100,000 for Strategic Investment Zone Corridor (SIZ) to be funded with Assigned Fund Balance – Capital Projects and \$ 525,500 for debt service for capital replacement (sanitation vehicles for \$ 272,000 and public safety P25 radios of \$ 253,500). The budget assesses a tax rate of \$ 0.6525 per \$ 100 valuation, a decrease of \$0.0202 compared to last year's actual rate of \$ 0.6727 per \$ 100. The budget recognizes increases in ad valorem taxes, sales tax, and solid waste charges for services. The budget also reflects decreases in culture & recreation charges for services, as well as licenses and permits due to the impact of the COVID-19 pandemic.

The General Fund's largest revenue source in FY 2019-2020 is charges for services. For the fiscal year ending 2018-2019, the General Fund's largest revenue source was also charges for services.

As a cost of service for the Enterprise Fund, Water & Wastewater rates must be sufficiently set to pay the total operations and maintenance, debt and depreciation, and meet bond covenant coverage requirements. During FY 2019, staff engaged the services of a consultant to develop a six-year cost of service study. One of the key elements of the study was to develop the revenue requirement for a six-year capital improvement program to construction, replace or rehabilitate

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2020

numerous components in the City of Temple distribution and collection systems, address additional staffing needs for the operations and maintenance of the systems, and other operations and maintenance costs of the system.

Multiple scenarios were considered. The rate proposal chosen for includes:

- Increasing the current water volumetric rate;
- Increasing the current wastewater rate monthly minimum service charge and increasing the volumetric rate; and
- Adding an additional class for water and wastewater.

Rates for FY 2020 were increased effective October 4, 2019. There are no rate adjustments to the water and wastewater rates in FY 2021. The current rate model for FY 2022 through FY 2025 includes proposed rate adjustments. The rate model will be updated annually to determine if future rate adjustments will be required to support the revenue requirement.

Over the past years, the City has faced demands from Federal/State regulators to develop a more aggressive schedule of system improvements. Combined with the demands from regulatory agencies and the line relocations associated with TxDOT projects, the City has developed a revised Capital Improvement Program.

The City updated the Water and Wastewater Master Plan in 2019. The Master Plan included evaluation of system demand and improvements through 2070. The plan also included an assessment of current infrastructure, a water and wastewater system hydraulic analysis, and a plan for implementing future improvements. The total estimated cost for the projects identified in the 2019 Water and Wastewater Master Plan is \$171,935,000. Many of the projects have been reviewed and prioritized in the FY 2021 – FY 2028 Utility Capital Improvement Program.

The FY 2021 Water and Wastewater Fund operating budget of \$ 44,037,124, is a decrease of 3.32% compared with the prior year. This decrease is a result of reducing operating expenditures to support the decrease in revenues due to adjustments being made in forecasting consumption and flow usage for several commercial and industrial customers.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Director of Finance, at City of Temple, 2 North Main, Suite 302, Temple, TX 76501.

Basic Financial Statements

CITY OF TEMPLE, TEXAS
STATEMENT OF NET POSITION
September 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Reinvestment Zone No. 1	Temple Economic Development Corporation
ASSETS					
Cash	\$ 9,750	\$ 4,546	\$ 14,296	\$ -	\$ 4,239,482
Investments	91,230,989	24,505,582	115,736,571	12,376,251	-
Property taxes, net of allowance for uncollectibles	525,498	-	525,498	78,144	-
Receivables, net of allowance for uncollectibles	3,552,382	2,596,708	6,149,090	223,196	2,035
Due from other governments	10,354,341	-	10,354,341	-	-
Inventories	371,700	298,325	670,025	-	-
Prepays	204,662	223,083	427,745	-	38,119
Other assets	18,561	-	18,561	-	-
Restricted assets:					
Cash and investments	618,799	25,885,990	26,504,789	21,244,967	1,671,560
Land held for investment	-	-	-	-	3,709,873
Capital assets not being depreciated:					
Land	33,739,896	3,782,416	37,522,312	22,047,682	-
Construction in progress	40,283,106	32,883,423	73,166,529	41,410,774	-
Capital assets, net of accumulated depreciation:					
Buildings	43,141,939	17,088,990	60,230,929	2,094,790	5,120,557
Infrastructure	79,056,780	146,636,637	225,693,417	56,289,302	-
Furniture and equipment	10,842,310	762,222	11,604,532	30,053	58,316
Machinery and equipment	12,719,620	4,337,433	17,057,053	6,148	-
Total assets	<u>326,670,333</u>	<u>259,005,355</u>	<u>585,675,688</u>	<u>155,801,307</u>	<u>14,839,942</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding	3,971,593	1,633,271	5,604,864	1,231,725	-
Deferred amounts of contributions	5,710,157	608,651	6,318,808	-	-
Difference in expected and actual experience	1,194,956	123,199	1,318,155	-	-
Deferred amount of changes in assumptions	2,178,548	173,612	2,352,160	-	-
Total deferred outflows of resources	<u>13,055,254</u>	<u>2,538,733</u>	<u>15,593,987</u>	<u>1,231,725</u>	<u>-</u>
LIABILITIES					
Vouchers and contracts payable	5,117,386	3,151,908	8,269,294	1,136,837	19,785
Retainage payable	471,918	188,199	660,117	542,951	-
Accrued payroll	2,068,977	221,450	2,290,427	-	-
Deposits	89,698	804,527	894,225	-	-
Unearned revenues	2,530,622	70,641	2,601,263	-	-
Accrued interest payable	1,072,927	781,695	1,854,622	278,804	-
Noncurrent liabilities:					
Due within one year	16,346,480	7,772,024	24,118,504	5,246,289	115,728
Due in more than one year	247,094,813	121,387,992	368,482,805	47,510,827	3,532,650
Total liabilities	<u>274,792,821</u>	<u>134,378,436</u>	<u>409,171,257</u>	<u>54,715,708</u>	<u>3,668,163</u>
DEFERRED INFLOWS OF RESOURCES					
Difference in expected and actual experience	2,317,565	248,750	2,566,315	-	-
Changes in assumptions	314,469	42,882	357,351	-	-
Difference in projected and actual investment earnings	5,134,211	665,656	5,799,867	-	-
Total deferred inflows of resources	<u>7,766,245</u>	<u>957,288</u>	<u>8,723,533</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	67,899,159	101,504,335	169,403,494	77,027,063	1,558,458
Restricted for:					
Debt service	-	1,453,385	1,453,385	-	-
Economic development incentives	-	-	-	-	1,671,560
Unrestricted (deficit)	(10,732,638)	23,250,644	12,518,006	25,290,261	7,941,761
Total net position	<u>\$ 57,166,521</u>	<u>\$ 126,208,364</u>	<u>\$ 183,374,885</u>	<u>\$ 102,317,324</u>	<u>\$ 11,171,779</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TEMPLE, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 17,662,291	\$ 5,673,482	\$ 184,670	\$ 351,842	\$ (11,452,297)	\$ -	\$ (11,452,297)	\$ -
Public safety	38,922,907	3,624,888	2,660,389	65,550	(32,572,080)	-	(32,572,080)	-
Highways and streets	8,780,297	3,132,555	8,352	1,062,187	(4,577,203)	-	(4,577,203)	-
Sanitation	9,117,863	15,013,659	22,527	-	5,918,323	-	5,918,323	-
Health and welfare	515,154	-	409,437	-	(105,717)	-	(105,717)	-
Culture and leisure services	14,744,515	2,974,552	5,076	-	(11,764,887)	-	(11,764,887)	-
Airport	3,165,090	1,880,095	69,000	-	(1,215,995)	-	(1,215,995)	-
Interest on long-term debt	5,395,933	-	-	-	(5,395,933)	-	(5,395,933)	-
Total governmental activities	98,304,050	32,299,231	3,359,451	1,479,579	(61,165,789)	-	(61,165,789)	-
Business-type activities:								
Water and sewer	37,402,041	39,084,642	-	-	-	5,672,458	5,672,458	-
Total business-type activities	37,402,041	39,084,642	-	-	-	5,672,458	5,672,458	-
Total primary government	\$ 135,706,091	\$ 71,383,873	\$ 3,359,451	\$ 5,469,436	(61,165,789)	5,672,458	(55,493,331)	-
Component units:								
Reinvestment Zone No. 1	\$ 10,013,937	\$ 265,121	\$ -	\$ 50,571	-	-	-	(9,698,245)
Temple Economic Development Corporation	1,643,289	-	2,164,203	-	-	-	-	520,914
Total component units	\$ 11,657,226	\$ 265,121	\$ 2,164,203	\$ 50,571	-	-	-	(9,698,245)
General Revenues:								
Property taxes					30,972,535	-	30,972,535	18,469,311
Sales taxes					24,418,211	-	24,418,211	-
Franchise fees					7,376,450	-	7,376,450	-
Mixed beverage taxes					163,391	-	163,391	-
Hotel/Motel taxes					1,563,648	-	1,563,648	-
Other taxes					66,345	-	66,345	-
Investment income					1,328,204	1,599,150	2,927,354	480,279
Miscellaneous income					1,533,100	-	1,533,100	542,535
Total general revenues					67,421,884	1,599,150	69,021,034	19,492,125
Change in net position					6,256,095	7,271,608	13,527,703	9,793,880
Net position-beginning					50,910,426	118,936,756	169,847,182	10,480,423
Net position-ending					\$ 57,166,521	\$ 126,208,364	\$ 183,374,885	\$ 102,317,324
								\$ 11,171,779

The notes to the financial statements are an integral part of this statement.

CITY OF TEMPLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 5,200	\$ -	\$ -	\$ 4,550	\$ 9,750
Investments	35,883,799	292,417	50,951,752	4,103,021	91,230,989
Property taxes, net	224,298	301,200	-	-	525,498
Other receivables, net	3,223,200	-	-	329,182	3,552,382
Due from other governments	1,852,379	7,815,272	-	686,690	10,354,341
Due from other funds	17,306	-	-	-	17,306
Inventories, at cost	364,561	-	-	7,139	371,700
Prepaid items	187,699	-	-	16,963	204,662
Restricted cash and investments	618,799	-	-	-	618,799
Other assets	-	-	-	18,561	18,561
Total assets	<u>\$ 42,377,241</u>	<u>\$ 8,408,889</u>	<u>\$ 50,951,752</u>	<u>\$ 5,166,106</u>	<u>\$ 106,903,988</u>
LIABILITIES AND FUND BALANCES					
Vouchers and contracts payable	\$ 3,432,765	\$ -	\$ 793,778	\$ 890,843	\$ 5,117,386
Retainage payable	64	-	471,325	529	471,918
Accrued payroll	1,990,630	-	3,743	74,604	2,068,977
Vacation and sick leave payable	677,334	-	-	39,552	716,886
Deposits and refundable contracts	37,108	-	-	52,590	89,698
Due to other funds	-	-	-	17,306	17,306
Unearned revenues	2,727,335	8,105,272	-	-	10,832,607
Total liabilities	<u>8,865,236</u>	<u>8,105,272</u>	<u>1,268,846</u>	<u>1,075,424</u>	<u>19,314,778</u>
Fund Balances:					
Nonspendable:					
Inventories and prepaid items	552,260	-	-	23,890	576,150
Restricted for:					
Debt service	-	303,617	-	-	303,617
Drug enforcement	207,562	-	-	-	207,562
Library and other	321,970	-	-	-	321,970
Construction	-	-	49,682,906	-	49,682,906
Museum	-	-	-	16,096	16,096
Promotion of tourism	-	-	-	1,345,760	1,345,760
Committed to:					
Drainage	-	-	-	2,704,936	2,704,936
Assigned to:					
Capital technology acquisition	411,381	-	-	-	411,381
Capital projects	7,433,980	-	-	-	7,433,980
Purchases on order	2,968,619	-	-	-	2,968,619
Unassigned	21,616,233	-	-	-	21,616,233
Total fund balances	<u>33,512,005</u>	<u>303,617</u>	<u>49,682,906</u>	<u>4,090,682</u>	<u>87,589,210</u>
Total liabilities and fund balances	<u>\$ 42,377,241</u>	<u>\$ 8,408,889</u>	<u>\$ 50,951,752</u>	<u>\$ 5,166,106</u>	<u>\$ 106,903,988</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TEMPLE, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2020

Total fund balances-governmental funds \$ 87,589,210

Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore
are not reported in the funds. These assets consist of:

Land	\$ 33,739,896	
Construction in progress	40,283,106	
Buildings	85,893,083	
Infrastructure	190,203,158	
Furniture and equipment	33,145,117	
Machinery and equipment	42,152,116	
Accumulated depreciation	(205,632,825)	
Total capital assets	<u>\$ 219,783,651</u>	219,783,651

Deferred outflows of resources represent the consumption of net position that applies to
future periods and will not be recognized as an expense until then:

Deferred amounts on refunding	\$ 3,971,593	
Deferred amounts of contributions	5,710,157	
Difference in expected and actual experience	1,194,956	
Deferred amounts of changes in assumptions	2,178,548	
	<u>\$ 13,055,254</u>	13,055,254

Some revenues in the governmental funds are deferred because they are not collected
within the prescribed time period after year end. On the accrual basis, however, those
revenues would be recognized of when they are collected.

Maintenance & operations taxes not collected	\$ 196,713	
Interest & sinking fund taxes not collected	290,000	
Pass-through toll agreement	7,815,272	
Total deferred revenue reclassified	<u>\$ 8,301,985</u>	8,301,985

Interest payable on long-term debt does not require current financial resources.
Therefore, interest payable is not reported as a liability in the governmental funds
balance sheet.

(1,072,927)

Some long-term liabilities are not due and payable in the current period and therefore
are not reported in the funds. Those liabilities consist of:

Due within one year	\$ 15,629,594	
Long-term debt, including premium/discount	247,094,813	
Total long-term liabilities	<u>\$ 262,724,407</u>	(262,724,407)

Deferred inflow of resources represent an acquisition of net position that applies to
future periods and so will not be recognized as revenue until then:

Difference in expected and actual experience	\$ (2,317,565)	
Changes in assumptions	(314,469)	
Difference in projected and actual investment earnings	(5,134,211)	
	<u>\$ (7,766,245)</u>	(7,766,245)

Net position of governmental activities \$ 57,166,521

The notes to the financial statements are an integral part of this statement.

CITY OF TEMPLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended September 30, 2020

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 40,259,871	\$ 15,287,703	\$ -	\$ 1,563,648	\$ 57,111,222
Franchise fees	7,376,450	-	-	-	7,376,450
Licenses and permits	1,178,048	-	-	-	1,178,048
Intergovernmental	2,707,136	1,505,000	-	2,131,895	6,344,031
Drainage fees	-	-	-	2,822,622	2,822,622
Charges for services	26,366,229	-	-	253,238	26,619,467
Fines	1,499,844	-	-	-	1,499,844
Interest and other	1,723,198	150,176	414,591	89,183	2,377,148
Total revenues	<u>81,110,776</u>	<u>16,942,879</u>	<u>414,591</u>	<u>6,860,586</u>	<u>105,328,832</u>
Expenditures:					
Current:					
General government	16,044,907	-	578,788	536,513	17,160,208
Public safety	34,735,466	-	1,333,228	112,692	36,181,386
Highways and streets	3,136,124	-	10,639,479	4,063,733	17,839,336
Sanitation	8,204,777	-	1,053,705	22,527	9,281,009
Health and welfare	-	-	-	409,437	409,437
Culture and leisure services	10,518,754	-	1,977,903	2,026,920	14,523,577
Airport	2,083,011	-	-	-	2,083,011
Debt service:					
Principal retirement	327,764	12,348,289	-	3,359	12,679,412
Interest and fiscal charges	36,353	6,734,459	146,302	165	6,917,279
Total expenditures	<u>75,087,156</u>	<u>19,082,748</u>	<u>15,729,405</u>	<u>7,175,346</u>	<u>117,074,655</u>
Excess (deficiency) of revenues over expenditures	<u>6,023,620</u>	<u>(2,139,869)</u>	<u>(15,314,814)</u>	<u>(314,760)</u>	<u>(11,745,823)</u>
Other financing sources (uses):					
Transfers in	291,462	2,068,478	275,974	867,742	3,503,656
Transfers out	(2,059,219)	-	(856,281)	(588,156)	(3,503,656)
Issuance of loans and bonds	7,652	-	23,660,000	-	23,667,652
Refunding bonds issued	-	685,000	-	-	685,000
Discount on bond issuance	-	(4,785)	(132,731)	-	(137,516)
Original issue premium	-	-	1,530,082	-	1,530,082
Payment to refunded bond escrow agent	-	(1,762,579)	-	-	(1,762,579)
Total other financing sources (uses)	<u>(1,760,105)</u>	<u>986,114</u>	<u>24,477,044</u>	<u>279,586</u>	<u>23,982,639</u>
Net change in fund balances	4,263,515	(1,153,755)	9,162,230	(35,174)	12,236,816
Fund balances, beginning of year	29,248,490	1,457,372	40,520,676	4,125,856	75,352,394
Fund balances, end of year	<u>\$ 33,512,005</u>	<u>\$ 303,617</u>	<u>\$ 49,682,906</u>	<u>\$ 4,090,682</u>	<u>\$ 87,589,210</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TEMPLE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

Net change in fund balances-total governmental funds \$ 12,236,816

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures	\$ 20,854,534	
Depreciation expense	(13,054,079)	
Net adjustment	<u>\$ 7,800,455</u>	7,800,455

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and donations) is to decrease net position. (367,486)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in "unavailable" revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period; accrual- basis recognition is not limited to availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. (997,642)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of note payable	\$ (38,860)	
Issuance of general, certificate and contractual obligation bonds	(24,345,000)	
Discount/(premium) on issuance	(1,392,566)	
To bondholders	12,873,107	
Payment to escrow agent for refunding	1,695,000	
Increase in deferred amounts on refunding	21,168	
Amortization of bond premiums/discounts	2,014,192	
Amortization of bond refunding amounts	(403,338)	
Net adjustment	<u>\$ (9,576,297)</u>	(9,576,297)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in compensated absences liability	\$ (348,094)	
Total adjustment	<u>\$ (348,094)</u>	(348,094)

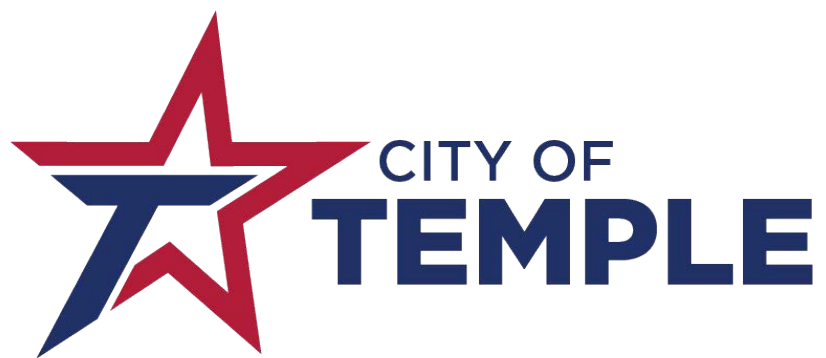
Governmental funds report contributions to the pension and OPEB plans as expenditures. However, in the Statement of Activities, pension and OPEB expense is determined by an actuary as of the measurement period.

Decrease in net pension liability	\$ 11,496,209	
Decrease in OPEB liability	40,488	
Difference in expected and actual experience - outflow	(665,256)	
Difference in changes in assumptions - outflow	770,056	
Difference in projected and actual investment earnings - outflow	(7,757,100)	
Difference in expected and actual experience - inflow	(1,760,786)	
Difference in changes in assumptions - inflow	54,255	
Difference in projected and actual investment earnings - inflow	(5,102,606)	
Increase in deferred pension and OPEB contributions	444,975	
	<u>\$ (2,479,765)</u>	(2,479,765)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. This amount is the change in accrued interest. (11,892)

Change in net position of governmental activities \$ 6,256,095

The notes to the financial statements are an integral part of this statement.



CITY OF TEMPLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended September 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 38,927,828	\$ 38,927,828	\$ 40,259,871	\$ 1,332,043
Franchise fees	7,538,297	7,538,297	7,376,450	(161,847)
Licenses and permits	1,113,500	1,113,500	1,178,048	64,548
Intergovernmental	45,065	2,697,652	2,707,136	9,484
Charges for services	30,314,697	28,479,547	26,366,229	(2,113,318)
Fines	2,092,702	2,100,475	1,499,844	(600,631)
Interest and other	1,286,151	1,630,385	1,723,198	92,813
Total revenues	81,318,240	82,487,684	81,110,776	(1,376,908)
Expenditures:				
Current:				
General government:				
City council	219,617	219,617	191,489	28,128
City manager	994,431	1,091,025	999,775	91,250
Finance	1,906,206	2,014,306	1,826,546	187,760
Purchasing	624,958	597,139	535,964	61,175
City secretary	489,460	515,646	482,722	32,924
Special services	1,549,940	1,783,169	1,335,552	447,617
City attorney	974,875	1,075,702	963,471	112,231
City planning	807,337	827,659	770,654	57,005
Information technology services	3,586,397	3,647,386	3,343,256	304,130
Human resources	1,033,589	1,049,138	929,448	119,690
Economic development	2,258,032	378,496	375,934	2,562
Fleet services	1,354,882	1,432,797	1,221,746	211,051
Inspections/Permits	619,401	649,784	564,967	84,817
Facility services	1,449,925	1,617,547	1,310,077	307,470
Performance excellence	323,876	329,334	244,018	85,316
Marketing and communications	914,925	1,043,448	949,288	94,160
Total general government	19,107,851	18,272,193	16,044,907	2,227,286
Public safety:				
Municipal court	823,125	911,891	752,067	159,824
Police	18,725,218	19,203,441	17,959,990	1,243,451
Animal services	554,659	583,366	528,146	55,220
Fire	13,493,931	13,550,123	13,275,183	274,940
Communications	1,027,567	1,027,567	1,027,567	-
Code Enforcement	1,376,337	1,599,502	1,192,513	406,989
Total public safety	36,000,837	36,875,890	34,735,466	2,140,424
Highways and streets:				
Streets	2,998,148	3,071,291	2,189,875	881,416
Traffic control	484,276	489,925	408,492	81,433
Engineering	612,109	617,083	537,757	79,326
Totals highways and streets	4,094,533	4,178,299	3,136,124	1,042,175
Sanitation:	7,495,283	8,359,506	8,204,777	154,729
Parks & Recreation:				
Parks	5,110,570	5,270,755	4,351,656	919,099
Recreation	4,332,088	4,412,855	2,877,684	1,535,171
Administration	366,774	379,337	342,548	36,789
Golf course	1,339,819	1,363,750	1,230,782	132,968
Education	1,850,181	2,001,230	1,716,084	285,146
Total parks & recreation	12,999,432	13,427,927	10,518,754	2,909,173
Airport:	2,440,791	2,295,977	2,083,011	212,966
Debt service:				
Principal	325,214	327,765	327,764	1
Interest	36,324	36,372	36,353	19
Total debt service	361,538	364,137	364,117	20
Total expenditures	82,500,265	83,773,929	75,087,156	8,686,773
Excess (deficiency) of revenues over expenditures	(1,182,025)	(1,286,245)	6,023,620	7,309,865
Other financing sources (uses):				
Transfers in	291,462	291,462	291,462	-
Transfers out	(1,720,555)	(2,420,708)	(2,059,219)	361,489
Lease proceeds	-	7,652	7,652	-
Total other financing sources (uses)	(1,429,093)	(2,121,594)	(1,760,105)	361,489
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,611,118)	(3,407,839)	4,263,515	7,671,354
Fund balance, beginning of period	29,248,490	29,248,490	29,248,490	-
Fund balance, end of period	\$ 26,637,372	\$ 25,840,651	\$ 33,512,005	\$ 7,671,354

The notes to the financial statements are an integral part of this statement.

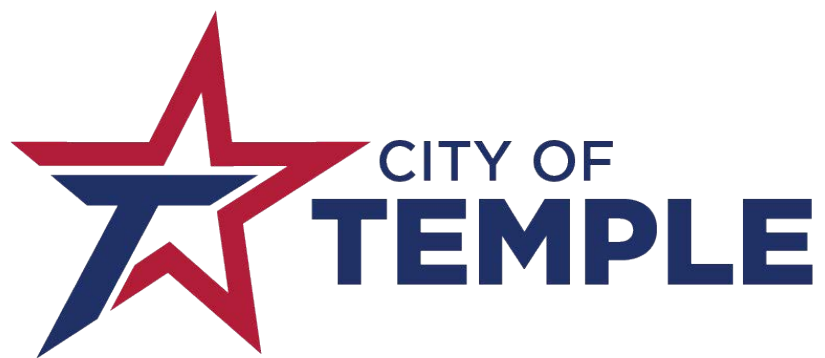
CITY OF TEMPLE, TEXAS
STATEMENTS OF NET POSITION
PROPRIETARY FUND
September 30, 2020
(With comparative amounts for September 30, 2019)

	Water and Wastewater		
	2020	2019	Increase (Decrease)
ASSETS			
Current assets:			
Cash	\$ 4,546	\$ 7,050	\$ (2,504)
Investments	24,505,582	24,933,718	(428,136)
Restricted cash and investments:			
Revenue bond debt service	2,235,080	2,012,868	222,212
Customer deposits	804,527	782,109	22,418
Construction account	22,846,383	30,694,208	(7,847,825)
Customer receivables	1,897,018	2,094,485	(197,467)
Accounts receivable	699,690	293,370	406,320
Inventories	298,325	296,696	1,629
Prepaid items	223,083	220,531	2,552
Total current assets	<u>53,514,234</u>	<u>61,335,035</u>	<u>(7,820,801)</u>
Noncurrent assets:			
Capital assets:			
Land	3,782,416	3,576,819	205,597
Buildings	49,405,519	49,405,519	-
Improvements other than buildings	240,904,182	211,020,285	29,883,897
Machinery, furniture and equipment	15,093,434	13,734,948	1,358,486
	<u>309,185,551</u>	<u>277,737,571</u>	<u>31,447,980</u>
Less accumulated depreciation	(136,577,853)	(128,146,999)	(8,430,854)
Construction in progress	<u>32,883,423</u>	<u>46,869,740</u>	<u>(13,986,317)</u>
Total capital assets (net of accumulated depreciation)	<u>205,491,121</u>	<u>196,460,312</u>	<u>9,030,809</u>
Total noncurrent assets	<u>205,491,121</u>	<u>196,460,312</u>	<u>9,030,809</u>
Total assets	<u>259,005,355</u>	<u>257,795,347</u>	<u>1,210,008</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	1,633,271	1,883,574	(250,303)
Deferred amounts of contributions	608,651	549,327	59,324
Deferred amounts of changes in investment experience	123,199	206,706	(83,507)
Deferred amounts of changes in assumptions	173,612	50,389	123,223
Deferred amounts of changes in projected and actual investment earnings	-	1,024,854	(1,024,854)
Total outflows of resources	<u>2,538,733</u>	<u>3,714,850</u>	<u>(1,176,117)</u>

The notes to the financial statements are an integral part of this statement.

	Water and Wastewater		
	2020	2019	Increase (Decrease)
LIABILITIES			
Current liabilities:			
Vouchers and contracts payable	\$ 3,151,908	\$ 2,012,121	\$ 1,139,787
Retainage payables	188,199	682,767	(494,568)
Accrued payroll	221,450	166,311	55,139
Unearned revenues	70,641	70,641	-
Customer deposits	804,527	782,109	22,418
Accrued interest - revenue bonds	781,695	754,384	27,311
Current maturities of long-term liabilities	7,772,024	7,540,527	231,497
Total current liabilities	12,990,444	12,008,860	981,584
Noncurrent liabilities:			
Revenue bonds payable	116,469,176	124,161,948	(7,692,772)
Compensated absences payable	436,172	371,451	64,721
Other post-employment benefits payable	724,142	779,970	(55,828)
Net supplemental death benefits payable	302,528	252,221	50,307
Net pension liability	3,278,603	4,939,628	(1,661,025)
Notes payable	177,371	7,316	170,055
Total noncurrent liabilities	121,387,992	130,512,534	(9,124,542)
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts of changes in investment experience	248,750	1,767	246,983
Difference in changes in assumptions	42,882	50,280	(7,398)
Difference in projected and actual investment earnings	665,656	-	665,656
Total inflows of resources	957,288	52,047	905,241
NET POSITION			
Net investment in capital assets	101,504,335	91,337,862	10,166,473
Restricted for:			
Debt service	1,453,385	1,258,484	194,901
Unrestricted	23,250,644	26,340,410	(3,089,766)
Total net position	\$126,208,364	\$118,936,756	\$ 7,271,608

The notes to the financial statements are an integral part of this statement.



CITY OF TEMPLE, TEXAS
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND

For the year ended September 30, 2020

(With comparative amounts for the year ended September 30, 2019)

	Water and Wastewater		
	2020	2019	Increase (Decrease)
Operating revenues:			
Charges for sales and services:			
Water service	\$ 22,499,743	\$ 17,651,823	\$ 4,847,920
Sewer service	14,584,853	12,028,616	2,556,237
Other	2,000,046	2,233,242	(233,196)
Total operating revenues	<u>39,084,642</u>	<u>31,913,681</u>	<u>7,170,961</u>
Operating expenses:			
Personnel services	6,092,665	5,982,723	109,942
Supplies	1,789,658	1,571,829	217,829
Repairs and maintenance	1,442,026	1,204,599	237,427
Depreciation	8,430,854	7,412,159	1,018,695
Other services and charges	14,275,523	12,398,261	1,877,262
Total operating expenses	<u>32,030,726</u>	<u>28,569,571</u>	<u>3,461,155</u>
Operating income	<u>7,053,916</u>	<u>3,344,110</u>	<u>3,709,806</u>
Nonoperating revenues (expenses):			
Interest income	1,599,150	1,255,800	343,350
Interest expense	(5,371,315)	(3,837,738)	(1,533,577)
Total nonoperating revenues (expenses)	<u>(3,772,165)</u>	<u>(2,581,938)</u>	<u>(1,190,227)</u>
Income before transfers and contributions	3,281,751	762,172	2,519,579
Contributions-TxDot	8,909	19,653	(10,744)
Contributed Capital	<u>3,980,948</u>	<u>1,124,943</u>	<u>2,856,005</u>
Change in net position	7,271,608	1,906,768	5,364,840
Total net position - beginning	<u>118,936,756</u>	<u>117,029,988</u>	<u>1,906,768</u>
Total net position - ending	<u><u>\$126,208,364</u></u>	<u><u>\$ 118,936,756</u></u>	<u><u>\$ 7,271,608</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF TEMPLE, TEXAS
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND

For the year ended September 30, 2020

(With comparative amounts for the year ended September 30, 2019)

	Water and Wastewater	
	2020	2019
Cash flows from operating activities:		
Cash received from customers	\$ 39,304,527	\$ 32,837,470
Cash paid to suppliers	(9,173,528)	(10,417,773)
Cash paid to employees	(5,908,998)	(5,873,817)
Cash paid to other funds for administration, franchise fees and data processing	(7,604,393)	(5,893,914)
Net cash provided by operating activities	<u>16,617,608</u>	<u>10,651,966</u>
Cash flows from capital and related financing activities:		
Capital expenses	(13,683,029)	(30,515,627)
Interest paid on debt	(5,866,473)	(3,692,911)
Debt principal payments	(6,710,000)	(6,010,000)
Proceeds from other governmental entities	8,909	19,551
Proceeds from debt issuance	<u>-</u>	<u>22,000,000</u>
Net cash provided (used) by capital and related financing activities	<u>(26,250,593)</u>	<u>(18,198,987)</u>
Cash flows from investing activities:		
Interest received on investments	<u>1,599,150</u>	<u>1,255,800</u>
Net cash provided by investing activities	<u>1,599,150</u>	<u>1,255,800</u>
Net change in cash and cash equivalents	(8,033,835)	(6,291,221)
Cash and cash equivalents, beginning of year	<u>58,429,953</u>	<u>64,721,174</u>
Cash and cash equivalents, end of year	<u><u>\$ 50,396,118</u></u>	<u><u>\$ 58,429,953</u></u>

(Continued)

CITY OF TEMPLE, TEXAS
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND

(Continued)

For the year ended September 30, 2020

(With comparative amounts for the year ended September 30, 2019)

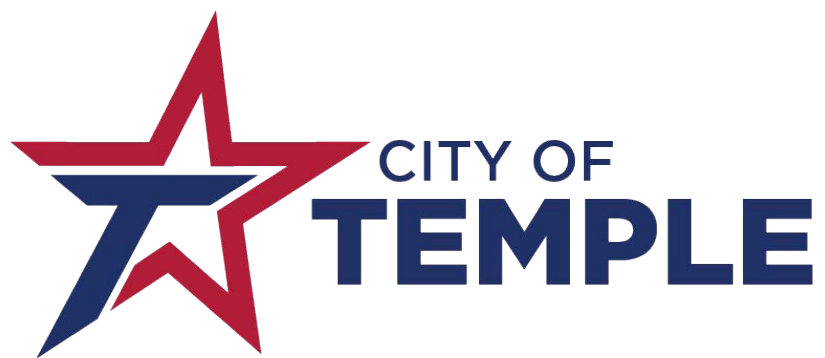
	Water and Wastewater	
	2020	2019
Reconciliation of operating income to net cash		
provided by operating activities:		
Operating income	\$ 7,053,916	\$ 3,344,110
Adjustments to reconcile operating income to		
net cash provided by operating activities:		
Depreciation	8,430,854	7,412,159
Change in assets, deferred outflows of resources,		
liabilities and deferred inflows of resources:		
Change in accounts receivable	(208,853)	1,147,146
Change in inventory	(1,629)	(26,050)
Change in prepaids	(2,552)	(2,596)
Change in vouchers payable	1,139,787	(1,364,277)
Change in accrued liabilities	55,139	38,234
Change in OPEB liability	(55,828)	(5,078)
Change in supplemental death benefit liability	50,307	130
Change in net pension liability	69,328	50,196
Change in customer deposits	22,418	32,568
Change in accrued vacation and sick leave	64,721	25,424
Total adjustments	9,563,692	7,307,856
Net cash provided by operating activities	<u>\$ 16,617,608</u>	<u>\$ 10,651,966</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS
FROM STATEMENT OF CASH FLOWS TO STATEMENT OF
NET POSITION

Cash	\$ 4,546	\$ 7,050
Investments	24,505,582	24,933,718
Restricted assets - debt service,		
and bond proceeds:		
Cash and investments	25,885,990	33,489,185
Total cash and cash equivalents	<u>\$ 50,396,118</u>	<u>\$ 58,429,953</u>

During the fiscal years ended September 30, 2020, and 2019, the estimated value of water and sewer infrastructure contributed by developers was \$ 3,980,948 and \$ 1,124,943, respectively.

The notes to the financial statements are an integral part of this statement.



CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING MODEL AND ENTITY

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of a "management's discussion and analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City, which were previously recorded in the General Fixed Assets Fund and the General Long-Term Obligations Fund (such as building and infrastructure, including bridges and roads and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure. In addition to the government-wide financial statements, the City has prepared governmental fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the City's General Fund, Capital Projects Fund, and Debt Service Fund, the City's major governmental funds are similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by GASB Statement No. 34.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of the government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Financial Reporting Entity

The City of Temple, Texas (the "City"), a home-rule municipal corporation organized and existing under the provisions of the Constitution of the State of Texas, adopted its first charter March 27, 1907. The City operates under a council-manager form of government and, as authorized by its charter, provides the following services: economic development; education; police, fire and other public safety; highways, streets and engineering; sanitation; health and welfare; parks, recreation and civic center; library; and airport facilities.

In evaluating the City's financial reporting entity, management has considered all potential component units. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14. The following legally separate entities are noted as discretely presented component units of the City in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationship with the City are such that exclusion would be misleading or incomplete.

Discretely Presented Component Units

The Reinvestment Zone No. 1 (Zone) was established during 1982 to provide funds for development and improvement projects within the Zone. The receipt of property taxes from taxing units with property within the boundaries of the Zone provides the funding for projects. The Zone has been included in the reporting entity as a non-major discretely presented component unit of the City because the City appoints a voting majority of the board, approves the budget and maintains the ability to impose its will on the board.

The Zone is audited as part of the City of Temple; however, separately issued unaudited financial statements are available through the City of Temple Finance Department, 2 North Main, Suite 302, Temple, Texas 76501.

Temple Economic Development Corporation (TEDC) is a legally separate entity from the City. TEDC was created for the purpose of promoting economic development within the City of Temple. The Board of Directors consist of fifteen voting members appointed by the City, acting through its City Council. The Mayor and one other council member periodically designated by resolution of the City Council, the City Manager and the Chairman of the Board of Directors for the City of Temple Reinvestment Zone No. 1 are voting members of the Board. Of the remaining eleven positions on the TEDC Board (the "Public Directors"), the City Council appoints four voting members from the membership of Board of Directors of the Temple Chamber of Commerce and four voting members from the membership of the Board of Directors of Temple Industrial Foundation. The remaining three Public Directors are chosen by the City Council from the public at large. The Bell County Judge, the

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

President of Temple College and the Superintendents of the Temple and Belton Independent School Districts are ex officio (non-voting) members of the Board of Directors with the right to have notice of, to attend and to speak at all meetings of the TEDC Board of Directors. TEDC has been included in the reporting entity as a non-major discretely presented component unit of the City because the City appoints a voting majority of the board, provides 100% of funding for the board and maintains the ability to impose its will on the board.

Separately issued audited financial statements are available from TEDC, 201 Santa Fe Way, Suite 103, Temple, Texas 76501.

Related Organizations

The Mayor appoints the governing board of the Temple Housing Authority, but cannot remove members or appoint the director, and the Council exercises no control over the governing board. The Authority's operating and capital expenditures, including debt service, are financed entirely from federal grants and rentals and the City has no involvement in the determination of the Authority's budget and rental rates or any obligation for the Authority's outstanding debt. The Temple Independent School District and Temple College have their own elected officials and governing board. They are not responsible to the elected officials of the City of Temple and the City is not responsible for their financial matters. The City has no financial accountability for any of these three entities. Accordingly, these entities are excluded from the accompanying financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Temple's nonfiduciary activities of the primary government and its component units with most of the interfund activities removed. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

Likewise, the primary government is reported separately from component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate fund based financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The major governmental funds are the general fund, the debt service fund, the capital projects fund and the pass-through financing project fund. The nonmajor funds are combined in a separate column in the fund financial statements.

Because the principal users are the City's governmental activities, financial statements of the internal service fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, highways and streets, etc.).

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. In applying the susceptible to accrual concept under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. FUND ACCOUNTING

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Capital projects are funded primarily by general obligation bonds and certificates of obligation.

The government reports the following major proprietary fund:

The *water and sewer fund* accounts for the water and sewer services provided to residents of the City.

Additionally, the City reports the following fund types:

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue, other than major capital projects and major special revenue funds that are legally restricted to expenditures for specified purposes. These funds consist of the Hotel/Motel Fund, Federal/State Grant Fund, and the Drainage Fund.

Reconciliation of Government-Wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds statement of revenues, expenditures and changes in fund balances and change in net position for governmental activities as shown on the government-wide statement of activities is presented in an accompanying schedule to the governmental funds statement of revenues, expenditures and changes in fund balance. The revenue and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

E. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position as "Investments". Income from the cash and investment pool is allocated to the various funds in accordance with the ratio of the funds' investment. In addition, investments are separately held by several of the City's funds.

Investments are stated at fair value or amortized cost in accordance with GASB Statement No. 31. Money market investments, including U. S. Treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are stated at amortized cost. Methods used to determine fair value are as follows: securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value. Security transactions and any resulting gains or losses are accounted for by the specific identification method. The investment policies of the City are governed by State Statute and an adopted City Investment Policy. Major provisions of the City's investment policy include: responsibility for investments, authorized investments, bank and security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives and investment reporting procedures. This policy permits investment in U. S. Treasury or U. S. Agency issues, mutual funds, public funds investment pools and repurchase agreements. Statutes require that securities underlying repurchase agreements be limited to federal government securities having a fair value of at least 102% of the cost of the repurchase agreement.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Receivables

Receivables are presented net of allowances for doubtful accounts. The amounts of the allowances by fund are as follows:

General Fund	\$ 2,634,983
Special Revenue Funds	126,169
Debt Service Fund	90,057
Enterprise Fund	441,023

3. Inventories and Prepaid Items

Inventories which are expended as they are consumed are stated at cost. Cost is determined for inventories of supplies and fuel using the moving-average method.

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year and are recorded as prepaid items in both government-wide and fund financial statements.

Reported inventories and prepaid items in governmental funds are offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current position.

4. Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$ 12,125,081.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 - 50
Building improvements	20
Infrastructure	20 - 50
Vehicles	5 - 7
Office equipment	5 - 7
Computer equipment	5 - 7

6. Compensated Absences

Full-time employees accumulate eight to twelve hours per month for vacation and can accumulate a maximum credit of two years. Sick leave benefits are earned by full-time employees at a rate of eight hours per month and may be accumulated without limit. In the event of termination, an employee with at least one-year continuous service is reimbursed for all accumulated vacation days up to a maximum of one year's accrued credit. If the terminating employee has at least five years continuous service, reimbursement is also made for all accrued sick leave up to ninety working days.

All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations or retirements.

7. Net Pension Liability

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – amendment of GASB Statement No. 27*.

8. Other Post-Employment Benefits

For purposes of measuring the Other Post-Employment (OPEB) liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Plan and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments are reported at fair value. Information regarding the City's Total OPEB Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

9. Interfund Transactions

During normal business operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, or satisfy certain obligations. These transactions are generally reflected as transfers. Subsidies between funds are recorded as transfers.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed as incurred per GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in assumptions – The result of changes in actuarial assumptions used to measure the total OPEB liability. The change is deferred and amortized over the average of the remaining service lives.
- Differences in expected and actual experience – The change is deferred and amortized over the average of the remaining service lives.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following type of item that qualifies for reporting in this category.

- Difference in projected and actual investment earnings – The difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension experience – The difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

12. Net Position

Net position in government-wide and proprietary financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

13. Fund Balance

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body. The City Council authorizes the assignment of fund balance by resolution.

Purchases on order are amounts that are available for purchases authorized prior to the end of the fiscal year, but that have not been received or delivered.

Unassigned Fund Balance – amounts that are available for any purpose; positive amounts are reported in the General Fund. The General Fund is the only fund that can report a positive unassigned fund balance amount.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance, the highest level of action. This is typically done through adoption of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by City Council by passage of a resolution either through adoption or amendment of the budget as intended for specific purposes.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

In the General Fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of at least 33% of the annual operating expenditures. This percentage is equal to four months operational expenditures.

14. Comparative Data/Reclassification

Comparative total data for the prior year have been presented only for individual enterprise funds and in the fund financial statements in order to provide an understanding of changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

15. Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's two retirement plans and post-employment obligations are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

F. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statement which will become effective in the current year.

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement has been implemented in fiscal year 2020.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICAP Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement was early implemented in fiscal year 2020.

Statement No. 90, *Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61* – This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. This statement has been implemented in fiscal year 2020.

The GASB has issued the following statements which will become effective in future years.

Statement No. 87, *Leases* – This statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be implemented in fiscal year 2022.

Statement No. 91, *Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. This statement achieves by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement will be implemented in fiscal year 2023.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to August 1, the City Manager submits a proposed operating budget to the City Secretary, who in turn submits it to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- On or before September 30, the budget is legally adopted by the Council.
- The City Manager has the authority to transfer appropriation balances from one expenditure category to another within a department. The City Council must approve transfers of appropriations between departments, and any revisions that alter the total expenditures of any fund. Although costs are monitored on an expenditure category level, legal level of control (level at which expenditures may not exceed budget) is the department level. The reported budgetary data has been revised for amendments authorized during the year. Significant amendments were to provide carry forwards from previous year for projects not complete, appropriations offset by revenues, and capital projects funds from designated fund balance to project funds.
- Formal budgetary integration is employed as a management control device by expenditure category during the year for the general fund, special revenue funds, and debt service fund. Formal budgetary integration is not employed for the capital projects fund because effective budgetary control is provided by the small number of contracts and projects in this fund, significant costs are subject to bidding and projects usually span more than one fiscal year.
- Budgets for the general fund, special revenue funds, and debt service fund are adopted on a basis consistent with the modified accrual basis of accounting.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported within restricted, committed, or assigned fund balance depending upon the specific purpose of the purchase order and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. Encumbrances by major funds and nonmajor funds in the aggregate are shown below:

Major Funds:	<u>Encumbrances</u>
General Fund	\$ 2,968,619
Capital Projects Fund	8,097,075
Nonmajor Funds:	<u>1,270,915</u>
Totals	<u>\$ 12,336,609</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits

As of September 30, 2020, the City's deposit balances were as follows:

	Primary Government	Component Units	Total Reporting Entity
Total Deposits	<u>\$ 55,317,695</u>	<u>\$ 14,863,170</u>	<u>\$ 70,180,865</u>
Carrying Amount	<u>\$ 53,961,127</u>	<u>\$ 14,377,815</u>	<u>\$ 68,338,942</u>
Petty Cash	<u>\$ 14,296</u>	<u>\$ -</u>	<u>\$ 14,296</u>

Foreign Currency Risk – The City's deposits are not exposed to foreign currency risk.

Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year for deposits. The policies of the Temple Economic Development Corporation, discretely presented component unit, also require full collateralization. As of September 30, 2020, the Temple

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

Economic Development Corporation had a total of \$ 6,123,204 in deposits. Of this amount, \$ 458,532 was insured, and \$ 5,664,672 was collateralized with securities held by pledging financial institution's agent in the entity's name.

Investments

The City evaluated all of its investment positions and determined that it had no investments subject to recurring fair value recognition or disclosures. As of September 30, 2020, the City had the following investments:

	Carrying Amount	Fair Value
<u>Primary Government</u>		
Investment pools:		
Texpool	\$ 6,423,670	\$ 6,423,670
TexSTAR	74,949,937	74,949,937
Texas CLASS	6,906,626	6,906,626
Total investment in pools:	<u>88,280,233</u>	<u>88,280,233</u>
 Total investments	 <u>\$ 88,280,233</u>	 <u>\$ 88,280,233</u>
 <u>Discretely Presented Component Units</u>		
Investment pools:		
Texpool	\$ 2,821,278	\$ 2,821,278
TexSTAR	20,942,277	20,942,277
Texas CLASS	1,390,890	1,390,890
Total investment in pools:	<u>25,154,445</u>	<u>25,154,445</u>
 Total investments	 <u>\$ 25,154,445</u>	 <u>\$ 25,154,445</u>
 <u>Reporting Entity</u>		
Total investments	<u>\$ 113,434,678</u>	<u>\$ 113,434,678</u>

Foreign Currency Risk – The City's investments are not exposed to foreign currency risk.

Custodial Credit Risk – The City's policy requires investments, other than investment pools and money market mutual funds, to be held by a third-party custodian bank. All of the City's investments, other than investment pools, were held by the City's third-party custodian bank in the City's name.

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than nine months. As of September 30, 2020, the weighted average maturity of the City's investment portfolio was 113.00 days.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2020, the City minimized credit risk losses due to default of a security issuer or backer, by; limiting investments to the safest types of securities; limiting Certificates of Deposit that are insured by the Federal Deposit Insurance Corporation (FDIC); limiting the City's investments to obligations issued, guaranteed, insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities; pre-qualifying the financial institutions, broker/dealers, intermediaries and advisers with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

TexPool has been established for governmental entities in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. Finally, TexPool is rated AAAM by Standard & Poor's. TexPool carries investments at amortized cost, which approximates fair value. The City's fair value position is the same as the value of TexPool shares.

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR's governing body consists of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. The Board holds legal title to all money, investments and assets and has the authority to employ personnel, contract for services and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. TexSTAR is rated AAAM by Standard & Poor's. TexSTAR uses amortized cost to compute share price. The City's fair value position is the same as the value of TexSTAR shares.

Texas CLASS has been established for governmental entities pursuant to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian. Texas CLASS is rated AAAM by Standard & Poor's. Texas Class reports the amortized cost of investments, which approximates fair value, to its participants. The City's fair value position is the same as the value of Texas CLASS shares.

The local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

Concentration Risk – The City’s investment in investment pools is divided among three different pools.

A reconciliation of cash and investments as shown on the Statement of Net Position for the City follows:

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
Cash and investments (from above):			
Cash on hand	\$ 14,296	\$ -	\$ 14,296
Carrying amount of deposits	53,961,127	14,377,815	68,338,942
Carrying amount of investments	88,280,233	25,154,445	113,434,678
Total	<u>\$ 142,255,656</u>	<u>\$ 39,532,260</u>	<u>\$ 181,787,916</u>
Statement of Net Position:			
Cash	\$ 14,296	\$ 4,239,482	\$ 4,253,778
Investments	115,736,571	12,376,251	128,112,822
Restricted cash and investments	26,504,789	22,916,527	49,421,316
Total	<u>\$ 142,255,656</u>	<u>\$ 39,532,260</u>	<u>\$ 181,787,916</u>

B. PROPERTY TAXES AND RECEIVABLES

The City's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and business personal property located in the City. The assessed value at January 1, 2019, upon which the fiscal year 2020 levy was based, was \$ 4,354,611,733. This amount is the net taxable value adjusted for frozen taxable value. The amount of the levy attributable to frozen taxes was \$ 2,658,038. The total levy assessed was \$ 31,951,512. The total taxable value before the adjustment for frozen taxable value was \$ 4,882,056,874.

The tax assessment of October 1, 2019 set a tax levy at \$ 0.6727 per \$ 100 of assessed valuation at 100% of assumed market value. The City may levy a tax of up to \$ 1.20 per \$ 100 of assessed valuation. Taxes are due by January 31 following the October 1 levy date, at which time a lien attaches to the property.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. At September 30, 2020, delinquent property taxes receivable is \$ 525,498, net of an allowance for doubtful accounts of \$ 265,400.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

In addition, this legislation creates a Property Tax Code and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operations in January 1980. Since 1982, the appraisal of property within the City has been the responsibility of the Tax Appraisal District of Bell County. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the Appraisal District must be reviewed at least every five years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions Net of CIP Reclassifications	Transfers/ Retirements	Balance September 30, 2020
Primary government:				
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 32,267,437	\$ 1,610,036	\$ (137,577)	\$ 33,739,896
Construction in progress	32,563,980	15,841,010	(8,121,884)	40,283,106
Total capital assets not being depreciated	64,831,417	17,451,046	(8,259,461)	74,023,002
Capital assets being depreciated				
Buildings	85,029,037	944,440	(80,394)	85,893,083
Infrastructure	182,156,880	8,062,299	(16,021)	190,203,158
Furniture & equipment	31,846,804	1,514,321	(216,008)	33,145,117
Machinery & equipment	41,527,778	1,004,312	(379,974)	42,152,116
Total capital assets being depreciated	340,560,499	11,525,372	(692,397)	351,393,474
Less accumulated depreciation for:				
Buildings	(40,752,004)	(2,079,533)	80,393	(42,751,144)
Infrastructure	(105,239,646)	(5,906,732)	-	(111,146,378)
Furniture & equipment	(20,095,402)	(2,210,905)	3,500	(22,302,807)
Machinery & equipment	(26,954,182)	(2,856,909)	378,595	(29,432,496)
Total accumulated depreciation	(193,041,234)	(13,054,079)	462,488	(205,632,825)
Total capital assets being depreciated, net	147,519,265	(1,528,707)	(229,909)	145,760,649
Governmental Activities capital assets, net	\$ 212,350,682	\$ 15,922,339	\$ (8,489,370)	\$ 219,783,651

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance October 1, 2019	Additions	Transfers/ Retirements	Balance September 30, 2020
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 3,576,819	\$ 205,597	\$ -	\$ 3,782,416
Construction in progress	46,869,740	10,751,757	(24,738,074)	32,883,423
Total capital assets not being depreciated	50,446,559	10,957,354	(24,738,074)	36,665,839
Capital assets being depreciated				
Buildings	49,405,519	-	-	49,405,519
Infrastructure	211,020,285	29,883,897	-	240,904,182
Furniture & equipment	2,598,994	444,906	-	3,043,900
Machinery & equipment	11,135,954	913,580	-	12,049,534
Total capital assets being depreciated	274,160,752	31,242,383	-	305,403,135
Less accumulated depreciation for:				
Buildings	(31,277,666)	(1,038,863)	-	(32,316,529)
Infrastructure	(87,942,770)	(6,324,775)	-	(94,267,545)
Furniture & equipment	(2,043,708)	(237,970)	-	(2,281,678)
Machinery & equipment	(6,882,855)	(829,246)	-	(7,712,101)
Total accumulated depreciation	(128,146,999)	(8,430,854)	-	(136,577,853)
Total capital assets being depreciated, net	146,013,753	22,811,529	-	168,825,282
Business-type Activities capital assets, net	\$ 196,460,312	\$ 33,768,883	\$ (24,738,074)	\$ 205,491,121

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government	\$ 976,230
Public safety	2,950,906
Highways and streets	4,418,188
Sanitation	919,659
Health and welfare	103,948
Culture and leisure services	2,539,740
Airport	1,145,408
Total depreciation expense - Governmental Activities	<u>\$ 13,054,079</u>
Business-type activities:	
Water and sewer	\$ 8,430,854
Total depreciation expense - Business-type Activities	<u>\$ 8,430,854</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

The City has active construction projects as of September 30, 2020. Total accumulated commitments for ongoing capital projects are composed of the following:

Capital Projects Fund	\$ 750,919
Water and Sewer Fund	11,296,984
Special Revenue Fund-Drainage	3,655
Total	<u>\$ 12,051,558</u>

	Balance October 1, 2019	Additions	Transfers/ Retirements	Balance September 30, 2020
Discretely presented component units:				
Reinvestment Zone No 1:				
Capital assets not being depreciated				
Land	\$ 20,311,526	\$ 1,875,713	\$ (139,557)	\$ 22,047,682
Construction in progress	31,158,121	13,787,390	(3,534,737)	41,410,774
Total capital assets not being depreciated	51,469,647	15,663,103	(3,674,294)	63,458,456
Capital assets being depreciated				
Buildings	2,566,833	-	-	2,566,833
Infrastructure	89,062,528	3,348,940	-	92,411,468
Furniture & equipment	33,862	-	-	33,862
Machinery & equipment	42,559	-	-	42,559
Total capital assets being depreciated	91,705,782	3,348,940	-	95,054,722
Less accumulated depreciation for:				
Buildings	(379,426)	(92,617)	-	(472,043)
Infrastructure	(32,004,676)	(4,117,490)	-	(36,122,166)
Furniture & equipment	(2,116)	(1,693)	-	(3,809)
Machinery & equipment	(33,574)	(2,837)	-	(36,411)
Total accumulated depreciation	(32,419,792)	(4,214,637)	-	(36,634,429)
Total capital assets being depreciated, net	59,285,990	(865,697)	-	58,420,293
Reinvestment Zone No.1 capital assets, net	<u>\$ 110,755,637</u>	<u>\$ 14,797,406</u>	<u>\$ (3,674,294)</u>	<u>\$ 121,878,749</u>
Temple Economic Development Corporation:				
Capital assets being depreciated				
Buildings & improvements	\$ 5,416,817	\$ 15,955	\$ -	\$ 5,432,772
Office equipment	78,427	2,562	-	80,989
Total capital assets being depreciated	5,495,244	18,517	-	5,513,761
Less accumulated depreciation for:				
Buildings & improvements	(154,911)	(157,304)	-	(312,215)
Office equipment	(11,085)	(11,588)	-	(22,673)
Total accumulated depreciation	(165,996)	(168,892)	-	(334,888)
Total capital assets being depreciated, net	5,329,248	(150,375)	-	5,178,873
Temple Economic Development Corp. capital assets, net	<u>\$ 5,329,248</u>	<u>\$ (150,375)</u>	<u>\$ -</u>	<u>\$ 5,178,873</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2020, in the Statement of Net Position were as follows:

	Property (Net of Allowance)	Other (Net of Allowance)	Other Governments	Total Receivables
General Fund	\$ 224,298	\$ 3,223,200	\$ 1,852,379	\$ 5,299,877
Debt Service Fund	301,200	-	7,815,272	8,116,472
Nonmajor Governmental Funds	-	329,182	686,690	1,015,872
Total Governmental Funds	525,498	3,552,382	10,354,341	14,432,221
Water & Sewer Fund	-	2,596,708	-	2,596,708
Total	<u>\$ 525,498</u>	<u>\$ 6,149,090</u>	<u>\$ 10,354,341</u>	<u>\$ 17,028,929</u>

Payables at September 30, 2020, in the Statement of Net Position were as follows:

	Vouchers & Contracts	Retainages	Accrued Payroll	Deposits	Total Payables
General Fund	\$ 3,432,765	\$ 64	\$ 1,990,630	\$ 37,108	\$ 5,460,567
Capital Projects Fund	793,778	471,325	3,743	-	1,268,846
Nonmajor Governmental Funds	890,843	529	74,604	52,590	1,018,566
Total Governmental Funds	5,117,386	471,918	2,068,977	89,698	7,747,979
Water and Sewer Fund	3,151,908	188,199	221,450	804,527	4,366,084
Total	<u>\$ 8,269,294</u>	<u>\$ 660,117</u>	<u>\$ 2,290,427</u>	<u>\$ 894,225</u>	<u>\$ 12,114,063</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. DEFERRED AMOUNT ON REFUNDING

The amounts reported for deferred amount of refunding balances of the City for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020
<u>Governmental Activities</u>				
General obligation bonds	\$ 4,353,763	\$ 21,168	\$ 403,338	\$ 3,971,593
Total governmental activities	4,353,763	21,168	403,338	3,971,593
<u>Business-Type Activities</u>				
General obligation bonds	1,883,574	-	250,303	1,633,271
Total business-type activities	1,883,574	-	250,303	1,633,271
Total government	\$ 6,237,337	\$ 21,168	\$ 653,641	\$ 5,604,864
<u>Component Units</u>				
Reinvestment Zone No. 1	\$ 92,267	\$ 1,170,214	\$ 30,756	\$ 1,231,725
Total component units	\$ 92,267	\$ 1,170,214	\$ 30,756	\$ 1,231,725

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The amounts reported for deferred outflows/inflows of resources related to pensions and other post-employment benefits of the City for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020
Deferred Outflows of Resources related to pensions and other post-employment benefits				
Contributions subsequent to the measurement date				
Texas Municipal Retirement System	\$ 4,362,504	\$ 4,765,024	\$ (4,362,504)	\$ 4,765,024
Firemen's Pension	1,276,572	1,375,589	(1,276,572)	1,375,589
Texas Municipal Retirement System- Supplemental Death Benefits	18,586	19,725	(18,586)	19,725
Retiree Health Plan	156,847	158,470	(156,847)	158,470
Total contributions subsequent to the measurement date	<u>\$ 5,814,509</u>	<u>\$ 6,318,808</u>	<u>\$ (5,814,509)</u>	<u>\$ 6,318,808</u>
Differences between expected and actual plan experience				
Texas Municipal Retirement System	\$ 1,763,576	\$ -	\$ (713,973)	\$ 1,049,603
Firemen's Pension	295,878	-	(33,245)	262,633
Texas Municipal Retirement System- Supplemental Death Benefits	7,464	-	(1,545)	5,919
Total differences between expected and actual plan experience	<u>\$ 2,066,918</u>	<u>\$ -</u>	<u>\$ (748,763)</u>	<u>\$ 1,318,155</u>
Changes in assumptions				
Texas Municipal Retirement System	\$ 5,201	\$ 520,228	\$ (131,164)	\$ 394,265
Firemen's Pension	1,038,828	-	(144,281)	894,547
Texas Municipal Retirement System- Supplemental Death Benefits	104,806	397,960	(98,429)	404,337
Retiree Health Plan	310,046	441,074	(92,109)	659,011
Total differences between changes in assumptions	<u>\$ 1,458,881</u>	<u>\$ 1,359,262</u>	<u>\$ (465,983)</u>	<u>\$ 2,352,160</u>
Differences between projected and actual investment earnings				
Texas Municipal Retirement System	\$ 8,781,953	\$ -	\$ (8,781,953)	\$ -
Total differences between projected and actual investment earnings	<u>\$ 8,781,953</u>	<u>\$ -</u>	<u>\$ (8,781,953)</u>	<u>\$ -</u>
Deferred Inflows of Resources related to pensions and other post-employment benefits				
Differences between expected and actual plan experience				
Texas Municipal Retirement System	\$ -	\$ 1,204,885	\$ (291,740)	\$ 913,145
Firemen's Pension	543,819	-	(75,531)	468,288
Texas Municipal Retirement System- Supplemental Death Benefits	-	116,985	(20,890)	96,095
Retiree Health Plan	14,727	1,208,893	(134,833)	1,088,787
Total differences between expected and actual plan experience	<u>\$ 558,546</u>	<u>\$ 2,530,763</u>	<u>\$ (522,994)</u>	<u>\$ 2,566,315</u>
Changes in assumptions				
Texas Municipal Retirement System- Supplemental Death Benefits	\$ 119,554	\$ -	\$ (24,752)	\$ 94,802
Retiree Health Plan	299,450	-	(36,901)	262,549
Total differences between changes in assumptions	<u>\$ 419,004</u>	<u>\$ -</u>	<u>\$ (61,653)</u>	<u>\$ 357,351</u>
Differences between projected and actual investment earnings				
Texas Municipal Retirement System	\$ -	\$ 14,205,773	\$ (8,501,780)	\$ 5,703,993
Firemen's Pension	31,605	(628,129)	692,398	95,874
Total differences between projected and actual investment earnings	<u>\$ 31,605</u>	<u>\$ 13,577,644</u>	<u>\$ (7,809,382)</u>	<u>\$ 5,799,867</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. UNEARNED REVENUE

Governmental funds report unearned revenues in connection with receivables of revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
Governmental Activities			
General Fund:			
Delinquent property taxes	\$ 196,713	\$ -	\$ 196,713
Street escrow	-	22,838	22,838
Parks escrow	-	351,026	351,026
Police escrow	-	240,051	240,051
Child safety fees	-	93,630	93,630
Electric franchise	-	1,548,076	1,548,076
Gas franchise	-	218,105	218,105
Other	-	56,896	56,896
Total General Fund	<u>196,713</u>	<u>2,530,622</u>	<u>2,727,335</u>
Debt Service Fund:			
Delinquent property taxes	290,000	-	290,000
Pass-through toll agreement	<u>7,815,272</u>	<u>-</u>	<u>7,815,272</u>
Total Debt Service Fund	<u>8,105,272</u>	<u>-</u>	<u>8,105,272</u>
Total Governmental Funds	<u>\$ 8,301,985</u>	<u>\$ 2,530,622</u>	<u>\$ 10,832,607</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM DEBT

The following is a summary of long-term debt transactions, including current portion of the City for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020	Due within one year
<u>Governmental Activities</u>					
General obligation bonds	\$ 73,560,000	\$ 685,000	\$ 4,990,000	\$ 69,255,000	\$ 5,225,000
Certificates of obligation	96,540,000	20,935,000	4,875,000	112,600,000	5,955,000
Contractual obligations	3,330,000	2,725,000	1,410,000	4,645,000	805,000
Pass-through agreement revenue & limited tax bonds	3,715,000	-	2,685,000	1,030,000	1,030,000
Notes payable	3,992,419	38,860	608,107	3,423,172	512,298
Plus deferred amount:					
Issuance premium	16,910,445	1,530,082	2,192,634	16,247,893	2,281,590
Issuance discount	(1,703,000)	(137,516)	(178,442)	(1,662,074)	(179,294)
Total bonds payable	196,344,864	25,776,426	16,582,299	205,538,991	15,629,594
Compensated absences	8,283,135	1,158,453	777,157	8,664,431	716,886
Net pension liability - TMRS	36,822,340	-	12,572,260	24,250,080	-
Net pension liability - FP	16,382,826	1,076,051	-	17,458,877	-
OPEB liability - RHCP	5,719,775	-	409,402	5,310,373	-
OPEB liability - SDBF	1,849,627	368,914	-	2,218,541	-
Total governmental activities	265,402,567	28,379,844	30,341,118	263,441,293	16,346,480
<u>Business-Type Activities</u>					
General obligation bonds	38,610,000	-	3,635,000	34,975,000	3,795,000
Revenue bonds	83,200,000	-	3,075,000	80,125,000	3,125,000
Notes payable	14,418	196,011	13,284	197,145	19,774
Plus deferred amount:					
Issuance premium	10,907,892	-	845,825	10,062,067	845,825
Issuance discount	(1,073,172)	-	(73,053)	(1,000,119)	(73,053)
Total bonds payable	131,659,138	196,011	7,496,056	124,359,093	7,712,546
Compensated absences	422,103	99,061	25,514	495,650	59,478
Net pension liability - TMRS	4,939,628	-	1,661,025	3,278,603	-
OPEB liability - RHCP	779,970	-	55,828	724,142	-
OPEB liability - SDBF	252,221	50,307	-	302,528	-
Total business-type activities	138,053,060	345,379	9,238,423	129,160,016	7,772,024
<u>Component Units</u>					
Reinvestment Zone No. 1	56,322,229	16,638,870	20,203,983	52,757,116	5,246,289
Temple Economic Development Corp.	3,731,544	-	83,166	3,648,378	115,728
Total component units	60,053,773	16,638,870	20,287,149	56,405,494	5,362,017
Total government	\$ 463,509,400	\$ 45,364,093	\$ 59,866,690	\$ 449,006,803	\$ 29,480,521

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

The General Fund, Hotel/Motel Fund, Federal/State Grant Fund and the Drainage Fund are responsible for liquidating the liability for compensated absences, the net pension liability for employees employed in the corresponding governmental funds. The General Fund has been responsible for liquidating the net OPEB liability for all employees in the corresponding governmental funds.

Long-term debt at September 30, 2020 is comprised of the following:

	Governmental Activities	Business - type Activities
General obligation bonds:		
\$ 24,895,000 2012 refunding bonds due in annual installments of \$ 10,000 to \$ 3,820,000 through 2026; interest at 2.00% to 5.00%	\$ 3,255,000	\$ 14,080,000
\$ 21,360,000 2014 refunding bonds due in annual installments of \$ 535,000 to \$ 3,460,000 through 2026; interest at 2.00% to 5.00%	10,005,000	4,305,000
\$ 36,780,000 2015 refunding & improvement bonds due in annual installments of \$ 590,000 to \$ 4,480,000 through 2035; interest at 2.00% to 5.00%	26,200,000	3,195,000
\$ 9,500,000 2016 refunding bonds due in annual installments of \$ 705,000 to \$ 1,090,000 through 2029; interest at 2.00% to 5.00%	8,060,000	-
\$ 17,780,000 2017 refunding bonds due in annual installments of \$ 400,000 to \$ 2,255,000 through 2034; interest at 2.00% to 5.00%	17,380,000	-
\$ 20,320,000 2019 refunding bonds due in annual installments of \$ 565,000 to \$ 3,650,000 through 2030; interest at 5.00%	3,670,000	13,395,000
\$ 685,000 2020 refunding bonds due in annual installments of \$ 5,000 to \$ 660,000 through 2031; interest at 0.35% to 1.78%	685,000	-
	<u>69,255,000</u>	<u>34,975,000</u>
Certificates of obligation:		
\$ 9,420,000 2012 certificates due in annual installments of \$ 400,000 to \$ 685,000 through 2033; interest at 2.00% to 3.00%	7,310,000	-
\$ 4,645,000 2012 taxable certificates due in annual installments of \$ 50,000 to \$ 410,000 through 2032; interest at 1.50% to 3.50%	4,015,000	-
\$ 21,230,000 2014 certificates due in annual installments of \$ 255,000 to \$ 1,815,000 through 2034; interest at 1.00% to 3.00%	18,940,000	-
\$ 18,285,000 2016 certificates due in annual installments of \$ 295,000 to \$ 1,520,000 through 2036; interest at 2.00% to 5.00%	16,145,000	-
\$ 33,900,000 2017 certificates due in annual installments of \$ 770,000 to \$ 2,485,000 through 2037; interest at 3.00% to 5.00%	29,665,000	-
\$ 17,820,000 2019 certificates due in annual installments of \$ 595,000 to \$ 2,230,000 through 2039; interest at 2.00% to 4.00%	15,590,000	-
\$ 20,935,000 2020 certificates due in annual installments of \$ 790,000 to \$ 2,875,000 through 2040; interest at 2.00% to 3.00%	20,935,000	-
	<u>112,600,000</u>	<u>-</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Governmental Activities	Business - type Activities
Contractual obligations:		
\$ 1,950,000 2016 limited tax notes due in annual installments of \$ 265,000 to \$ 295,000 through 2023; interest at 1.96%	\$ 870,000	\$ -
\$ 1,210,000 2019 limited tax notes due in annual installments of \$ 160,000 to \$ 190,000 through 2026; interest at 3.00% to 4.00%	1,050,000	-
\$ 2,725,000 2020 limited tax notes due in annual installments of \$ 355,000 to \$ 425,000 through 2027; interest at 2.00% to 4.00%	2,725,000	-
	<u>4,645,000</u>	<u>-</u>
Revenue bonds:		
\$ 12,990,000 2014 bonds due in annual installments of \$ 90,000 to \$ 790,000 through 2044; interest at 0.45% to 5.05%	-	11,560,000
\$ 23,685,000 2015 bonds due in annual installments of \$ 830,000 to \$ 1,755,000 through 2035; interest at 2.00% to 5.00%	-	19,250,000
\$ 32,755,000 2017 bonds due in annual installments of \$ 1,085,000 to \$ 2,245,000 through 2037; interest at 3.00% to 5.00%	-	29,360,000
\$ 20,705,000 2019 bonds due in annual installments of \$ 710,000 to \$ 1,335,000 through 2039; interest at 2.00% to 5.00%	-	19,955,000
	<u>-</u>	<u>80,125,000</u>
Pass-through agreement revenue & limited tax bonds:		
\$ 24,700,000 2012 bonds due in annual installments of \$ 120,000 to \$ 2,310,000 through 2034; interest at 2.00% to 5.00%	1,030,000	-
	<u>1,030,000</u>	<u>-</u>
Notes payable:		
\$ 282,050 2018 capital lease due in monthly installments of \$ 3,646 to \$ 4,274 through 2021; interest at 4.20%	154,965	-
\$ 48,470 2019 capital lease due in monthly installments of \$ 1,410 to \$ 1,624 through 2021; interest at 5.85%	22,078	-
\$ 2,836,634 2020 loan agreement due in quarterly installments of \$ 44,680 to \$ 51,642 through 2034; interest at 1.00%	2,557,333	189,829
\$ 272,115 2017 capital lease due in quarterly installments of \$ 15,136 to \$ 18,884 through 2021; interest at 2.97%	74,714	-
\$ 13,345 2017 capital lease due in quarterly installments of \$ 789 to \$ 875 through 2021; interest at 2.97%	3,460	-
\$ 28,216 2017 capital lease due in quarterly installments of \$ 1,667 to \$ 1,849 through 2021; interest at 2.97%	-	7,316
\$ 1,085,000 2019 capital lease due in annual installments of \$ 282,465 to \$ 191,913 through 2023; interest at 2.97%	610,622	-
	<u>3,423,172</u>	<u>197,145</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Governmental Activities	Business - type Activities
Issuance premium	\$ 16,247,893	\$ 10,062,067
Issuance discount	(1,662,074)	(1,000,119)
Total bonds payable	205,538,991	124,359,093
Accrual for compensated absences	8,664,431	495,650
Accrual for net pension liability - TMRS	24,250,080	3,278,603
Accrual for net pension liability - FP	17,458,877	-
Accrual for OPEB liability - RHCP	5,310,373	724,142
Accrual for OPEB liability - SDBF	2,218,541	302,528
Total primary government debt	263,441,293	129,160,016
Component Units:		
Reinvestment Zone No 1:		
\$ 10,405,000 2011A general obligation bonds due in annual installments of \$ 145,000 to \$ 2,405,000 through 2022, interest at 2.00% to 5.00%; guaranteed by the City of Temple	4,720,000	-
\$ 480,000 2012 general obligation bonds due in annual installments of \$ 10,000 to \$ 75,000 through 2022, interest at 2.00% to 5.00%; guaranteed by the City of Temple	145,000	-
\$ 16,750,000 2020 general obligation bonds due in annual installments of \$ 205,000 to \$ 1,910,000 through 2033, interest at 0.35% to 1.98%; guaranteed by the City of Temple	16,750,000	-
\$ 25,260,000 2013 certificates of obligation due in annual installments of \$ 1,110,000 to \$ 2,010,000 through 2033, interest at 2.00% to 4.125%; guaranteed by the City of Temple	5,255,000	-
\$ 10,365,000 2008 taxable revenue bonds due in annual installments of \$ 215,000 to \$ 1,180,000 through 2022, interest at 5.29%; guaranteed by the City of Temple	2,300,000	-
\$ 23,565,000 2018 revenue bonds due in annual installments of \$ 140,000 to \$ 1,990,000 through 2038, interest at 5.00%; guaranteed by the City of Temple	22,940,000	-
Issuance premium	1,423,972	-
Issuance discount	(776,856)	-
Total Reinvestment Zone No 1	52,757,116	-
Temple Economic Development Corporation:		
\$ 3,864,000 note due in monthly payments of \$ 31,424 through July 2027, interest at 4.75%; this represents the corporation's 69% portion of the note which is shared with another entity	3,620,416	-
Accrual for compensated absences	27,962	-
Total Temple Economic Development Corporation	3,648,378	-
Total component units debt	56,405,494	-
Total debt - reporting entity	\$ 319,846,787	\$ 129,160,016

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual requirements to amortize debt outstanding as of September 30, 2020, are shown on the following schedules. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been included in the following summary.

General Obligation Bonds

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	\$ 5,225,000	\$ 3,047,021	\$ 3,795,000	\$ 1,571,250	\$ 2,620,000	\$ 404,991	\$ 16,663,262
2022	6,500,000	2,835,095	3,990,000	1,389,350	2,685,000	339,594	17,739,039
2023	6,345,000	2,555,445	4,265,000	1,189,850	205,000	244,930	14,805,225
2024	5,535,000	2,279,795	4,485,000	976,600	210,000	243,598	13,729,993
2025	5,820,000	2,039,095	4,715,000	761,350	1,650,000	241,960	15,227,405
2026-2030	25,205,000	6,226,266	13,725,000	1,570,250	8,650,000	921,907	56,298,423
2031-2035	14,625,000	1,995,648	-	-	5,595,000	215,973	22,431,621
Total	<u>\$ 69,255,000</u>	<u>\$ 20,978,365</u>	<u>\$ 34,975,000</u>	<u>\$ 7,458,650</u>	<u>\$ 21,615,000</u>	<u>\$2,612,953</u>	<u>\$156,894,968</u>

Certificates of Obligations

Year Ending September 30,	Governmental Activities		Component Units		
	Principal	Interest	Principal	Interest	Total
2021	\$ 5,955,000	\$ 3,607,875	\$ 1,250,000	\$ 198,081	\$ 11,010,956
2022	4,020,000	3,472,020	1,285,000	148,081	8,925,101
2023	4,365,000	3,333,720	1,335,000	96,681	9,130,401
2024	5,775,000	3,191,295	1,385,000	43,282	10,394,577
2025	6,000,000	2,973,808	-	-	8,973,808
2026-2030	34,190,000	11,476,483	-	-	45,666,483
2031-2035	37,065,000	5,282,762	-	-	42,347,762
2036-2039	15,230,000	818,000	-	-	16,048,000
Total	<u>\$112,600,000</u>	<u>\$ 34,155,963</u>	<u>\$ 5,255,000</u>	<u>\$ 486,125</u>	<u>\$152,497,088</u>

Contractual Obligations

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 805,000	\$ 133,382	\$ 938,382
2022	815,000	118,574	933,574
2023	840,000	93,491	933,491
2024	560,000	70,500	630,500
2025	590,000	48,100	638,100
2026-2027	1,035,000	33,000	1,068,000
Total	<u>\$ 4,645,000</u>	<u>\$ 497,047</u>	<u>\$ 5,142,047</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

Pass-Through Toll Agreement Revenue & Limited Tax Bonds

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 1,030,000	\$ 41,200	\$ 1,071,200
Total	\$ 1,030,000	\$ 41,200	\$ 1,071,200

Revenue Bonds

Year Ending September 30,	Business-type Activities		Component Units		
	Principal	Interest	Principal	Interest	Total
2021	\$ 3,125,000	\$ 3,222,058	\$ 1,260,000	\$ 1,268,670	\$ 8,875,728
2022	3,260,000	3,080,808	1,345,000	1,202,422	8,888,230
2023	3,415,000	2,932,620	955,000	1,131,750	8,434,370
2024	3,570,000	2,776,495	1,005,000	1,084,000	8,435,495
2025	3,730,000	2,612,382	1,055,000	1,033,750	8,431,132
2026-2030	21,480,000	10,233,849	6,115,000	4,323,250	42,152,099
2031-2035	26,090,000	5,627,784	7,815,000	2,632,750	42,165,534
2036-2040	12,520,000	1,714,870	5,690,000	578,250	20,503,120
2041-2044	2,935,000	379,760	-	-	3,314,760
Total	\$ 80,125,000	\$ 32,580,626	\$ 25,240,000	\$ 13,254,842	\$ 151,200,468

Notes Payable

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units Activities		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	\$ 512,298	\$ 50,732	\$ 19,774	\$ 1,988	\$ 87,766	\$ 172,440	\$ 844,998
2022	389,018	36,575	12,583	1,727	91,396	168,100	699,399
2023	380,743	27,782	12,709	1,600	96,620	163,566	683,020
2024	172,936	19,840	12,837	1,473	100,575	159,256	466,917
2025	174,671	18,105	12,966	1,344	106,348	153,839	467,273
2026-2030	900,012	63,870	66,807	4,741	3,165,673	267,804	4,468,907
2031-2035	893,494	18,145	59,469	1,347	-	-	972,455
Total	\$ 3,423,172	\$ 235,049	\$ 197,145	\$ 14,220	\$ 3,648,378	\$ 1,085,005	\$ 8,602,969

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

(1) General Obligation Bonds and Certificates of Obligation -

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement. Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government.

(2) Revenue Bonds -

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The Revenue Bonds are collateralized by the revenue of the water and sewer system established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2020.

(3) Taxable Revenue Bonds –

Taxable Revenue Bonds constitute special obligations of the City and are payable from and secured by an irrevocable first lien on and pledge of the net revenues of the Reinvestment Zone No. 1.

The Taxable Revenue Bonds, Series 2008, are collateralized by the tax increment generated by the Reinvestment Zone No.1 (a discretely presented component unit) by the First Supplemental Ordinance to the Master Ordinance Establishing the City of Temple, Texas Reinvestment Zone Number One Tax Increment Revenue Financing Program. The ordinance provides that the revenue of the Reinvestment Zone No. 1 be used to meet all financial obligations related to the bonds. The City is in compliance with all significant requirements as of September 30, 2020.

(4) 2020 Issuances -

On October 17, 2019, the City partially defeased the Series 2012 Pass-Through Toll Revenue and Limited Tax bonds. The amount deposited into an irrevocable trust with an escrow agent for the purpose of generating resources for the future debt service payments for the defeased debt was \$ 1,085,297. As a result, the defeased bonds will be removed from the City's financial statements in fiscal year 2020. The defeasance will reduce the total debt service payments over the next 12 years by \$ 377,997.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

On September 10, 2020, the City issued \$ 20,935,000 of Combination Tax and Revenue Certificates of Obligation bonds. The interest rate of the bonds ranges from 2.00% to 3.00% and the maturity date of the bonds is August 1, 2040. These bonds were issued to construct, reconstruct, improve, extend, expand, upgrade and/or develop streets, bridges, trails, sidewalks, intersections, traffic signalization and other traffic improvement projects, drainage projects, and facility projects as part of the City's Capital Improvement Programs for transportation, drainage and facilities.

On September 10, 2020, the City issued \$ 2,725,000 of Limited Tax notes. The interest rate of the notes ranges from 2.00% to 4.00% and the maturity date of the bonds is August 1, 2027. The notes were sold to purchase sanitation and street equipment and vehicles.

On September 17, 2020, the City partially advance refunded the Series 2012 Pass-Through Toll Revenue and Limited Tax bonds and the Series 2013 Combination Tax and Revenue Certificates of Obligation bonds. The par amount of the 2020 General Obligation Refunding bonds, taxable series, was \$ 17,435,000. Net proceeds of \$ 17,319,085 of general obligation refunding bonds (after payment of underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds will be removed from the City's financial statements in fiscal year 2020.

This advanced refunding will reduce the total debt service payments over the next 13 years by \$ 2,000,844 and will result in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$ 1,791,587.

In the debt service fund, a fund balance of \$ 303,617 is available to service general long-term debt.

The bond indentures require the establishment and maintenance of interest and sinking funds and reserve funds in varying amounts. Restricted cash on the accompanying combined balance sheet represents these amounts. The enterprise fund has restricted cash of \$ 25,885,990, of which \$ 2,235,080 will be used to pay accrued interest and current maturities of bond indentures, \$ 22,846,383 represents remaining bonds proceeds, and the remaining \$ 804,527 represents customer security deposits. In addition, there are restrictions concerning the maintenance of sufficient rates charged for services to users to generate enough funds for debt service requirements, the maintenance of accounting records and insurance as well as reporting the results of the City's operations to specified major bondholders. The City is in compliance with all significant requirements and restrictions contained in the bond indentures.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2020 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General	\$ 291,462	\$2,059,219
Debt Service	2,068,478	-
Capital Projects	275,974	856,281
Nonmajor Governmental Funds:		
Special Revenue	867,742	588,156
Total	<u>\$3,503,656</u>	<u>\$3,503,656</u>

Transfers between major funds and other nonmajor governmental funds were primarily to support capital projects and operation of funds.

IV. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Long-Term Agreements

The City has the following long-term agreements which represent significant commitments:

Operation of Doshier Farm and Temple-Belton Wastewater Treatment Plants – Two different commercial entities have provided operations and maintenance of the Doshier Farm and Temple-Belton Wastewater Plants (WWTP), twenty-nine (29) lift stations (serving the Doshier Farm WWTP and the Temple-Belton WWTP) and the City's industrial pretreatment program since October 1, 1994. In September 2003, the City added the operations and maintenance of the reuse system that delivers treated wastewater effluent to irrigate City owned ball fields and the service the Panda Power Plant.

On August 7, 2014, the City entered into an agreement with Brazos River Authority (BRA) to provide the operations listed above for the period October 1, 2014 through September 30, 2019. On January 17, 2019, the agreement was extended for an additional 10 years. This extension will expire on September 30, 2029.

The City retains ownership of the Doshier Farm WWTP and the City's 75.00% share of the Temple-Belton WWTP and all associated equipment. The City of Belton owns the remaining 25.00%. The City also retains all relevant permits in its name.

The City's major responsibility is paying the contractor the agreed annual compensation in monthly installments due on the first of each month. The base fee for seventh year (2021) of the agreement is \$ 2,046,698 for the Temple-Belton WWTP, \$ 1,707,373 for the Doshier Farm WWTP and Lift Stations, and \$ 180,759 for the City's industrial pretreatment program. On or before May 1st of each year, BRA will provide the City with an annual budget which will include an estimate of all operation and maintenance expenses plus a management fee of 3.00% for the Doshier WWTP, Temple-Belton WWTP and the lift stations. The budget will be calculated based on the estimated amount of wastewater to be delivered to the plants in the next fiscal year. The City must approve the proposed budget by July 15th of each year. Operation and maintenance expenses and the maintenance fee for the Temple-Belton WWTP will be allocated based upon the annual flow percentages of each City. Any capital expenses for the Temple-Belton WWTP (costs of capital improvements) will be allocated to the Cities based on ownership – 75.00% to Temple and 25.00% to Belton. Payments to BRA will be made monthly and will equal 1/12 of the approved annual budget.

Landfill Operations - On March 16, 2011, the City renegotiated its agreement with the commercial entity to operate the City's solid waste landfill. Under the terms of the agreement, the contractor pays the City \$ 715,698 annually (\$ 59,641.50 per month). In addition, the contractor pays a fee for each ton of solid waste disposed at the landfill, regardless of the source or point of origin of the waste, with a guaranteed minimum surcharge equivalent to 200,000 tons per year. The fee per ton is calculated as follows on waste disposed at the landfill each year:

\$ 3.02/ton up to 200,000 tons
\$ 3.76/ton over 200,000 tons

The new agreement is for a period of thirty years, or the life of the landfill, if less and may be extended by mutual agreement of the parties for additional ten (10) year period. Under the terms of the agreement, the contractor is responsible for all costs of operating the landfill, including the costs of closure, post-closure care cost and compliance with federal and state requirements.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Lease and Operating Agreement - Public Library - Effective September 7, 1995, the City entered into a ninety-nine (99) year lease and operating agreement with the Foundation of the Temple Public Library to use the E. Rhodes and Leona B. Carpenter Plaza for the location of the public library.

Under the lease agreement, the City will pay no rent or deposit in consideration of its operation of the public library and management of the commercial office spaces on the third floor. As part of the agreement, the City funded \$ 500,000 as its share of the cost of renovating the building for the library and applied the funds from a \$ 300,000 grant to the purchase of an automation system.

Pass-Through Toll Agreement

On September 16, 2010, City Council authorized a pass-through financing agreement with the Texas Department of Transportation (Department) for improvements to Northwest Loop 363. On September 30, 2010, the Texas Transportation commission passed Minute Order 112305, authorizing the Department to enter a pass-through toll agreement with the City for the construction of the Loop 363 north frontage road, from the BNSF railroad overpass to FM 2305 and construction of interchanges at Wendland Road and SH 36/SH 53.

As of September 30, 2016, the total cost of this project was \$ 44.9 million of which the Department reimbursed the City \$ 20,000,000 during fiscal years 2012 – 2014. The City issued pass-through agreement revenue and limited tax bonds on May 24, 2012 totaling \$ 24.7 million to fund its share of the cost.

On February 18, 2015, this project was substantially complete and was inspected and accepted as complete by the Department. At this time, the City became eligible to receive annual toll reimbursements from the state at each anniversary date of its completion. The agreement states that under no circumstance will the annual payment be less than \$ 752,500 over 20 years or more than \$ 1,505,000 over 10 years. The maximum amount of the toll agreement reimbursement is \$ 16,555,000.

In February 2016, on the first anniversary of the project's completion, the City received its first reimbursement totaling \$ 1,339,427. On the second anniversary of the project's completion, the City received its second reimbursement totaling \$ 1,462,140 and received \$ 1,505,000 on its third through fifth reimbursement. Based on these reimbursements, as well as, original projections based on state traffic counts on the loop, the City anticipates collecting the full \$ 16,555,000 over a period of approximately eleven years.

Effective February 2015, the City recorded the total anticipated receivable, net of implied interest at 4.783%, for a net receivable of \$ 12,013,000. Based on the payments received, the anticipated collection period was revised, and as of September 30, 2020, the net receivable is \$ 7,815,272.

Administrative Order with the United States Environmental Protection Agency

On August 27, 2018, the United States Environmental Protection Agency (EPA) issued an Administrative Order for violations of the Clean Water Act. Violations were identified based on their review. The violations alleged stem from unauthorized discharges due to sewer system overflows (SSOs) from the City's sewer collection system.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

The Administrative Order does not assess a monetary penalty; however, it does require compliance with the applicable Federal regulations. The compliance deadlines included in the order section of the Administrative Order were agreed to by the City on March 3, 2018. The EPA Region 6 is committed to ensuring compliance with the requirements of the National Pollutant Discharge Elimination System (NPDES) program.

The Administrative Order is a ten-year negotiated agreement meeting milestones set forth in the agreement. It requires the City to work with experienced partners in developing and implementing programs and activities specifically focused on EPA expectations, comprehensively addressing overall system needs. The agreement is effective through September 30, 2028.

The Administrative Order is tailored to specific situations through negotiations between the City and the EPA. It requires a Capacity, Management, Operation and Maintenance (CMOM) program development and implementation of the CMOM program is required. Components of the CMOM program include (capacity) – monitoring and modeling; (management) - staff training, effective fats, oils and grease program, and evaluating staffing and resources; (operations) - flow metering and overflow emergency response; and (maintenance) - maintenance system management, condition assessment and sewer cleaning.

Specific CMOM program requirements and associated timeline of the ten-year negotiated agreement are shown below.

March 2020 - Develop and implement an electronic asset management program.

September 2022 - Develop 5-year and 10-year design storm hydraulic collection system model, calibrated to reflect actual and existing system conditions.

September 2024 - Address power source redundancy for plants and lift stations; implement CMOM program.

September 2025 - Complete system evaluation capacity and assurance plan (SECAP); evaluate all private non-plastic lateral lines.

September 2027 - Address defective private lateral lines.

September 2028 - Complete projects addressing system deficiencies.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

B. RISK MANAGEMENT

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide through commercial companies' reinsurance contracts. The Pool agrees to handle all liability, property and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on all other risks of loss including employee health and accident insurance.

The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

C. TAX ABATEMENTS

(1) Property Tax

Through the City's Economic Development Policy, revised July 7, 2016, adopted by Ordinance 2016-4783, the City has entered into contractual agreements with property owners (or lessee's) in which the City has agreed to reduce the amount of ad valorem taxes payable through a reduction of the taxable value on certain improvements constructed after the date the agreement was reached in accordance with Chapter 312 of the State of Texas Tax Code. The policy has minimum standards for eligible facilities and required investment. There are additional or enhancement factors that are also taken into consideration when determining the percentage value to be abated and the term of the abatement. The property owner, in return for the abatement, contractually agreed to construct and maintain certain identifiable improvements within a definite period or repay the abated taxes if the improvements are not maintained. The following is a list of property owners (or lessee's) with which the City has entered into tax abatement agreements.

First Year of Abatement	Firm	2020 Abated Value	Term of Abatement	Abatement Percentage	Commitment by Recipient
FY 2012	H.E. Butt Grocery	\$ 45,906,511	10 years	100%	Construct warehouse and distribution facility; create 112 new jobs
FY 2016	Panda Temple Power, LLC	118,322,938	10 years	50%	Construct new electric power generating facility; create 20 new jobs
FY 2016	Don-Nan Pump & Supply Company	540,088	5 years	50%	Construct manufacturing and storage facility; create and maintain 12 new jobs
FY 2017	Panda Temple Power II, LLC	154,100,944	10 years	12% to 65%	Construct new electric power generating facility
FY 2017	Buc-ee's, LTD	3,416,108	10 years	50%	Construct new travel center; create 150 new jobs
FY 2017	DanHill Fulfillment Center/Starcorr Sheets, LLC	14,001,160	5 years	50%	Construct manufacturing and processing facility; create and maintain 45 new jobs
TBD	Wilsonart LLC	-	10 years	20% to 80%	Construct new office building; create 45 new jobs
FY 2019	High Ridge Enterprises	189,646	5 years	45%	Construct office building; create and maintain 19 new jobs
FY 2019	Temple TX Statutory Trust & Performance Food Groups	6,565,980	5 years	100%	Construct expansion of existing distribution center; create 100 new jobs
TBD	LSB Broadcasting	-	10 years	100%	Construct expansion and renovation of existing building; create 65 new jobs
TBD	MS Temple, LLC	-	5 years	50%	Construct new real property improvements; create 90 new jobs
TBD	Cargill, Inc.	-	10 years	50% to 100%	Construct new real property improvements; create 10-33 new jobs
TBD	Palladio Industries, Inc.	-	5 years	50%	Construct new real property improvements; create 30 new jobs
TBD	Turner Behringer Temple One, LLC (Hawn & Arcadia)	-	10 years	50% to 100%	Construct new real property improvements
TBD	East Penn Manufacturing Co.	-	5 years	50%	Construct new real and personal property improvements; create 266 new jobs
TBD	Niagara Bottling, LLC and Tanglefoot Properties, LLC	-	10 years	50% to 100%	Construct new real and personal property improvements; create 70 new jobs
TBD	Turner Behringer Temple One, LLC (102 East Central Ave, Sears Bldg)	-	10 years	50% to 100%	Construct new real property improvements
TBD	VKDM Investment, LLC	-	10 years	50% to 100%	Construct new real property improvements

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

During fiscal year 2020, the total amount of abated property value was \$ 343,043,375. Based on the city tax rate of \$ 0.6727 per \$ 100 of value, the foregone tax levy due to abatement agreements was \$ 2,307,653.

(2) Sales Tax

The City has entered into a Chapter 380 Economic Development Agreement with Buc-ee's, LTD. The City's participation in the agreement is authorized under Chapter 380 of the Texas Local Government Code, and under City Ordinance Number 2011-4504, Section III, B. This agreement provided an incentive to Buc-ee's, LTD in amount not to exceed 75% of the sales tax collected by Buc-ee's, LTD during each calendar year of the agreement. Per the agreement, Buc-ee's, LTD agreed to invest approximately \$ 16,000,000 to construct the Travel Center with approximately 60,000 square feet, employ 150 people by the end of the first full calendar year of operation and to start construction of the Travel Center no later than twelve months after the public utilities were constructed and available for connection by the Travel Center. The term of the agreement is 10 years beginning January 1 of the year following the date the travel center opened to the public. The travel center opened in 2015; therefore, the agreement began January 1, 2016 and will expire December 31, 2025. Under the terms of the agreement, the total amount of the incentive for fiscal year 2020 was \$ 375,934.

The City has entered into a Chapter 380 Economic Development Agreement with Spare Time Family Entertainment, LLC. The City's participation in the agreement is authorized under Chapter 380 of the Texas Local Government Code, and under City Ordinance Number 2020-5026, Section III, B. This agreement provides an incentive to Spare Time Family Entertainment, LLC to rebate any sales tax generated and paid to the City that exceeds \$ 36,000 in one calendar year. Rebate payments will not exceed a total of \$ 100 000. Per the agreement, Spare Time Family Entertainment, LLC agreed to invest approximately \$ 4,700,000 to construct an outdoor expansion including go karts, ropes course, batting cages, sand volleyball, outdoor bar and grill, and other similar amenities and to start construction of the outdoor expansion no later than twelve months after the execution of the agreement. The agreement was executed on April 17, 2020 and shall remain in effect for five years from January 1 of the year following the date the outdoor expansion opens for business to the public. The outdoor expansion is currently under construction. To date, no amounts have been paid to Spare Time Family Entertainment, LLC.

D. EMPLOYEE BENEFITS

(1) Retirement Plans

The City participates in two retirement plans. The Texas Municipal Retirement System covered 689 employees as of December 31, 2019. The Temple Firefighter's Relief and Retirement Fund covered 122 employees as of September 30, 2020.

The Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8,

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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IV. OTHER INFORMATION (Continued)

Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Beginning in 1992, the City granted an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1992, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity Increase to retirees	70% of CPI Repeating

The City does not participate in Social Security.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Employees Covered by Benefit Terms –

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	434
Inactive employees entitled to but not yet receiving benefits	430
Active employees	<u>689</u>
	<u>1,553</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Temple were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2020, the City made required contributions of 16.43% for the months in 2019 and required contributions of 16.91% for the months in 2020. The City's contributions for the year ended September 30, 2020, were \$ 6,121,136, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions –

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Salary increases	3.50% to 11.50% per year including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for service retirees and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, mortality tables for healthy retirees is used with a 4 year-set forward for males and a 3 year-set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

future mortality improvements subject to the floor. Mortality rates for pre-retirement is based on the PUB(10) mortality tables, with Public Safety table used for males and the General Employee tables used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	<u>100.0%</u>	

Discount Rate –

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Changes in the Net Pension Liability –

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2018	\$ 205,052,180	\$ 163,290,212	\$ 41,761,968
Changes for the year:			
Service cost	5,958,781	-	5,958,781
Interest	13,728,559	-	13,728,559
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,204,885)	-	(1,204,885)
Changes of assumptions	520,228	-	520,228
Contributions - employer	-	5,718,615	(5,718,615)
Contributions - employee	-	2,436,418	(2,436,418)
Net investment income	-	25,227,862	(25,227,862)
Benefit payments, including refunds			
employee contributions	(9,291,032)	(9,291,032)	-
Administrative expense	-	(142,642)	142,642
Other changes	-	(4,285)	4,285
Net changes	9,711,651	23,944,936	(14,233,285)
Balance at December 31, 2019	<u>\$ 214,763,831</u>	<u>\$ 187,235,148</u>	<u>\$ 27,528,683</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate –

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 57,554,411	\$ 27,528,683	\$ 2,879,682

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Pension Plan Fiduciary Net Position –

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of \$ 7,209,330.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual plan experience	\$ 1,049,603	\$ 913,145
Changes in assumptions	394,265	-
Differences between projected and actual investment earnings	-	5,703,993
Contributions subsequent to the measurement date	4,765,024	-
Total	<u>\$ 6,208,892</u>	<u>\$ 6,617,138</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$ 4,765,024 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2020 (i.e. recognized in the City's financial statements September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year Ended December 31</u>	
2020	\$ (1,228,854)
2021	(1,468,818)
2022	387,104
2023	<u>(2,862,702)</u>
Total	<u>\$ (5,173,270)</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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IV. OTHER INFORMATION (Continued)

Temple Firefighters' Relief and Retirement Fund

Plan Description

The City contributes to the retirement plan for firefighters in the Temple Fire Department known as the Temple Firefighter's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Temple Firefighter's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Temple Firefighter's Relief and Retirement Fund at 3615 S. 31st Street, Temple, Texas 76504. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters in the Temple Fire Department are covered by the Temple Firefighter's Relief and Retirement Fund which provides service retirement, death, disability and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, he may retire starting on the date he would have both completed 20 years of service if he had remained a Temple firefighter and attained age 50. The plan effective April 1, 2015 (the most recently restated and amended plan) provided a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 65.75% of Highest Five Year Average Monthly Salary plus \$98.00 per month for each year of service in excess of 20.

A retiring firefighter who is at least age 53 with at least 23 years of service has the option to elect the Deferred Retirement Option Plan (DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest Five Year Average Monthly Salary as if he had terminated employment on his selected DROP benefit calculation date, which is no earlier than the later of the date he meets the age 53 and 23 years of service requirements and the date two years prior to the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Members Covered by the Fund –

In the September 30, 2019 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	94
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>121</u>
	<u>218</u>

Funding Policy

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The funding policy of the Temple Firefighter's Relief and Retirement Fund requires contributions equal to 15% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City currently contributes according to a city ordinance either the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees or the firefighter contribution rate (15% of payroll) if lesser. The City has also agreed to contribute an additional 0.31% of payroll. The actuarial valuation includes the assumption that the City contribution rate will be 15.31% over the UAAL amortization period. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees. The Board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending September 30, 2019, the annual money-weighted rate of return on pension plan investments was 6.31%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2019.

Total pension liability	\$ 63,028,830
Plan fiduciary net position	<u>(45,569,953)</u>
City's net pension liability	<u>\$ 17,458,877</u>

Plan fiduciary net position as a percentage of the total pension liability	72.30%
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Actuarial Assumptions –

The total pension liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Payroll growth	3.75% per annum
Salary increases	9.46% the first five years of service grading down to an ultimate rate of 3.75% per annum after 15 years of service. This equates to an average salary increase of 5.71% over a full career.
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 blue collar Combined Healthy Mortality Tables for males and for females adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2016.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which best-estimate ranges of expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return (Arithmetic)</u>
Large Cap Domestic Equity	25.0%	6.00%
Small/Mid Cap Domestic Equity	13.0%	6.00%
International Equity	27.5%	6.00%
Real Estate	5.0%	4.00%
Alternatives	13.5%	7.00%
Commodities	0.0%	7.00%
Fixed Income	15.0%	1.50%
Money market or equivalent	1.0%	1.50%
Total	<u>100.0%</u>	

Discount Rate –

The discount rate used to measure the total pension liability was 7.75% net of investment expense. The projection of cash flows was used to determine the discount rate assumed the City contribution would equal the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate –

The following presents the net pension liability of the City of Temple, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease in Discount Rate (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase in Discount Rate (8.75%)</u>
City's net pension liability	\$ 24,711,599	\$ 17,458,877	\$ 11,362,942

Pension Plan Fiduciary Net Position –

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Changes in the Net Pension Liability –

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at September 30, 2018	\$ 60,626,595	\$ 44,243,769	\$ 16,382,826
Changes for the year:			
Service cost	1,794,067	-	1,794,067
Interest	4,545,971	-	4,545,971
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,311,459	(1,311,459)
Contributions - employee	-	1,285,044	(1,285,044)
Net investment income	-	2,745,755	(2,745,755)
Benefit payments, including refunds of employee contributions	(3,937,803)	(3,937,803)	-
Administrative expense	-	(78,271)	78,271
Changes in benefit terms	-	-	-
Net changes	<u>2,402,235</u>	<u>1,326,184</u>	<u>1,076,051</u>
Balance at September 30, 2019	<u>\$ 63,028,830</u>	<u>\$ 45,569,953</u>	<u>\$ 17,458,877</u>

The net pension liability was \$ 17,458,877 as of September 30, 2019 which is the City's measurement date associated with its September 30, 2020 reporting date. The results are based on the Fund's September 30, 2018 actuarial valuation.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City's GASB 68 pension expense was \$ 2,553,774.

Components of Pension Expense for the Fiscal Year Ended September 30, 2020 –

Service cost	\$ 1,794,067
Interest	4,545,971
Firefighter contributions	(1,285,044)
Projected earnings on pension plan investments	(3,373,884)
Amortization of differences between projected and actual earnings on plan investments	692,398
Amortization of changes of assumptions	144,281
Amortization of differences between expected and actual experience	(42,286)
Pension plan administrative expenses	78,271
Total pension expense	<u><u>\$ 2,553,774</u></u>

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual plan experience	\$ 262,633	\$ 468,288
Changes in assumptions	894,547	-
Differences between projected and actual investment earnings	-	95,874
Contributions subsequent to the measurement date	1,375,589	-
Total	<u><u>\$ 2,532,769</u></u>	<u><u>\$ 564,162</u></u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources to be Recognized in Pension Expense in Future Years –

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended September 30	
2021	\$ (102,228)
2022	(2,525)
2023	189,239
2024	227,620
2025	101,995
Thereafter	178,917
Total	<u>\$ 593,018</u>

The total of the contributions by the City to the Fund contributed subsequent to the measurement date of the net pension liability September 30, 2019 through September 30, 2020 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2021.

(2) Retirement Plans Combined Data

For the year ended September 30, 2020, the City's total net pension liability and pension expense is as follows:

Net Pension Liability	
Texas Municipal Retirement System	\$ 27,528,683
Temple Firefighters' Relief and Retirement Fund	<u>17,458,877</u>
Total Net Pension Liability	<u>\$ 44,987,560</u>
 Pension Expense	
Texas Municipal Retirement System	\$ 7,209,330
Temple Firefighters' Relief and Retirement Fund	<u>2,553,774</u>
Total Pension Expense	<u>\$ 9,763,104</u>

The total deferred outflows and inflows related to pensions can be found in Note III, F.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

(3) Deferred Compensation Fund

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by one trustee; the International City Management Association Retirement Corporation (ICMA-RC). In 1998, the City implemented the requirements of GASB Statement No. 32, "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". In accordance with this statement and recent tax law changes, the City has amended their trust agreement which establishes that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustee. Accordingly, the City has not presented the assets and income from the plan in these Financial Statements. Deferred compensation investments are held by an outside trustee. Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments or a combination of these.

The plan, available to all permanent City employees, permits them to defer until future years up to 100% of annual gross earnings not to exceed \$ 19,500. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

E. OTHER POST- EMPLOYMENT BENEFITS

(1) The Texas Municipal Retirement System - Supplemental Death Benefit

Plan Description

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$ 7,500.

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during the employee's entire career.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Employees Covered by Benefit Terms –

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	335
Inactive employees entitled to but not yet receiving benefits	118
Active employees	<u>689</u>
	<u>1,142</u>

Total OPEB Liability - SDBF

The City's total OPEB liability for SDBF of \$ 2,521,069 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions –

The total OPEB liability for SDBF in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.75%
Retirees' share of benefit-related costs	\$ 0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements for GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Discount Rate –

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability – SDBF

	<u>Increase (Decrease)</u> <u>Total OPEB</u> <u>Liability</u>
Balance at December 31, 2018	\$ 2,101,848
Changes for the year:	
Service cost	83,534
Interest	79,076
Change of benefit terms	-
Difference between expected and actual experience	(116,985)
Changes of assumptions	397,960
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds	
employee contributions *	(24,364)
Administrative expense	-
Other changes	-
Net changes	<u>419,221</u>
Balance at December 31, 2019	<u>\$ 2,521,069</u>

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated being equal to the employer's yearly contributions for the retirees.

Sensitivity of the Total OPEB Liability SDBF to Changes in the Discount Rate –

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<u>1% Decrease in</u> <u>Discount Rate</u> (1.75%)	<u>Current</u> <u>Discount Rate</u> (2.75%)	<u>1% Increase in</u> <u>Discount Rate</u> (3.75%)
City's total OPEB liability - SDBF	\$ 3,041,577	\$ 2,521,069	\$ 2,117,561

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB - SDBF

For the year ended September 30, 2020, the City recognized OPEB expense of \$ 216,942.

At September 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual plan experience	\$ 5,919	\$ 96,095
Changes in assumptions	404,337	94,802
Contributions subsequent to the measurement date	19,725	-
Total	<u>\$ 429,981</u>	<u>\$ 190,897</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$ 19,725 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2020 (i.e. recognized in the City's financial statements September 30, 2021). Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expenses as follows:

<u>Measurement Year Ended December 31</u>	
2020	\$ 54,332
2021	54,332
2022	49,678
2023	30,912
2024	30,105
Total	<u>\$ 219,359</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

(1) Retiree Health Care Plan (RHCP)

Plan Description

The City offers its retired employees medical and dental insurance through a single-employer defined benefit OPEB plan, under City policy. This plan is administered by the City and no separate audited financial statements are available.

Benefits Provided

An employee leaving the employment of the City, who is eligible to receive retirement benefits from a municipal retirement plan, is entitled to purchase continued health and/or dental benefits for the employee and the employee's dependents (if covered by the City's plan at the time of separation) from the City unless the employee is eligible, or becomes eligible at a later date, for group health and/or dental benefits through another employer. To avail themselves of this opportunity to purchase health and/or dental benefits through the City, the employee must notify the City of his or her intent to continue to purchase health and/or dental benefit coverage no later than the date on which the person leaves employment with the City. The City will make coverage available to eligible retirees under the health care and/or dental coverage plan provided by the City to its employees or through a substitute Medicare Supplement Plan for over age 65 retirees for health insurance. A retired employee who elects to continue health and/or dental benefit coverage under this section prior to retirement, and who subsequently enters employment with another employer who offers group health and/or benefits to its employees (regardless of whether or not the retired employee elects such coverage), is no longer eligible for coverage under this policy. A retired employee who elects to continue health and/or dental benefit coverage under this section prior to retirement, and who subsequently elects to discontinue such coverage, is no longer eligible for coverage under this policy. A retired employee who elects to continue coverage for any of the retired employee's dependents, and who then subsequently elects to discontinue such coverage for any of his dependents, abandons his right to obtain future coverage for the dependent for whom coverage was discontinued.

Contribution by City Towards Cost of Health and/or Dental Benefits for Certain Employees

Employees who retire prior to May 1, 2007:

- a. The City will pay an amount to be determined each fiscal year by the City offered actuarially calculated, non-blended, standard option health and/or dental insurance premium toward the City offered plan selected by a retired employee, who:
 1. was hired by the City prior to February 1, 2002;
 2. is not eligible to receive Medicare benefits;
 3. had not less than 10 years of continuous service with the City at the time of his or her retirement;
 4. notifies the City of his or her intent to continue health benefit and/or dental coverage with the City no later than the date on which he or she retires; and
 5. is eligible and elects to receive a monthly retirement annuity from the Texas Municipal Retirement System (TMRS) or the Temple Firefighter's Relief and Pension Fund commencing within 60 days of his or her retirement from the City.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

- b. The City will pay an amount to be determined each fiscal year of the City offered actuarially calculated, non-blended, standard option health and/or dental insurance premium toward the City offered plan selected by a retired employee, who:
 - 1. was hired by the City after January 31, 2002;
 - 2. is not eligible to receive Medicare benefits;
 - 3. had not less than 25 years of continuous service with the City at the time of his or her retirement;
 - 4. notifies the City of his or her intent to continue health and/or dental benefit coverage with the City no later than the date on which he or she retires; and
 - 5. is eligible and elects to receive a monthly retirement annuity from the Texas Municipal Retirement System (TMRS) or the Temple Firefighter's Relief and Pension Fund commencing within 60 days of his or her retirement from the City.

Employees who retire on or after May 1, 2007:

- a. The City will pay an amount to be determined each fiscal year of the City offered actuarially calculated, non-blended, standard option health and/or dental insurance premium of retired employees who:
 - 1. had not less than 25 years of continuous service with the City of Temple at the time of his or her retirement;
 - 2. is not eligible to receive Medicare benefits;
 - 3. notifies the City of his or her intent to continue health and/or dental benefit coverage with the City no later than the date on which he or she retires; and
 - 4. is eligible and elects to receive a monthly retirement annuity from the Texas Municipal Retirement System (TMRS) or the Temple Firefighters' Relief and Pension Fund commencing within 60 days of his or her retirement from the City.
- b. Employees who retire with less than 25 years of continuous service with the City of Temple will be required to pay 100% of the actuarially calculated, non-blended rate for retirees.
- c. Employees who leave the employment of the City with retirement eligibility, but less than 25 years of continuous service at the City of Temple, may purchase health and/or dental benefit coverage for themselves or their dependents through COBRA continuation, subject to the terms contained herein, but are responsible for 100% of the cost of such coverage.

Provisions Regarding Medicare for Retirees Over the Age of 65

- a. An individual who retires from the City of Temple, and who informed the City not later than their date of retirement, upon attaining age 65 is no longer eligible for benefits under the City-sponsored plan for employees. Upon attaining age 65, such retiree is eligible to enroll in the Medicare Supplement Plan adopted by the City as a substitute for coverage under the Plan offered to employees. If a retiree attains age 65 and had coverage for a dependent that has not attained age 65, the dependent will be eligible to continue coverage, at 100% the retiree's cost, under the City Plan for employees until attaining age 65. The dependent, upon attaining age 65, will be eligible to enroll in the substitute Medicare Supplement adopted by the City at 100% the retiree's cost. The City will pay an amount to be determined each fiscal year for retirees selecting one of

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

the City adopted substitute Medicare Supplement Plans not to exceed 50% of the City adopted standard option substitute Medicare Supplement for retirees who had at least 25 years of continuous service with the City of Temple.

- b. A retiree who retired from the City prior to 1998, is over 68 years old, and who is not eligible to receive Medicare benefits, will not be required to enroll in the City-adopted substitute Medicare Supplement program. The City will continue to pay an amount to be determined each fiscal year of the actuarially calculated, non-blended, standard option premium of health insurance for these retirees.
- c. The retiree will be responsible for 100% of the premium for any elected dependent coverage.
- d. To retain health and/or dental insurance benefits through the City, the retiree must pay the premium for the retiree coverage and any dependent coverage within 45 days of the date on which any premium is due. The City reserves the right to withdraw the eligibility to purchase health and/or dental insurance benefits through the City if a retiree fails to make a premium payment as required.

Dependents not on the employee's health and/or dental insurance at the time of the employee's retirement cannot be added at a later date. Once a covered individual (including the retiree) elects to drop coverage, or coverage is dropped due to lack of payment, they are no longer eligible to be enrolled in the City's health plan or substitute Medicare Supplement plan.

The City is under no obligation, statutory or otherwise to offer other post-employment benefits or pay any portion of the cost of other post-employment benefits to any retirees. Allocation of city funds to pay other post-employment benefits or to make other post-employment benefits available is determined on an annual basis by the City Council as part of the budget approval process.

Employees Covered by Benefit Terms –

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>768</u>
	<u>875</u>

Total OPEB Liability - RHCP

The City's total OPEB liability for Retiree Health Care Plans of \$ 6,034,515 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions –

The total OPEB liability for RHCP in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Inflation	2.50% per year
Salary increases	3.50% to 11.50% for TMRS and 3.75% to 9.46% for firefighters, including inflation
Discount rate	2.75% as of December 31, 2019
Demographic assumptions	TMRS - Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). Fire – Based on the September 30, 2018 actuarial valuation report for the City of Temple Firefighters' Relief and Retirement Fund.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
Mortality rates – TMRS	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality improvement tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Mortality rates – Firefighters	The gender-distinct RP-2014 Blue Collar mortality tables adjusted backward to 2006 are used. The rates are projected on a fully generational basis scale MP-2016 to account for future mortality improvements.

Participation Rates –

Age at Retirement	TMRS, eligible for subsidy	Firefighters, eligible for subsidy
Less than 50	10%	60%
Between 50 and 65	40%	60%
65 and over	50%	60%

Discount Rate –

The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic assumptions for TMRS employees and retirees were updated to reflect the 2019 TMRS Experience Study, the participation rates were updated for both TMRS employees and firefighters, and the health care trend rates were updated to better reflect the plan's anticipated experience. The discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the valuation, the municipal bond rate is 2.75% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). This discount rate was 3.71% as of the prior measurement date.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Changes in the Total OPEB Liability – RHCP

	<u>Increase (Decrease)</u> Total OPEB Liability
Balance at December 31, 2018	\$ 6,499,745
Changes for the year:	
Service cost	285,093
Interest	242,260
Change of benefit terms	-
Difference between expected and actual experience	(1,208,893)
Changes of assumptions	441,074
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(224,764)
Administrative expense	-
Changes in benefit terms	-
Net changes	(465,230)
Balance at December 31, 2019	<u>\$ 6,034,515</u>

Sensitivity of the Total OPEB Liability – RHCP to Changes in the Discount Rate –

The following presents the total OPEB liability for RHCP of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability for RHCP would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<u>1% Decrease in</u> <u>Discount Rate</u> (1.75%)	<u>Current</u> <u>Discount Rate</u> (2.75%)	<u>1% Increase in</u> <u>Discount Rate</u> (3.75%)
City's total OPEB liability	\$ 6,935,837	\$ 6,034,515	\$ 5,289,427

OPEB Expense and Deferred Outflows of Resources Related to OPEB - RHCP

For the year ended September 30, 2020, the City recognized OPEB expense of \$ 447,728.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

Components of OPEB Expense for the Fiscal Year Ended September 30, 2020 –

Service cost	\$ 285,093
Interest	242,260
Projected earnings on pension plan investments	-
Amortization of differences between projected and actual earnings on plan investments	-
Amortization of changes of assumptions	55,208
Amortization of differences between expected and actual experience	(134,833)
Administrative expenses	-
Changes in benefit terms	-
Total OPEB expense	<u>\$ 447,728</u>

At September 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual plan experience	\$ -	\$ 1,088,787
Changes in assumptions	659,011	262,549
Contributions subsequent to the measurement date	158,470	-
Total	<u>\$ 817,481</u>	<u>\$ 1,351,336</u>

Deferred outflows of resources related to OPEB for RHCP resulting from contributions subsequent to the measurement date of \$ 158,470 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2020 (i.e. recognized in the City's financial statements September 30, 2021). Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expenses as follows:

<u>Measurement Year Ended December 31</u>	
2020	\$ (79,625)
2021	(79,625)
2022	(79,625)
2023	(79,625)
2024	(79,625)
Thereafter	(294,200)
Total	<u>\$ (692,325)</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (Continued)

(2) Other Post-Employment Benefits Combined Data

For the year ended September 30, 2020, the City's total OPEB liability and OPEB expense is as follows:

Total OPEB Liability	
Texas Municipal Retirement System - SDBF	\$ 2,521,069
Retiree Health Care Plan	<u>6,034,515</u>
Total OPEB Liability	<u>\$ 8,555,584</u>
OPEB Expense	
Texas Municipal Retirement System - SDBF	\$ 216,942
Retiree Health Care Plan	<u>447,728</u>
Total OPEB Expense	<u>\$ 664,670</u>

The total deferred outflows and inflows related to pensions can be found in Note III, F.

F. SUBSEQUENT EVENT

The City continues to monitor the financial impacts related to the COVID-19 pandemic and does not foresee any major negative financial impacts resulting from the COVID-19 pandemic. The City currently projects that it will have sufficient cash to maintain operations and the current cash position is projected to be sufficient for the foreseeable future. The City intends on making debt service payments on outstanding bonds. The City has no plans to spend operating reserves. Operating reserves are expected to be maintained or increased to comply with the City's adopted financial policies for reserves.

Required Supplementary Information

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
(Unaudited)

	Measurement Year 2014*	Measurement Year 2015*	Measurement Year 2016*	Measurement Year 2017*	Measurement Year 2018*	Measurement Year 2019*
Total pension liability:						
Service cost	\$ 4,177,238	\$ 4,778,653	\$ 5,254,599	\$ 5,481,820	\$ 5,622,478	\$ 5,958,781
Interest	11,004,160	11,472,372	11,697,930	12,319,765	13,006,047	13,728,559
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(1,874,758)	467,238	635,118	1,184,000	1,142,305	(1,204,885)
Change in assumptions	-	68,221	-	-	-	520,228
Benefit payments, including refunds of employee contributions	(6,991,011)	(6,846,202)	(8,379,414)	(8,598,375)	(9,179,172)	(9,291,032)
Net change in total pension liability	6,315,629	9,940,282	9,208,233	10,387,210	10,591,658	9,711,651
Total pension liability - beginning	158,609,168	164,924,797	174,865,079	184,073,312	194,460,522	205,052,180
Total pension liability - ending (a)	<u>\$ 164,924,797</u>	<u>\$ 174,865,079</u>	<u>\$ 184,073,312</u>	<u>\$ 194,460,522</u>	<u>\$ 205,052,180</u>	<u>\$ 214,763,831</u>
Plan fiduciary net position:						
Contributions - employer	\$ 4,687,061	\$ 4,857,267	\$ 4,847,807	\$ 5,226,253	\$ 5,418,611	\$ 5,718,615
Contributions - employee	1,874,825	2,033,251	2,141,889	2,236,174	2,301,599	2,436,418
Net investment income	7,718,713	209,717	9,611,394	20,831,979	(5,088,354)	25,227,862
Benefit payments, including refunds of employee contributions	(6,991,011)	(6,846,202)	(8,379,414)	(8,598,375)	(9,179,172)	(9,292,032)
Administrative expense	(80,587)	(127,743)	(108,574)	(107,997)	(98,383)	(142,642)
Other	(6,626)	(6,309)	(5,850)	(5,474)	(5,141)	(4,285)
Net change in plan fiduciary net position	7,202,375	119,981	8,107,252	19,582,560	(6,650,840)	23,943,936
Plan fiduciary net position - beginning	134,928,884	142,131,259	142,251,240	150,358,492	169,941,052	163,290,212
Plan fiduciary net position - ending (b)	<u>142,131,259</u>	<u>142,251,240</u>	<u>150,358,492</u>	<u>169,941,052</u>	<u>163,290,212</u>	<u>187,234,148</u>
Net pension liability - ending (a) - (b)	<u>\$ 22,793,538</u>	<u>\$ 32,613,839</u>	<u>\$ 33,714,820</u>	<u>\$ 24,519,470</u>	<u>\$ 41,761,968</u>	<u>\$ 27,529,683</u>
Plan fiduciary net position as a percentage of total pension liability	86.18%	81.35%	81.68%	87.39%	79.63%	87.18%
Covered payroll	\$ 26,783,210	\$ 28,996,683	\$ 30,585,560	\$ 31,945,335	\$ 32,879,988	\$ 34,805,966
Net pension liability as a percentage of covered employee payroll	85.10%	112.47%	110.23%	76.75%	127.01%	79.09%

*As of December 31

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Retirement System
Schedule of Employer Contributions
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 4,687,060	\$ 4,981,397	\$ 4,870,468	\$ 5,108,422	\$ 5,401,115	\$ 5,630,457	\$ 6,121,136
Contribution in relation of the							
actuarially determined contribution	4,687,060	4,981,397	4,870,468	5,108,422	5,401,115	5,630,457	6,121,136
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 26,783,198	\$ 29,438,972	\$ 30,345,108	\$ 31,447,836	\$ 32,829,410	\$ 34,245,953	\$ 36,432,610
Contributions as a percentage of covered payroll	17.50%	16.92%	16.05%	16.24%	16.45%	16.44%	16.80%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality rates – post retirement	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – pre-retirement	PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	There were no benefit changes during the year.

Significant assumption differences for fiscal years prior to 2020:

Inflation	3.00% for fiscal years prior to 2016
Investment Rate of Return	7.00% for fiscal years prior to 2016
Mortality rates	RP-2014 blue collar Combined Healthy Mortality Tables for males and for females adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-016.

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Temple Firefighter's Relief and Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
(Unaudited)

	Measurement Year 2014*	Measurement Year 2015*	Measurement Year 2016*	Measurement Year 2017*	Measurement Year 2018*	Measurement Year 2019*
Total pension liability:						
Service cost	\$ 1,282,932	\$ 1,339,217	\$ 1,592,233	\$ 1,715,631	\$ 1,665,027	\$ 1,794,067
Interest	3,846,369	4,062,023	4,125,592	4,353,316	4,377,179	4,545,971
Changes of benefit terms	-	442,935	-	-	-	-
Difference between expected and actual experience	-	-	(770,412)	-	329,123	-
Change in assumptions	-	-	1,471,671	-	-	-
Benefit payments, including refunds of employee contributions	(2,625,283)	(3,240,391)	(3,359,067)	(3,641,902)	(4,448,915)	(3,937,803)
Net change in total pension liability	2,504,018	2,603,784	3,060,017	2,427,045	1,922,414	2,402,235
Total pension liability - beginning	48,109,317	50,613,335	53,217,119	56,277,136	58,704,181	60,626,595
Total pension liability - ending (a)	<u>\$ 50,613,335</u>	<u>\$ 53,217,119</u>	<u>\$ 56,277,136</u>	<u>\$ 58,704,181</u>	<u>\$ 60,626,595</u>	<u>\$ 63,028,830</u>
Plan fiduciary net position:						
Contributions - employer	\$ 1,111,042	\$ 1,222,221	\$ 1,246,449	\$ 1,299,059	\$ 1,316,481	\$ 1,311,459
Contributions - employee	1,096,265	1,205,751	1,229,286	1,281,087	1,293,455	1,285,044
Net investment income (loss)	2,415,802	(1,348,337)	3,450,509	4,003,079	3,428,230	2,745,755
Benefit payments, including refunds of employee contributions	(2,625,283)	(3,240,391)	(3,359,067)	(3,641,902)	(4,448,915)	(3,937,803)
Administrative expense	(68,151)	(85,189)	(92,392)	(101,321)	(47,886)	(78,271)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	1,929,675	(2,245,945)	2,474,785	2,840,002	1,541,365	1,326,184
Plan fiduciary net position - beginning	37,703,887	39,633,562	37,387,617	39,862,402	42,702,404	44,243,769
Plan fiduciary net position - ending (b)	<u>39,633,562</u>	<u>37,387,617</u>	<u>39,862,402</u>	<u>42,702,404</u>	<u>44,243,769</u>	<u>45,569,953</u>
Net pension liability - ending (a) - (b)	<u>\$ 10,979,773</u>	<u>\$ 15,829,502</u>	<u>\$ 16,414,734</u>	<u>\$ 16,001,777</u>	<u>\$ 16,382,826</u>	<u>\$ 17,458,877</u>
Plan fiduciary net position as a percentage of total pension liability	78.31%	70.25%	70.83%	72.74%	72.98%	72.30%
Covered payroll	\$ 7,308,427	\$ 8,038,340	\$ 8,195,240	\$ 8,540,580	\$ 8,623,033	\$ 8,566,960
Net pension liability as a percentage of covered employee payroll	150.23%	196.93%	200.30%	187.36%	189.99%	203.79%

*As of September 30

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Temple Firefighter's Relief and Retirement Fund
Schedule of Employer Contributions
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 1,111,042	\$ 1,222,757	\$ 1,217,439	\$ 1,296,597	\$ 1,318,723	\$ 1,302,987	\$ 1,399,577
Contribution in relation of the actuarially determined contribution	1,111,042	1,222,757	1,217,439	1,296,597	1,318,723	1,302,987	1,399,577
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,308,427	\$ 8,038,339	\$ 8,195,240	\$ 8,540,580	\$ 8,623,033	\$ 8,566,960	\$ 9,170,594
Contributions as a percentage of covered payroll	15.20%	15.21%	14.86%	15.18%	15.29%	15.21%	15.26%

Notes to Schedule:

Valuation Date:

Actuarial valuations are calculated as of September 30th every other year.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method Entry age

Amortization method Level percentage of payroll, open

Remaining amortization period 23 years

Asset valuation method Market value of assets

Inflation 2.75%

Salary increases 3.75% plus promotion, step, and longevity increases that vary by service

Investment rate of return 7.75%, net pension plan investment expense, including inflation

Mortality RP-2014 blue collar Combined Healthy Mortality Tables for males and for females adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2016.

Other information: There were no benefit changes during the year.

Significant assumption differences for fiscal years prior to 2020:

Investment rate of return 8.00% for fiscal years prior to 2006

Mortality RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA for fiscal years prior to 2016.

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Supplemental Death Benefit Fund
Schedule of Changes in Total OPEB Liability and Related Ratios
(Unaudited)

	Measurement Year 2018*	Measurement Year 2019*
Total OPEB liability - SDBF:		
Service cost	\$ 88,776	\$ 83,534
Interest	70,624	79,076
Changes of benefit terms	-	-
Difference between expected and actual experience	9,009	(116,985)
Change in assumptions	(144,306)	397,960
Benefit payments, including refunds of employee contributions	(23,016)	(24,364)
Net change in total OPEB liability	1,087	419,221
Total OPEB liability - beginning	2,100,761	2,101,848
Total OPEB liability - ending	<u>\$ 2,101,848</u>	<u>\$ 2,521,069</u>
Covered employee payroll	\$ 32,879,988	\$ 34,805,966
Total OPEB liability as a percentage of covered payroll	6.39%	7.24%

*As of December 31

Supplemental Death Benefit Fund
Schedule of Employer Contributions
(Unaudited)

	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 23,972	\$ 25,503
Contribution in relation of the actuarially determined contribution	23,972	25,503
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 34,245,953	\$ 36,432,610
Contributions as a percentage of covered payroll	0.07%	0.07%

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Supplemental Death Benefit Fund
Schedule of Changes in Total OPEB Liability and Related Ratios
(Unaudited)

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.75%
Retirees' share of benefit-related costs	\$ 0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements for GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.50% and a 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other information: There were no benefit changes during the year.

Notes - *Discount rate based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Retiree Health Care Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
(Unaudited)

	Measurement Year 2018*	Measurement Year 2019*
Total OPEB liability - RHCP:		
Service cost	\$ 302,192	\$ 285,093
Interest	218,073	242,260
Changes of benefit terms	-	-
Difference between expected and actual experience	(16,542)	(1,208,893)
Change in assumptions	(336,351)	441,074
Benefit payments, including refunds of employee contributions	(209,691)	(224,764)
Net change in total OPEB liability	(42,319)	(465,230)
Total OPEB liability (RHCP) - beginning	6,542,064	6,499,745
Total OPEB liability (RHCP) - ending	<u>\$ 6,499,745</u>	<u>\$ 6,034,515</u>
Covered employee payroll	\$ 41,466,897	\$ 42,151,571
Total OPEB liability as a percentage of covered employee payroll	15.67%	14.32%

*As of December 31

Retiree Health Care Plan
Schedule of Employer Contributions
(Unaudited)

	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 210,890	\$ 226,387
Contribution in relation of the actuarially determined contribution	210,890	226,387
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 42,812,913	\$ 45,603,204
Contributions as a percentage of covered payroll	0.49%	0.50%

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Retiree Health Care Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
(Unaudited)

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50% per year
Salary increases	TMRS - 3.50% to 11.50%, including inflation as of December 31, 2019 Fire - 3.75% to 9.46%, including inflation
Discount rate	2.75% as of December 31, 2019
Demographic assumptions - TMRS	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Demographic assumptions - Firefighters	Based on the September 30, 2018 actuarial valuation report for the City of Temple Firefighters' Relief and Retirement Fund.
Health care trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
Mortality rates – TMRS	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Mortality rates – Firefighters	The gender-distinct RP-2014 Blue Collar mortality tables adjusted backward to 2006 are used. The rates are projected on a fully generational basis by scale MP-2016 to account for future mortality improvements.

Participation Rates –

<u>Age at Retirement</u>	<u>TMRS, eligible for subsidy</u>	<u>Firefighters, eligible for subsidy</u>
Less than 50	10%	60%
Between 50 and 65	40%	60%
65 and over	50%	60%

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Retiree Health Care Plan
Schedule of Changes in Total OPEB Liability and Related Ratios
(Unaudited)

Other Information:

Notes - The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic assumptions for TMRS employees and retirees were updated to reflect the 2019 TMRS Experience Study, the participation rates were updated for both TMRS employees and firefighters, and the health care trend rates were updated to better reflect the plan's anticipated experience.

For the purpose of the valuation, the municipal bond rate is 2.75% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). This discount rate was 3.71% as of the prior measurement date.

There were no benefit changes during the year.

Significant assumption differences for fiscal years prior to 2020:

Mortality rates – TMRS	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health care trend rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years.

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Hotel/Motel Tax Fund – to account for the accumulation of resources from the hotel/motel tax assessment levied by the City. These monies are to be spent to promote the progress, development or growth of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Tax Act.

Federal/State Grant Fund – to account for revenues received from award of federal and state grants. Such revenues are restricted to expenditures as specified in the applicable grant.

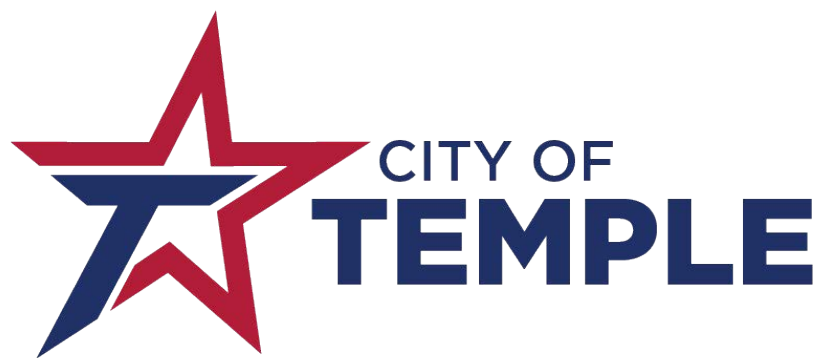
Drainage Fund – to account for the levy and utilization of a municipal drainage fee. Revenues are restricted to expenditures for maintenance of the City's drainage system.

CITY OF TEMPLE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue			Total Nonmajor Governmental Funds
	Hotel/ Motel	Federal/State Grant	Drainage	
ASSETS				
Cash	\$ 4,550	\$ -	\$ -	\$ 4,550
Investments	1,370,121	-	2,732,900	4,103,021
Receivables, net	203,783	-	125,399	329,182
Due from other governments	-	686,690	-	686,690
Inventories	7,139	-	-	7,139
Prepaid items	16,751	-	212	16,963
Other assets	18,561	-	-	18,561
Total assets	<u>\$ 1,620,905</u>	<u>\$ 686,690</u>	<u>\$ 2,858,511</u>	<u>\$ 5,166,106</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers and contracts payable	\$ 117,203	\$ 669,384	\$ 104,256	\$ 890,843
Retainage payable	-	-	529	529
Accrued payroll	46,021	-	28,583	74,604
Vacation and sick leave payable	19,345	-	20,207	39,552
Deposits	52,590	-	-	52,590
Due to other funds	-	17,306	-	17,306
Total liabilities	<u>235,159</u>	<u>686,690</u>	<u>153,575</u>	<u>1,075,424</u>
Fund Balances:				
Nonspendable:				
Inventory and prepaid items	23,890	-	-	23,890
Restricted for:				
Museum	16,096	-	-	16,096
Promotion of tourism	1,345,760	-	-	1,345,760
Committed to:				
Drainage	-	-	2,704,936	2,704,936
Total fund balances	<u>1,385,746</u>	<u>-</u>	<u>2,704,936</u>	<u>4,090,682</u>
Total liabilities and fund balances	<u>\$ 1,620,905</u>	<u>\$ 686,690</u>	<u>\$ 2,858,511</u>	<u>\$ 5,166,106</u>

CITY OF TEMPLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2020

	Special Revenue			Total Nonmajor Governmental Funds
	Hotel/ Motel	Federal/State Grant	Drainage	
Revenues:				
Taxes	\$ 1,563,648	\$ -	\$ -	\$ 1,563,648
Intergovernmental	-	2,131,895	-	2,131,895
Drainage fees	-	-	2,822,622	2,822,622
Charges for services	253,238	-	-	253,238
Interest and other	32,194	-	56,989	89,183
Total revenues	<u>1,849,080</u>	<u>2,131,895</u>	<u>2,879,611</u>	<u>6,860,586</u>
Expenditures:				
General government	-	536,513	-	536,513
Public safety	-	112,692	-	112,692
Highways and streets	-	1,918,468	2,145,265	4,063,733
Sanitation	-	22,527	-	22,527
Health and welfare	-	409,437	-	409,437
Culture and leisure services	2,026,920	-	-	2,026,920
Debt Service:				
Principal	3,359	-	-	3,359
Interest	165	-	-	165
Total expenditures	<u>2,030,444</u>	<u>2,999,637</u>	<u>2,145,265</u>	<u>7,175,346</u>
Excess (deficiency) of revenues over expenditures	<u>(181,364)</u>	<u>(867,742)</u>	<u>734,346</u>	<u>(314,760)</u>
Other financing sources (uses):				
Transfers in - General Fund	-	11,461	-	11,461
Transfers in - Capital Projects Fund	-	856,281	-	856,281
Transfers out - General Fund	-	-	(291,462)	(291,462)
Transfers out - Debt Service Fund	(33,776)	-	(262,918)	(296,694)
Total other financing sources (uses)	<u>(33,776)</u>	<u>867,742</u>	<u>(554,380)</u>	<u>279,586</u>
Net change in fund balances	(215,140)	-	179,966	(35,174)
Fund balances, beginning of year	1,600,886	-	2,524,970	4,125,856
Fund balances, end of year	<u>\$ 1,385,746</u>	<u>\$ -</u>	<u>\$ 2,704,936</u>	<u>\$ 4,090,682</u>



**DISCRETELY PRESENTED
COMPONENT UNIT
FINANCIAL STATEMENTS**

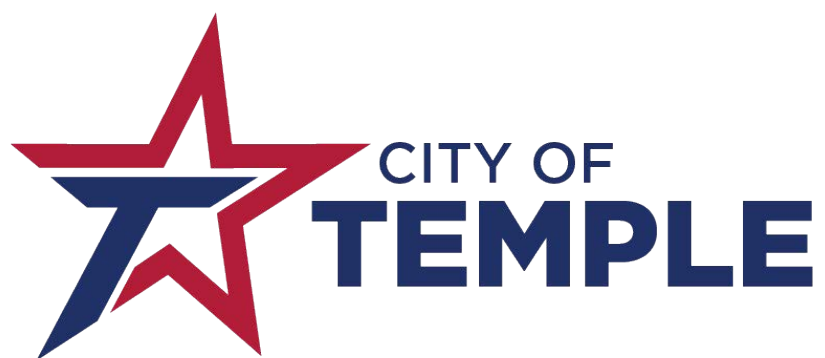
Reinvestment Zone No. 1

CITY OF TEMPLE, TEXAS
REINVESTMENT ZONE NO. 1
COMPARATIVE BALANCE SHEETS
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
ASSETS			
Current assets:			
Investments	\$ 12,376,251	\$ 16,197,684	\$ (3,821,433)
Receivables (net of allowance for estimated uncollectible):			
Ad valorem taxes	78,144	122,576	(44,432)
Accounts receivable	223,196	3,187	220,009
Due from other governments	-	90,970	(90,970)
Total current assets	<u>12,677,591</u>	<u>16,414,417</u>	<u>(3,736,826)</u>
Restricted assets:			
Reserve for debt service	2,090,804	2,102,595	(11,791)
Bond proceeds	<u>19,154,163</u>	<u>21,420,673</u>	<u>(2,266,510)</u>
Total restricted assets	<u>21,244,967</u>	<u>23,523,268</u>	<u>(2,278,301)</u>
Total assets	<u>\$ 33,922,558</u>	<u>\$ 39,937,685</u>	<u>\$ (6,015,127)</u>
LIABILITIES AND FUND BALANCES			
Current liabilities:			
Vouchers and contracts payable	\$ 591,736	\$ 693,592	\$ (101,856)
Retainage payable	307,653	563,515	(255,862)
Unearned revenues	<u>78,144</u>	<u>122,576</u>	<u>(44,432)</u>
Total current liabilities	<u>977,533</u>	<u>1,379,683</u>	<u>(402,150)</u>
Liabilities from restricted assets:			
Vouchers and contracts payable	545,101	156,532	388,569
Retainage payable	<u>235,298</u>	<u>123,636</u>	<u>111,662</u>
Total liabilities from restricted assets	<u>780,399</u>	<u>280,168</u>	<u>500,231</u>
Total liabilities	<u>1,757,932</u>	<u>1,659,851</u>	<u>98,081</u>
Fund Balance:			
Restricted for:			
Debt service	2,090,804	2,102,595	(11,791)
Construction	18,373,764	21,140,505	(2,766,741)
Committed to:			
Reinvestment Zone No. 1 Projects	<u>11,700,058</u>	<u>15,034,734</u>	<u>(3,334,676)</u>
Total fund balance	<u>32,164,626</u>	<u>38,277,834</u>	<u>(6,113,208)</u>
Total liabilities and fund balances	<u>\$ 33,922,558</u>	<u>\$ 39,937,685</u>	<u>\$ (6,015,127)</u>

CITY OF TEMPLE, TEXAS
REINVESTMENT ZONE NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020			2019
	Budgeted Amounts		Variance with	
	Original	Final	Final Budget	Actual
Revenues:				
Taxes	\$ 18,085,881	\$ 18,513,743	\$ -	\$ 17,664,211
Intergovernmental	50,000	50,571	-	324,396
Licenses and permits	36,000	76,954	188,167	72,958
Interest and other	865,000	1,119,874	(5,030)	1,781,426
Total revenues	<u>19,036,881</u>	<u>19,761,142</u>	<u>183,137</u>	<u>19,842,991</u>
Expenditures:				
General government	3,334,015	4,713,822	1,421,660	1,773,693
Capital outlay	30,024,950	55,924,367	40,355,032	16,723,751
Debt service:				
Principal retirement	4,730,000	4,730,000	-	4,745,000
Interest and fiscal charges	2,472,738	2,472,738	2,962	2,465,399
Bond issuance costs	-	125,993	3,786	-
Total expenditures	<u>40,561,703</u>	<u>67,966,920</u>	<u>41,783,440</u>	<u>25,707,843</u>
Excess (deficiency) of revenues over expenditures	(21,524,822)	(48,205,778)	41,966,577	(5,864,852)
Other financing sources (uses):				
Bond proceeds	14,868,450	14,868,450	(14,868,450)	-
Refunding bonds issued	-	16,750,000	-	-
Bond discount	-	(111,130)	-	-
Payment to refunded bond escrow agent	-	(16,512,877)	-	-
Total other financing sources (uses)	<u>14,868,450</u>	<u>14,994,443</u>	<u>(14,868,450)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,656,372)	(33,211,335)	27,098,127	(5,864,852)
Fund balance, beginning of year	<u>38,277,834</u>	<u>38,277,834</u>	<u>-</u>	<u>44,142,686</u>
Fund balance, end of year	<u>\$ 31,621,462</u>	<u>\$ 5,066,499</u>	<u>\$ 27,098,127</u>	<u>\$ 38,277,834</u>



**Schedules of Revenues, Expenditures
and Changes in Fund Balance –
Budget and Actual**

CITY OF TEMPLE, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020		2019	
	Budgeted Amounts		Variance with	
	Original	Final	Final Budget	Actual
Revenues:				
Taxes	\$15,568,441	\$15,568,441	\$ (280,738)	\$ 13,779,427
Intergovernmental	1,505,000	1,505,000	-	1,505,000
Interest and other	120,000	120,000	30,176	156,631
Total revenues	<u>17,193,441</u>	<u>17,193,441</u>	<u>(250,562)</u>	<u>15,441,058</u>
Expenditures:				
Debt Service:				
Principal	12,235,000	12,318,290	(29,999)	9,560,000
Interest and fiscal charges	7,119,415	7,130,450	413,037	6,433,238
Refunding bond issuance costs	-	18,504	1,458	31,290
Total expenditures	<u>19,354,415</u>	<u>19,467,244</u>	<u>384,496</u>	<u>16,024,528</u>
Excess (deficiency) of revenues over expenditures	<u>(2,160,974)</u>	<u>(2,273,803)</u>	<u>133,934</u>	<u>(583,470)</u>
Other financing sources (uses):				
Transfers in - General Fund	1,720,555	1,783,169	(11,386)	1,506,800
Transfers in - Drainage Fund	440,419	440,419	(177,500)	264,169
Transfers in - Hotel/Motel Fund	-	33,777	(1)	-
Refunding bonds issued	-	685,000	-	4,880,000
Bond discount	-	(4,785)	-	(23,881)
Original issue premium	-	-	-	415,355
Payment to refunded bond escrow agent	-	(1,762,580)	(1)	(5,285,213)
Total other financing sources (uses)	<u>2,160,974</u>	<u>1,175,000</u>	<u>(188,888)</u>	<u>1,757,230</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(1,098,803)	(54,954)	1,173,760
Fund balance, beginning of year	<u>1,457,372</u>	<u>1,457,372</u>	<u>-</u>	<u>283,612</u>
Fund balance, end of year	<u>\$ 1,457,372</u>	<u>\$ 358,569</u>	<u>\$ (54,954)</u>	<u>\$ 1,457,372</u>

CITY OF TEMPLE, TEXAS
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020			2019	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Taxes	\$ 1,788,573	\$ 1,795,592	\$ 1,563,648	\$ (231,944)	\$ 1,783,186
Charges for services:					
Civic center	423,750	423,750	201,215	(222,535)	478,002
Railroad Museum	73,500	74,000	50,575	(23,425)	76,242
Visitor center	300	300	1,448	1,148	1,886
Interest and other	27,600	27,600	32,194	4,594	39,167
Total revenues	<u>2,313,723</u>	<u>2,321,242</u>	<u>1,849,080</u>	<u>(472,162)</u>	<u>2,378,483</u>
Expenditures:					
Civic center	1,145,114	1,168,002	917,206	250,796	1,064,255
Railroad museum	546,516	540,214	441,132	99,082	513,714
Tourism marketing	903,567	1,008,051	668,582	339,469	640,667
Debt Service:					
Principal	3,360	3,360	3,359	1	3,261
Interest	166	166	165	1	263
Total expenditures	<u>2,598,723</u>	<u>2,719,793</u>	<u>2,030,444</u>	<u>689,349</u>	<u>2,222,160</u>
Excess (deficiency) of revenues over expenditures	<u>(285,000)</u>	<u>(398,551)</u>	<u>(181,364)</u>	<u>217,187</u>	<u>156,323</u>
Other financing sources:					
Transfers out - Debt Service Fund	-	(33,777)	(33,776)	1	-
Total other financing sources	<u>-</u>	<u>(33,777)</u>	<u>(33,776)</u>	<u>1</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	(285,000)	(432,328)	(215,140)	217,188	156,323
Fund balance, beginning of year	<u>1,600,886</u>	<u>1,600,886</u>	<u>1,600,886</u>	<u>-</u>	<u>1,444,563</u>
Fund balance, end of year	<u>\$ 1,315,886</u>	<u>\$ 1,168,558</u>	<u>\$ 1,385,746</u>	<u>\$ 217,188</u>	<u>\$ 1,600,886</u>

CITY OF TEMPLE, TEXAS
FEDERAL/STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020			2019
	Budgeted Amounts		Variance with	
	Original	Final	Final Budget	Actual
Revenues:				
Intergovernmental	\$ 588,159	\$ 4,673,320	\$ (2,541,425)	\$ 2,308,642
Total revenues	588,159	4,673,320	(2,541,425)	2,308,642
Expenditures:				
General government	117,631	753,067	216,554	54,808
Public safety	-	200,226	87,534	138,719
Highways and streets	-	3,972,320	2,053,852	3,003,366
Sanitation	-	168,085	145,558	-
Health and welfare	470,528	1,307,477	898,040	107,832
Total expenditures	588,159	6,401,175	3,401,538	3,304,725
Excess (deficiency) of revenues over expenditures	-	(1,727,855)	860,113	(996,083)
Other financing sources :				
Transfers in - General Fund	-	11,461	-	19,771
Transfers in - Capital Projects	-	1,716,394	(860,113)	976,312
Transfers in - Pass-Through Financing Project Fund	-	-	-	-
Total other financing sources	-	1,727,855	(860,113)	996,083
Excess of revenues and other financing sources over expenditures and other financing sources	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF TEMPLE, TEXAS
DRAINAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020		2019	
	Budgeted Amounts		Variance with	
	Original	Final	Final Budget	Actual
Revenues:				
Drainage fees	\$ 2,748,225	\$ 2,748,225	\$ 74,397	\$ 2,698,046
Interest and other	27,600	27,600	29,389	49,084
Total revenues	<u>2,775,825</u>	<u>2,775,825</u>	<u>103,786</u>	<u>2,747,130</u>
Expenditures:				
Highways and streets:				
Personnel services	1,072,086	1,080,845	250,457	796,005
Operations	731,926	489,962	158,478	410,611
Capital outlay	531,394	2,445,640	1,462,247	894,931
Total expenditures	<u>2,335,406</u>	<u>4,016,447</u>	<u>1,871,182</u>	<u>2,101,547</u>
Excess (deficiency) of revenues over expenditures	<u>440,419</u>	<u>(1,240,622)</u>	<u>1,974,968</u>	<u>645,583</u>
Other financing sources (uses):				
Transfers out - General Fund	-	(291,462)	-	-
Transfers out - Debt Service Fund	(440,419)	(440,419)	177,501	(264,169)
Total other financing sources (uses)	<u>(440,419)</u>	<u>(731,881)</u>	<u>177,501</u>	<u>(264,169)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(1,972,503)	2,152,469	381,414
Fund balance, beginning of year	<u>2,524,970</u>	<u>2,524,970</u>	-	<u>2,143,556</u>
Fund balance, end of year	<u>\$ 2,524,970</u>	<u>\$ 552,467</u>	<u>\$ 2,152,469</u>	<u>\$ 2,524,970</u>



Supplementary Individual Fund Financial Schedules

General Fund

These supplementary schedules are included to provide management additional information for financial analysis.

CITY OF TEMPLE, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
ASSETS			
Current Assets:			
Cash	\$ 5,200	\$ 5,200	\$ -
Investments	35,883,799	33,394,116	2,489,683
Receivables (net of allowance for estimated uncollectible):			
State sales tax	1,940,892	1,924,399	16,493
Accounts	1,068,227	1,314,358	(246,131)
Franchise fees	214,081	218,168	(4,087)
Ad valorem taxes - delinquent	224,298	182,144	42,154
Due from other funds	17,306	133,870	(116,564)
Due from other governments	1,852,379	46,941	1,805,438
Inventories	364,561	349,837	14,724
Prepaid items	187,699	145,944	41,755
Total current assets	<u>41,758,442</u>	<u>37,714,977</u>	<u>4,043,465</u>
Restricted Assets:			
Drug enforcement	207,562	204,651	2,911
Public safety	30,695	30,436	259
R.O.W. escrow	22,838	22,631	207
Parks escrow	351,026	274,155	76,871
Rob Roy MacGregor Trust - Library	6,678	7,613	(935)
Total restricted assets	<u>618,799</u>	<u>539,486</u>	<u>79,313</u>
Total assets	<u>\$ 42,377,241</u>	<u>\$ 38,254,463</u>	<u>\$ 4,122,778</u>

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
LIABILITIES AND FUND BALANCES			
Vouchers payable	\$ 3,432,765	4,233,003	\$ (800,238)
Retainage payable	64	156	(92)
Accrued payroll	1,990,630	1,504,208	486,422
Vacation and sick leave payable	677,334	648,629	28,705
Deposits	37,108	37,499	(391)
Unearned revenues:			
Ad valorm taxes - delinquent	196,713	154,559	42,154
R.O.W. escrow	22,838	22,631	207
Parks escrow	351,026	274,155	76,871
Electric franchise	1,548,076	1,556,880	(8,804)
Gas franchise	218,105	261,694	(43,589)
Other	<u>390,577</u>	<u>312,559</u>	<u>78,018</u>
Total liabilities	<u>8,865,236</u>	<u>9,005,973</u>	<u>(140,737)</u>
Fund Balance:			
Nonspendable:			
Inventories and prepaid items	552,260	495,781	56,479
Restricted for:			
Drug enforcement	207,562	204,651	2,911
Public safety	30,695	30,436	259
Rob Roy MacGregor Trust - Library	6,678	7,613	(935)
Municipal court restricted fees	170,806	224,851	(54,045)
Vital statistics preservation fund	17,788	11,395	6,393
Public education channel	96,003	156,724	(60,721)
Assigned to:			
Technology replacement	411,381	337,071	74,310
Capital projects	7,433,980	5,686,284	1,747,696
Purchases on order	2,968,619	1,961,384	1,007,235
Unassigned	<u>21,616,233</u>	<u>20,132,300</u>	<u>1,483,933</u>
Total fund balance	<u>33,512,005</u>	<u>29,248,490</u>	<u>4,263,515</u>
Total liabilities and fund balances	<u>\$ 42,377,241</u>	<u>\$ 38,254,463</u>	<u>\$ 4,122,778</u>

CITY OF TEMPLE, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended September 30, 2020

(With comparative amounts for the year ended September 30, 2019)

	2020			2019	
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
Revenues:					
Taxes	\$ 38,927,828	\$ 38,927,828	\$ 40,259,871	\$ 1,332,043	\$ 37,072,860
Franchise fees	7,538,297	7,538,297	7,376,450	(161,847)	7,128,549
Licenses and permits	1,113,500	1,113,500	1,178,048	64,548	1,057,631
Intergovernmental	45,065	2,697,652	2,707,136	9,484	80,806
Charges for services	30,314,697	28,479,547	26,366,229	(2,113,318)	28,392,102
Fines	2,092,702	2,100,475	1,499,844	(600,631)	2,088,993
Interest and other	1,286,151	1,630,385	1,723,198	92,813	2,247,592
Total revenues	81,318,240	82,487,684	81,110,776	(1,376,908)	78,068,533
Expenditures:					
General government	19,107,851	18,272,193	16,044,907	2,227,286	16,479,872
Public safety	36,000,837	36,875,890	34,735,466	2,140,424	34,457,007
Highways and streets	4,094,533	4,178,299	3,136,124	1,042,175	3,327,306
Sanitation	7,495,283	8,359,506	8,204,777	154,729	7,449,445
Parks and recreation	12,999,432	13,427,927	10,518,754	2,909,173	10,964,939
Airport	2,440,791	2,295,977	2,083,011	212,966	2,499,154
Debt Service:					
Principal	325,214	327,765	327,764	1	401,569
Interest	36,324	36,372	36,353	19	40,232
Total expenditures	82,500,265	83,773,929	75,087,156	8,686,773	75,619,524
Excess (deficiency) of revenues over expenditures	(1,182,025)	(1,286,245)	6,023,620	7,309,865	2,449,009
Other financing sources (uses):					
Transfers in:					
Transfers in - Drainage Fund	291,462	291,462	291,462	-	-
Transfers out:					
Transfers out - Grant Fund	-	(11,461)	(11,461)	-	(19,771)
Transfers out - Capital Projects	-	(626,078)	(275,974)	350,104	(595,473)
Transfers out - Debt Service Fund	(1,720,555)	(1,783,169)	(1,771,784)	11,385	(1,506,800)
Issuance of lease	-	7,652	7,652	-	1,141,797
Total other financing sources (uses)	(1,429,093)	(2,121,594)	(1,760,105)	361,489	(980,247)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,611,118)	(3,407,839)	4,263,515	7,671,354	1,468,762
Fund balance, beginning of period	29,248,490	29,248,490	29,248,490	-	27,779,728
Fund balance, end of period	\$ 26,637,372	\$ 25,840,651	\$ 33,512,005	\$ 7,671,354	\$ 29,248,490

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020			2019
	Budgeted Amounts		Variance with	
	Original	Final	Final Budget	Actual
Taxes:				
Ad valorem:				
Property, current year	\$ 15,471,385	\$ 15,471,385	\$ (24,168)	\$ 13,536,453
Property, prior year	161,443	161,443	(91,217)	47,629
Penalty and interest	90,000	90,000	4,480	79,637
Total ad valorem taxes	15,722,828	15,722,828	(110,905)	13,663,719
Non-property taxes:				
City sales	22,980,000	22,980,000	1,438,211	23,136,176
Mixed beverage	170,000	170,000	(6,609)	190,466
Occupation	40,000	40,000	2,155	44,670
Bingo	15,000	15,000	9,191	37,829
Total non-property taxes	23,205,000	23,205,000	1,442,948	23,409,141
Total taxes	38,927,828	38,927,828	1,332,043	37,072,860
Franchise Fees:				
Electric franchise	3,479,450	3,479,450	(68,902)	3,379,779
Gas franchise	570,000	570,000	(115,112)	584,776
Telephone franchise	216,000	216,000	88,880	401,567
Cable franchise	899,971	899,971	(52,863)	867,086
Water/Wastewater franchise	2,276,526	2,276,526	-	1,795,859
Other	96,350	96,350	(13,850)	99,482
Total franchise fees	7,538,297	7,538,297	(161,847)	7,128,549
Licenses and permits:				
Building permits	705,000	705,000	32,776	637,948
Electrical permits and licenses	50,000	50,000	(10,460)	44,154
Mechanical	22,000	22,000	(3,606)	23,030
Plumbing permit fees	115,000	115,000	32,556	115,742
Other	221,500	221,500	13,282	236,757
Total licenses and permits	1,113,500	1,113,500	64,548	1,057,631
Intergovernmental revenues:				
Federal grants	-	2,641,462	2,652,001	33,584
State grants	-	11,125	14,525	5,500
State reimbursements	8,352	8,352	8,352	8,352
Department of Civil Preparedness	36,713	36,713	(4,455)	33,370
Total intergovernmental revenues	45,065	2,697,652	2,707,136	80,806

(Continued)

CITY OF TEMPLE, TEXAS

GENERAL FUND

(Continued)

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the year ended September 30, 2020

(With comparative amounts for the year ended September 30, 2019)

	2020			2019	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Charges for services:					
Library fees	\$ 28,000	\$ 28,550	\$ 18,733	\$ (9,817)	\$ 30,339
Recreational entry fees	81,150	81,150	60,784	(20,366)	83,628
Summit recreational fees	394,200	409,200	232,395	(176,805)	411,726
Hillcrest cemetery	24,150	24,150	76,032	51,882	96,787
Crossroads park	34,800	34,800	8,760	(26,040)	-
Golf course revenues	787,630	787,630	727,560	(60,070)	706,010
Swimming pool	33,000	33,000	12,093	(20,907)	48,670
Lions Junction water park	420,750	420,750	453	(420,297)	465,592
Sammons indoor pool	89,100	89,100	33,988	(55,112)	66,339
Vital statistics	115,000	115,000	112,743	(2,257)	152,412
Police revenue	721,065	820,450	866,546	46,096	1,325,852
Contractual services					
-proprietary fund	5,447,867	5,447,867	5,474,172	26,305	4,221,934
County fire protection	5,900	8,772	8,772	-	8,986
Curb and street cuts	331,103	331,103	74,164	(256,939)	89,651
Other	88,000	88,000	113,833	25,833	106,393
Solid waste collection - residential	5,732,571	5,786,571	5,844,439	57,868	5,619,184
Solid waste collection - commercial	3,515,000	3,515,000	3,536,912	21,912	3,484,347
Solid waste collection - roll-off	2,833,000	3,018,800	3,228,982	210,182	3,159,736
Landfill contract	2,617,331	2,317,331	2,403,326	85,995	3,241,914
Airport sales and rental	2,569,678	2,420,511	1,880,095	(540,416)	2,464,369
Recreational services	1,250,250	1,257,270	497,527	(759,743)	1,316,268
Fire department	26,000	32,984	71,679	38,695	61,110
Subdivision fees	24,000	24,000	29,250	5,250	32,133
Reinvestment Zone reimbursements	3,145,152	1,387,558	1,052,991	(334,567)	1,198,722
Total charges for services	30,314,697	28,479,547	26,366,229	(2,113,318)	28,392,102
Fines:					
Court	1,469,533	1,469,533	1,086,143	(383,390)	1,444,027
Animal pound	50,000	50,000	38,427	(11,573)	48,309
Code enforcement	-	-	-	-	5,897
Overparking	15,000	15,000	1,460	(13,540)	8,070
Administrative fees	558,169	565,942	373,814	(192,128)	582,690
Total fines	2,092,702	2,100,475	1,499,844	(600,631)	2,088,993
Interest and other:					
Interest	720,000	720,000	688,591	(31,409)	718,043
Lease and rental	177,560	177,560	179,252	1,692	175,988
Sale of assets	120,000	135,515	110,829	(24,686)	186,433
Insurance claims	51,000	236,662	255,073	18,411	230,530
Payment in lieu of taxes	16,500	16,500	17,000	500	16,588
Building rental - BOA bldg.	82,391	82,391	49,659	(32,732)	90,092
Other	118,700	261,757	422,794	161,037	829,918
Total Interest and other	1,286,151	1,630,385	1,723,198	92,813	2,247,592
Total revenues	\$ 81,318,240	\$ 82,487,684	\$ 81,110,776	\$ (1,376,908)	\$ 78,068,533

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020			2019	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
General government:					
City council	\$ 219,617	\$ 219,617	\$ 191,489	\$ 28,128	\$ 191,159
City manager	994,431	1,091,025	999,775	91,250	1,356,467
Finance	1,906,206	2,014,306	1,826,546	187,760	1,668,056
Purchasing	624,958	597,139	535,964	61,175	524,220
City secretary	489,460	515,646	482,722	32,924	484,455
Special services	1,549,940	1,783,169	1,335,552	447,617	1,094,522
City attorney	974,875	1,075,702	963,471	112,231	989,959
City planning	807,337	827,659	770,654	57,005	718,548
Information technology services	3,586,397	3,647,386	3,343,256	304,130	3,005,403
Human resources	1,033,589	1,049,138	929,448	119,690	834,225
Economic development	2,258,032	378,496	375,934	2,562	2,746,307
Fleet services	1,354,882	1,432,797	1,221,746	211,051	965,091
Inspections	619,401	649,784	564,967	84,817	544,109
Facility services	1,449,925	1,617,547	1,310,077	307,470	1,357,351
Performance excellence	323,876	329,334	244,018	85,316	-
Marketing and communications	914,925	1,043,448	949,288	94,160	-
	<u>19,107,851</u>	<u>18,272,193</u>	<u>16,044,907</u>	<u>2,227,286</u>	<u>16,479,872</u>
Public safety:					
Municipal court	823,125	911,891	752,067	159,824	725,547
Police	18,725,218	19,203,441	17,959,990	1,243,451	18,872,952
Animal services	554,659	583,366	528,146	55,220	465,608
Fire	13,493,931	13,550,123	13,275,183	274,940	12,368,589
Communications	1,027,567	1,027,567	1,027,567	-	940,894
Code enforcement	1,376,337	1,599,502	1,192,513	406,989	1,083,417
	<u>36,000,837</u>	<u>36,875,890</u>	<u>34,735,466</u>	<u>2,140,424</u>	<u>34,457,007</u>
Highways and streets:					
Streets	2,998,148	3,071,291	2,189,875	881,416	2,300,523
Traffic control	484,276	489,925	408,492	81,433	449,095
Engineering	612,109	617,083	537,757	79,326	577,688
	<u>4,094,533</u>	<u>4,178,299</u>	<u>3,136,124</u>	<u>1,042,175</u>	<u>3,327,306</u>
Sanitation:	<u>7,495,283</u>	<u>8,359,506</u>	<u>8,204,777</u>	<u>154,729</u>	<u>7,449,445</u>
Parks and recreation:					
Parks	5,110,570	5,270,755	4,351,656	919,099	3,760,039
Recreation	4,332,088	4,412,855	2,877,684	1,535,171	3,698,965
Administration	366,774	379,337	342,548	36,789	510,948
Golf course	1,339,819	1,363,750	1,230,782	132,968	1,277,985
Library	1,850,181	2,001,230	1,716,084	285,146	1,717,002
	<u>12,999,432</u>	<u>13,427,927</u>	<u>10,518,754</u>	<u>2,909,173</u>	<u>10,964,939</u>
Airport:	<u>2,440,791</u>	<u>2,295,977</u>	<u>2,083,011</u>	<u>212,966</u>	<u>2,499,154</u>
Debt service:	<u>361,538</u>	<u>364,137</u>	<u>364,117</u>	<u>20</u>	<u>441,801</u>
Totals	<u>\$ 82,500,265</u>	<u>\$ 83,773,929</u>	<u>\$ 75,087,156</u>	<u>\$ 8,686,773</u>	<u>\$ 75,619,524</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

	2020			2019	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
General government:					
City council:					
Personnel services	\$ 33,982	\$ 32,315	\$ 7,940	\$ 24,375	\$ 8,797
Operations	185,635	187,302	183,549	3,753	182,362
	219,617	219,617	191,489	28,128	191,159
City manager:					
Personnel services	900,366	990,044	933,700	56,344	1,057,621
Operations	75,065	83,643	54,144	29,499	168,795
Capital outlay	19,000	17,338	11,931	5,407	130,051
	994,431	1,091,025	999,775	91,250	1,356,467
Finance:					
Personnel services	1,319,747	1,359,921	1,224,506	135,415	1,112,032
Operations	586,459	627,321	574,977	52,344	556,024
Capital outlay	-	27,064	27,063	1	-
	1,906,206	2,014,306	1,826,546	187,760	1,668,056
Purchasing:					
Personnel services	588,543	555,809	506,672	49,137	510,376
Operations	36,415	41,330	29,292	12,038	13,844
	624,958	597,139	535,964	61,175	524,220
City secretary:					
Personnel services	425,815	381,683	377,471	4,212	417,839
Operations	63,645	133,963	105,251	28,712	66,616
	489,460	515,646	482,722	32,924	484,455
Special services:					
Personnel services	452,249	821,824	805,751	16,073	635,219
Operations	591,494	961,345	529,801	431,544	459,303
Capital outlay	506,197	-	-	-	-
	1,549,940	1,783,169	1,335,552	447,617	1,094,522
City attorney:					
Personnel services	893,173	877,183	826,763	50,420	855,499
Operations	81,702	198,519	136,708	61,811	134,460
	974,875	1,075,702	963,471	112,231	989,959
City planning:					
Personnel services	757,582	777,904	743,409	34,495	693,082
Operations	49,755	49,755	27,245	22,510	25,466
	807,337	827,659	770,654	57,005	718,548
Information technology services:					
Personnel services	1,557,089	1,586,858	1,554,194	32,664	1,414,107
Operations	1,952,308	1,857,560	1,688,536	169,024	1,501,424
Capital outlay	77,000	202,968	100,526	102,442	89,872
	3,586,397	3,647,386	3,343,256	304,130	3,005,403
Human resources:					
Personnel services	807,667	821,020	722,174	98,846	598,364
Operations	225,922	219,963	199,119	20,844	235,861
Capital outlay	-	8,155	8,155	-	-
	1,033,589	1,049,138	929,448	119,690	834,225
Economic development:					
Operations	2,258,032	378,496	375,934	2,562	2,746,307
	2,258,032	378,496	375,934	2,562	2,746,307
Fleet services:					
Personnel services	1,167,451	1,215,884	1,107,247	108,637	847,908
Operations	101,832	98,146	86,833	11,313	85,022
Capital outlay	85,599	118,767	27,666	91,101	32,161
	1,354,882	1,432,797	1,221,746	211,051	965,091
Inspections/Permits:					
Personnel services	539,375	535,723	470,347	65,376	484,987
Operations	47,326	58,297	38,857	19,440	31,311
Capital outlay	32,700	55,764	55,763	1	27,811
	619,401	649,784	564,967	84,817	544,109

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

(Continued)

	2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Facility services:					
Personnel services	\$ 816,452	\$ 872,898	\$ 763,474	\$ 109,424	\$ 691,273
Operations	608,890	590,915	481,359	109,556	437,782
Capital outlay	24,583	153,734	65,244	88,490	228,296
	<u>1,449,925</u>	<u>1,617,547</u>	<u>1,310,077</u>	<u>307,470</u>	<u>1,357,351</u>
Performance excellence:					
Personnel services	249,461	260,604	232,242	28,362	-
Operations	36,281	28,045	9,225	18,820	-
Capital outlay	38,134	40,685	2,551	38,134	-
	<u>323,876</u>	<u>329,334</u>	<u>244,018</u>	<u>85,316</u>	<u>-</u>
Marketing and communications:					
Personnel services	536,916	564,503	516,106	48,397	-
Operations	352,284	434,789	394,035	40,754	-
Capital outlay	25,725	44,156	39,147	5,009	-
	<u>914,925</u>	<u>1,043,448</u>	<u>949,288</u>	<u>94,160</u>	<u>-</u>
Total general government	<u>19,107,851</u>	<u>18,272,193</u>	<u>16,044,907</u>	<u>2,227,286</u>	<u>16,479,872</u>
Public safety:					
Municipal court:					
Personnel services	746,482	756,475	630,946	125,529	667,226
Operations	76,643	75,216	40,921	34,295	45,635
Capital outlay	-	80,200	80,200	-	12,686
	<u>823,125</u>	<u>911,891</u>	<u>752,067</u>	<u>159,824</u>	<u>725,547</u>
Police:					
Personnel services	16,327,365	16,420,020	16,089,117	330,903	15,457,984
Operations	1,745,053	1,751,445	1,546,192	205,253	1,527,688
Capital outlay	652,800	1,031,976	324,681	707,295	1,887,280
	<u>18,725,218</u>	<u>19,203,441</u>	<u>17,959,990</u>	<u>1,243,451</u>	<u>18,872,952</u>
Animal services:					
Personnel services	417,642	426,806	415,469	11,337	348,038
Operations	99,317	113,500	86,113	27,387	88,060
Capital outlay	37,700	43,060	26,564	16,496	29,510
	<u>554,659</u>	<u>583,366</u>	<u>528,146</u>	<u>55,220</u>	<u>465,608</u>
Fire:					
Personnel services	12,151,017	12,156,274	12,067,014	89,260	11,169,813
Operations	1,140,574	1,165,484	1,036,770	128,714	958,812
Capital outlay	202,340	228,365	171,399	56,966	239,964
	<u>13,493,931</u>	<u>13,550,123</u>	<u>13,275,183</u>	<u>274,940</u>	<u>12,368,589</u>
Communications:					
Operations	1,027,567	1,027,567	1,027,567	-	940,894
	<u>1,027,567</u>	<u>1,027,567</u>	<u>1,027,567</u>	<u>-</u>	<u>940,894</u>
Code compliance:					
Personnel services	973,702	907,012	906,949	63	767,517
Operations	278,180	444,308	137,869	306,439	247,511
Capital outlay	124,455	248,182	147,695	100,487	68,389
	<u>1,376,337</u>	<u>1,599,502</u>	<u>1,192,513</u>	<u>406,989</u>	<u>1,083,417</u>
Total public safety	<u>36,000,837</u>	<u>36,875,890</u>	<u>34,735,466</u>	<u>2,140,424</u>	<u>34,457,007</u>
Highways and streets:					
Streets:					
Personnel services	1,408,903	1,419,524	1,021,625	397,899	1,113,682
Operations	1,529,245	1,529,077	1,140,368	388,709	1,074,521
Capital outlay	60,000	122,690	27,882	94,808	112,320
	<u>2,998,148</u>	<u>3,071,291</u>	<u>2,189,875</u>	<u>881,416</u>	<u>2,300,523</u>
Traffic control:					
Personnel services	384,008	389,646	330,164	59,482	362,090
Operations	100,268	100,279	78,328	21,951	87,005
	<u>484,276</u>	<u>489,925</u>	<u>408,492</u>	<u>81,433</u>	<u>449,095</u>
Engineering:					
Personnel services	506,973	514,943	458,851	56,092	455,327
Operations	105,136	102,140	78,906	23,234	91,400
Capital outlay	-	-	-	-	30,961
	<u>612,109</u>	<u>617,083</u>	<u>537,757</u>	<u>79,326</u>	<u>577,688</u>
Total highways and streets	<u>4,094,533</u>	<u>4,178,299</u>	<u>3,136,124</u>	<u>1,042,175</u>	<u>3,327,306</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2020
(With comparative amounts for the year ended September 30, 2019)

(Continued)

	2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Sanitation:					
Personnel services	\$ 2,936,391	\$ 2,947,520	\$ 2,932,603	\$ 14,917	\$ 2,678,953
Operations	4,526,192	5,274,604	5,134,792	139,812	4,664,258
Capital outlay	32,700	137,382	137,382	-	106,234
Total sanitation	<u>7,495,283</u>	<u>8,359,506</u>	<u>8,204,777</u>	<u>154,729</u>	<u>7,449,445</u>
Parks & recreation:					
Parks					
Personnel services	1,941,202	1,959,749	1,695,367	264,382	1,600,451
Operations	2,910,720	2,937,262	2,483,119	454,143	1,779,900
Capital outlay	258,648	373,744	173,170	200,574	379,688
	<u>5,110,570</u>	<u>5,270,755</u>	<u>4,351,656</u>	<u>919,099</u>	<u>3,760,039</u>
Recreation					
Personnel services	2,564,641	2,581,582	1,939,264	642,318	2,256,597
Operations	1,514,447	1,521,317	738,966	782,351	1,386,765
Capital outlay	253,000	309,956	199,454	110,502	55,603
	<u>4,332,088</u>	<u>4,412,855</u>	<u>2,877,684</u>	<u>1,535,171</u>	<u>3,698,965</u>
Administration					
Personnel services	248,103	253,160	246,974	6,186	324,958
Operations	118,671	126,177	95,574	30,603	185,990
	<u>366,774</u>	<u>379,337</u>	<u>342,548</u>	<u>36,789</u>	<u>510,948</u>
Golf course					
Personnel services	823,524	834,026	785,538	48,488	785,785
Operations	516,295	489,062	405,278	83,784	437,010
Capital outlay	-	40,662	39,966	696	55,190
	<u>1,339,819</u>	<u>1,363,750</u>	<u>1,230,782</u>	<u>132,968</u>	<u>1,277,985</u>
Library:					
Personnel services	1,284,199	1,303,813	1,198,252	105,561	1,220,908
Operations	565,982	584,131	479,999	104,132	496,094
Capital outlay	-	113,286	37,833	75,453	-
	<u>1,850,181</u>	<u>2,001,230</u>	<u>1,716,084</u>	<u>285,146</u>	<u>1,717,002</u>
Total parks & recreation	<u>12,999,432</u>	<u>13,427,927</u>	<u>10,518,754</u>	<u>2,909,173</u>	<u>10,964,939</u>
Airport:					
Personnel services	893,738	902,091	838,660	63,431	744,002
Operations	1,405,053	1,251,468	1,150,056	101,412	1,715,461
Capital outlay	142,000	142,418	94,295	48,123	39,691
Total airport	<u>2,440,791</u>	<u>2,295,977</u>	<u>2,083,011</u>	<u>212,966</u>	<u>2,499,154</u>
Debt service:					
Principal	325,214	327,765	327,764	1	401,569
Interest	36,324	36,372	36,353	19	40,232
Total debt service	<u>361,538</u>	<u>364,137</u>	<u>364,117</u>	<u>20</u>	<u>441,801</u>
Total	<u>\$ 82,500,265</u>	<u>\$ 83,773,929</u>	<u>\$ 75,087,156</u>	<u>\$ 8,686,773</u>	<u>\$ 75,619,524</u>

Supplementary Schedules

CITY OF TEMPLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended September 30, 2020

Federal/State Grantor Agency or Pass-Through Program Title	Federal CFDA Number	Grant Number	Program or Award Amount	Passed Through to Subrecipients	Program Expenditures
Federal Financial Assistance:					
<u>U.S. Department of H.U.D.</u>					
CDBG 2017	14.218	B-17-MC-48-0021	\$ 431,615	\$ -	\$ 64,280
CDBG 2018	14.218	B-18-MC-48-0021	536,232	-	195,990
CDBG 2019	14.218	B-19-MC-48-0021	588,159	8,305	203,656
CDBG-CV 2020	14.218	B-20-MW-48-0021	368,691	58,490	64,036
					<u>527,962</u>
<u>U.S. Department of Homeland Security</u>					
Texas Department of Public Safety:					
Civil Defense	97.042	20TX-EMPG-1142	32,258	-	32,258
Texas Engineering Extension Service					
Urban Search and Rescue	97.025	2178-PP19 2020	10,397	-	10,397
					<u>42,655</u>
<u>U.S. Department of Justice</u>					
2019 Bullet Proof Vests Grant	16.607	2019-BU-BX-13069168	11,460	-	11,460
Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1766	47,550	-	47,550
					<u>59,010</u>
Killeen Police Department:					
2019 Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0299	19,449	-	-
					<u>-</u>
					<u>59,010</u>
<u>U.S. Department of Transportation</u>					
Texas Department of Transportation:					
Surface Transportation Program (through KTMPO)	20.205	0909-36-155	3,888,000	-	1,062,187
Pass-Through Agreement	20.205	0320-06-001	16,555,000	-	1,505,000
Airport Improvement Program - Cares Act	20.106	20CRTMPLE	69,000	-	69,000
					<u>2,636,187</u>
<u>U.S. Department of the Treasury</u>					
Office of the Governor - Public Safety Office					
Coronavirus Relief Fund	21.019	364	4,251,225	-	2,945,101
					<u>2,945,101</u>
<u>U.S. Environmental Protection Agency</u>					
Special Appropriation Act Projects	66.202	01F18601	970,000	-	571
					<u>571</u>
<u>Institute of Museum and Library Services</u>					
Texas State Library and Archives Commission					
Interlibrary Loan Program	45.310	LS-00-17-0044-17	5,076	-	5,076
					<u>5,076</u>
Total Federal Financial Assistance			27,784,112	66,795	6,216,562
State Financial Assistance:					
<u>Office of the Attorney General</u>					
Chapter 59 Asset Forfeitures	-	-	98,538	-	98,538
					<u>98,538</u>
<u>Office of the Governor - Criminal Justice Division</u>					
Crisis Assistance Program	-	2820004	59,769	-	17,085
					<u>17,085</u>
<u>Office of the Governor - Homeland Security Division</u>					
Law Enforcement Terrorism Prevention Activities	-	3664302	65,550	-	65,550
					<u>65,550</u>
<u>Texas Commission on Environmental Quality</u>					
Central Texas Council of Governments					
2018 Household Hazardous Waste Collection	-	-	7,527	-	7,527
2020 Household Hazardous Waste Collection	-	-	15,000	-	15,000
					<u>22,527</u>
<u>Texas Department of Transportation</u>					
2020 Routine Airport Maintenance Program (RAMP)	-	M1909TEMP	50,000	-	50,000
					<u>50,000</u>
<u>Texas State University System</u>					
Texas School Safety Center					
Tobacco Prevention and Community Services Division					
Tobacco Enforcement Program 2019	-	-	8,900	-	3,400
Tobacco Enforcement Program 2020	-	-	11,125	-	11,125
					<u>14,525</u>
Total State Financial Assistance			316,409	-	268,225
Total Federal and State Financial Assistance			\$ 28,100,521	\$ 66,795	\$ 6,484,787

CITY OF TEMPLE, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended September 30, 2020

Basis of Presentation - The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state financial assistance programs of the City of Temple, Texas. The City's reporting entity is defined in Note I to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule. State financial assistance received directly from state agencies is also included on the schedule.

Summary of Significant Accounting Policies - The accompanying schedule of federal and state financial assistance is presented using the modified accrual basis of accounting, which is described in Note I to the City's financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

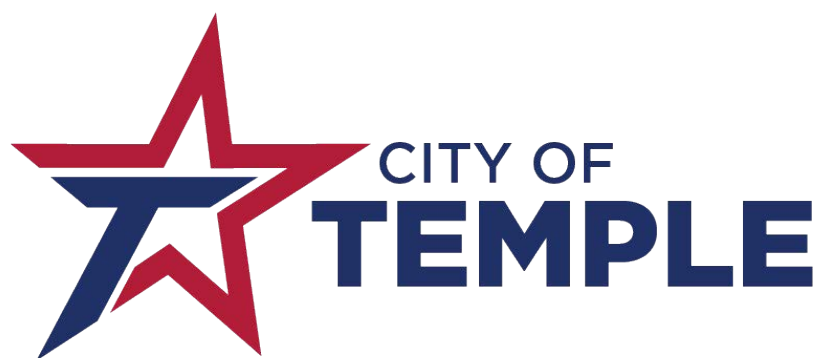
Indirect Cost Rate – The City has elected not to use the 10% de minimis indirect cost rate allowed under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Relationship to Federal and State Financial Reports - Amounts reported in the accompanying schedule agree with the amounts reported in the related federal and state financial reports in all material respects.

Subgrantees – The federal expenditures for the Community Development Block Grant program include grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Community Development Block Grant</u>
Citizens for Progress	\$ 8,305
United Way of Central Texas	<u>58,490</u>
	<u>\$ 66,795</u>

Program Income – In accordance with terms of the Community Development Block Grant Program, program income totaling \$ 0 was used to reduce the amount of federal funds in conjunction with the program's objective.



Statistical Section

(Unaudited)

This part of the City of Temple's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	174
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	180
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	186
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	191
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	193
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Other Information	200
<i>These schedules contain other information related to government's operations.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF TEMPLE, TEXAS
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 52,200,366	\$ 48,379,646	\$ 46,131,460	\$ 44,686,194	\$ 40,996,292	\$ 43,934,442	\$ 48,754,446	\$ 52,987,220	\$ 60,880,317	\$ 67,899,159
Restricted	344,275	1,450,388	5,877,191	62,906	306,050	-	-	-	-	-
Unrestricted	19,272,435	19,057,787	20,153,684	18,922,067	7,799,938	3,756,702	(3,690,323)	(7,610,201)	(9,969,891)	(10,732,638)
Total governmental activities net position	\$ 71,817,076	\$ 68,887,821	\$ 72,162,335	\$ 63,671,167	\$ 49,102,280	\$ 47,691,144	\$ 45,064,123	\$ 45,377,019	\$ 50,910,426	\$ 57,166,521
Business-type activities										
Net investment in capital assets	\$ 62,157,571	\$ 65,054,555	\$ 68,521,536	\$ 72,979,933	\$ 69,469,800	\$ 71,123,596	\$ 74,981,111	\$ 85,851,741	\$ 91,337,862	\$ 101,504,335
Restricted	4,108,690	2,323,161	548,392	722,685	941,206	1,069,608	960,360	1,303,447	1,258,484	1,453,385
Unrestricted	18,729,166	22,475,876	25,171,256	25,320,194	31,586,228	33,699,494	35,678,455	29,874,800	26,340,410	23,250,644
Total business-type activities net position	\$ 84,995,427	\$ 89,853,592	\$ 94,241,184	\$ 99,022,812	\$ 101,997,234	\$ 105,892,698	\$ 111,619,926	\$ 117,029,988	\$ 118,936,756	\$ 126,208,364
Primary government										
Net investment in capital assets	\$ 114,357,937	\$ 113,434,201	\$ 114,652,996	\$ 117,666,127	\$ 110,466,092	\$ 115,058,038	\$ 123,735,557	\$ 138,838,961	\$ 152,218,179	\$ 169,403,494
Restricted	4,452,965	3,773,549	6,425,583	785,591	1,247,256	1,069,608	960,360	1,303,447	1,258,484	1,453,385
Unrestricted	38,001,601	41,533,663	45,324,940	44,242,261	39,386,166	37,456,196	31,988,132	22,264,599	16,370,519	12,518,006
Total primary government net position	\$ 156,812,503	\$ 158,741,413	\$ 166,403,519	\$ 162,693,979	\$ 151,099,514	\$ 153,583,842	\$ 156,684,049	\$ 162,407,007	\$ 169,847,182	\$ 183,374,885

CITY OF TEMPLE, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 12,099,128	\$ 12,308,008	\$ 13,493,386	\$ 14,634,734	\$ 14,904,124	\$ 15,656,749	\$ 16,538,056	\$ 16,643,280	\$ 18,391,391	\$ 17,662,291
Public safety	29,791,300	26,988,933	27,732,226	28,224,373	29,912,951	33,628,711	35,449,316	36,004,472	37,492,964	36,922,907
Highways and streets	7,155,289	10,413,550	22,080,671	28,047,101	10,259,565	7,273,731	8,963,462	8,483,731	9,058,790	8,780,297
Sanitation	5,131,467	5,469,440	6,039,912	7,080,709	5,990,896	6,455,973	7,272,582	7,473,148	8,461,326	9,117,863
Health and welfare	273,641	244,943	93,539	36,755	112,058	149,961	157,201	225,837	105,146	515,154
Cultural and leisure services	10,908,726	11,463,800	13,471,535	12,365,268	12,312,968	13,589,344	13,916,558	14,601,953	15,750,444	14,744,515
Airport	3,791,164	3,980,015	3,725,020	3,655,194	3,683,154	3,500,076	3,564,403	3,711,779	3,668,067	3,165,090
Interest on long term debt	3,039,907	2,690,036	4,232,163	3,639,945	4,237,351	5,351,692	5,453,732	5,963,802	6,275,371	5,395,933
Total governmental activities expenses	72,190,622	73,558,725	90,868,452	97,683,079	81,413,067	85,606,237	91,315,310	93,108,002	99,203,499	98,304,050
Business-type activities:										
Water and sewer	23,384,255	24,220,726	25,713,333	26,882,060	26,081,271	28,649,118	28,840,885	30,906,838	32,407,309	37,402,041
Total business-type activities expenses	23,384,255	24,220,726	25,713,333	26,882,060	26,081,271	28,649,118	28,840,885	30,906,838	32,407,309	37,402,041
Total primary government expenses	95,574,877	97,779,451	116,581,785	124,565,139	107,494,338	114,255,355	120,156,195	124,014,840	131,610,808	135,706,091
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government	3,285,507	3,359,920	3,691,433	3,900,990	4,143,573	4,189,072	4,415,190	4,537,237	4,483,482	5,673,482
Public safety	2,886,737	2,756,996	3,140,024	3,753,119	4,341,516	4,778,461	4,858,940	4,339,843	4,542,570	3,624,888
Highways and streets	1,127,601	1,235,792	1,202,744	1,238,493	1,322,099	1,425,168	2,510,680	2,974,290	2,993,074	3,132,555
Sanitation	10,065,522	10,145,513	10,509,545	11,222,768	11,303,186	11,764,582	12,897,932	13,380,840	15,505,181	15,013,659
Cultural and leisure services	2,935,299	3,689,340	3,759,669	3,710,483	3,703,956	4,025,396	4,136,650	3,942,908	4,980,209	2,974,552
Airport	2,874,462	3,037,702	2,847,211	2,732,476	2,294,963	2,174,080	2,387,297	2,619,637	2,464,369	1,880,095
Operating grants and contributions	867,166	517,463	225,720	513,508	12,501,829	484,715	356,115	362,394	362,394	3,359,451
Capital grants and contributions	978,717	1,558,087	17,403,845	12,724,001	391,026	899,586	310,655	1,371,345	2,027,054	1,479,579
Total governmental activities program revenues	25,021,011	26,300,813	42,780,191	39,795,838	40,002,148	29,709,899	32,002,059	33,522,215	37,358,333	37,138,261
Business-type activities:										
Charges for services:										
Water and sewer	29,387,212	28,645,921	30,046,938	29,824,871	30,375,811	31,720,917	33,261,271	35,227,519	31,913,681	39,084,642
Capital grants and contributions	-	74,735	248,996	1,330,056	381,295	134,570	41,235	16,401	1,144,596	3,989,857
Total business-type activities program revenues	29,387,212	28,720,656	30,295,934	31,154,927	30,757,106	31,855,487	33,302,506	35,243,920	33,058,277	43,074,499
Total primary government program revenues	\$ 54,408,223	\$ 55,021,469	\$ 73,076,125	\$ 70,950,765	\$ 70,759,254	\$ 61,565,386	\$ 65,304,565	\$ 68,766,135	\$ 70,416,610	\$ 80,212,760

(continued)

CITY OF TEMPLE, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense) Revenue										
Governmental activities	\$ (47,169,611)	\$ (47,257,912)	\$ (48,088,261)	\$ (57,887,241)	\$ (41,410,919)	\$ (55,896,338)	\$ (59,313,251)	\$ (59,585,787)	\$ (61,845,166)	\$ (61,165,789)
Business-type activities	6,002,957	4,499,930	4,582,601	4,272,867	4,675,835	3,206,369	4,461,621	4,337,082	650,968	5,672,458
Total primary government net expense	\$ (41,166,654)	\$ (42,757,982)	\$ (43,505,660)	\$ (53,614,374)	\$ (36,735,084)	\$ (52,689,969)	\$ (54,851,630)	\$ (55,248,705)	\$ (61,194,198)	\$ (55,493,331)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad valorem	\$ 17,582,789	\$ 18,195,808	\$ 19,195,036	\$ 20,187,267	\$ 20,847,366	\$ 23,231,944	\$ 24,983,232	\$ 26,596,960	\$ 27,468,319	\$ 30,972,535
Sales	16,125,862	16,967,401	18,017,575	18,981,471	21,311,743	20,859,081	21,652,524	21,831,623	23,136,176	24,418,211
Franchise	6,216,239	6,260,051	6,178,547	6,382,781	6,780,354	6,712,490	6,771,002	6,834,212	7,128,549	7,376,450
Hotel/Motel	1,215,396	1,223,910	1,306,257	1,445,935	1,440,351	1,473,592	1,583,762	1,593,331	1,783,186	1,563,648
Mixed beverage	123,581	100,164	110,409	155,280	156,030	148,247	162,580	172,509	190,466	163,391
Other taxes	70,191	77,451	80,817	71,750	72,392	62,915	63,316	57,906	82,499	66,345
Investment earnings	88,140	81,493	122,330	108,848	156,778	398,306	674,264	1,513,600	1,919,652	1,328,204
Miscellaneous	3,150,409	1,422,379	1,762,894	2,055,938	746,050	1,598,627	4,742,010	1,298,542	5,669,726	1,533,100
Settlement income, net expense	-	-	5,350,000	-	-	-	-	-	-	-
Transfers	-	-	47,492	6,803	(2,267)	-	-	-	-	-
Total governmental activities	44,572,607	44,328,657	52,171,357	49,396,073	51,508,797	54,485,202	60,632,690	59,898,683	67,378,573	67,421,884
Business-type activities:										
Investment earnings	126,718	358,235	323,317	515,564	353,239	689,095	831,715	1,072,980	1,255,800	1,599,150
Transfers	-	-	(47,492)	(6,803)	2,267	-	-	-	-	-
Total business-type activities	126,718	358,235	275,825	508,761	355,506	689,095	831,715	1,072,980	1,255,800	1,599,150
Total primary government	44,699,325	44,686,892	52,447,182	49,904,834	51,864,303	55,174,297	61,464,405	60,971,663	68,634,373	69,021,034
Changes in Net Position										
Governmental activities	(2,597,004)	(2,929,255)	4,083,096	(8,491,168)	10,097,878	(1,411,136)	1,319,439	312,896	5,533,407	6,256,095
Business-type activities	6,129,675	4,858,165	4,858,426	4,781,628	5,031,341	3,895,464	5,293,336	5,410,062	1,906,768	7,271,608
Total primary government	\$ 3,532,671	\$ 1,928,910	\$ 8,941,522	\$ (3,709,540)	\$ 15,129,219	\$ 2,484,328	\$ 6,612,775	\$ 5,722,958	\$ 7,440,175	\$ 13,527,703

CITY OF TEMPLE, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016 ⁽¹⁾	2017	2018	2019	2020
General fund										
Nonspendable:										
Inventories and prepaid items	\$ 448,025	\$ 498,812	\$ 451,696	\$ 435,073	\$ 375,039	\$ 441,741	\$ 432,639	\$ 492,994	\$ 495,781	\$ 552,260
Restricted for:										
Drug enforcement	384,797	321,867	329,651	290,550	345,852	204,399	173,517	258,281	204,651	207,562
Library, museum, and other	636,101	629,792	764,285	772,510	867,470	874,506	822,992	507,571	431,019	321,970
Assigned to:										
Capital technology acquisition	329,162	315,618	390,979	403,071	420,476	379,099	405,484	356,940	337,071	411,381
Capital projects	6,375,154	4,277,846	5,431,542	5,211,128	4,920,337	5,061,813	4,648,577	4,356,474	5,686,284	7,433,980
Self-funded health insurance	275,000	300,000	-	-	-	-	-	-	-	-
Purchases on order	1,109,456	2,060,396	1,960,290	1,454,214	2,106,552	1,429,303	1,866,603	1,675,168	1,961,384	2,968,619
Unassigned	15,368,477	16,100,649	16,785,630	17,540,678	18,293,530	19,160,910	20,132,300	20,132,300	20,132,300	21,616,233
Total general fund	<u>\$ 24,926,172</u>	<u>\$ 24,504,980</u>	<u>\$ 26,114,073</u>	<u>\$ 26,107,224</u>	<u>\$ 27,329,256</u>	<u>\$ 27,551,771</u>	<u>\$ 28,482,112</u>	<u>\$ 27,779,728</u>	<u>\$ 29,248,490</u>	<u>\$ 33,512,005</u>
All other governmental funds										
Nonspendable:										
Prepaid items	\$ 4,555	\$ 4,203	\$ 15,527	\$ 20,086	\$ 19,400	\$ 21,804	\$ 24,842	\$ 22,625	\$ 31,205	\$ 23,890
Restricted for:										
Debt service	1,364,049	2,960,522	7,356,612	1,349,568	959,697	724,003	551,747	283,612	1,457,372	303,617
Construction	4,585,041	30,398,210	37,708,729	11,652,509	44,922,504	41,698,442	24,117,550	40,117,952	40,520,676	49,682,906
Museum	-	-	8,348	13,049	11,149	11,775	14,108	11,631	12,690	16,096
Promotion of tourism	1,149,063	1,350,812	1,077,954	1,126,029	1,305,093	1,338,791	1,442,633	1,410,456	1,556,991	1,345,760
Committed to:										
Drainage	1,279,068	1,503,965	1,855,290	1,793,015	1,982,887	1,489,689	1,815,299	2,143,407	2,524,970	2,704,936
Total all other governmental funds	<u>\$ 8,381,776</u>	<u>\$ 36,217,712</u>	<u>\$ 48,022,460</u>	<u>\$ 15,954,256</u>	<u>\$ 49,200,730</u>	<u>\$ 45,284,504</u>	<u>\$ 27,966,179</u>	<u>\$ 43,989,683</u>	<u>\$ 46,103,904</u>	<u>\$ 54,077,205</u>

¹ - The City implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011. Fiscal years 2005 through 2010 have been reclassified with the implementation of GASB Statement No. 54.

CITY OF TEMPLE, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES:										
Taxes:										
Ad valorem	\$ 17,647,927	\$ 18,246,346	\$ 19,164,488	\$ 20,184,854	\$ 20,801,261	\$ 23,256,440	\$ 25,022,473	\$ 26,562,209	\$ 27,443,146	\$ 30,899,626
Sales	16,125,862	16,967,401	18,017,575	18,981,471	21,311,743	20,859,081	21,652,524	21,831,623	23,136,176	24,418,211
Hotel/Motel	1,215,396	1,223,910	1,306,256	1,445,935	1,440,351	1,473,592	1,583,762	1,593,331	1,783,186	1,563,648
Mixed beverage	123,581	100,164	110,409	155,280	156,030	148,247	162,580	172,509	190,466	163,391
Other taxes	70,191	77,451	80,817	71,750	72,392	62,916	63,316	57,906	82,499	66,346
Franchise fees	6,216,239	6,260,051	6,178,547	6,382,782	6,780,354	6,712,490	6,771,002	6,834,212	7,128,549	7,376,450
Licenses and permits	448,076	377,290	738,449	662,666	613,187	961,527	905,004	1,034,209	1,057,631	1,178,048
Intergovernmental	1,847,522	2,265,741	17,629,564	13,237,510	879,854	2,163,530	2,236,621	3,232,460	3,894,448	6,344,031
Drainage fees	1,016,748	1,084,423	1,098,165	1,109,378	1,125,126	1,157,851	2,283,793	2,705,091	2,698,046	2,822,622
Charges for services:										
Library fees	40,202	35,829	34,900	32,498	32,118	34,107	30,612	29,254	30,339	18,733
Recreational entry fees	154,637	136,498	133,153	126,845	120,588	120,492	111,980	99,492	83,628	60,784
Summit recreational fees	773,341	751,824	627,333	526,310	486,234	389,249	414,075	440,543	411,726	232,395
Hillcrest cemetery	-	-	-	-	-	-	-	-	96,787	76,032
Crossroads park	-	-	-	-	-	-	-	-	-	8,760
Golf course revenues	239,610	1,017,595	950,200	874,917	789,908	690,985	688,258	443,479	706,010	727,560
Swimming pool	37,922	33,169	42,845	48,030	48,870	37,242	33,954	37,128	48,670	12,093
Lions Junction water park	298,497	259,976	300,008	298,690	351,788	478,483	464,370	426,115	465,592	453
Sammons indoor pool	72,336	82,530	93,645	91,705	91,330	94,050	71,740	87,928	66,339	33,988
Vital statistics	138,342	124,135	126,605	120,542	124,847	130,034	125,722	129,426	152,412	112,743
Police revenue	278,136	228,156	344,477	629,586	1,602,266	1,587,110	1,714,226	1,375,183	1,325,852	866,546
Contractual services - proprietary fund	2,968,883	3,063,081	3,251,073	3,480,132	3,702,807	3,789,646	4,056,239	4,127,979	4,221,934	5,474,172
County fire protection	4,095	3,988	3,583	1,341	4,630	4,136	5,928	5,983	8,986	8,772
Curb and street cuts	42,745	69,762	23,292	38,732	62,195	96,155	41,340	69,847	89,651	74,164
Other	177,315	183,078	151,617	159,130	301,443	62,014	77,134	89,098	106,393	113,833
Solid waste collection - residential	3,658,361	3,731,899	3,824,407	4,041,272	4,169,597	4,310,048	4,943,210	5,198,061	5,619,184	5,844,439
Solid waste collection - commercial	2,845,635	2,844,135	2,849,455	2,902,758	3,127,171	3,127,171	3,183,821	3,229,411	3,484,347	3,536,912
Solid waste collection - roll-off	1,920,793	1,894,753	2,061,942	2,314,814	2,216,659	2,414,007	2,724,886	2,924,373	3,159,736	3,228,982
Landfill contract	1,640,732	1,674,726	1,773,741	1,963,924	1,971,203	1,913,357	2,046,014	2,028,996	3,241,914	2,403,326
Airport sales and rental	2,874,462	3,037,702	2,847,211	2,732,476	2,294,963	2,174,080	2,387,297	2,619,637	2,464,369	1,880,095
Recreational services	760,084	819,626	953,425	1,028,223	1,034,161	1,269,230	1,262,332	1,262,332	1,316,268	497,527
Fire department	17,636	11,964	14,128	20,620	34,758	51,854	26,969	56,236	61,110	71,679
Subdivision fees	21,818	15,648	25,724	24,727	18,465	22,298	31,151	33,898	32,133	29,250
Reinvestment zone reimbursements	-	-	-	-	-	388,036	616,710	654,810	1,198,722	1,052,991
Civic center & railroad museum revenues	408,671	402,293	474,161	533,266	508,062	523,522	504,684	481,829	556,130	253,238
Fines	2,136,454	2,133,078	2,185,239	2,438,908	2,086,676	2,173,835	2,206,811	1,868,233	2,088,993	1,499,844
Interest and other	1,866,347	1,700,329	2,160,307	2,581,670	1,728,607	2,082,522	1,912,673	2,747,339	3,459,109	2,377,148
Total revenues	68,088,596	70,858,551	89,576,741	89,242,742	79,908,200	84,759,337	90,301,148	94,470,160	101,910,481	105,328,832
EXPENDITURES:										
Current:										
General government	11,324,780	11,703,131	13,660,816	15,223,119	15,445,404	15,286,507	15,899,956	16,287,762	17,357,817	17,160,208
Public safety	31,542,542	27,628,257	25,743,401	28,225,738	31,013,726	32,680,185	31,367,272	34,394,350	35,948,102	36,181,386
Highways and streets	5,908,268	9,204,905	24,913,821	29,731,928	17,506,619	22,407,217	14,086,349	17,781,421	17,586,774	17,839,336
Sanitation	5,391,763	5,056,524	10,190,353	9,923,731	5,177,927	7,380,079	6,590,675	8,411,828	8,598,519	9,281,009
Health and welfare	461,209	205,125	249,711	308,783	102,069	83,828	201,810	150,312	107,832	409,437
Culture and leisure services	11,183,792	10,978,275	12,937,428	12,078,707	12,361,459	18,135,207	21,366,366	21,462,623	21,143,045	14,523,577
Airport	3,273,341	3,626,089	3,392,606	10,011,998	2,640,628	2,347,196	2,374,228	2,605,547	2,500,007	2,083,011
Debt service:										
Principal retirement	4,772,004	5,405,563	5,110,646	5,608,336	5,821,194	7,673,106	9,075,096	10,603,767	9,961,569	12,679,412
Interest and fiscal charges	3,244,597	3,236,670	4,797,337	4,110,853	4,540,888	5,598,274	5,873,142	6,420,961	6,634,848	6,917,279
Total expenditures	77,102,296	77,044,539	100,996,119	115,223,193	94,609,914	111,591,599	106,834,894	118,118,571	119,838,513	117,074,655
										(continued)

CITY OF TEMPLE, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table IV
 (continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (9,013,700)	\$ (6,185,988)	\$ (11,419,378)	\$ (25,980,451)	\$ (14,701,714)	\$ (26,832,262)	\$ (16,533,746)	\$ (23,648,411)	\$ (17,928,032)	\$ (11,745,823)
OTHER FINANCING SOURCES (USES):										
Transfer in	1,042,837	1,330,355	8,112,971	2,282,094	1,888,658	1,611,257	1,739,077	3,191,375	3,362,525	3,503,656
Transfer out	(1,692,472)	(1,845,849)	(8,571,235)	(2,327,620)	(1,873,486)	(1,611,257)	(1,739,077)	(3,191,375)	(3,362,525)	(3,503,656)
Issuance of loans and bonds	-	30,445,000	19,775,000	420,121	46,360,000	20,235,000	145,762	36,614,488	20,666,188	23,667,652
Original issue premium	-	-	385,580	-	3,275,997	4,158,590	-	5,338,055	1,608,272	1,530,082
Discount on bond issuance	(68,241)	(291,156)	(219,097)	(88,929)	(556,444)	(176,238)	-	(465,394)	(358,232)	(137,516)
Issuance of refunding bonds	9,820,000	9,290,000	-	16,671,941	7,544,558	9,500,000	-	17,780,000	4,880,000	685,000
Payment to refunded bond escrow agent	(9,903,444)	(10,482,241)	-	(23,052,209)	(7,469,063)	(10,578,801)	-	(20,297,618)	(5,285,213)	(1,762,579)
Premium on bond issuance	204,248	5,154,623	-	-	-	-	-	-	-	-
Claims settlement	-	-	7,250,000	-	-	-	-	-	-	-
Attorney fees	-	-	(1,900,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	(597,072)	33,600,732	24,833,219	(6,094,602)	49,170,220	23,138,551	145,762	38,969,531	21,511,015	23,982,639
NET CHANGE IN FUND BALANCES	\$ (9,610,772)	\$ 27,414,744	\$ 13,413,841	\$ (32,075,053)	\$ 34,468,506	\$ (3,693,711)	\$ (16,387,984)	\$ 15,321,120	\$ 3,582,983	\$ 12,236,816
Debt service as a percentage of noncapital expenditures	13.0%	12.3%	11.5%	10.3%	13.2%	16.6%	18.3%	19.0%	18.8%	20.4%
Capital Outlay	\$ 15,437,565	\$ 6,873,201	\$ 15,122,317	\$ 20,442,125	\$ 15,920,233	\$ 31,519,203	\$ 24,998,876	\$ 28,374,357	\$ 31,532,720	\$ 20,854,534

CITY OF TEMPLE, TEXAS

Table V

GENERAL GOVERNMENTAL TAX & FRANCHISE REVENUES BY SOURCE ⁽¹⁾

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	General Property Tax	City Sales Tax	Hotel/Motel Tax	Mixed Beverage Tax	Other Tax	Franchise Fee	Total
2011	\$ 17,647,927	\$ 16,125,862	\$ 1,215,396	\$ 123,581	\$ 70,191	\$ 6,216,239	\$ 41,399,196
2012	18,246,346	16,967,401	1,223,910	100,164	77,451	6,260,051	42,875,323
2013	19,164,488	18,017,575	1,306,256	110,409	80,817	6,178,547	44,858,092
2014	20,184,854	18,981,471	1,445,935	155,280	71,750	6,382,782	47,222,072
2015	20,801,261	21,311,743	1,440,351	156,030	72,392	6,780,354	50,562,131
2016	23,256,440	20,859,081	1,473,592	148,247	62,916	6,712,490	52,512,766
2017	25,022,473	21,652,524	1,583,762	162,580	63,316	6,771,002	55,255,657
2018	26,562,209	21,831,623	1,593,331	172,509	57,906	6,834,212	57,051,790
2019	27,443,146	23,136,176	1,783,186	190,466	82,499	7,128,549	59,764,022
2020	30,899,626	24,418,211	1,563,648	163,391	66,346	7,376,450	64,487,672

⁽¹⁾ Includes the General Fund tax revenues on a GAAP basis.

CITY OF TEMPLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years
 (unaudited)

Fiscal Year ¹	Estimated Market Value		Less: Productivity Loss	Less: Homestead Cap	Less: Tax-Exempt Property	Total Taxable Assessed Value	Less: Tax Increment District	Less: Applicable Adjustments	Total Taxable Value ²	Total Direct Tax Rate	Assessed Value ¹ as a Percentage of Actual Value
	Real Property	Personal Property									
2011	\$3,360,739,695	\$ 865,160,292	\$ 39,920,753	\$ 5,630,033	\$ 849,088,073	\$ 3,331,261,128	\$ 129,282,220	\$ -	\$3,201,978,908	\$ 0.5679	78.83%
2012	3,489,946,100	921,088,202	40,788,663	7,005,234	915,915,243	3,447,325,162	136,065,299	-	3,311,259,863	0.5679	78.15%
2013	3,571,566,347	938,279,608	39,981,995	4,032,340	931,868,067	3,533,903,553	151,501,569	-	3,382,401,984	0.5864	78.36%
2014	3,691,482,902	1,033,449,368	39,934,752	2,322,216	940,324,968	3,742,350,334	169,927,193	-	3,572,423,141	0.5864	79.20%
2015	4,173,699,490	1,074,874,361	39,043,656	2,470,938	1,027,167,363	4,179,891,894	480,646,226	-	3,699,245,668	0.5864	79.64%
2016	4,711,559,006	1,087,575,985	42,551,747	3,064,323	1,242,700,918	4,510,818,003	670,071,846	-	3,840,746,157	0.6298	77.78%
2017	4,794,096,787	1,071,474,150	45,275,225	4,656,862	1,409,041,409	4,406,597,441	436,256,703	-	3,970,340,738	0.6572	75.13%
2018	5,007,603,892	1,046,175,076	55,340,251	4,820,212	1,418,880,200	4,574,738,305	426,069,294	-	4,148,669,011	0.6772	75.57%
2019	5,263,381,076	1,134,164,140	58,366,206	4,088,787	1,496,982,486	4,838,107,737	440,490,768	-	4,397,616,969	0.6612	75.62%
2020	5,955,304,509	1,149,426,393	73,812,048	50,437,020	1,624,210,305	5,356,271,529	488,406,051	-	4,867,865,478	0.6727	75.39%

Source: Property tax information - Tax Appraisal District of Bell County

Note: Property is reassessed annually. The Tax Appraisal District of Bell County assesses property at approximately 100 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed value.

¹ - Includes tax-exempt property.

² - Net taxable value not adjusted for frozen values.

CITY OF TEMPLE, TEXAS

PROPERTY TAX RATES

DIRECT AND OVERLAPPING ¹ GOVERNMENTS

Last Ten Fiscal Years

Table VII

Fiscal Year	City of Temple			Overlapping Rates							
	Operating	Debt Service	Total Direct Tax Rate	Bell County	Bell Road District	Temple College	Elm Creek		Temple		Troy
							Flood Control District	School District	Independent School District	Independent School District	
2011	\$ 0.3300	\$ 0.2379	\$ 0.5679	\$ 0.3820	\$ 0.0299	\$ 0.2100	\$ 0.0327	\$ 1.2100	\$ 1.4210	\$ 1.3517	
2012	0.3240	0.2439	0.5679	0.4096	0.0299	0.2054	0.0327	1.2850	1.4060	1.3517	
2013	0.3300	0.2564	0.5864	0.4212	0.0299	0.2036	0.0327	1.2800	1.5210	1.3317	
2014	0.3324	0.2540	0.5864	0.4212	0.0299	0.2036	0.0327	1.3600	1.4500	1.3317	
2015	0.3300	0.2564	0.5864	0.4212	0.0299	0.2065	0.0327	1.3600	1.4400	1.3317	
2016	0.3234	0.3064	0.6298	0.4212	0.0299	0.2100	0.0327	1.3600	1.4400	1.3317	
2017	0.3142	0.3430	0.6572	0.4212	0.0299	0.2057	0.0327	1.4000	1.4400	1.3102	
2018	0.3142	0.3630	0.6772	0.4212	0.0299	0.2047	0.0327	1.4000	1.6030	1.2902	
2019	0.2982	0.3630	0.6612	0.4212	0.0299	0.1980	0.0327	1.4000	1.6030	1.2902	
2020	0.3097	0.3630	0.6727	0.4208	0.0292	0.1886	0.0327	1.3509	1.4651	1.3619	

Source: Tax Appraisal District of Bell County

Notes: Statutes of the State of Texas (Article 1028) limit the maximum amount that a city can designate for debt service to \$ 2.50 per \$ 100 of assessed valuation. However, under City Charter, a limitation on taxes levied for general municipal operating purposes and for the purpose of paying interest and providing a proper sinking fund for paying the outstanding bonds and other obligations of the City, issued for municipal purposes, and any such future bonds or obligations which may be authorized, may not exceed \$ 1.20 per \$ 100 assessed valuation.

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Temple. Not all overlapping rates apply to all City of Temple property owners (e.g. rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district). A property's location within the City limits will determine which school district's tax will be applicable for the property.

Tax rate limit, City: \$ 1.20

Is limitation by statute or constitution? Statute.

Do they include debt service? Yes.

Tax due date: January 31.

Discount allowed? Yes: October 31, 3.0%; November 30, 2.0%; December 31, 1.0%.

Penalty and interest: 1.5% per month beginning on the first day of delinquency (February 1)

until tax is 12 months delinquent, at which time a 1.0% per monthly

penalty is assessed until taxes are paid.

1. Second notice mailed in March or April following due date.

2. Letter of intent to sue sent.

3. Tax suit filed.

As ordered; not set by date.

Tax Appraisal District of Bell County.

Uncollected taxes:

Source:

CITY OF TEMPLE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Table VIII

	FY 2020				FY 2011			
	Taxpayer	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value	
	Temple Generation I, LLC	\$ 118,448,635	1	2.43%	\$ -	-	-	
	McLane Company, Inc.	116,079,289	2	2.38%	103,142,892	2	3.22%	
	Wilsonart International	98,983,189	3	2.03%	85,237,223	4	2.66%	
	Pactiv Corporation	83,763,718	4	1.72%	112,479,478	1	3.51%	
	Panda Temple Power II, LLC	83,112,602	5	1.70%	-	-	-	
	H.E. Butt Grocery	78,037,890	6	1.60%	-	-	-	
	Wal-Mart Real Estate Business Trust	72,039,148	7	1.48%	98,704,356	3	3.08%	
	Oncor Electric Delivery Company	70,117,340	8	1.44%	44,662,815	5	1.39%	
	BNSF Railway Company	35,139,165	9	0.72%	18,222,005	7	0.57%	
	Reynolds Consumer Products, Inc.	33,469,256	10	0.69%	-	-	-	
	Sam's East, Inc.	-	-	-	21,332,380	6	0.67%	
	Coyote Temple Mall	-	-	-	16,188,406	8	0.51%	
	Performance Food Group	-	-	-	15,842,556	9	0.49%	
	General Electric Capital Corporation	-	-	-	14,623,746	10	0.46%	
	Totals	\$ 789,190,232		16.19%	\$ 530,435,857		16.56%	

Source: Tax Appraisal District of Bell County

¹- Total taxable value including real and personal property for fiscal year 2020 is \$ 4,882,056,874 (net taxable value not adjusted for frozen values).

²- Total taxable value including real and personal property for fiscal year 2011 is \$ 3,201,978,908 (net taxable value not adjusted for frozen values).

**CITY OF TEMPLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Table IX

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years		Adjusted Taxes Levied for the Fiscal Year		Collected within the Tax Year of the Levy		Collections in Subsequent Years ¹		Total Collections to Date			
					Fiscal Year		Amount	% of Levy	Years ¹		Amount	% of Levy		
2011	\$	17,957,507	\$	-	\$	17,957,507	\$	17,538,771	97.67%	\$	172,649	\$	17,711,420	98.63%
2012		18,585,931		-		18,585,931		18,276,652	98.34%		159,242		18,435,894	99.19%
2013		19,534,480		-		19,534,480		19,295,759	98.78%		125,336		19,421,095	99.42%
2014		20,793,147		-		20,793,147		20,295,608	97.61%		113,931		20,409,539	98.16%
2015		21,446,210		-		21,446,210		21,046,789	98.14%		162,519		21,209,308	98.90%
2016		23,742,734		155,641 ²		23,898,375		23,489,014	98.29%		568,652 ³		24,057,666	100.67%
2017		25,523,538		189,564 ²		25,713,102		25,197,579	98.00%		393,351 ³		25,590,930	99.52%
2018		27,354,869		175,306 ²		27,530,175		26,924,017	97.80%		219,247		27,143,264	98.59%
2019		28,389,695		-		28,389,695		27,847,040	98.09%		35,904		27,882,944	98.22%
2020		31,951,512		-		31,951,512		31,342,048	98.09%		-		31,342,048	98.09%

¹ - Collections from subsequent years restated to reflect collections net of refunds.

² - Adjustments to levy for FY 2016 - FY 2018 based on the TCEQ Tier 3 Negotiated Settlement with Panda Temple Power Holdings.

³ - Includes Panda Temple Power Holdings - TCEQ Tier 3 Negotiated Settlement, reflected in FY 2016 and FY 2017.

Source: Tax Appraisal District of Bell County

Table X

CITY OF TEMPLE, TEXAS
TAXABLE SALES BY CATEGORY
 Last Ten Calendar Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Building Material	\$ 88,576,484	\$ 87,314,928	\$114,672,337	\$125,260,898	\$134,845,790	\$ 144,716,363	\$ 158,203,586	\$ 161,496,329	\$ 162,629,267	\$ 155,514,451
General Merchandise Stores	170,470,503	170,797,914	173,890,988	175,654,007	170,777,243	183,917,251	195,062,315	195,270,526	171,691,097	174,970,541
Food Stores ¹	49,113,761	56,881,719	59,918,860	62,771,429	64,320,005	63,619,055	91,214,642	91,310,842	93,833,108	105,769,594
Auto Dealers & Service Stations	58,364,792	59,241,754	60,851,311	62,511,559	66,193,984	83,718,933	65,828,409	71,631,325	74,952,034	78,691,081
Apparel & Accessory Stores	24,857,770	25,852,811	30,199,552	31,759,721	32,629,286	30,461,426	28,296,896	29,590,465	34,530,283	35,444,234
Furniture & Home Furnishings	45,981,591	40,458,746	42,097,157	40,792,351	43,053,963	46,769,756	46,078,709	47,374,823	49,331,679	50,546,126
Eating & Drinking Places	118,255,769	123,216,814	129,906,448	134,804,234	144,994,011	150,750,242	158,032,806	163,752,988	171,497,129	185,569,998
Miscellaneous Retail	67,267,029	62,914,213	65,086,919	68,545,563	67,608,100	68,765,668	69,250,856	67,978,418	89,389,173	91,532,785
Nonstore Retailers	13,731	3,894	37,625	67,888	57,976	520,740	349,745	596,458	-	-
Total Retail Sales	622,901,430	626,682,793	676,661,177	702,167,650	724,480,358	773,239,434	812,317,964	829,002,174	847,853,770	878,038,810
Total Non-Retail Sales	188,040,333	191,399,847	201,318,871	210,353,735	235,550,282	248,333,632	260,445,599	275,726,898	265,071,428	303,779,724
Total Taxable Sales	\$ 810,941,763	\$ 818,082,640	\$ 877,980,048	\$ 912,521,385	\$ 960,030,640	\$ 1,021,573,066	\$ 1,072,763,563	\$ 1,104,729,072	\$ 1,112,925,198	\$ 1,181,818,534
Applicable Sales Tax Rates:										
City of Temple	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Bell County	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
State of Texas	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
TOTAL SALES TAX RATE	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%

Source: State of Texas Comptroller, City of Temple, and Bell County.

Notes: Retail sales information is not available on a fiscal-year basis.

¹ - General grocery items are not taxable; the sales tax applies only to prepared food items and nonfood items.

CITY OF TEMPLE, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table XII

Fiscal Year	General Obligation Bonds ¹	Certificates of Obligation Bonds	General Bonded Debt Outstanding					Notes Payable	Unamortized ² Premium / Discount	Total General Bonded Debt Outstanding	Less: Amounts Available in Debt Service Fund	Total General Net Bonded Debt Outstanding	% of Estimated Actual Taxable Value ³ of Property		Per Capita ⁴
			Contractual Obligations	Revenue Bonds	Pass-Through Revenue & Limited Tax Bonds								Property		
2011	\$ 47,040,000	\$ 23,625,000	\$ -	\$ 2,110,000	\$ -	\$ -	\$ 771,478	\$ 1,040,005	\$ 74,586,483	\$ 1,364,049	\$ 73,222,434	\$ 78.83%	\$ 1,092		
2012	48,315,000	17,160,000	5,745,000	1,730,000	24,700,000		455,915	5,309,677	103,415,592	2,960,522	100,455,070	78.15%	1,470		
2013	44,990,000	30,150,000	11,455,000	1,330,000	24,700,000		137,235	4,822,384	117,584,619	7,356,612	110,228,007	78.36%	1,569		
2014	49,525,000	20,830,000	5,065,000	910,000	24,700,000		242,013	5,876,415	107,148,428	1,349,568	105,798,860	79.20%	1,474		
2015	75,420,000	36,650,000	4,415,000	465,000	24,700,000		195,819	8,595,491	150,441,310	959,697	149,481,613	79.64%	2,036		
2016	70,300,000	53,360,000	5,700,000	-	24,580,000		147,714	11,697,438	165,785,152	724,003	165,061,149	77.78%	2,192		
2017	66,265,000	50,440,000	4,525,000	-	23,685,000		243,380	10,978,104	156,136,484	551,747	155,584,737	75.13%	2,024		
2018	78,860,000	81,145,000	3,335,000	-	4,665,000		2,761,062	14,924,453	185,690,515	283,612	185,406,903	75.57%	2,353		
2019	73,560,000	96,540,000	3,330,000	-	3,715,000		3,992,419	15,207,445	196,344,864	1,457,372	194,887,492	75.62%	2,408		
2020	69,255,000	112,600,000	4,645,000	-	1,030,000		3,423,172	14,585,819	205,538,991	303,617	205,235,374	75.47%	2,426		

Notes: The above general bonded debt is repaid by general government resources.

General obligation bond debt within the proprietary fund (for water & wastewater) is all refunding debt and not supported by general government resources; therefore, it is not reflected within this table.
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ - FY 2010 through FY 2017 have been restated to only include governmental type general obligation bonds.

² - FY 2010 through FY 2017 have been restated to include unamortized premium/discount amounts.

³ - See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 181 for property value data. (Table VI)

⁴ - Population data can be found in the Schedule of Demographic and Economic Statistics on page 191. (Table XVI)

CITY OF TEMPLE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2020

Table XIII

<u>Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding ¹</u>	<u>Percentage Applicable to City of Temple</u>	<u>Amount Applicable to City of Temple</u>
Direct Debt:			
City of Temple	<u>\$ 219,821,194</u>	100.00%	<u>\$ 219,821,194</u>
Total direct debt	<u>219,821,194</u>		<u>219,821,194</u>
Overlapping Debt:			
Temple Independent School District	173,605,000	94.51%	164,074,086
Temple College	20,365,000	100.00%	20,365,000
Bell County	104,405,000	25.53%	26,654,597
Belton Independent School District	236,535,000	24.09%	56,981,282
Troy Independent School District	<u>30,689,997</u>	7.65%	<u>2,347,785</u>
Total estimated overlapping debt	<u>565,599,997</u>		<u>270,422,750</u>
Total direct and overlapping debt	<u><u>\$ 785,421,191</u></u>		<u><u>\$ 490,243,944</u></u>

Sources: Finance departments of respective entities.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Temple. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident -- and therefore responsible for repaying the debt -- of each overlapping government.

Reinvestment Zone No. 1 net general obligation bonded debt outstanding at September 30, 2020 was \$52,110,000.

¹ - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF TEMPLE, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

Table XIV

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value 2019/2020 tax roll ¹	\$	43,539,272
Limit on amount designated for debt service per \$ 100 assessed valuation (\$ 4,353,927,204 / \$ 100 = \$ 43,539,272)	x	\$ 1.20
Legal debt service limit	\$	52,247,126
Actual amount expended by debt Service fund for general obligation debt service during the year ended September 30, 2020		(18,969,314)
	\$	<u>33,277,812</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt service limit	\$ 34,475,515	\$ 35,704,035	\$ 36,299,104	\$ 38,747,288	\$ 39,964,632	\$ 41,332,748	\$ 42,527,390	\$ 44,246,881	\$ 47,120,031	\$ 52,247,126
Total net debt applicable to limit	(7,144,451)	(7,597,902)	(8,893,165)	(9,057,343)	(8,687,176)	(11,552,053)	(13,610,630)	(16,648,102)	(15,993,238)	(18,969,314)
Legal debt margin	\$ 27,331,064	\$ 28,106,133	\$ 27,405,938	\$ 29,689,945	\$ 31,277,456	\$ 29,780,695	\$ 28,916,760	\$ 27,598,779	\$ 31,126,793	\$ 33,277,812
Total net debt applicable to the limit as a percentage of debt service limit	20.72%	21.28%	24.50%	23.38%	21.74%	27.95%	32.00%	37.63%	33.94%	36.31%

Ad Valorem Debt Service Requirement, Fiscal Year Ending 09-30-2021	\$	29,683,800
2021 Interest and Sinking Fund Tax Levy	\$	17,041,388
Fiscal Year 2021 Interest and Sinking Fund Balance		303,617
Pass-Through Toll Agreement Revenue		1,505,000
Self-Supporting Debt Service		11,519,537
Estimated Balance, 09-30-2021	\$	<u>685,742</u>

Notes: Statutes of the State of Texas (Article 1028) limit the maximum amount that a city can designate for debt service to \$ 2.50 per \$ 100 of assessed valuation. However, under City Charter, a limitation on taxes levied for general municipal operating purposes and for the purpose of paying interest and providing a proper sinking fund for paying the outstanding bonds and other obligations of the City, issued for municipal purposes, and any such future bonds or obligations which may be authorized, may not exceed \$ 1.20 per \$ 100 assessed valuation.

¹ - Net taxable value adjusted for frozen taxable value. Frozen taxable value is not included in debt service calculation.

CITY OF TEMPLE, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Table XV

Water Revenue Bonds					
Fiscal Year	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Average Annual Debt Service ³	Coverage
2011	\$ 29,513,930	\$ 16,271,594	\$ 13,242,336	\$ 5,275,264	2.51
2012	29,078,891	16,753,197	12,325,694	5,104,498	2.41
2013	30,619,249	17,505,732	13,113,517	4,990,904	2.63
2014	31,670,491	18,216,001	13,454,490	3,453,040	3.90
2015	31,110,346	18,124,858	12,985,488	4,600,597	2.82
2016	32,544,582	19,120,589	13,423,993	4,541,253	2.96
2017	33,835,002	19,165,579	14,669,423	6,065,724	2.42
2018	36,316,901	20,214,445	16,102,456	5,988,747	2.69
2019	33,189,134	21,157,412	12,031,722	6,814,698	1.77
2020	40,692,703	23,599,872	17,092,831	6,674,494	2.56

Water Revenue Bonds					
Fiscal Year	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Maximum Annual Debt Service ⁴	Coverage
2011	\$ 29,513,930	\$ 16,271,594	\$ 13,242,336	\$ 5,792,125	2.29
2012	29,078,891	16,753,197	12,325,694	3,158,581	3.90
2013	30,619,249	17,505,732	13,113,517	3,158,581	4.15
2014	31,670,491	18,216,001	13,454,490	3,989,972	3.37
2015	31,110,346	18,124,858	12,985,488	4,661,879	2.79
2016	32,544,582	19,120,589	13,423,993	4,661,879	2.88
2017	33,835,002	19,165,579	14,669,423	4,661,879	3.15
2018	36,316,901	20,214,445	16,102,456	6,975,742	2.31
2019	33,189,134	21,157,412	12,031,722	6,350,978	1.89
2020	40,692,703	23,599,872	17,092,831	6,350,978	2.69

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial section. Operating expenses do not include interest, depreciation, or amortization expenses.

¹ - Gross revenues (as defined by revenue bond covenants) includes all income of the water and sewer system including interest income and noncash contributions of capital.

² - Total operating expense less depreciation.

³ - Includes 2014 Utility Revenue Bonds for fiscal years beginning in 2015, 2015 Utility Revenue Bonds for fiscal years beginning in 2016, 2017 Utility Revenue Bonds beginning in fiscal year 2017, and 2019 Utility Revenue Bonds beginning in fiscal year 2019. Also includes 2011, 2012, 2014, 2015, 2019 GO Refunding Debt issues.

⁴ - Includes 2014 Utility Revenue Bonds for fiscal years beginning in 2015, 2015 Utility Revenue Bonds for fiscal years beginning in 2016, 2017 Utility Revenue Bonds beginning in fiscal year 2017, and 2019 Utility Revenue Bonds beginning in fiscal year 2019.

**CITY OF TEMPLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Table XVI

Calendar Year	Population¹	Personal Income²	Per Capita Personal Income³	Median Age⁴	School Enrollment⁵	Unemployment Rate⁶
2011	67,036	\$ 2,559,032,264	\$ 38,174	34.6	8,953	6.70%
2012	68,315	2,730,618,865	39,971	34.6	8,850	5.90%
2013	70,274	2,730,285,448	38,852	34.6	8,749	5.50%
2014	71,761	2,717,014,982	37,862	34.6	8,509	4.70%
2015	73,408	2,847,789,952	38,794	34.6	8,635	3.70%
2016	75,293	2,989,357,979	39,703	34.6	8,658	3.80%
2017	76,864	3,042,892,032	39,588	34.6	8,672	3.60%
2018	78,793	3,225,549,041	40,937	34.6	8,734	3.40%
2019	80,930	3,371,624,730	41,661	34.6	8,579	3.20%
2020	84,613	3,626,090,115	42,855	34.6	8,425	6.30%

Source: 2010 population based on 2010 Bureau of Census report.

¹ - 2011 thru 2020 population is based on new residential water customers multiplied by 2010 Census data of average household size of 2.47.

² - Calculating personal income based on per capita personal income and estimated population.

³ - Per Capita Income provided by Metropolitan Area publication on the U.S. Department of Commerce's Bureau of Economic Analysis website (2007-2010). Based on most recent data available which will lag one year behind. This includes updates to prior years as they are updated by the Bureau of Economic Analysis.

⁴ - Median age of 34.6 provided in the 2010 Census.

⁵ - School enrollment (for public schools in Temple) provided by Temple Independent School District.

⁶ - Unemployment rates provided on the Texas Labor Market Information website. This includes updates to prior years as they are updated by Texas Workforce Commission.

**CITY OF TEMPLE, TEXAS
PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

Table XVII

Employer	FY 2020			FY 2011		
	Employees ¹	Rank	Percentage of Total City Employment ²	Employees ¹	Rank	Percentage of Total City Employment ²
Baylor Scott & White Health	8,300	1	24.98%	8,840	1	27.61%
Central Texas Veterans Healthcare Systems	2,750	2	8.28%	2,270	2	7.09%
BNSF Railway Company	1,500	3	4.51%	-	-	-
Temple Independent School District	1,192	4	3.59%	1,300	6	4.06%
McLane Company - Corporation Headquarters & SW Distribution Center	1,172	5	3.53%	2,255	3	7.04%
McLane Children's Hospital	1,012	6	3.05%	-	-	0.00%
Wilsonart International	1,000	7	3.01%	1,061	7	3.31%
City of Temple	933	8	2.81%	763	9	2.38%
H-E-B Retail Distribution Center	900	9	2.71%	-	-	-
Wal-Mart Superstore, Distribution Center and Sam's Club	750	10	2.26%	1,700	4	5.31%
Fikes Wholesale, Inc.	-	-	-	1,400	5	4.37%
Sprint/Nextel Communications	-	-	-	1,000	8	3.12%
PACTIV Packaging Corporation	-	-	-	700	10	2.19%
Totals	19,509		58.73%	21,289		66.48%

¹ - Source: Temple Economic Development Corporation

² - Source: Texas Labor Market Information website

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government -										
Assistant city manager	-	-	-	2.00	2.00	2.00	-	-	-	-
City attorney	6.63	6.63	6.63	7.00	9.00	9.00	9.00	9.00	9.00	9.00
City council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City manager ²⁻⁴	8.00	6.75	6.00	4.00	6.00	7.00	7.00	8.00	13.00	7.00
City secretary	4.63	4.63	4.63	4.63	5.00	6.00	6.00	6.00	6.00	6.00
Facility services	16.70	14.68	15.02	15.45	15.45	16.45	15.70	16.45	18.45	19.54
Finance ⁵	10.50	11.00	11.00	11.00	11.00	11.00	11.00	11.70	11.00	13.00
Fleet services ²²	16.10	16.00	17.00	18.00	18.00	18.00	19.00	19.00	20.00	20.50
General services	-	-	2.25	4.25	3.35	2.90	7.10	-	-	-
Human Resources ⁶	6.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	7.00
Information technology services ⁷	16.50	16.50	15.50	16.50	18.00	18.00	18.00	20.00	19.00	20.80
Marketing & Communications ^{3, 8, 9}	-	-	-	-	-	-	-	-	-	9.25
Performance Excellence ^{4, 10}	-	-	-	-	-	-	-	-	-	3.00
Inspections/Permits	-	-	-	4.00	4.00	7.00	8.00	8.00	8.00	9.00
Planning ¹¹	6.45	5.95	6.95	6.45	8.00	8.00	8.00	8.00	8.00	7.75
Permits	-	-	-	3.50	3.00	-	-	-	-	-
Purchasing	5.00	5.00	5.00	5.00	7.00	7.00	7.00	8.00	8.00	7.00
Total general government	101.51	97.14	99.98	111.78	119.80	123.35	126.80	125.15	131.45	143.84
Public safety -										
Animal services	6.50	6.50	7.50	7.50	7.50	7.50	7.50	7.50	8.00	8.00
Code compliance ^{1, 12}	13.50	14.00	14.00	7.00	9.00	9.00	9.00	13.60	13.11	17.32
Fire	112.00	115.00	118.00	118.00	121.00	121.00	121.00	124.00	124.00	124.00
Municipal court	12.03	12.03	12.03	12.03	12.03	12.03	12.03	12.03	12.03	12.03
Police	158.50	160.50	161.50	164.50	170.50	171.50	177.50	181.63	184.63	186.63
Total public safety	302.53	308.03	313.03	309.03	320.03	321.03	327.03	338.76	341.77	347.98
Highways and streets -										
Engineering ¹⁸	8.35	6.95	6.95	7.95	7.95	7.95	7.95	7.95	7.95	6.63
Drainage ^{8, 18, 22}	11.83	12.98	13.98	14.23	17.23	16.40	16.70	16.40	19.40	20.14
Street ^{13, 22}	25.15	25.00	24.00	23.50	23.50	24.50	24.50	24.50	24.50	28.34
Traffic control ²²	3.55	3.50	3.50	3.75	4.75	4.75	4.75	5.75	5.75	5.58
Total highway and streets	48.88	48.43	48.43	49.43	53.43	53.60	53.90	54.60	57.60	60.69
Sanitation ^{14, 22} -										
	42.42	42.22	42.22	43.22	47.22	48.22	51.22	51.22	53.50	58.00
Health and welfare -										
Community development projects/grants ²¹	0.50	1.25	0.75	0.75	0.65	1.10	2.65	1.33	4.52	4.55
Total health and welfare	0.50	1.25	0.75	0.75	0.65	1.10	2.65	1.33	4.52	4.55

(continued)

CITY OF TEMPLE, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table XVIII
(Continued)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cultural and leisure services -										
Golf course	15.77	18.13	18.13	19.16	19.16	19.16	19.16	19.16	19.41	19.41
Recreation ^{16, 17}	62.27	66.46	68.54	64.26	65.24	68.49	69.74	69.74	71.39	71.80
Library	28.65	28.65	28.15	28.15	28.15	28.15	28.15	27.65	28.15	28.15
Mayborn center ⁸	12.70	13.40	13.40	14.40	15.40	18.29	17.20	17.20	16.40	15.90
Parks	36.06	37.01	36.01	36.41	35.41	35.41	37.41	37.91	40.04	41.04
Parks & recreation administration services ^{15, 17}	5.75	5.75	6.23	6.75	6.75	6.75	6.20	6.20	2.52	3.02
Railroad museum ¹⁹	-	-	4.05	4.88	4.88	5.38	5.38	5.75	5.80	6.05
Tourism/Marketing ²⁰	1.60	1.60	1.85	1.85	1.85	2.60	2.60	2.60	3.75	4.25
Total cultural and leisure services	162.80	171.00	176.36	175.86	176.84	184.23	185.84	186.21	187.46	189.62
Airport -	14.38	14.38	14.38	14.38	13.38	14.38	13.38	13.38	13.38	13.38
Water and wastewater ^{8-9, 18, 23-30}	90.43	91.18	92.18	89.19	88.19	91.78	92.48	95.41	101.41	114.82
Totals	763.45	773.63	787.33	793.64	819.54	837.69	853.30	866.05	891.08	932.88

Source: City Budget Office

- 1 - In the budget process each position funded within the Federal/State Grant Fund is evaluated based on program needs and available resources. Therefore, personnel distributions amongst the divisions within the Federal/State Grant Fund will be adjusted accordingly each fiscal year. Several positions within Code Compliance are partially funded with Federal/State Grant Funds.
- 2 - In FY 2020, an additional Administrative Assistant I position was added to support the Assistant City Managers.
- 3 - In FY 2020, the Marketing & Communications Department was given their own budget. The following positions moved from City Manager to Marketing & Communications: Communications Manager, two Communications Specialists, Director of Marketing & Communications, Marketing Assistant and Public Relations Manager.
- 4 - In FY 2020, the Performance Excellence Department was given their own budget. The Director of Performance Excellence position moved from City Manager to Performance Excellence.
- 5 - In FY 2020, a Financial Analyst position and a Payroll Specialist position was added.
- 6 - In FY 2020, an Assistant Director of Human Resources position was created.
- 7 - In FY 2020, a Senior Project Manager position was added.
- 8 - In FY 2020, a Multi-Media Specialist position was created. This position was split funded - 55% General Fund (Marketing & Communications), 25% Water/Wastewater Fund (Public Works Admin), 15% Hotel/Motel Fund (Mayborn Center), and 5% Drainage Fund.
- 9 - In FY 2020, a Communication Specialist position was added. This position was split funded - 75% Water/Wastewater Fund (Public Works Admin) and 25% General Fund (Marketing & Communications).
- 10 - In FY 2020, a Performance and Analytics Manager position and a Safety Champion position was added.
- 11 - In FY 2020, a Senior Planner position that assists with Neighborhood Planning changed funding allocations. This position is funded 25% with Community Development Block Grant (CDBG) within the Federal/State Grant Fund and 75% within the Planning Department.
- 12 - In FY 2020, four Transform Temple Agent - Projects positions were added.
- 13 - In FY 2020, a Street Reconstruction Crew was added. The new crew added one Crew Leader position, two Equipment Operator I positions, and one Equipment Operator II position.
- 14 - In FY 2020, two additional Automated Route Operator positions were added - one to support the additional frontload route and one to support the additional rolloff route.
- 15 - In FY 2020, a part-time Administrative Assistant I position was reclassified to a full-time Administrative Assistant I position.
- 16 - In FY 2020, a part-time Administrative Assistant I position was added.
- 17 - In FY 2020, a Recreation Specialist position was reclassified to Program Coordinator. In addition to reclassifying the position, the funding allocation changed from 25% PARD Administration & 75% Recreation to 100% Recreation.

(continued)

CITY OF TEMPLE, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

- 18 - In FY 2020, the funding allocation for Director of Public Works changed to 20% Engineering, 10% Drainage, and 70% Public Works Administration.
- 19 - In FY 2020, one part-time Custodian & Maintenance Technician I position was reclassified to full time.
- 20 - In FY 2020, a Destination Marketing Manager position was added. Position will report to Marketing & Communications, but will be funded out of Hotel/Motel Fund.
- 21 - In FY 2020, an additional Code Compliance Officer was added.
- 22 - In FY 2020, a second Assistant Director of Public Works position will be created to support operations for Fleet Services, Solid Waste, and Transportation (Drainage, Streets, and Traffic Control). This position was split funded - 33% Solid Waste, 11% Traffic Control, 11% Streets, 33% Fleet Services, and 12% Drainage.
- 23 - In FY 2020, a Utility Compliance Coordinator position was added.
- 24 - In FY 2020, the funding allocation for City Engineer increased by 5% for Public Works Administration (from 30% to 35%).
- 25 - In FY 2020, an additional Maintenance Crew was added. The additional crew consists of one Crew Leader position, one Utility Technician I position and one Utility Technician II position.
- 26 - In FY 2020, a Utility Foreman for Specialty Distribution was added and one Irrigation Technician was funded out of Water Distribution.
- 27 - In FY 2020, a Crew Leader position for the Water Quality Control Crew was added.
- 28 - In FY 2020, two Water Maintenance Crews were added. Each crew consists of one Crew Leader position, one Utility Technician I position and one Utility Technician II position.
- 29 - In FY 2020, a Lead Water Operator position to focus on plant maintenance activities was added.
- 30 - In FY 2020, two additional Water Operator I positions were added to support the Water Quality Control Crew.

CITY OF TEMPLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table XIX

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government -										
Capital projects obligated	\$115M	\$110M	\$159M	\$186M	\$235M	\$251M	\$203M	\$249M	\$264M	\$289M
Total funds invested @ 9/30	\$91,702,563	\$112,611,694	\$145,606,448	\$119,314,561	\$165,743,994	\$159,839,429	\$163,789,917	\$183,092,888	\$180,183,000	\$175,862,578
Average return on investments	0.14%	0.14%	0.15%	0.15%	0.23%	0.42%	0.83%	1.63%	2.42%	1.43%
Public safety -										
Police:										
Noise violations	41	41	25	10	17	13	5	2	-	3
Speeding citations	9,126	7,349	8,458	8,204	7,137	9,310	8,548	5,738	9,296	4,362
Stop sign/light citations	795	708	685	851	651	637	576	402	861	610
Priority 1 calls	4 min 51 sec	4 min 43 sec	4 min 50 sec	4 min 43 sec	7 min 13 sec	6 min 44 sec	6 min 46 sec	5 min 32 sec	6 min 19 sec	6 min 22 sec
Priority 2 calls	13 min 56 sec	14 min 24 sec	14 min 27 sec	13 min 4 sec	12 min 34 sec	9 min 44 sec	11 min 35 sec	11 min 41 sec	12 min 39 sec	11 min 16 sec
Fire:										
Fire/EMS response time average (minutes)	5 min 6 sec	5 min 14 sec	4 min 11 sec	4 min 36 sec	4 min 44 sec	5 min 4 sec	4 min 22 sec	4 min 21 sec	4 min 57 sec	6 min 21 sec
Fire/EMS incidents responded to	12,548	12,334	13,851	13,044	13,010	12,659	13,133	12,986	10,960	12,781
% of one & two-family residential structure fires confined to room/structure of origin	60% / 90%	62% / 92%	86% / 87%	79% / 98%	86% / 97%	76% / 96%	63% / 92%	83% / 97%	83% / 98%	62% / 96%
Animal control:										
Animals handled	4,780	4,582	4,082	4,258	4,021	5,034	4,021	3,543	3,188	2,616
Animals euthanized	2,315	1,956	1,685	1,765	1,622	1,574	1,038	1,038	869	834
Animals adopted	1,862	2,008	1,830	1,710	1,719	1,822	1,719	1,824	1,748	1,307
Animals reclaimed by owner	538	596	526	668	619	612	619	582	482	463
Inspections:										
Permits issued ¹	4,584	4,855	6,106	6,097	7,286	9,094	9,148	8,510	9,071	10,259
Building inspections	8,934	13,837	15,396	12,595	13,475	15,549	17,053	20,238	19,324	24,470
Highways & streets -										
Street:										
New lane miles	7.9	4.0	8.7	7.0	13.0	17.5	8.9	18.9	28.1	7.9
Streets seal coated (lane miles)	15.0	64.0	-	-	-	-	-	-	-	-
Streets overlaid (lane miles)	-	-	52.0	62.0	50.3	26.9	27.1	27.0	-	-
Traffic signals:										
Signal lights repaired	312	330	390	460	383	580	441	571	598	192
Equipment upgraded by intersection	-	-	-	27	24	18	6	10	23	9
Engineering:										
Construction contracts administered/managed	17	Not Available	48	84	75	75	95	100	90	29
Construction/building plans & plats reviewed	586	Not Available	489	498	538	523	480	545	594	334
Health and welfare -										
Public service contracts	3	3	4	4	4	3	4	4	0	0
Sanitation -										
Number of residential customers	19,494	19,933	20,576	21,146	21,178	22,496	23,230	23,945	24,868	26,314
Number of commercial/industrial customers	2,055	2,001	1,984	2,004	1,905	2,025	2,082	2,094	2,082	2,088
Tons of garbage and bulk collected	79,590	81,697	84,088	84,417	83,614	88,097	91,443	95,145	104,923	98,274

* = Not available

(continued)

CITY OF TEMPLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table XIX
(Continued)

Function/Program	Fiscal Year									
Culture and leisure services -	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Parks:										
Ratio of acres maintained per maintenance staff employee	33.0	33.0	34.0	34.0	34.0	37.5	39.3	79.0	79.0	80.6
Park master plans designed	3	3	2	3	2	6	3	1	-	1
Park/city improvement projects completed	161	141	165	214	224	217	214	298	125	107
Leisure services:										
Number of classes offered	1,141	1,182	1,438	1,399	1,544	2,140	2,267	2,960	4,501	4,404
Overall customer satisfaction	99.4%	99.5%	98.0%	97.0%	97.0%	97.0%	95.0%	99.0%	99.0%	99.0%
Mayborn center:										
Number of room nights	8,030	9,200	6,550	12,210	14,180	15,490	13,197	14,680	15,194	9,757
Event days booked	266	305	306	330	336	322	282	235	226	218
Golf course:										
Number of rounds of golf played	6,642	29,654	32,081	29,990	32,081	24,334	26,202	19,400	25,812	27,753
Number of youth in 'Learn to Golf' program	144	176	126	161	126	220	170	181	212	-
Education:										
Circulation per capita	6.68	6.53	6.16	5.71	5.58	5.03	4.65	4.20	4.34	2.79
Library visits per capita	4.78	4.34	4.05	3.74	3.66	3.68	3.43	3.09	2.98	1.86
Airport -										
Airshow attendance	28,600	22,000	22,500	24,262	26,500	21,000	-	25,000	21,000	-
T-Hangers available / occupancy rate	86 / 100%	74 / 100%	74 / 100%	74 / 100%	74 / 100%	74 / 100%	74 / 100%	74 / 100%	74 / 100%	74 / 100%
Water/wastewater -										
Surface water treated (billions of gallons)	5.68	5.73	5.54	5.46	5.32	5.14	5.71	6.29	5.34	5.83
Number of active meters	23,245	23,802	24,616	25,226	25,953	26,765	27,435	28,214	29,140	30,718
Water billed (billions of gallons)	4.95	4.68	4.53	4.26	4.21	4.39	4.57	5.10	4.37	5.11
Wastewater billed (billions of gallons)	2.37	2.36	2.39	2.39	2.25	2.38	2.45	2.53	2.48	2.36
Average daily production of treated water in MG (millions of gallons)	15,551	13,965	15,086	14,950	14,400	14,000	15,360	16,567	14,510	16,150
Highest daily production of treated water in MG (millions of gallons)	27,047	24,655	22,982	23,800	25,200	26,970	26,410	31,330	30,881	32,812
Average cost of water treated per 1,000 gallons ^{2,4}	\$0.71	\$0.78	\$0.84	\$0.92	\$0.87	\$0.86	\$0.75	\$0.76	\$0.81	\$0.79
Water main breaks repaired	689	595	539	613	289	311	271	389	341	301
New water taps installed	444	646	873	629	837	893	823	897	850	1,760
Wastewater mains replaced (linear feet)	39,934	26,284	24,265	9,406	20,570	18,717	14,675	15,180	15,970	3,963
Average cost for wastewater treated per 1,000 gallons ³	\$1.08	\$0.98	\$1.09	\$1.05	\$0.82	\$0.82	\$1.09	\$1.06	\$0.86	\$1.25

* = Not available

Source: Data collected from various city departments for the budget.

¹ In FY 2015, permits issued were restated for FY 2013 and FY 2014.

² In FY 2018, average costs of water treated per 1,000 gallons was restated for FY 2017.

³ In FY 2019, the average costs for wastewater treated per 1,000 gallons was restated to include both wastewater treatment plants (Doshier and Temple-Belton).

⁴ In FY 2019, the average costs of water treated per 1,000 gallons was restated for FY 2010, FY 2012, FY 2014, FY 2015, and FY 2016.

CITY OF TEMPLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table XX

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety -										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants ³	2,831	2,889	3,111	3,368	3,441	3,500	3,500	3,700	3,801	3,900
Culture & leisure services -										
Parks & recreation:										
Park acreage developed	688	688	688	718	718	718	775	775	894	894
Park acreage undeveloped	109	109	109	109	109	396	403	403	416	416
Golf course	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	17	17	17	17	17	17	17	17	25	25
Football field	-	-	-	-	-	1	2	2	1	1
Tennis courts	16	16	16	16	14	14	11	10	19	19
Swimming pools/water park	5	5	5	5	5	5	5	5	5	5
Soccer fields	6	6	8	8	8	8	8	8	15	15
Picnic pavilions	26	27	27	27	26	28	31	32	32	32
Basketball courts	18	18	18	18	18	19	20	20	20	20
Playgrounds	39	40	41	41	41	41	41	47	49	49
Community centers	2	2	1	1	1	3	3	3	3	3
Recreation centers	3	3	3	3	3	3	3	3	3	3
Multi-use fields	8	11	9	8	8	8	8	7	8	8
Sand volleyball courts	2	2	2	2	2	2	3	3	3	3
Hike and bike trail miles	18	18	18	18	18	19	23	28	28	28
Extreme skate park	1	1	1	1	1	1	1	1	1	1
Disc golf course	2	2	2	2	2	2	2	2	3	3
Community garden	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Convention center	1	1	1	1	1	1	1	1	1	1
Education:										
Number of volumes	167,550	177,035	189,168	185,450	184,993	190,835	195,327	199,289	198,325	193,862

(continued)

**CITY OF TEMPLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

**Table XX
(Continued)**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Highways & streets -										
Paved streets (lane miles) ²	765.00	1,028.00	1,044.00	1,044.00	1,058.00	1,083.00	1,099.00	1,117.00	1,173.85	1,183.04
Unpaved streets (miles)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.68	1.31
Paved alleys (miles)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	9.94	10.01
Water and wastewater -										
Water:										
Water mains (miles)	600	600	600	594	599	608	613	628	642	652
Daily average production (MGD ¹)	15.551	13.965	15.086	14.950	14.400	14.000	15.360	16.570	14.510	16.150
Plant capacity (MGD ¹) ⁴	41.14	41.14	41.14	41.14	41.14	41.14	41.14	41.14	41.14	41.14
Number of service connections	23,245	23,802	24,616	25,226	25,953	26,765	27,435	28,214	29,141	30,718
Wastewater:										
Wastewater collection system lines (miles)	410	410	410	400	389	397	400	410	449	459
Number of lift stations	27	29	29	31	32	32	32	30	29	28
Daily average treatment:										
Doshier Farm (MGD ¹)	1.900	2.290	2.200	1.430	2.240	3.210	2.290	1.900	3.010	2.010
Temple-Belton WWTP (MGD ¹)	5.470	6.380	6.340	6.490	7.070	8.460	5.220	6.230	8.230	7.010
Maximum capacity of treatment plants:										
Doshier Farm (MGD ¹)	7.500	7.500	7.500	7.500	7.500	7.500	7.500	7.500	7.500	7.500
Temple-Belton WWTP (MGD ¹)	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Number of disposal plants	2	2	2	2	2	2	2	2	2	2
Number of service connections	19,791	20,206	20,826	21,386	21,983	22,757	23,489	24,232	25,142	26,545

¹ - MGD = million gallons daily

² - FY 2012, paved streets' total was restated from 1,607 lane miles to 1,028

³ - FY 2015, hydrants' total was restated from 3,500 to 3,368

⁴ - In FY 2017, plant capacity was restated from 41.40 to 41.14 for FY 2008 through FY 2016

Source: Data collected from various departments for the budget statistical section.

Table XXI

**CITY OF TEMPLE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
Last Ten Calendar Years**

Calendar Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate ⁽¹⁾	(8) Prior Service Portion of the TMRS Rate
2010 ⁽²⁾	\$ 59,088,284	\$ 96,482,373	61.2%	\$ 37,394,089	\$ 25,450,326	146.9%	14.69%	4.60%
2010 ⁽³⁾	102,715,806	132,228,203	77.7%	29,512,397	25,450,326	116.0%	15.39%	4.71%
2011	110,135,037	138,612,957	79.5%	28,477,920	26,260,983	108.4%	16.76%	5.57%
2012	118,079,941	144,378,679	81.8%	26,298,738	26,738,649	98.4%	17.51%	6.42%
2013	127,071,062	158,609,168	80.1%	31,538,106	27,491,028	114.7%	17.51%	6.34%
2014	136,099,382	164,924,797	82.5%	28,825,415	28,503,722	101.1%	17.50%	6.16%
2015	145,276,139	174,865,079	83.1%	29,588,940	30,081,165	98.4%	16.73%	7.06%
2016	153,186,312	184,073,312	83.2%	30,887,000	31,463,368	98.2%	15.85%	6.37%
2017	162,957,405	194,460,522	83.8%	31,503,117	32,939,866	95.6%	16.36%	6.18%
2018	171,285,542	205,052,180	83.5%	33,766,638	33,685,233	100.2%	16.48%	6.32%
2019	182,033,794	214,763,831	84.8%	32,730,037	35,459,280	92.3%	16.43%	6.33%

Source: Texas Municipal Retirement System

Note: In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

⁽¹⁾ This rate does not include the supplemental death benefit component of the total TMRS rate.

⁽²⁾ Prior to restructuring

⁽³⁾ Restructured

Table XXII

CITY OF TEMPLE, TEXAS
TEMPLE FIREFIGHTERS' RELIEF AND RETIREMENT FUND
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
Last Ten Fiscal Years

Fiscal Year*	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total Actual Contribution Rate
2010	\$ 33,272,723	\$ 43,373,453	76.7%	\$ 10,100,730	\$ 6,164,329	163.9%	14.93%
2011	-	-	-	Not Available	-	-	-
2012	34,400,736	45,148,511	76.2%	10,747,775	6,503,608	165.3%	14.93%
2013	-	-	-	Not Available	-	-	-
2014	39,633,562	50,613,335	78.3%	10,979,773	7,308,427	150.2%	15.20%
2015	37,387,617	53,217,119	70.3%	15,829,502	8,038,339	196.9%	15.21%
2016	39,862,402	56,277,136	70.8%	16,414,734	8,001,862	205.1%	15.21%
2017	42,702,404	58,704,181	72.7%	16,001,777	8,524,178	187.7%	15.27%
2018	44,243,769	60,626,595	73.0%	16,382,826	8,623,033	190.0%	15.31%
2019	45,569,953	63,028,830	72.3%	17,458,877	8,566,960	203.8%	15.26%

Source: Temple Firefighters' Relief and Retirement Fund

* Measurement date September 30

Table XXIII

CITY OF TEMPLE, TEXAS
ACTIVE AND RETIREE HEALTH CARE COSTS
Last Ten Fiscal Years

Fiscal Year	Total Health Care Expenses	Total Retiree Expense	Percentage Retiree Costs to Total	Active Members	Retirees Using City Health Care	Total TMRS Retirees	Total Firemen's Retirees	Percentage Retirees Using Plan to Total Members	Retiree Contributions	Net Subsidy of Retirees	Subsidy as Percentage of Total Expense	Cost per Active Member	Cost per Retiree
2011 ¹	\$ 2,883,066	\$ 478,695	16.6%	618	109	273	56	17.6%	\$ 312,355	\$ (166,340)	5.8%	\$ 3,891	\$ 4,392
2012	3,607,614	655,846	18.2%	636	109	302	60	17.1%	304,384	(351,462)	9.7%	4,641	6,017
2013	3,778,482	609,871	16.1%	559	106	319	63	19.0%	327,884	(281,987)	7.5%	5,688	5,754
2014 ²	3,835,827	483,487	12.6%	585	99	340	67	16.9%	327,376	(156,110)	4.1%	5,730	4,884
2015	4,228,885	489,387	11.6%	588	110	354	73	18.7%	342,249	(147,138)	3.5%	6,360	4,449
2016	4,595,754	506,246	11.0%	609	101	377	78	16.6%	361,625	(144,620)	3.1%	6,715	5,012
2017	4,737,595	513,254	10.8%	623	106	392	81	17.0%	368,197	(145,056)	3.1%	6,781	4,842
2018	5,556,880	570,723	10.3%	608	112	416	91	18.4%	423,038	(147,685)	2.7%	8,201	5,096
2019	5,693,986	584,085	10.3%	606	108	430	96	17.8%	452,939	(131,146)	2.3%	8,432	5,408
2020	5,480,354	522,951	9.5%	643	98	443	99	15.2%	383,559	(139,392)	2.5%	7,710	5,336
Total	\$ 44,388,443	\$ 5,414,544							\$ 3,603,607	\$ (1,810,937)		\$ 64,129	\$ 51,189
Average	\$ 4,439,844	\$ 541,454	12.7%	608	106	365	76	17.4%	\$ 360,361	\$ (181,094)	4.4%	\$ 6,413	\$ 5,119

Source: City records, Texas Municipal Retirement System and the Temple Firefighters' Relief and Retirement Fund.

¹ - In FY 2011, the City changed from a group health insurance plan to self funded plan for both employees and retirees.

² - In FY 2014, the City changed from self funded plan to a group health insurance plan for both employees and retirees.

AVERAGE DAILY TREATED WATER VS. AVERAGE DAILY TREATMENT CAPACITY

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Average Daily Treatment (MGD)</u>	<u>Average Daily Treatment Capacity (MGD) ¹</u>	<u>Peak Day Usage (MGD)</u>
2011	15.5510	41.14	27.05
2012	13.9650	41.14	24.66
2013	15.0860	41.14	22.98
2014	14.9500	41.14	23.80
2015	14.4000	41.14	25.20
2016	14.0000	41.14	26.97
2017	15.3600	41.14	26.41
2018	16.5670	41.14	31.33
2019	14.5100	41.14	30.88
2020	16.1500	41.14	32.81

Source: Public Works Administration Office

¹ - In FY 2017, average daily treatment capacity was restated from 41.40 to 41.14 for FY 2011 through FY 2016.

CITY OF TEMPLE, TEXAS
ANNUAL TREATED WATER VS. TOTAL AVAILABLE WATER
Last Ten Fiscal Years

Table XXV

Fiscal Year	Annual Treated Water (Acre feet)	Total Available Water (Acre feet)
2011	19,041	44,453
2012	15,699	44,453
2013	17,006	44,453
2014	14,775	44,453
2015	16,313	44,453
2016	15,767	44,453
2017	17,525	44,453
2018	19,315	44,453
2019	16,402	44,453
2020	18,436	44,453

Source: Public Works Administration Office

CITY OF TEMPLE, TEXAS
WATER AND WASTEWATER UTILITY SYSTEM
Schedule of Water Pumped to Town vs. Water Billed

Table XXVI

Fiscal Year	Water Pumped to Town (gals) ^{1, 2}	Water Billed (gals) ¹	City Usage (gals) ¹	% (Billed + City) vs Pumped	Water Revenues	% Increase (Decrease)	
						Water Revenues	Water Billed
2011	5,685,057	4,947,980	156,261	89.78%	\$ 17,784,551	22.94%	23.09%
2012	5,185,212	4,678,166	129,123	92.71%	16,948,961	-4.70%	-5.45%
2013	4,995,801	4,539,199	120,740	93.28%	16,968,854	0.12%	-2.97%
2014	4,814,440	4,260,031	106,503	90.70%	16,297,510	-3.96%	-6.15%
2015	4,824,441	4,213,140	97,517	89.35%	16,278,062	-0.12%	-1.10%
2016	4,922,493	4,391,601	91,018	91.06%	16,780,446	3.09%	4.24%
2017	5,636,190	4,568,607	96,354	82.77%	17,727,639	5.64%	4.03%
2018	6,067,268	5,100,503	120,257	86.05%	19,277,829	8.74%	11.64%
2019	5,361,078	4,372,084	85,722	83.15%	16,660,392	-13.58%	-14.28%
2020	5,893,446	5,105,281	156,720	89.29%	21,483,096	28.95%	16.77%

Source: Public Works Administration Office and Utility Business Office

¹ - Information is reported in thousands of gallons.

² - In FY 2019, the water pumped to town was restated for FY 2012, FY 2015, and FY 2018.

CITY OF TEMPLE, TEXAS
WATER AND WASTEWATER UTILITY SYSTEM
Schedule of Water Customers - Residential and Commercial / Wholesale

Table XXVII

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial ¹ / Wholesale</u>	<u>Total</u>	<u>Percentage Growth</u>
2011	20,517	2,728	23,245	1.64%
2012	21,035	2,767	23,802	2.40%
2013	21,828	2,788	24,616	3.42%
2014	22,430	2,796	25,226	2.48%
2015	23,097	2,856	25,953	2.88%
2016	23,860	2,905	26,765	3.13%
2017	24,496	2,939	27,435	2.50%
2018	25,277	2,937	28,214	2.84%
2019	26,142	2,999	29,141	3.29%
2020	27,633	3,085	30,718	5.41%

Source: Utility Business Office

¹ In FY 2019, commercial customers were restated from FY 2010 to FY 2018 to include wholesale customers.

AVERAGE DAILY TREATED WASTEWATER VS. AVERAGE DAILY TREATMENT CAPACITY
Last Ten Fiscal Years

<u>Fiscal Year</u>	Average Daily Wastewater Treated (MGD)			<u>Average Daily Treatment Capacity (MGD)</u>
	<u>Temple-Belton WWTP</u>	<u>Doshier</u>	<u>Total</u>	
2011	5.47	1.90	7.37	17.50
2012	6.38	2.29	8.67	17.50
2013	6.34	2.20	8.54	17.50
2014	6.49	1.43	7.92	17.50
2015	7.07	2.24	9.31	17.50
2016	8.46	3.21	11.67	17.50
2017	6.61	2.29	8.90	17.50
2018	6.23	1.90	8.13	17.50
2019	8.23	3.01	11.24	17.50
2020	7.01	2.01	9.02	17.50

Source: Public Works Administration Office

WATER AND WASTEWATER UTILITY SYSTEM

Schedule of Wastewater Customers - Residential and Commercial

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>	<u>Percentage Growth</u>
2011	17,704	2,087	19,791	2.04%
2012	18,101	2,105	20,206	2.10%
2013	18,715	2,111	20,826	3.07%
2014	19,259	2,127	21,386	2.69%
2015	19,823	2,160	21,983	2.79%
2016	20,582	2,175	22,757	3.52%
2017	21,284	2,205	23,489	3.22%
2018	22,033	2,199	24,232	3.16%
2019	22,906	2,236	25,142	3.76%
2020	24,264	2,281	26,545	5.58%

Source: Utility Business Office

CITY OF TEMPLE, TEXAS
WATER AND WASTEWATER UTILITY SYSTEM
Schedule of Water and Wastewater Rates

Table XXX

WATER RATES ¹	
Minimum Water Bill Service Charge by Meter Size	
5/8" or 3/4"	\$ 10.00
1"	\$ 16.00
1 1/2"	\$ 20.00
2"	\$ 64.00
3"	\$ 128.00
4"	\$ 200.00
6"	\$ 640.00
8"	\$ 1,120.00
10"	\$ 1,120.00
Water Volumetric Rates	
Straight Volumetric Rate (above 2,000 gallons)	\$ 3.70

WASTEWATER RATES ¹	
Minimum Bill Service Charge	\$ 16.00
Straight Volumetric Rate (above 2,000 gallons)	\$ 5.50

Source: Finance Department

¹ - Effective October 4, 2019 per Resolution No. 2019-9850-R

City of Temple, Texas
Top 10 Water Customers
For the year ended September 30, 2020

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Baylor Scott & White Hospital	244,885,800	\$ 1,003,910	4.46%	4.80%
City of Morgan's Point Resort *	187,793,800	703,957	3.13%	3.68%
City of Temple	156,720,200	739,555	3.29%	3.07%
City of Troy*	115,186,800	430,394	1.91%	2.26%
Panda Temple Power, LLC	103,131,900	388,648	1.73%	2.02%
Niagara	94,621,300	312,158	1.39%	1.85%
VA Hospital	79,737,700	319,709	1.42%	1.56%
Pactiv Corporation	71,500,400	285,598	1.27%	1.40%
Wilsonart International	60,959,300	243,527	1.08%	1.19%
Housing Authority	43,934,100	184,747	0.82%	0.86%
	1,158,471,300	\$ 4,612,203	20.50%	22.69%

* Wholesale customers

City of Temple, Texas
Top 10 Wastewater Customers
For the year ended September 30, 2020

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Baylor Scott & White Hospital	116,910,100	\$ 636,980	4.37%	4.95%
VA Hospital	64,408,700	350,803	2.41%	2.73%
Housing Authority	37,239,700	203,571	1.40%	1.58%
Pactiv Corporation	29,680,100	162,412	1.11%	1.26%
Wilsonart International	27,024,600	148,599	1.02%	1.14%
Niagara	26,894,400	121,081	0.83%	1.14%
Temple Public Schools	19,607,400	108,140	0.74%	0.83%
Dr Pepper Bottling	17,038,200	92,975	0.64%	0.72%
Meadow Village Apartments	14,784,100	80,904	0.55%	0.63%
City of Temple	12,776,800	75,345	0.52%	0.54%
	366,364,100	\$ 1,980,810	13.59%	15.52%

Source: Utility Business Office

**City of Temple, Texas
Insurance Coverage**

Table XXXII

Type of Coverage and Insurer	Amount of Coverage	Deductible Amounts ⁽¹⁾	Policy Expiration Date ⁽²⁾
Property:			
Building & Contents: Texas Municipal League	\$ 297,335,617	Real and Personal \$ 5,000	10/01/20
Fine Arts/Valuable Papers: Texas Municipal League	\$ 272,950	Fine Arts \$ 500	10/01/20
	\$ 1,600,000	Valuable Papers & Records: Includes EDP Media	\$ 5,000 10/01/20
Mobile equipment: Texas Municipal League	\$ 7,216,010	\$ 1,000	10/01/20
Portable Equipment: Texas Municipal League	\$ 300,000	Equipment \$ 1,000	10/01/20
Liability:			
Employee Dishonesty, Theft, Disappearance, & Destruction: Texas Municipal League	\$ 50,000	\$ 5,000 per event	10/01/20
Airport: Texas Municipal League	\$ 1,000,000	Premises \$ 0	10/01/20
	\$ 1,000,000	Products/ Completed Operations	\$ 0 10/01/20
	\$ 1,000,000	Hangar- Keepers-Each Aircraft	\$ 2,500 10/01/20
	\$ 1,000,000	Non-Owned- Each Occurrence	\$ 0 10/01/20
Cyber Liability & Data Breach (Computer Fraud)	\$ 50,000	Each Claim \$ 5,000	10/01/20
Error & Omissions: Texas Municipal League	\$ 50,000	\$ 5,000	10/01/20
General: Texas Municipal League	\$ 1,000,000	\$ 0	10/01/20

(Continued)

**City of Temple, Texas
Insurance Coverage**

**Table XXXII
(Continued)**

Type of Coverage and Insurer	Amount of Coverage	Deductible Amounts ⁽¹⁾	Policy Expiration Date ⁽²⁾
Liability (Cont'd):			
Auto:			
Texas Municipal League	\$ 1,000,000	\$ 0	10/01/20
Auto Physical Damage:			
Texas Municipal League	Per Schedule	\$ 10,000	10/01/20
Law Enforcement:			
Texas Municipal League	\$ 1,000,000	\$ 10,000	10/01/20
Bonds:			
Western Surety Company	\$ 500,000	Finance Director	03/03/20
Hartford Casualty Ins. Co	\$ 500,000	City Manager	12/20/20
Hartford Casualty Ins. Co	\$ 800,000	Each (4) Finance	10/01/20
Hartford Casualty Ins. Co	\$ 200,000	City Secretary	10/01/20
Worker's Compensation:			
Texas Municipal League			10/01/20

Source: City of Temple Legal Department

⁽¹⁾ Per occurrence, unless noted.

⁽²⁾ Policies are renewed annually or replaced with similar coverage.

MISCELLANEOUS STATISTICAL DATA

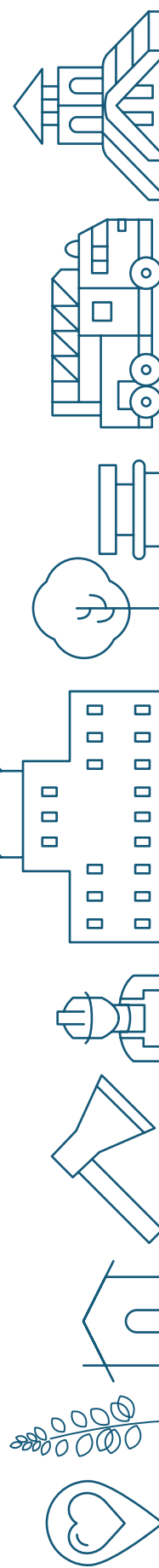
2020 Population.....	84,613 ¹	Rainfall:	
2020 Assessed Value.....	\$5,568,368,176	Wettest Month.....	May / 3.48"
Median Age.....	33.9	Driest Month.....	July / 0.92"
Median Household Income.....	\$55,792	Average Annual Rainfall.....	26.49"
Total Employment in Temple.....	33,225	Only Health & Bioscience District in Texas	
Total Labor Force in Temple.....	35,583	Baylor Scott & White Hospital	
City Total Square Miles.....	76.47	Only Level I Trauma Center between Dallas and Austin	
Developable Land Remaining.....	11,987 acres	McLane Children's Hospital Scott & White	
Agricultural.....	7,890 acres	Only acute care pediatric hospital between Dallas and Austin	
Heavy/Light Industrial.....	2,296 acres	80% of Texas' population is within 180 miles of Temple	
Various Commercial.....	686 acres		
Various Residential.....	1,115 acres		

Housing Units:

Owner Occupied.....	54.6%
Renter Occupied.....	45.4%
Vacant.....	10.2%
Average Home Sale Price.....	\$195,916
Average Temperatures in January.....	HI: upper 50's LOW: upper 30's
Average Temperatures in July.....	HI: upper 90's LOW: lower 70's
Average Annual Temperature.....	66.6 degrees

1 - 2020 Population based on new residential water customers multiplied by 2010 Census data of average household size of 2.47.

Sources: 2010 United States Census, Temple Economic Development Corporation, Texas Work-force Commission, Texas Labor Market Information, Weather Base and the City of Temple.



MISCELLANEOUS STATISTICAL DATA

Form of government.....	Council - Manager, July 8, 1922
Date of original public sale of town lots.....	June 20, 1881
Original charter, special.....	March 27, 1907
Amendment to charter.....	August 5, 1919
Second charter, home rule city.....	July 8, 1922
Amendment to charter.....	April 7, 1926
Third charter, present.....	September 23, 1953
Amendment to charter.....	October 23, 1967
Amendment to charter.....	April 2, 1977
Amendment to charter.....	January 20, 1990
Amendment to charter.....	May 4, 1996
Amendment to charter.....	May 6, 2000
Amendment to charter.....	November 4, 2014

GOVERNMENT

LAND USE SQ. MILES

Agriculture.....	27.08
Commercial/Industrial	23.41
Mixed use.....	0.35
Residential.....	20.67



AIRPORT

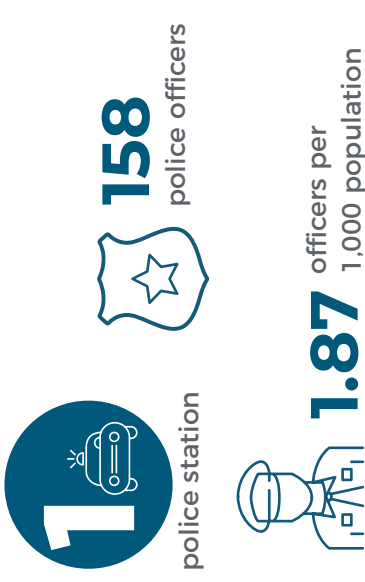
7,000ft

full precision approach runway and 4,740' RNAV approach crosswind runway serving general aviation and military aircraft

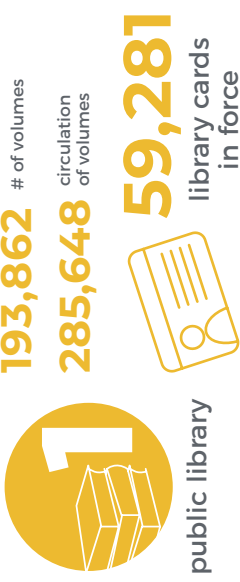
FIRE PROTECTION



POLICE PROTECTION



LIBRARIES



MISCELLANEOUS STATISTICAL DATA

Park acreage developed.....	894
Park acreage undeveloped.....	416



1

golf course



25

baseball & softball fields



1

football fields



4

swimming pools



19

tennis courts

PARKS & RECREATION

Soccer fields.....	15
Picnic pavilions.....	32
Basketball courts.....	20
Playgrounds.....	49
Community center.....	3
Recreation center.....	3
Multi-use fields.....	8
Sand volleyball courts.....	3
Trail miles.....	27.74
Extreme skate park.....	1
Disc golf course.....	3
Family water park.....	1
Splash pads.....	4
Community garden.....	1
Museum.....	1
Convention center.....	1

UTILITIES

Miles of water mains.....	652 miles
Daily average water treatment.....	16.15 MGD
Water treatment plant capacity.....	41.14 MGD
Number of water service connections.....	30,718
Source of water.....	Surface water
Miles of wastewater collection system lines.....	459 miles
Number of lift stations.....	28
Daily average wastewater treatment:	
Doshier Farm WWTP.....	2.01 MGD
Temple-Belton WWTP.....	7.01 MGD
Maximum capacity of treatment plants:	
Doshier Farm WWTP.....	7.5 MGD
Temple-Belton WWTP.....	10.0 MGD
Number of wastewater treatment plants.....	2
Number of wastewater service connections.....	26,545

*MGD—Million gallons daily

STREETS

Paved streets.....	1,183.04 lane miles
Unpaved streets.....	1.31 miles
Paved alleys.....	10.01 miles
Unpaved alleys.....	72.5 miles

(all figures are approximate)

TRAFFIC CONTROL

Traffic signals.....	76 signals
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MISCELLANEOUS STATISTICAL DATA

Temple Independent School District

Senior high schools.....	2
Number of students.....	2,390
Middle schools.....	3
Number of students.....	1,881
Elementary schools.....	8
Number of students.....	3,761
Early childhood academy.....	1
Number of students.....	369
Alternative education program.....	1
Number of students.....	24

Private Schools

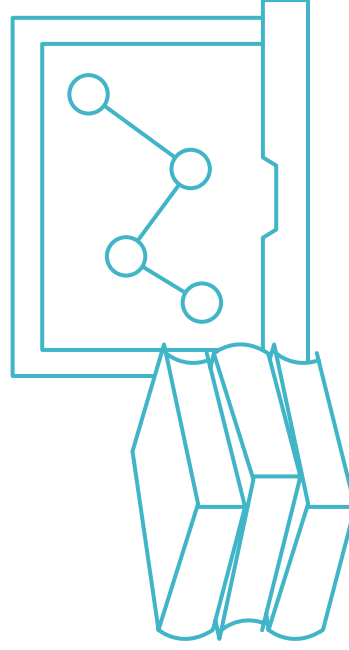
Central Texas Christian School (Pre K - 12th grade)	
Holy Trinity Catholic School (9th - 12th grade)	
Immanuel Lutheran School (Pre K - 8th grade)	
St. Francis Episcopal School (Pre K - Kindergarten)	
St. Mary's Catholic School (Pre K - 8th grade)	
Montessori Schools of Central Texas (Pre K - 5th grade)	

Temple College

Number of classrooms & labs.....	190
Number of administrative personnel.....	60
Number of full-time professors.....	131
Number of full-time students.....	1,864
Number of part-time students.....	2,961
Population served.....	208,195
Counties served.....	3
(East Bell, Milam and East Williamson Counties)	
Annual budget	\$45,643,423

Higher Educational Institutions (within 75 miles of Temple)

Austin Community College
Baylor University
Central Texas College
Concordia University Texas
Hill Junior College
Huston-Tillotson College
McLennan Community College
St. Edward's University
Southwestern University
Tarleton State University
Temple College
Texas A&M University
Texas State Technical College
The University of Texas at Austin
University of Mary Hardin-Baylor



MISCELLANEOUS STATISTICAL DATA



- Baylor Scott & White Medical Center—Temple
- Baylor Scott & White McLane Children’s Medical Center Baylor
- Scott & White Continuing Care Hospital
- Baylor Scott & White Pavilion
- Veteran’s Administration Hospital

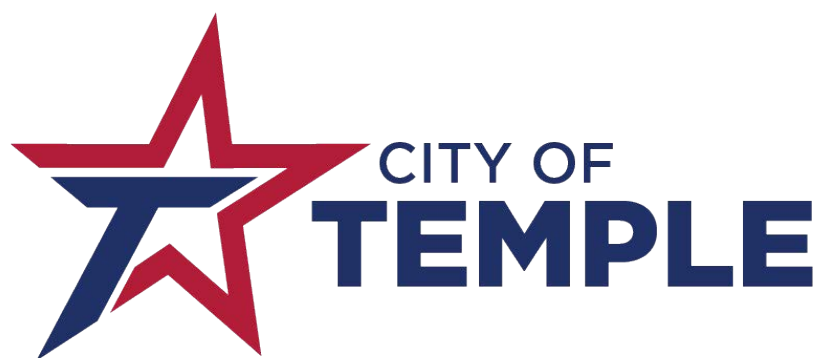
BOND RATING

General Obligation (G.O.) Debt

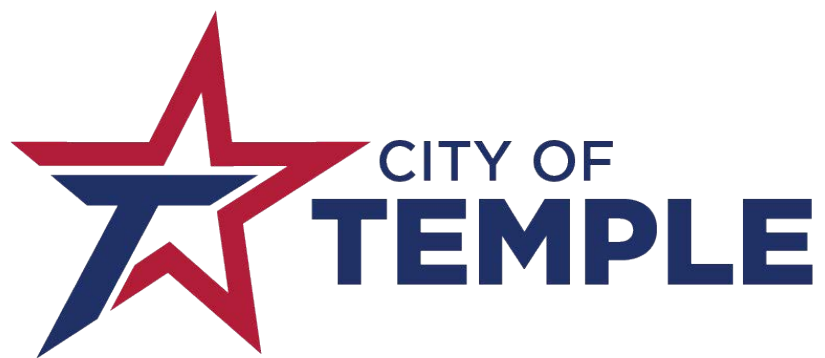
Moody’s Investors Service..... Aa2 Rating
Standard & Poor’s..... AA Rating

Utility System Revenue Debt

Moody’s Investors Service..... Aa2 Rating
Standard & Poor’s..... AA Rating



Compliance Section



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and
Members of the City Council
City of Temple, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Temple, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Temple, Texas
February 2, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and
Members of the City Council
City of Temple, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Temple, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Temple, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Temple, Texas
February 2, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued was unmodified.

Internal control over financial reporting:

Material weakness(es) identified:	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified:	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified:	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified:	<u> </u> yes	<u> X </u> no none reported

Type of auditors' report issued on compliance for major programs was unmodified.

Any audit findings disclosed that are required to be reported in accordance with
2 CFR 200.516(a)?

<u> </u> yes	<u> X </u> no
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Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund

Dollar threshold used to distinguish between
type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

<u> X </u> yes	<u> </u> no
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Section II-Financial Statement Findings

There were no findings and no matters were reported.

Section III-Federal Award Findings and Questioned Costs

There were no findings and no matters were reported.