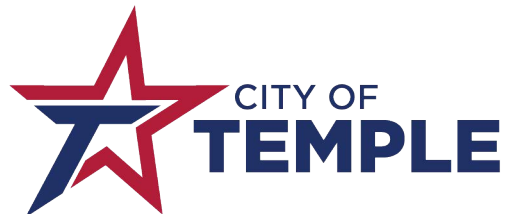


Annual Comprehensive Financial Report



City of Temple, Texas

**For the year ended
September 30, 2022**

**Prepared by:
Finance Department**

**Traci L. Barnard, CPA
Director of Finance**

**Melissa Przybylski, CGMA, CPA
Assistant Director of Finance**

**Stacey Reisner, CGMA, CPA
Treasury & Debt Division Director**

**Jennifer Emerson, CGFO
Budget Division Director**

**Veronica Hernandez
Accountant I**



**CITY OF TEMPLE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended September 30, 2022**

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INTRODUCTORY SECTION







March 2, 2023

Honorable Mayor and City Council
City of Temple
Temple, Texas

Dear Council Members:

The Annual Comprehensive Financial Report (ACFR) of the City of Temple, Texas (the City) for the fiscal year ended September 30, 2022, 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, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's 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.

Although a legally separate entity, Temple Revitalization Corporation (TRC) is considered a blended component unit and the entity's financial information is reported within the City's financial statements as if it were a part of the City. Therefore, TRC is reported as a special revenue fund and does not issue separate financial statements.

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

After experiencing the initial impact of COVID-19 pandemic during fiscal year 2020, the City prepared for fiscal year 2021 operations in a different manner. The guarded mindset of fiscal year 2021 operations slightly carried over into fiscal year 2022 due to the continued uncertainty of the effects of the COVID-19 pandemic. While trying to respond to the needs and desires of the community still reeling from the pandemic, the City had to make several difficult choices in regard to operations and services being offered. Fortunately, the City did not experience 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 remnants of the COVID-19 pandemic. Significant new construction permits of \$ 1,345,044,274 for FY 2022 underscore the continued steady expansion of our residential base. Sales tax receipts of \$ 32,579,840 show an increase of 14.89% over fiscal year 2021. Local unemployment is currently 3.80%, representing one of the lowest rates in the State of Texas.

In FY 2022, the City experienced a 9.30% increase in taxable assessed property value to bring the current value to \$ 6,086,377,782. The census figures for 2020 of 82,073 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:

- 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 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 completed in December 2022, creating an additional 21 jobs. The City has entered into a tax abatement agreement with Niagara Bottling.
- In March 2022, Meta, formerly the Facebook company, announced their plan to invest \$ 800,000,000 in the creation of a Hyperscale Data Center in Temple. The new facility, which will total approximately 900,000 square feet when completed, will be located on 393 acres off NW H K Dodgen Loop and Industrial Boulevard, and will support approximately 100 direct operational jobs and 200 full time contract employees in the community. The project is expected to employ 1,250 construction workers onsite during peak construction, which began in Spring 2022. In December 2022, Meta announced a pause in their construction of the Temple Data Center to respond to shifts in technology in the Artificial Intelligence space.

The Temple Data Center project will provide economic benefits to the City by stimulating economic growth within the region and as such, the City has entered into the following agreements with the company:

- a Tax Abatement Agreement which will abate a percentage of the increases in the taxable value of certain real and personal property located on an approximately 399.2-acre site at the southeast corner of Industrial Boulevard and Loop 363 and designated as City of Temple Tax Abatement Reinvestment Zone Number 43,
 - an Economic Development Agreement to construct or cause the construction of and equip one or more new data centers and/or other facilities used to house, and in which are operated, computer systems and associated components, including accessory uses on an approximately 399.2-acre site at the southeast corner of Industrial Boulevard and Loop 363, and
 - a Water and Wastewater Agreement with Polmer LLC to provide continuous and adequate potable water supply and water-carried wastes services and infrastructure to support the Project.
- FedEx Ground will open a new 250,000 square foot distribution center in 2023. The \$ 40,000,000 investment is located on a 52-acre lot in the Temple Industrial Park between NW H.K. Dodgen Loop and Trino Road and is projected to create 200 new jobs.
 - In June 2022, H-E-B, the San Antonio based supermarket chain, announced they were expanding their distribution facility in Temple with a new automated frozen distribution line. The current facility will be expanded by 325,000 square feet and will add over 100 jobs to the local economy. Construction is slated to be complete by 2024.
 - Paints, coating, and specialty materials manufacturer PPG announced in August 2022 would be investing \$ 9,000,000 in its Temple facility near the NW H K Dodgen Loop in order to expand its existing adhesives and sealants product line. The expansion of the product line will add 12 jobs to its existing operations.
 - Reynolds Consumer Products will invest \$ 7,000,000 to add new production lines to its existing facility and create 30-40 jobs in the community. This expansion comes only a few years after Reynold's 2018 investment of \$ 3,200,000 to upgrade its plastic film production line, which added 10 jobs to its Temple operations.

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 52 hospitals, more than 800 patient care sites, more than 7,300 active physicians, 49,000 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 fifteen 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 1,170 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 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, 2022, a total of \$ 487,879,261 has been allocated for various capital projects including such improvements as water and wastewater 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 2022, several major capital projects were underway or have been completed such as completion of Adams & Central Avenue bicycle and pedestrian improvements, 41st Street wastewater improvements, Pepper Creek Storage Tank, phase one construction associated to Temple-Belton Wastewater Treatment Plant expansion, improvements to several parks (to include Prewitt Park, Jones Park, and Wilson Park), pump station at Sammons Golf Course, 1st floor renovations at City Hall, remodel of Fire Station #5, interior and exterior preservation of Clarence Martin Recreation Center, as well as various waterline and wastewater line replacements.

The FY 2022 Budget included \$ 10,402,829 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 \$ 7,622,000 of Reinvestment Zone infrastructure improvements. In accordance with current fiscal and financial policies, \$ 2,780,829 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 2021-22 and the preceding four fiscal years is reflected in the following table:

Purpose	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund	\$ 0.3030	\$ 0.3000	\$ 0.3097	\$ 0.2982	\$ 0.3142
Debt Service	0.3370	0.3525	0.3630	0.3630	0.3630
Total Tax Rate	<u>\$ 0.6400</u>	<u>\$ 0.6525</u>	<u>\$ 0.6727</u>	<u>\$ 0.6612</u>	<u>\$ 0.6772</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 2021-22, the City's payment to the Appraisal District for tax collection and appraisal services was \$ 414,900, an increase of \$ 27,362 from the amount paid by the City in FY 2020-21.

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 9-30-22 (Net of Debt Service)	\$ 279,575,792
Estimated Population	89,112
Net Bonded Debt per Capita	\$ 3,137
Net Bonded Debt per Assessed Value	4.59%

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:

\$ 31,317,385 in letters of credit from the Federal Home Loan Bank of Dallas

\$ 10,362,000 in letters of credit from the Federal Home Loan Bank of San Francisco

\$ 5,031,631 in government securities at fair value held at the Federal Home Loan Bank of Dallas

\$ 15,448,460 in government securities at fair value held at the Federal Reserve Bank of Boston

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, 2022, the weighted average maturity of the City's investment portfolio was 23.73 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 2.25% at September 30, 2022, which was above the average rolling T-bill yield of 2.76%.

As of September 30, 2022, the City's cash and investment resources were divided between cash on hand of \$ 17,750, deposits of \$ 53,322,245, and investments of \$ 225,033,931.

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 2023 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 fourth year we have presented the annual budget in the context of a multi-year business plan. Through this 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.

The multi-year planning framework of our Business Plan allows us to be flexible and responsive to changing circumstances while maintaining the focus on our intentionally planning for the future.

City Manager's Highlights

The focus of the FY 2023 Budget is on enhancing 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 five 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 2023, the Budget totals \$ 255,586,996 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 2023 Budget Financial Highlights by Fund

General Fund Revenues - Total revenues for the FY 2023 General Fund Budget are presented at \$ 103,304,453 an increase of 15.37% as compared to the FY 2022 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 2023 Budget, property tax accounts for 21.21% 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 61.30¢ per \$100 valuation, which is a decrease of 2.70¢ as compared to FY 2022 tax rate of 64.00¢.

This rate is based on a certified appraised value of \$ 7,360,078,454 (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 28.63¢ for the M&O rate and 32.67¢ 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 2023 Budget, sales tax is projected to account for 32.43% of the General Fund budgeted revenues. The FY 2023 Budget estimates \$ 33,500,000 in sales tax revenue, a 19.79% increase in sales tax revenue over budgeted FY 2022 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 15.29% of total General Fund revenues. \$ 15,798,031 in solid waste revenue is projected for FY 2023, representing a 12.11% increase from the FY 2022 solid waste revenue adopted budget of \$ 14,091,121. A temporary fuel surcharge of \$1.25 per month is being proposed for residential services, as well as an approximate 5% temporary fuel surcharge per month for commercial services.

General Fund Expenditures - Total expenditures for the FY 2023 General Fund Budget are presented at \$ 107,621,647, an increase of 15.59% compared to the FY 2022 Adopted Budget.

Water and Wastewater Fund - Total revenues for the FY 2023 Water and Wastewater Fund Budget are presented at \$ 54,205,238, an increase of 16.15% compared to the FY 2022 Adopted Budget. Total expenditures for the FY 2023 Water and Wastewater Fund Budget are presented at \$ 54,205,238, an increase of 16.15% compared to the FY 2022 Adopted Budget. A rate adjustment of approximately 3.86% is being proposed for water rates, as well as an approximate 13.83% rate adjustment for wastewater rates.

Hotel/Motel Tax Fund - Total revenues for the Hotel/Motel Fund Budget are presented at \$ 2,803,155, an increase of 28.44% compared to the FY 2022 Adopted Budget. 12.45% of the Hotel/Motel revenues are from the operations of the Frank Mayborn Center. Expenditures for the Hotel/Motel Fund Budget are presented at \$ 2,978,155, an increase of 36.46% compared to the FY 2022 Adopted Budget

Federal and State Grant Fund - Total revenues and expenditures for Federal and State Grant Fund Budget are presented at \$ 682,794, an increase of 3.55% compared to the FY 2022 Adopted Budget. Total revenues include the award of the Community Development Block Grant (CDBG) and the anticipated award of \$ 111,309 for the Crisis Assistance grant.

The allocation of CDBG funds are as follows:

- Housing Improvement Program - \$ 271,530
- General Administration - \$ 114,297
- Neighborhood Revitalization Program - \$ 91,405
- Homelessness & Mental Health Program - \$ 54,253
- Projects - \$ 40,000

Drainage Fund - Total revenues and expenditures are presented at \$ 3,062,053, a 2.93% increase from prior year. These revenues are based on rates that remain unchanged from current year.

FY 2023 – FY 2028 Financial Plan

The Financial Plan links the City’s strategic focus areas to a multi-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 five strategic focus areas, estimates available revenue over the multi-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 an additional Business Data Analyst (FY 25) and an Innovation Analyst (FY 28). The additions will help support the implementation of our 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 residents.

These positions, along with a proposed Accreditation Coordinator position (FY 27) in the Police Department, will also 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.

A Customer Service Champion (FY 25) position is also proposed 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 an FBO Manager (FY 23; a new addition) and two Customer Service Representative positions (FY 23) is included in the Financial Plan to implement the Fixed Base Operation (FBO) Strategic Business Plan and provide professional customer service at the Temple Airport in support of the proposed new executive terminal facility.

Additional Administrative Assistant positions are proposed in Public Works (FY 23; a new request and FY 27; a new request), Fire Department (FY 24; accelerated from FY 25), Police Department (FY 24), Parks and Recreation (FY 24; a new request), Transform Temple (FY 24; a new request), and Municipal Court (FY 26). An Office Assistant position (FY 27; a new request) is proposed in the Fire Department.

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 police records management software (FY 23);
- replacement police and fire mobile data laptops (FY 25);
- a new document management system (FY 25); and
- a traffic intersection video surveillance and advanced license plate recognition system (FY 25, FY 26, FY 27).

The Financial Plan also recommends the addition of a Network Support Technician (FY 25) and a Technical Trainer (FY 25), to provide the staff resources necessary to implement and maintain these systems, as well as a Technology and Smart City Master Plan (FY 24, a new addition).

The replacement of the network edge switch (FY 24) and the Mitel phone switch (FY 28; decelerated from FY 24) is also recommended 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 a Facility Master Plan for each of our city-owned facilities (FY 23), allocates approximately \$ 1.4 million towards facility improvements, and adds Building Improvement Technician in Facility Services (FY 24).

The Financial Plan allocates approximately \$ 17.3 million in capital equipment purchases and replacements throughout the multi-year plan and recommends the addition of an Automotive Technician II (FY 24). Funding is also included for 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 a Human Resource Generalist (FY 27) position, a Human Resource Benefits Administrator (FY 24, accelerated from FY 25), a Recruiting & Outreach Coordinator (FY 23, accelerated from FY 24), and an Employee Experience Champion (FY 24; accelerated from FY 26)

to provide the staffing resources necessary to attract, retain, and develop talented employees. The Financial Plan includes an allocation to develop and implement a Leadership Succession Plan (FY 25) and proposes a Dependent Care Account contribution for employee childcare (FY 23, a new addition).

The Financial Plan includes an allocation to conduct and implement compensation studies for public safety employees (FY 24, FY 26, FY 28) and general government employees (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 Efficient, Transparent, 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 three Accountants (FY 23, FY 26, FY 28) in the Finance Department to provide the resources necessary to ensure financial excellence.

Open and Responsive Communication with our Community

Expanding opportunities for communication and engagement with our community is critical to our work of building strong community connections and enhancing access to services in the community.

Funding for the expansion of the Marketing and Communications Department is proposed in the Proposed Financial Plan to invest in the resources necessary to ensure strong communication.

The Financial Plan includes two Marketing Specialists (FY 23, FY 25), a Community Engagement Specialist (FY 26), a public safety focused Public Relations Coordinator (FY 26), and a Webmaster

(FY 26). These proposed staff additions will provide the resources necessary to implement a city-wide Marketing, Communication, and Engagement Plan. Funding for an overall increase to our marketing and communications resource budget is recommended in the Financial Plan. Funding to continue to conduct regular resident surveys (FY 23, FY 24, FY 26) is also proposed.

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 race, color, religion, sex, national origin, age, socioeconomic status, or disability - 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 our community.

We recognize that the City has a significant role to play in the transformational change that is needed, and the Financial Plan includes resources to implement the City’s newly established Diversity, Equity, and Inclusion program including the addition of two Equity Coordinator positions (FY 25, FY 26).

Empowered Community Leaders who Foster Collaboration, Engagement, and Participation

Temple's leaders are committed to cultivating a collaborative approach to governance by proactively engaging with other governmental officials, key stakeholders, educational partners, and community organizations.

A new Government Relations Manager (FY 25) is proposed to help coordinate, develop, and implement the City's intergovernmental relations program and represent the City's interests with various government agencies and officials. This position will work as an advocate of the City's positions on issues before the U.S. Congress, State Legislature, and regional government boards, as well as developing Temple's relationship with other key stakeholders, educational partners, and community organizations.

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 two Chemical Spray Technicians (FY 23, FY 24; a new request) and adds a new Events Crew (FY 23; a new request) to provide support for special events and seven additional Maintenance Workers (FY 24, FY 26, FY 27) to maintain our park system. An additional Recreation Specialist position (FY 25; a new request) is also recommended to help support after school programming, an Assistant Golf Professional position (FY 25; a new request) is recommended to help provide additional management support for Sammons Golf Course, and a Maintenance Technician position (FY 24) is recommended to support the Santa Fe Depot and Railroad and Heritage Museum. The plan also recommends an additional Food and Beverage Specialist (FY 23) at the Mayborn Conference Center.

A new park ranger program is also proposed including the addition of a Lead Park Ranger (FY 26) and three Park Ranger positions (FY 26, FY 27).

An allocation of \$ 75,000,000 for a Places and Spaces Capital Improvement Program that would fund improvements, replacements, and upgrades in our parks and neighborhood planning districts is included in the Financial Plan and is proposed as a certificate of obligation program.

A Parks and Recreation Departmental Strategic Plan is recommended (FY 23; accelerated from FY 24) as well as a Hillcrest Cemetery Master Plan (FY 24; accelerated from FY 25) and funding for repairs and maintenance of roads and drainage at Hillcrest Cemetery (FY 24, FY 25). A Strategic Plan for the Summit Recreation Center is also proposed (FY 24).

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. The plan also recommends a Sports Marketing Specialist (FY 24) to help increase sporting events and related tourism.

The replacement of the Library Bookmobile (FY 23) is proposed as well as the addition of a Librarian (FY 25; a new request) and a Library Assistant (FY 26; a new request).

An additional Parking Enforcement Official (FY 23) and two additional Transform Temple Agents (FY 24) are recommended in the Financial Plan to help implement the Downtown Parking Action Plan and manage the public parking system in Downtown Temple.

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 Financial Plan recommends the continuation of a neighborhood planning program focused initially on the eighteen neighborhoods that form the core of our community. The proposed 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 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 recommends additional positions to help provide the staffing resources necessary to develop and implement our neighborhood planning programs including an additional Resource Coordinator (FY 25) focused on housing and a Grant Coordinator (FY 24) position to help us maximize grant funding opportunities.

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 proposed for funding throughout the multi-year plan include housing improvements, neighborhood revitalization, homelessness and mental health programs, and other community development projects.

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 for fiscal year 23 and \$ 160,000 per year for the remaining years in the plan.

The Financial Plan allocates funding for a Social Navigator position (FY 23; accelerated from FY 26) to assist in the implementation of the action items identified in the Mental Health and Homelessness Strategic Plan that is currently underway and to improve access to existing programs and resources for vulnerable populations and help identify solutions to address homelessness, mental health, poverty issues, and other high priority human service needs.

The plan recommends approximately \$ 637,600 in start-up funding for the newly created Temple Revitalization Corporation as part of the City's Community Development Program. This funding will provide necessary support services such as legal and professional fees and website development, as well as provide funding for the creation of development plans and for strategic property acquisition.

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 26), a Permit Technician (FY 23; accelerated from FY 25), and a Combination Building Inspector (FY 23; accelerated from FY 27) in the Planning and Development Department and a Plan Reviewer (FY 23; accelerated from FY 25) in the Fire Department.

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

The addition of a Business Navigator (FY 26) position is also proposed 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. The recently updated Comprehensive Plan lays the groundwork for the future development of our community. Funding is 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 continued funding for our mobility capital improvement program with a total of \$ 93,550,000 in mobility related projects identified in the proposed capital improvement program. Included in the \$ 93,550,000 is an allocation of \$ 50,000,000 for a continuation of the Mobility Capital Improvement Program 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 recently completed Mobility Master Plan. The plan also includes a placeholder for expanding transit routes and services as recommended in the Mobility Master Plan.

The City recently completed the development of a Network Pavement Management System. This program is designed to preserve and extend the useful life of paved surfaces throughout the city by providing the necessary level of maintenance needed for the transportation infrastructure in which we have invested. The City of Temple maintains approximately 450 miles of paved roadways, which make up our pavement network system. Pavement management is a systematic approach to extending the life of our pavement network by planning, funding, designing, constructing, monitoring, evaluating, maintaining, and rehabilitating our streets. Repairing streets when they are still in fair condition ultimately costs less over their lifetime than waiting to repair roads that have fallen into poor condition. In other words, the proactive approach of routine pavement management means less money wasted on frequent roadway reconstruction, and a potential savings of millions of dollars. The Financial Plan recommends increasing our allocation for routine pavement maintenance program by \$ 250,000 per year beginning in fiscal year 2024 until we reach the optimum funding level of \$ 1,750,000 per year.

Six new transportation-related maintenance crews are also proposed as part of the Financial Plan. Additional crew proposals include a Concrete Crew (FY 23; accelerated from FY 25), an Alley and Right-of-Way Crew (FY 25; decelerated from FY 24), a Street Patching Crew (FY 26), a Forestry (tree trimming) Crew (FY 26; a new request), a Sign Crew (FY 27), and a Street Reconstruction Crew (FY 28; a new request). The Financial Plan also recommends the implementation of an annual pavement marking maintenance program (FY 24), the addition of a Traffic Signal Maintenance Technician (FY 25; accelerated from FY 26), and two additional Equipment Operator positions (FY 27; a new request) to support our drainage maintenance program.

We are currently in the process of finalizing a Drainage Study and Comprehensive Modeling Assessment. An expansion to the Drainage Capital Improvement Program is anticipated following the full completion of the study. 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. A Drainage Rate Study will also be conducted to determine capital project capacity and funding options.

The City has invested almost \$ 179,000,000 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 \$ 150,450,000 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 26) position is proposed in Engineering in order to provide project management support for our extensive capital improvement programs.

Three additional water maintenance crews (FY 25, FY 27, FY 28) are proposed 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 (FY 26, FY 28) are also proposed 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.

Two additional Water Operator positions (FY 24; a new request) are recommended to support the new Membrane Water Treatment Plant expansion.

An Assistant Director for the Water Treatment Plant (FY 23; accelerated from FY 24) and a Foreman position (FY 28; a new request) are also recommended to be added to provide additional management resources to the Public Works Department.

The Financial Plan also recommends the addition of a Meter Technician (FY 26) position and two Environmental Program Technician (FY 24; decelerated from FY 23, FY 28) positions.

Funding for additional Solid Waste and Recycling routes is also proposed in the Financial Plan. These route additions are intended to maintain service levels in the midst of the growth of our community.

Additional residential garbage and recycling routes are recommended in fiscal year 2026. Additional commercial frontload routes are recommended in fiscal years 2025 and 2028. Additional brush and bulk routes are recommended in fiscal years 2024 and 2027. Additional commercial roll-off routes are recommended in fiscal years 2023, 2025, and 2027.

The Financial Plan also recommends the addition of a Recycling Assistant (FY 24) and recycling trailers to implement a multi-family recycling program (FY 25; accelerated from FY 26), two additional Maintenance Worker position (FY 24, FY 26), a Heavy Duty Auto Technician (FY 24) to help with routine maintenance of the Solid Waste fleet, two additional Customer Service Representative (FY 23; accelerated from FY 24, FY 27), three swing Solid Waste Driver positions (FY 24, FY 28), and the addition of a Litter Crew (FY 26).

A Safe and Healthy Community

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

The Financial Plan recommends adding a total of 33 sworn police officer positions and six civilian positions to add the resources necessary for our Police Department to provide enhanced response capacity; a consistent, visible police presence in our community; and build ongoing, authentic relationships between the community and the police.

The plan recommends the expansion of our police patrol program from eight patrol districts to ten patrol districts. A total of fifteen additional police officers and four additional sergeants are needed for this initiative. The addition of five Police Officer positions is recommended each year from fiscal year 2023 through fiscal year 2025 (the five positions in FY 25 represent a new request). The addition of two Sergeant position are recommend each year in fiscal year 2024 and fiscal year 2025 (decelerated from FY 23 and FY 24).

Funding is recommended 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. Funding for four Police Officer positions and one Sergeant position is recommended in fiscal year 2028 (decelerated from FY 25) to help provide expanded foot and bicycle patrol in neighborhoods, downtown, and in our parks.

The plan also recommends funding to complete the final phase of staffing for the Proactive Enforcement/Violent Crime Squad. The addition of two Police Officer positions (FY 26, FY 27; accelerated from FY 27, FY 28) is recommended to fully staff that unit.

A second Property Crimes Investigation Squad is recommended to respond to the projected increase in case load based on the growth of our community. Funding is recommended for four Police Officer positions (FY 26; two are decelerated from FY 25) and one Sergeant position (FY 26).

The Financial Plan also recommends funding allocations for the addition of two Police Officer positions (FY 24, FY 27; adjusted from FY 25, FY 26) to implement an enhanced training program, two civilian Community Service/Telecommunicator Technicians (FY 23; accelerated from FY 24), two Crime Scene Investigators (FY 23; accelerated from FY 25 and FY 28), four Animal Services Field Officer positions (FY 24, FY 26, FY 28), as well as four additional Animal Shelter Technicians (FY 24, FY 26, FY 27) to maintain service levels as our community grows. An additional Assistant City Attorney (FY 24; a new request) to serve as a dedicated public safety legal advisor is also proposed as part of the plan.

An allocation of \$ 34,965,000 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 campus classroom, indoor range and evidence storage, improvements to fire stations, and investments in equipment. The allocation also includes a placeholder for design, property acquisition, and construction for a potential new station.

The Financial Plan recommends the addition of two fully staffed fire squad vehicles (FY 24, FY 26; accelerated from FY 26 and FY 27) to provide enhanced response capacity in the growth areas of our community.

Three additional Battalion Chief (FY 26) positions and three additional Driver Safety Officer (FY 26) positions are recommended to be 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 also recommends the addition of two Deputy Fire Marshal positions (FY 25, FY 26; both new requests) and a Fleet Services Coordinator (FY 26; a new request) for the Fire Department.

The Financial Plan also includes a placeholder in fiscal year 2027 for staffing for the potential new station. Station needs and locations will be guided by the Fire Master Plan, which is currently underway and nearing completion.

The plan includes funding for three additional outdoor warning sirens (FY 25, FY 26, FY 27), the replacement of four fire engines (FY 23, FY 24, FY 25, FY 27; adjusted from FY 23, FY 26, FY 27, FY 28), the replacement of a fire rescue vehicle (FY 26), the replacement of two fire squad vehicles (FY 25; accelerated from FY 26), 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 three Code Compliance Officer positions (FY 25, FY 26, FY 28). These proposed additions will provide the staff resources necessary to expand out protective, 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, 2022, 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, 2021. 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 forty-one consecutive years (Fiscal Years ended 1981-2021). 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 2021-22 Budget document, the City received, for the twenty-sixth 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, CGMA, CPA, Treasury & Debt Division Director, Stacey Reisner, CGMA, 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

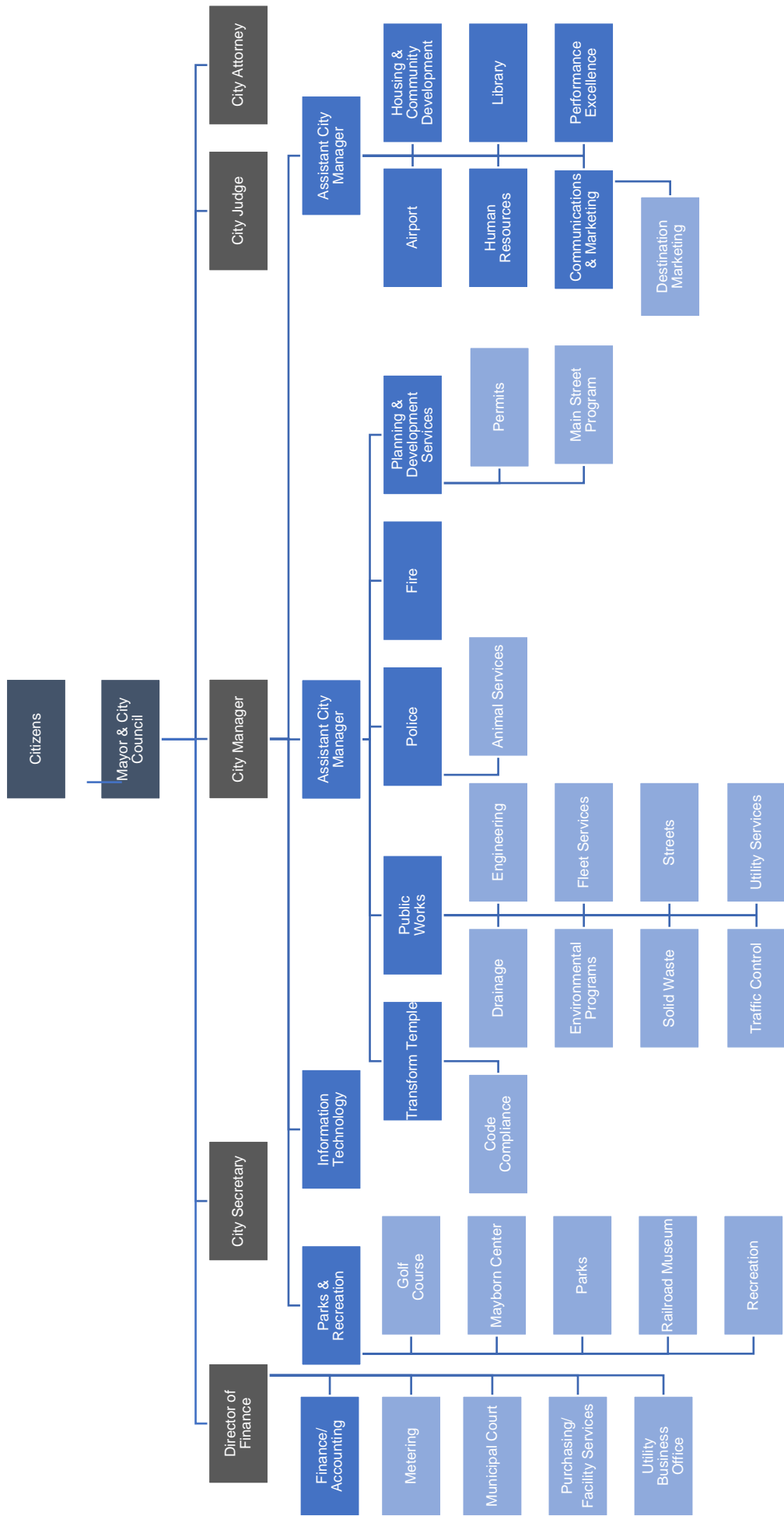
**City of Temple
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

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
WENDELL WILLIAMS

COUNCILMEMBER
SUSAN LONG

BRYNN MYERS, *CITY MANAGER*

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

KATHRYN DAVIS, *CITY ATTORNEY*

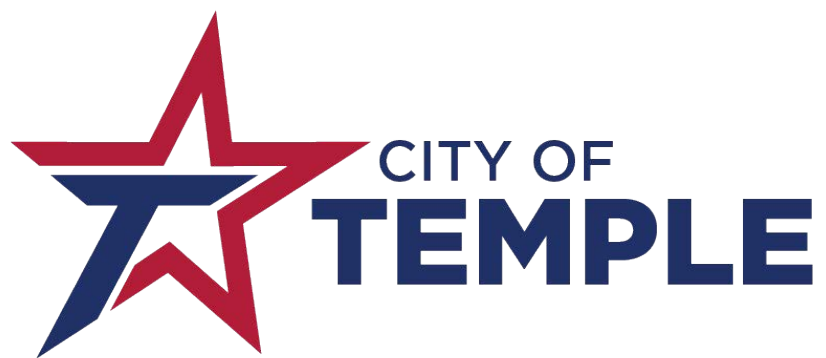
JANA LEWELLEN, *CITY SECRETARY*





FINANCIAL SECTION







INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 43 - 57, 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 144 - 149 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 150 - 154 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

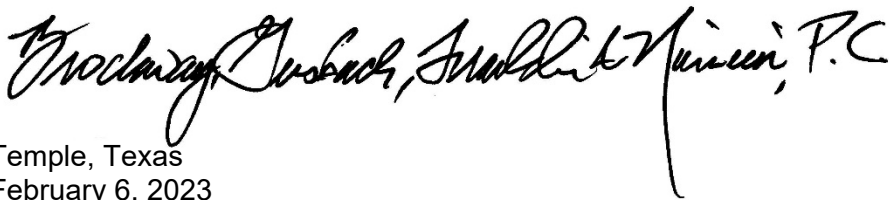
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Change in Accounting Principle

As described in Note I to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, 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 City's internal control over financial reporting and compliance.

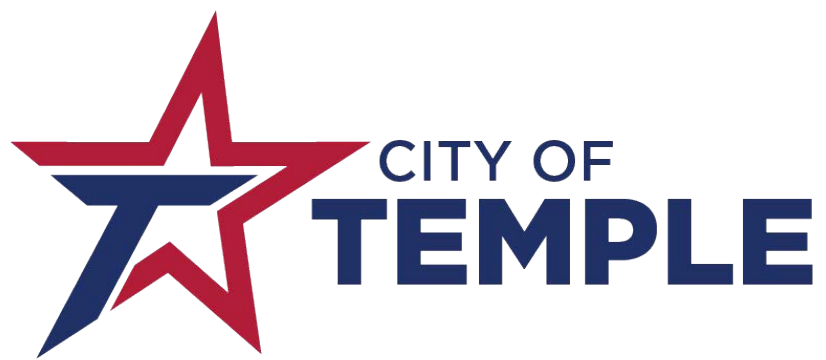
A handwritten signature in black ink that reads "Brockway Quach, CPA". The signature is written in a cursive style and is positioned above the typed name and date.

Temple, Texas
February 6, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS





**CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

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, 2022. 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 \$ 216,855,916 at September 30, 2022. Of this amount, \$ 19,334,897 is unrestricted and may be used to meet the City's future obligations. Of the \$ 19.3 million net unrestricted net position, \$ 6,449,527 is related to governmental activities, which includes the General Fund. The \$ 12,885,370 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 \$ 25,872,181 during the current fiscal year. Net position of governmental activities increased \$ 14,164,425 from \$ 69,357,772. Net position of business-type activities increased \$ 11,707,756 from \$ 121,625,963. 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 decrease in the net pension liability in the amount of \$ 16,654,988.
- Due to the decrease in the net pension liability, there was a corresponding increase in deferred outflows of resources in the amount of \$ 4,398,930. In addition, there was an increase in deferred inflows of resources in the amount of \$ 12,789,719. The implementation of GASB 87 related to leases also was a contributing factor in the increase in deferred outflows.
- As of September 30, 2022, the City of Temple's governmental funds reported combined ending fund balances of \$ 166,812,363, an increase of \$ 26,251,298 in comparison with the prior fiscal year. The capital projects fund had a net increase of \$ 20,117,280 due to the issuance and expenditure of bond proceeds from Transportation Capital Improvement Program, Drainage Capital Improvement Program, as well as constructing and equipping City buildings. In addition, there was an increase of \$ 5,647,012 in the general fund balance and a \$ 542,193 increase in the fund balance of nonmajor governmental funds. The offset to the overall increase is attributable to the decrease in the debt service fund of \$ 55,187.
- At the end of the current fiscal year, assigned/unassigned fund balance for the general fund was \$ 43,410,668 or approximately 26.02% of total general fund expenditures.
- The City's total net bonded debt increased by \$ 28,614,516 during the current fiscal year. This net increase was due to bond issuance of \$ 42,440,000 for the Transportation, Drainage, and Facility Capital Improvement Programs in conjunction with the offset of debt payments made during the fiscal year.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

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, deferred outflows of resources, liabilities, and deferred inflow of resources with the difference 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, 2022

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 seven 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 four 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. Included in the non-major governmental fund reporting is the Temple Revitalization Corporation which is reported as a special revenue fund as a discretely presented component unit.

- 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, 2022

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 75 through 142 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 144 through 154 of this report.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net position was \$ 216,855,916 as of September 30, 2022. 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 (90.22%) 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, 2022**

**Table I
Summary of Statement of Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 214,708,364	\$ 183,649,279	\$ 96,806,085	\$ 131,535,564	\$ 311,514,449	\$ 315,184,843
Capital assets	237,949,815	222,052,176	260,370,777	224,272,385	498,320,592	446,324,561
Total assets	452,658,179	405,701,455	357,176,862	355,807,949	809,835,041	761,509,404
Deferred outflows of resources	16,486,353	14,938,279	5,234,593	2,383,737	21,720,946	17,322,016
Long-term liabilities outstanding	322,426,816	306,776,447	217,876,517	228,177,084	540,303,333	534,953,531
Other liabilities	25,913,491	19,005,242	9,262,633	7,458,017	35,176,124	26,463,259
Total liabilities	348,340,307	325,781,689	227,139,150	235,635,101	575,479,457	561,416,790
Deferred inflows of resources	37,282,028	25,500,273	1,938,586	930,622	39,220,614	26,430,895
Net Position:						
Net investment in capital assets	77,072,670	72,557,317	118,571,352	107,495,236	195,644,022	180,052,553
Restricted	-	-	1,876,997	1,935,878	1,876,997	1,935,878
Unrestricted (deficit)	6,449,527	(3,199,545)	12,885,370	12,194,849	19,334,897	8,995,304
Total net position, as restated	\$ 83,522,197	\$ 69,357,772	\$ 133,333,719	\$ 121,625,963	\$ 216,855,916	\$ 190,983,735

An additional portion of the City of Temple's net position (0.87%) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position*, \$ 19,334,897, 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 \$ 11,707,756 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 2022.

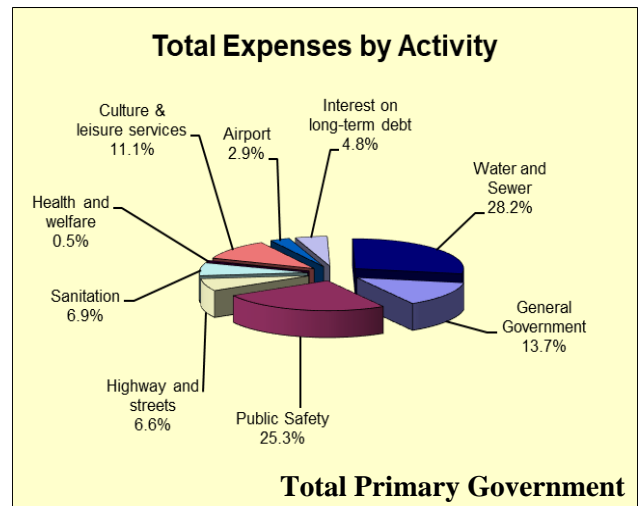
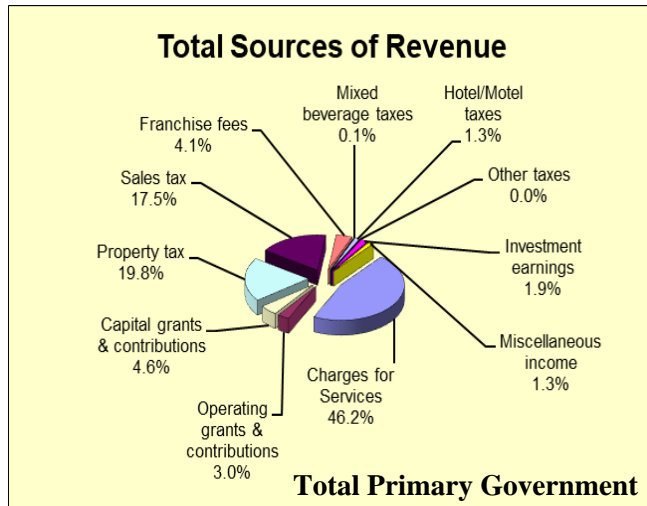
CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

Governmental and business-type activities increased the City's net position by \$ 25,872,181. The key elements of this increase are as follows:

Table II
Statement of Activities, Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 39,497,656	\$ 34,644,425	\$ 46,391,050	\$ 39,290,715	\$ 85,888,706	\$ 73,935,140
Operating grants and contributions	5,656,804	2,700,918	-	6,861	5,656,804	2,707,779
Capital grants and contributions	566,806	2,388,612	8,000,000	104,702	8,566,806	2,493,314
General revenues:						
Property tax	36,793,912	34,060,244	-	-	36,793,912	34,060,244
Sales tax	32,579,840	28,357,487	-	-	32,579,840	28,357,487
Franchise fees	7,664,979	7,149,264	-	-	7,664,979	7,149,264
Mixed beverage taxes	234,279	205,921	-	-	234,279	205,921
Hotel/Motel taxes	2,371,876	1,854,579	-	-	2,371,876	1,854,579
Other taxes	63,911	69,651	-	-	63,911	69,651
Investment earnings	1,107,913	804,067	2,376,134	1,429,672	3,484,047	2,233,739
Miscellaneous income	2,468,714	1,610,924	-	-	2,468,714	1,610,924
Total revenues	<u>129,006,690</u>	<u>113,846,092</u>	<u>56,767,184</u>	<u>40,831,950</u>	<u>185,773,874</u>	<u>154,678,042</u>
Expenses:						
General government	21,877,566	18,750,792	-	-	21,877,566	18,750,792
Public safety	40,439,132	37,229,079	-	-	40,439,132	37,229,079
Highway and streets	10,584,013	9,925,757	-	-	10,584,013	9,925,757
Sanitation	11,028,193	9,652,499	-	-	11,028,193	9,652,499
Health and welfare	785,754	693,254	-	-	785,754	693,254
Culture & leisure services	17,808,483	15,095,711	-	-	17,808,483	15,095,711
Airport	4,701,958	3,267,703	-	-	4,701,958	3,267,703
Interest on long-term debt	7,617,166	5,706,669	-	-	7,617,166	5,706,669
Water and sewer	-	-	45,059,428	42,443,757	45,059,428	42,443,757
Total expenses	<u>114,842,265</u>	<u>100,321,464</u>	<u>45,059,428</u>	<u>42,443,757</u>	<u>159,901,693</u>	<u>142,765,221</u>
Increase (decrease) in net position	14,164,425	13,524,628	11,707,756	(1,611,807)	25,872,181	11,912,821
Net position - beginning, as restated	<u>69,357,772</u>	<u>55,833,144</u>	<u>121,625,963</u>	<u>123,237,770</u>	<u>190,983,735</u>	<u>179,070,914</u>
Net position - ending	<u>\$ 83,522,197</u>	<u>\$ 69,357,772</u>	<u>\$ 133,333,719</u>	<u>\$ 121,625,963</u>	<u>\$ 216,855,916</u>	<u>\$ 190,983,735</u>

**CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022**



For FY 2022, revenues from governmental activities totaled \$ 129,006,690. In comparison to FY 2021, revenues for governmental activities increased \$ 15,160,598 or 13.32%. Property taxes experienced an increase of \$ 2,733,668 due to growth in assessed valuations from both new construction and increases in existing values. Sales tax reflected an increase of \$ 4,222,353, an increase of 14.89%. Property taxes and sales tax combined are the largest components of revenues (53.78%). In addition, charges for services increased \$ 4,853,231 in FY 2022 as compared to FY 2021. This increase can be attributed to an increase of \$ 1,998,291 in Sanitation charges for services associated with customer growth in solid waste collection. In addition, Airport sales and rental services saw a significant increase of \$ 1,658,015. This increase can be attributed to strategic operational adjustments made to programming and activities being offered in FY 2021 and FY 2022 after they were abruptly halted in FY 2020 due to the pandemic. It should also be noted that charges for services account for 30.62% of total governmental revenue.

Expenses for governmental activities in FY 2022 totaled \$ 114,842,265. In comparison to FY 2021, expenses for governmental activities increased \$ 14,520,801 or 14.47%. This increase is primarily due to the implementation of civil service market study, as well as mid-year salary increases for all employees. In addition, there were City-wide operational increases in expenditures associated to programming and activities returning to normal operations after responding to the COVID-19 pandemic in the previous fiscal years. The five largest program expenses in FY 2022 are public safety (\$ 40,439,132), general government (\$ 21,877,566), culture and leisure services (\$ 17,808,483), sanitation (\$ 11,028,193), and highways and streets (\$ 10,584,013).

For governmental activities, the Statement of Activities on page 61 shows that \$ 39,497,656 was financed by those receiving services, \$ 5,656,804 from operating grants and contributions, \$ 566,806 from capital grants and contributions, with the City’s general revenues financing \$ 83,285,424 of the remaining program expenses.

**CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022**

The debt service fund has a total fund balance of \$ 167,093, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was attributable to the use of fund balance for debt service payments.

The capital projects fund has a total fund balance of \$ 115,537,578. The fund balance increased by \$ 20,117,280 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 \$ 56,767,184 for the fiscal year ended September 30, 2022. Revenues increased \$ 15,935,234 as compared to the prior fiscal year. Expenses for the City’s business-type activities were \$ 45,059,428, an increase of \$ 2,615,671, or 6.16%, compared to the prior fiscal year. The increase in revenues is the result of a onetime cash capital contribution from an economic developer in the amount of \$ 8,000,000 and an increase in consumption. Water consumption increased 23.36% in FY 2022 compared to the prior fiscal year. Unrestricted net position of the water and wastewater fund was \$ 12,885,370. The water and wastewater fund unrestricted net position increased in the current fiscal year by \$ 690,521.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the FY 2022, the City had \$ 498,320,592 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/Amortization)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 39,240,134	\$ 36,166,637	\$ 3,677,299	\$ 3,815,580	\$ 42,917,433	\$ 39,982,217
Construction in progress	32,828,965	13,416,137	78,797,716	51,433,168	111,626,681	64,849,305
Buildings	42,366,573	42,181,664	25,840,031	16,230,971	68,206,604	58,412,635
Infrastructure	98,250,869	103,792,130	146,856,369	146,853,882	245,107,238	250,646,012
Furniture & equipment	8,977,590	9,787,181	426,345	628,670	9,403,935	10,415,851
Machinery & equipment	15,757,344	16,097,929	4,755,173	5,310,114	20,512,517	21,408,043
Right-to-use leased equipment	528,340	610,498	17,844	-	546,184	610,498
	<u>\$ 237,949,815</u>	<u>\$ 222,052,176</u>	<u>\$ 260,370,777</u>	<u>\$ 224,272,385</u>	<u>\$ 498,320,592</u>	<u>\$ 446,324,561</u>

CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

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

- Phase I Construction at Temple-Belton Wastewater Treatment Plant - \$ 10,673,631
- New Pepper Creek Storage Tank - \$ 3,324,984
- Multiple replacements, as well as additions to fleet for Solid Waste - \$ 1,639,322
- Advanced Metering Infrastructure - \$ 1,294,991
- 1st Floor Renovations at City Hall - \$ 1,001,599
- Adams & Central Avenue Pedestrian Sidewalk and Bicycle Lane - \$ 974,913
- 41st Street Wastewater Improvements - \$ 955,878
- Renovations to Clarence Martin Facility- \$ 741,405
- Pump Station at Sammons Golf Course - \$ 353,545

Additional information on the City of Temple’s capital assets can be found in Note III on pages 96 through 99 of this report.

Debt

At year-end, the City had \$ 493,994,942 in bonds and notes payable outstanding as shown in Table IV.

Table IV
Outstanding Debt, at Year-End

	Governmental		Business-type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 57,530,000	\$ 64,030,000	\$ 27,190,000	\$ 31,180,000	\$ 84,720,000	\$ 95,210,000
Certificate of obligation	190,900,000	156,925,000	-	-	190,900,000	156,925,000
Contractual obligations	8,150,000	6,780,000	-	-	8,150,000	6,780,000
Revenue bonds	-	-	165,050,000	168,455,000	165,050,000	168,455,000
Notes payable	2,219,987	2,397,936	164,788	177,371	2,384,775	2,575,307
Lease liability	421,784	529,506	17,076	-	438,860	529,506
Premiums/discounts	20,354,021	17,556,643	21,997,286	23,677,354	42,351,307	41,233,997
Totals	\$ 279,575,792	\$ 248,219,085	\$ 214,419,150	\$ 223,489,725	\$ 493,994,942	\$ 471,708,810

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

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 4.59%.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

Additional information on the City of Temple's long-term debt can be found in Note III, on pages 105 through 112 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 \$ 166,812,363. Approximately 26.02% of this total amount, \$ 43,410,668, 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, prepaid items, and leases \$ 1,445,733; has already been restricted 1) to pay for debt service, \$ 167,093; 2) to pay for drug enforcement, \$ 129,260; 3) to pay for library collection enhancement and other, \$ 582,020; 4) to pay for bond-funded construction projects, \$ 115,537,578; 5) to pay for museum expenditures \$17,581; 6) to pay for promotion of tourism \$2,349,063; 7) committed to drainage in the amount of \$ 3,145,692 or 8) committed to economic and community development in the amount of \$ 27,675.

In the general fund, the City budgeted for a decrease in the fund balance of \$ 13,686,571, which was primarily resulting from transfers of \$ 6,960,328 to capital project funds, debt service fund, grant fund, and Temple Revitalization Corporation. This decrease was a reduction of excess fund balance to fund "pay as you go" capital projects. The actual fund balance increased for FY 2022 by \$ 5,647,012 due to a net variance with the final adopted budget of \$ 19,333,583. The increase was primarily attributed to the following:

- Sales tax reflected an increase of 14.89% as compared to FY 2021 largely due to the rising cost of goods. The City continues to see new economic growth in construction, retail, food, and information sectors due to population growth and new industries establishing themselves in Temple. Sales tax revenue for FY 2022 came in \$ 4,499,840 over budgeted, which contributed significantly to the fund balance increase.
- As compared to FY 2021, property tax revenue in FY 2022 has grown as a result of an approximate 10.35% increase in the market value in conjunction with a 9.30% increase in the taxable property values, driven by increased local real estate market values. Additionally, the City had approximately \$ 17,828,252 of new value for all property types added to the tax roll, which was a 9.98% increase in FY 2022 as compared to FY 2021. Property tax revenue for FY 2022 ended \$ 10,506 under budget for property tax revenues in the general fund.

CITY OF TEMPLE, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

It should also be noted that the following netted revenues also increased fund balance: franchise fees were \$ 260,249 over budget, charges for services were \$ 35,067 under budget, licenses and permits were \$ 204,138 over budget, interest income was \$ 658,914 over budget, sale of assets were \$ 182,181 over budget, fines were \$ 514,313 under budget, and all other revenues were over budget by \$ 61,280. In addition, total expenditures in the general fund came in \$ 11,092,609 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 travel and training, supplies, professional services, electricity, fuel, and golf course. Operating expenditures spread across all departments accounted for \$ 3,765,570 of expenditures that came in under budget.

Debt service fund balance decreased in 2022 by \$ 55,187 for an ending balance of \$ 167,093. The decrease in the debt service fund balance was attributable to the use of fund balance for debt payments. Capital projects fund balance had a net increase in 2022 of \$ 20,117,280 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 \$ 12,885,370, an increase of \$ 690,521. The water and wastewater fund unrestricted net position increase in the current fiscal year can be attributed to increases in contributions and consumption, offset by an increase in 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 14.68% or \$ 13,664,038.

During the year there was a \$ 13,664,038 increase in appropriations between the original operating budget and final amended budget. Following are the main components of the increase:

- \$ 1,290,138 increase in personnel services for various departments. Of this amount,
 - \$ 833,005 was appropriated to fund the 4% across the board salary adjustment for all employees (General Government and Civil Service), as well as other authorized salary adjustments that were effective June 10, 2022.
 - \$ 340,000 supplemental funding in Special Services to cover the additional separation pay, as well as vacation and sick leave accrual in FY 2022.
 - \$ 276,026 was appropriated into Fire’s salary and benefit accounts based on the anticipated reimbursement from Texas Division of Emergency Management for firefighters being deployed to assist in the field for various weather events.
 - Approximately \$ 102,712 of hiring lag was reallocated for outsourcing of irrigation services, horticulture services, and mowing of four community parks due to staff shortage within Parks. In addition, approximately \$ 146,333 of hiring lag funding was

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

reallocated within Parks to cover over budget operating accounts associated to the increase in service costs, chemical costs, as well as fuel costs.

- \$ 53,741 was appropriated to fund the salary adjustment for appointive officers authorized by City Council on October 7, 2021.
- \$ 31,380 was appropriated to fund the Technology Support Specialist II position in Information Technology Services to support the NicheRMS program.
- \$ 23,911 was appropriated to fund the new Administrative Assistant I position in Performance Excellence to support visitor coordination to City Hall.
- Approximately \$ 12,000 of hiring lag within Communications & Marketing was reallocated for a professional services agreement with Shine Strategy.
- Approximately \$ 6,390 of hiring lag within Performance Excellence was reallocated for a professional services agreement with The McMillion Group.
- \$ 1,550,564 supplemental funding in operations to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 1,261,127 supplemental funding in capital to various departments within the General Fund for projects that were not completed in the previous year.
- \$ 1,160,000 supplemental funding for construction of the new Solid Waste and Recycling Facility.
- \$ 460,000 supplemental funding for the upgrade of the Library's air handlers and associated control system.
- \$ 458,235 supplemental funding for the economic development agreement with Turner Behringer Temple One, LLC to provide reimbursement funding for eligible expenses related to the abatement of all asbestos and lead, as well as closing costs related to the conveyance of the Hawn Hotel, Arcadia Theater, and the Public Services Building.
- \$ 394,469 was appropriated for landfill tipping fees for Solid Waste.
- \$ 351,200 supplemental funding for several projects funded outside of the budget process to include two outdoor warning sirens, four traffic signal cabinets, foundation remediation at Jeff Hamilton Building, replacement of basement flooring at Historic Post Office, and replacement of landscaping damaged by Winter Storm Uri.
- \$ 300,000 supplemental funding for Chapter 380 Economic Development Agreement with H5B3, LLC for the redevelopment of 8 South 4th Street, 11 South Main Street, and 15 South Main Street.
- \$ 261,588 supplemental funding for the new records management system (NicheRMS) for Police to include computer hardware, Microsoft licenses, and NicheRMS user licenses.
- \$ 255,000 supplemental funding to purchase approximately 4.028-acre property to support redevelopment efforts in the City's Downtown Neighborhood Planning District.
- \$ 250,000 was transferred to Debt Service Fund to cover the shortfall in Pass Through Financing toll revenue and to cover the shortfall of ad valorem tax revenue due to adjustments to the certified tax roll for FY 2022.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

- \$ 240,017 supplemental funding for repair & maintenance costs to fleet for Fire.
- \$ 200,000 supplemental funding for repair & maintenance to sanitation vehicles for Solid Waste.
- \$ 200,000 supplemental funding for fuel for sanitation vehicles for Solid Waste.
- \$ 145,000 supplemental funding for several park projects to include pavilions at Spanish Southwest Park, solar lighting at the Dog Park and Pepper Creek Trail, greens cover for Sammons Golf Course, and demolition of tennis courts at Wilson.
- \$ 136,372 supplemental funding to cover ineligible expenses for FEMA Winter Storm Uri Grant, as well as the discontinuation of the Emergency Management Performance Grant (EMPG).
- \$ 128,160 supplemental funding for the purchase of golf cart GPS screens from Vantage Tag Systems.
- \$ 124,050 was appropriated for waived fees associated to new commercial building permits for Polmer, LLC and Temple Green Data, LLC.
- \$ 115,000 supplemental funding for the Chapter 380 Agreement with Buc-ee's.
- \$ 92,600 was appropriated for the purchase of additional residential containers from Rehrig Pacific Company.
- \$ 85,644 supplemental funding for purchase of 12 rolloff containers from WasteQuip.
- \$ 80,000 supplemental funding for increased costs of testing services performed by Langerman Foster in conjunction with the increased number of new subdivisions needing testing services.

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 (\$ 2,496,607), an increase in licenses and permits (\$ 168,642), an increase in sales tax (\$ 115,000), an increase in insurance proceeds (\$ 63,867), an increase in intergovernmental revenues (\$ 381,222), and an increase in other income from various sources (\$ 137,533). The remaining increases in expenditure appropriations were funded with Assigned General Fund Balance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

As part of the American Rescue Plan Act of 2021, the City will be awarded funding in the amount of \$ 14,170,861 during FY 2022 and FY 2023 through the Coronavirus State and Local Fiscal Recovery Funds to provide a substantial infusion of resources to help turn the tide on the COVID-19 pandemic, address the economic fallout, and lay the foundation for a strong and equitable recovery. The City utilized approximately \$ 4,264,601 of the funding for premium pay to essential workers, as well as supporting and retaining public sector workers through a retention pay program. The remainder of the funding is currently programmed to support the construction of a new municipally building.

CITY OF TEMPLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2022

The City's elected and appointed officials considered many factors when setting the FY 2023 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 3.80% as compared to the State of Texas, which is 4.06%. 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 2023. The total 2022-2023 combined budget appropriation totals \$ 193,853,506 for six operating funds.

The 2022-2023 General Fund budget of \$ 107,621,647 represents an increase of 15.59% or \$ 14,513,202 in comparison to the adopted 2021-2022 budget. The focus of the FY 2023 Budget is on enhancing our service levels 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 2023 Budget allocates resources based on the five focus areas as identified in the Strategic Plan: High-Performing Organization, Communication and Collaboration, Places and Spaces, Public Safety, and Smart Growth.

Overall, the City Council was presented with a budget that requires \$ 4,317,194 from fund balance to assist in the funding of \$ 3,131,094 in capital outlay, \$ 313,100 in funding for the Temple Revitalization Corporation, \$ 250,000 for Facility Master Plan, \$ 125,000 for UDC Rewrite, \$ 125,000 for Cost of Service Study, \$ 100,000 for Strategic Investment Zone Corridor (SIZ), to be funded with Assigned Fund Balance – Capital Projects and \$ 273,000 for debt service for capital replacement of sanitation. The budget assesses a tax rate of \$ 0.6310 per \$ 100 valuation, a decrease of \$ 0.0270 compared to last year's actual rate of \$ 0.6400 per \$ 100. The budget recognizes increases in ad valorem taxes, sales tax, and solid waste charges for services, culture & recreation charges for services, as well as licenses and permits.

The General Fund's largest revenue source in FY 2021-2022 is charges for services. For the fiscal year ending 2020-2021, 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, 2022

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. FY 2022 did include a rate adjustment of \$ 0.25 per 1,000 gallons to volumetric rate for both water and wastewater. In FY 2023, a rate adjustment of approximately 3.86% for water rates, as well as an approximate 13.83% rate adjustment for wastewater rates become effective October 1, 2022. The current rate model for FY 2024 through FY 2028 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 2022 – FY 2028 Utility Capital Improvement Program.

The FY 2023 Water and Wastewater Fund operating budget of \$ 54,205,238, is an increase of 16.15% compared with the prior year. Cost drivers for the increase include cash capital outlays and debt service associated with the water and wastewater capital improvement plan.

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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Reinvestment Zone No. 1	Temple Economic Development Corporation
ASSETS					
Cash	\$ 9,700	\$ 8,050	\$ 17,750	\$ -	\$ 5,540,389
Investments	184,165,500	20,613,514	204,779,014	10,017,580	-
Property taxes, net of allowance for uncollectibles	481,671	-	481,671	132,963	-
Receivables, net of allowance for uncollectibles	4,727,891	3,028,484	7,756,375	481,162	5,357
Lease receivable	17,185,182	-	17,185,182	-	3,224,204
Due from other governments	6,220,681	-	6,220,681	-	-
Inventories	458,003	447,162	905,165	-	-
Prepays	342,410	230,478	572,888	-	2,301,980
Other assets	18,561	-	18,561	-	-
Restricted assets:					
Cash and investments	1,098,765	72,478,397	73,577,162	83,823,980	20,655,908
Land held for investment	-	-	-	-	16,439,068
Capital assets, net of depreciated:					
Land	39,240,134	3,677,299	42,917,433	24,829,757	-
Construction in progress	32,828,965	78,797,716	111,626,681	53,113,724	-
Capital assets, net of accumulated depreciation:					
Buildings	42,366,573	25,840,031	68,206,604	2,038,527	4,804,353
Infrastructure	98,250,869	146,856,369	245,107,238	80,083,255	-
Furniture and equipment	8,977,590	426,345	9,403,935	26,667	49,568
Machinery and equipment	15,757,344	4,755,173	20,512,517	473	-
Right-to-use leased equipment, net of accumulated amortization:	528,340	17,844	546,184	-	-
Total assets	452,658,179	357,176,862	809,835,041	254,548,088	53,020,827
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding	3,161,069	4,019,146	7,180,215	990,181	-
Deferred amounts of contributions	6,787,988	708,931	7,496,919	-	-
Difference in expected and actual experience	3,436,403	301,098	3,737,501	-	-
Changes in assumptions	3,100,893	205,418	3,306,311	-	-
Total deferred outflows of resources	16,486,353	5,234,593	21,720,946	990,181	-
LIABILITIES					
Vouchers and contracts payable	7,462,744	4,175,736	11,638,480	4,660,332	9,470
Retainage payable	675,496	2,695,316	3,370,812	1,428,971	-
Accrued payroll	2,923,421	320,119	3,243,540	-	-
Deposits	136,982	875,145	1,012,127	-	-
Unearned revenues	13,121,019	70,641	13,191,660	-	-
Accrued interest payable	1,593,829	1,125,676	2,719,505	498,846	-
Noncurrent liabilities:					
Due within one year	18,273,044	12,721,512	30,994,556	4,549,913	59,644
Due in more than one year	304,153,772	205,155,005	509,308,777	141,614,232	3,383,639
Total liabilities	348,340,307	227,139,150	575,479,457	152,752,294	3,452,753
DEFERRED INFLOWS OF RESOURCES					
Lease related	16,539,294	-	16,539,294	-	2,983,645
Difference in expected and actual experience	2,897,845	349,095	3,246,940	-	-
Changes in assumptions	205,960	28,085	234,045	-	-
Difference in projected and actual investment earnings	17,638,929	1,561,406	19,200,335	-	-
Total deferred inflows of resources	37,282,028	1,938,586	39,220,614	-	2,983,645
NET POSITION					
Net investment in capital assets/right-to-use leased equipment	77,072,670	118,571,352	195,644,022	87,778,756	1,410,638
Restricted for:					
Debt service	-	1,876,997	1,876,997	4,885,797	-
Economic development incentives	-	-	-	-	33,116,344
Unrestricted	6,449,527	12,885,370	19,334,897	10,121,422	12,057,447
Total net position	\$ 83,522,197	\$ 133,333,719	\$ 216,855,916	\$ 102,785,975	\$ 46,584,429

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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Reinvestment Zone No. 1	Temple EDC	
Primary government:										
Governmental activities:										
General government	\$ 21,877,566	\$ 5,880,297	\$ 1,025,462	\$ 26,500	\$ (14,945,307)	\$ (14,945,307)	\$ -	\$ -	\$ -	\$ -
Public safety	40,439,132	3,921,449	2,338,894	40,547	(34,138,242)	(34,138,242)	-	-	-	-
Highways and streets	10,584,013	3,338,952	783,311	499,759	(5,961,991)	(5,961,991)	-	-	-	-
Sanitation	11,028,193	18,045,770	282,127	-	7,299,704	7,299,704	-	-	-	-
Health and welfare	785,754	-	630,925	-	(154,829)	(154,829)	-	-	-	-
Culture and leisure services	17,808,483	4,633,635	536,599	-	(12,638,249)	(12,638,249)	-	-	-	-
Airport	4,701,958	3,677,553	59,486	-	(964,919)	(964,919)	-	-	-	-
Interest on long-term debt	7,617,166	-	-	-	(7,617,166)	(7,617,166)	-	-	-	-
Total governmental activities	114,842,265	39,497,656	5,656,804	566,806	(69,120,999)	(69,120,999)	-	-	-	-
Business-type activities:										
Water and sewer	45,059,428	46,391,050	-	8,000,000	-	9,331,622	9,331,622	-	-	-
Total business-type activities	45,059,428	46,391,050	-	8,000,000	-	9,331,622	9,331,622	-	-	-
Total primary government	\$ 159,901,693	\$ 85,888,706	\$ 5,656,804	\$ 8,566,806	(69,120,999)	(59,789,377)	-	-	-	-
Component units:										
Reinvestment Zone No. 1	\$ 17,770,765	\$ 215,364	\$ -	\$ 50,000	-	-	-	(17,505,401)	-	-
Temple Economic Development Corporation	2,866,825	-	7,582,383	-	-	-	-	-	4,715,558	-
Total component units	\$ 20,637,590	\$ 215,364	\$ 7,582,383	\$ 50,000	-	-	-	(17,505,401)	4,715,558	-
General Revenues:										
Property taxes					36,793,912	36,793,912	-	20,063,763	-	-
Sales taxes					32,579,840	32,579,840	-	-	-	-
Franchise fees					7,664,979	7,664,979	-	-	-	-
Mixed beverage taxes					234,279	234,279	-	-	-	-
Hotel/Motel taxes					2,371,876	2,371,876	-	-	-	-
Other taxes					63,911	63,911	-	-	-	-
Investment income					1,107,913	1,107,913	2,376,134	499,751	88,940	-
Miscellaneous income					2,468,714	2,468,714	-	543,426	18,540,282	-
Total general revenues					83,285,424	83,285,424	2,376,134	21,106,940	18,629,222	-
Change in net position					14,164,425	11,707,756	11,707,756	25,872,181	3,601,539	23,344,780
Net position-beginning, as restated					69,357,772	121,625,963	190,983,735	99,184,436	23,239,649	-
Net position-ending					\$ 83,522,197	\$ 133,333,719	\$ 216,855,916	\$ 102,785,975	\$ 46,584,429	-

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

CITY OF TEMPLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 5,200	\$ -	\$ -	\$ 4,500	\$ 9,700
Investments	49,036,538	155,893	119,280,920	15,692,149	184,165,500
Property taxes, net	212,910	268,761	-	-	481,671
Other receivables, net	4,186,636	-	163,486	377,769	4,727,891
Lease receivable	17,185,182	-	-	-	17,185,182
Due from other governments	180,126	5,817,669	-	222,886	6,220,681
Due from other funds	74,572	-	-	-	74,572
Inventories, at cost	453,216	-	-	4,787	458,003
Prepaid items	327,383	-	-	15,027	342,410
Restricted cash and investments	1,098,765	-	-	-	1,098,765
Other assets	-	-	-	18,561	18,561
Total assets	<u>\$ 72,760,528</u>	<u>\$ 6,242,323</u>	<u>\$ 119,444,406</u>	<u>\$ 16,335,679</u>	<u>\$ 214,782,936</u>
LIABILITIES					
Vouchers and contracts payable	\$ 3,664,226	\$ -	\$ 3,240,173	\$ 558,345	\$ 7,462,744
Retainage payable	696	-	638,698	36,102	675,496
Accrued payroll	2,819,189	-	5,264	98,968	2,923,421
Vacation and sick leave payable	734,714	-	-	41,776	776,490
Deposits	50,084	-	-	86,898	136,982
Due to other funds	-	-	-	74,572	74,572
Unearned revenues	3,403,891	6,075,230	22,693	9,879,760	19,381,574
Total liabilities	<u>10,672,800</u>	<u>6,075,230</u>	<u>3,906,828</u>	<u>10,776,421</u>	<u>31,431,279</u>
DEFERRED INFLOWS OF RESOURCES					
Lease related	16,539,294	-	-	-	16,539,294
Total deferred inflows of resources	<u>16,539,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,539,294</u>
FUND BALANCES					
Fund Balances:					
Nonspendable:					
Inventories, prepaid items, and leases	1,426,486	-	-	19,247	1,445,733
Restricted for:					
Debt service	-	167,093	-	-	167,093
Drug enforcement	129,260	-	-	-	129,260
Library and other	582,020	-	-	-	582,020
Construction	-	-	115,537,578	-	115,537,578
Museum	-	-	-	17,581	17,581
Promotion of tourism	-	-	-	2,349,063	2,349,063
Committed to:					
Drainage	-	-	-	3,145,692	3,145,692
Economic and community development	-	-	-	27,675	27,675
Assigned to:					
Capital technology acquisition	750,478	-	-	-	750,478
Capital projects	11,245,698	-	-	-	11,245,698
Purchases on order	7,713,867	-	-	-	7,713,867
Unassigned	23,700,625	-	-	-	23,700,625
Total fund balances	<u>45,548,434</u>	<u>167,093</u>	<u>115,537,578</u>	<u>5,559,258</u>	<u>166,812,363</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,760,528</u>	<u>\$ 6,242,323</u>	<u>\$ 119,444,406</u>	<u>\$ 16,335,679</u>	<u>\$ 214,782,936</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, 2022

Total fund balances-governmental funds \$ 166,812,363

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	\$	39,240,134	
Construction in progress		32,828,965	
Buildings		89,266,146	
Infrastructure		223,652,824	
Furniture and equipment		34,444,630	
Machinery and equipment		47,207,186	
Right-to-use leased equipment		1,350,325	
Accumulated depreciation and amortization		<u>(230,040,395)</u>	
Total capital assets	\$	<u>237,949,815</u>	237,949,815

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	\$	3,161,069	
Deferred amounts of contributions		6,787,988	
Difference in expected and actual experience		3,436,403	
Deferred amounts of changes in assumptions		<u>3,100,893</u>	
	\$	<u>16,486,353</u>	16,486,353

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	\$	185,325	
Interest & sinking fund taxes not collected		257,561	
Pass-through toll agreement		<u>5,817,669</u>	
Total deferred revenue reclassified	\$	<u>6,260,555</u>	6,260,555

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.

(1,593,829)

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	\$	17,496,554	
Long-term debt, including premium/discount		304,153,772	
Total long-term liabilities	\$	<u>321,650,326</u>	(321,650,326)

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	\$	(2,897,845)	
Changes in assumptions		(205,960)	
Difference in projected and actual investment earnings		<u>(17,638,929)</u>	
	\$	<u>(20,742,734)</u>	(20,742,734)

Net position of governmental activities \$ 83,522,197

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, 2022

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 51,997,603	\$ 17,675,415	\$ -	\$ 2,371,876	\$ 72,044,894
Franchise fees	7,664,979	-	-	-	7,664,979
Licenses and permits	1,633,380	-	-	-	1,633,380
Intergovernmental	393,659	1,344,934	-	5,829,951	7,568,544
Drainage fees	-	-	-	2,979,150	2,979,150
Charges for services	33,018,538	-	-	610,646	33,629,184
Fines	1,247,159	-	-	-	1,247,159
Interest and other	1,942,286	39,043	994,657	56,022	3,032,008
Total revenues	<u>97,897,604</u>	<u>19,059,392</u>	<u>994,657</u>	<u>11,847,645</u>	<u>129,799,298</u>
Expenditures:					
Current:					
General government	19,490,978	-	2,772,261	1,035,644	23,298,883
Public safety	38,844,602	-	1,287,791	2,044,696	42,177,089
Highways and streets	3,407,259	-	12,846,300	3,531,924	19,785,483
Sanitation	9,792,108	-	10,124,203	282,127	20,198,438
Health and welfare	-	-	-	701,303	701,303
Culture and leisure services	13,335,458	-	2,043,108	2,755,093	18,133,659
Airport	3,525,419	-	24,846	59,486	3,609,751
Debt service:					
Principal retirement	307,820	13,764,515	-	2,883	14,075,218
Interest and fiscal charges	15,902	8,204,748	171,001	266	8,391,917
Total expenditures	<u>88,719,546</u>	<u>21,969,263</u>	<u>29,269,510</u>	<u>10,413,422</u>	<u>150,371,741</u>
Excess (deficiency) of revenues over expenditures	<u>9,178,058</u>	<u>(2,909,871)</u>	<u>(28,274,853)</u>	<u>1,434,223</u>	<u>(20,572,443)</u>
Other financing sources (uses):					
Transfers in	312,349	2,854,684	1,945,162	261,872	5,374,067
Transfers out	(4,026,049)	-	(182,222)	(1,165,796)	(5,374,067)
Issuance of loans and bonds	-	-	42,440,000	-	42,440,000
Discount on bond issuance	-	-	(217,397)	-	(217,397)
Original issue premium	-	-	4,406,590	-	4,406,590
Leases (as lessee)	182,654	-	-	11,894	194,548
Total other financing sources (uses)	<u>(3,531,046)</u>	<u>2,854,684</u>	<u>48,392,133</u>	<u>(892,030)</u>	<u>46,823,741</u>
Net change in fund balances	5,647,012	(55,187)	20,117,280	542,193	26,251,298
Fund balances, beginning of year, as restated	39,901,422	222,280	95,420,298	5,017,065	140,561,065
Fund balances, end of year	<u>\$ 45,548,434</u>	<u>\$ 167,093</u>	<u>\$ 115,537,578</u>	<u>\$ 5,559,258</u>	<u>\$ 166,812,363</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, 2022

Net change in fund balances-total governmental funds \$ 26,251,298

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	\$ 30,589,440	
Depreciation and amortization expense	(14,690,860)	
Net adjustment	<u>15,898,580</u>	15,898,580

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and donations) is to decrease net position. (941)

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. (1,044,539)

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 certificate and contractual obligation bonds	\$ (42,440,000)	
Issuance of lease payable	(194,548)	
Discount/(premium) on issuance	(4,189,193)	
To bondholders	14,075,220	
Amortization of bond premiums/discounts	1,391,815	
Amortization of bond refunding amounts	(405,262)	
Net adjustment	<u>(31,761,968)</u>	(31,761,968)

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	\$ (428,109)	
Total adjustment	<u>(428,109)</u>	(428,109)

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	\$ 15,474,400	
Decrease in OPEB liability	698,349	
Difference in expected and actual experience - outflow	1,711,471	
Difference in changes in assumptions - outflow	(606,682)	
Difference in expected and actual experience - inflow	(431,872)	
Difference in changes in assumptions - inflow	54,255	
Difference in projected and actual investment earnings - inflow	(12,286,561)	
Increase in deferred pension and OPEB contributions	848,545	
	<u>5,461,905</u>	5,461,905

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. (211,801)

Change in net position of governmental activities \$ 14,164,425

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 47,327,079	\$ 47,442,079	\$ 51,997,603	\$ 4,555,524
Franchise fees	7,444,730	7,404,730	7,664,979	260,249
Licenses and permits	1,260,600	1,429,242	1,633,380	204,138
Intergovernmental	170,065	551,287	393,659	(157,628)
Charges for services	30,556,998	33,053,605	33,018,538	(35,067)
Fines	1,757,053	1,761,472	1,247,159	(514,313)
Interest and other	711,492	948,473	1,942,286	993,813
Total revenues	89,228,017	92,590,888	97,897,604	5,306,716
Expenditures:				
Current:				
General government:				
City council	250,014	250,014	208,557	41,457
City manager	1,062,816	1,126,019	1,091,296	34,723
Housing & community development	427,082	466,494	425,361	41,133
Finance	2,246,110	2,357,061	2,224,348	132,713
Purchasing	705,230	731,050	639,028	92,022
City secretary	440,089	460,529	360,251	100,278
Special services	936,425	1,794,269	1,334,261	460,008
City attorney	1,102,579	1,166,480	1,046,498	119,982
City planning	826,681	849,337	766,044	83,293
Information technology services	4,520,397	4,654,129	4,239,838	414,291
Human resources	1,188,463	1,284,859	1,089,529	195,330
Economic development	525,145	640,145	634,379	5,766
Fleet services	1,641,924	1,750,306	1,380,796	369,510
Inspections/Permits	759,115	1,006,211	890,479	115,732
Facility services	1,811,885	1,854,684	1,472,210	382,474
Performance excellence	720,774	793,385	585,127	208,258
Marketing and communications	1,195,692	1,185,688	1,102,976	82,712
Total general government	20,360,421	22,370,660	19,490,978	2,879,682
Public safety:				
Municipal court	857,196	882,408	721,127	161,281
Police	21,349,694	22,261,696	19,916,008	2,345,688
Animal services	623,530	651,478	517,116	134,362
Fire	14,653,643	15,878,725	15,471,359	407,366
Communications	1,049,165	1,049,165	1,049,165	-
Code Enforcement	1,348,653	1,763,371	1,169,827	593,544
Total public safety	39,881,881	42,486,843	38,844,602	3,642,241
Highways and streets:				
Streets	3,295,392	3,446,479	2,369,668	1,076,811
Traffic control	537,337	614,238	470,845	143,393
Engineering	604,569	697,912	566,746	131,166
Totals highways and streets	4,437,298	4,758,629	3,407,259	1,351,370
Sanitation:	8,801,296	9,892,338	9,792,108	100,230
Parks & Recreation:				
Parks	6,327,129	6,984,044	5,853,854	1,130,190
Recreation	4,734,529	5,007,008	3,777,524	1,229,484
Administration	431,547	456,100	425,151	30,949
Golf course	1,439,715	1,646,764	1,420,453	226,311
Education	2,095,325	2,191,242	1,858,476	332,766
Total parks & recreation	15,028,245	16,285,158	13,335,458	2,949,700
Airport:	2,462,571	3,649,411	3,525,419	123,992
Debt service:				
Principal	353,529	337,150	307,820	29,330
Interest	31,966	31,966	15,902	16,064
Total debt service	385,495	369,116	323,722	45,394
Total expenditures	91,357,207	99,812,155	88,719,546	11,092,609
Excess (deficiency) of revenues over expenditures	(2,129,190)	(7,221,267)	9,178,058	16,399,325
Other financing sources (uses):				
Transfers in	312,349	312,349	312,349	-
Transfers out	(1,751,238)	(6,960,328)	(4,026,049)	2,934,279
Leases (as lessee)	-	182,675	182,654	(21)
Total other financing sources (uses)	(1,438,889)	(6,465,304)	(3,531,046)	2,934,258
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,568,079)	(13,686,571)	5,647,012	19,333,583
Fund balance, beginning of period, as restated	39,901,422	39,901,422	39,901,422	-
Fund balance, end of period	\$ 36,333,343	\$ 26,214,851	\$ 45,548,434	\$ 19,333,583

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

CITY OF TEMPLE, TEXAS
STATEMENTS OF NET POSITION
WATER AND WASTEWATER FUND
September 30, 2022
(With comparative amounts for September 30, 2021)

ASSETS	2022	2021	Increase (Decrease)
Current assets:			
Cash	\$ 8,050	\$ 5,050	\$ 3,000
Investments	20,613,514	18,794,034	1,819,480
Restricted cash and investments:			
Revenue bond debt service	3,002,673	3,161,723	(159,050)
Customer deposits	875,145	831,569	43,576
Construction account	68,600,579	105,329,609	(36,729,030)
Customer receivables	3,028,484	2,838,994	189,490
Accounts receivable	-	6,861	(6,861)
Inventories	447,162	337,723	109,439
Prepaid items	230,478	230,001	477
Total current assets	<u>96,806,085</u>	<u>131,535,564</u>	<u>(34,729,479)</u>
Noncurrent assets:			
Capital assets:			
Land	3,677,299	3,815,580	(138,281)
Buildings	60,262,210	49,587,499	10,674,711
Improvements other than buildings	254,961,946	247,938,996	7,022,950
Machinery, furniture and equipment	17,002,559	16,792,266	210,293
	<u>335,904,014</u>	<u>318,134,341</u>	<u>17,769,673</u>
Less accumulated depreciation	(154,348,797)	(145,295,124)	(9,053,673)
Construction in progress	78,797,716	51,433,168	27,364,548
Total capital assets (net of accumulated depreciation)	<u>260,352,933</u>	<u>224,272,385</u>	<u>36,080,548</u>
Right-to-use leased assets:			
Machinery, furniture and equipment	22,540	-	22,540
Less accumulated amortization	(4,696)	-	(4,696)
Total right-to-use assets (net of accumulated amortization)	<u>17,844</u>	<u>-</u>	<u>17,844</u>
Total noncurrent assets	<u>260,370,777</u>	<u>224,272,385</u>	<u>36,098,392</u>
Total assets	<u>357,176,862</u>	<u>355,807,949</u>	<u>1,368,913</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	4,019,146	1,382,967	2,636,179
Deferred amounts of contributions	708,931	699,500	9,431
Difference in expected and actual experience	301,098	52,451	248,647
Changes in assumptions	205,418	248,819	(43,401)
Total deferred outflows of resources	<u>5,234,593</u>	<u>2,383,737</u>	<u>2,850,856</u>

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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
LIABILITIES			
Current liabilities:			
Vouchers and contracts payable	\$ 4,175,736	\$ 4,014,020	\$ 161,716
Retainage payables	2,695,316	1,039,793	1,655,523
Accrued payroll	320,119	276,149	43,970
Unearned revenues	70,641	70,641	-
Customer deposits	875,145	831,569	43,576
Accrued interest - revenue bonds	1,125,676	1,225,845	(100,169)
Current maturities of long-term liabilities	12,721,512	11,871,856	849,656
Total current liabilities	<u>21,984,145</u>	<u>19,329,873</u>	<u>2,654,272</u>
Noncurrent liabilities:			
Revenue bonds payable	201,607,517	211,521,099	(9,913,582)
Compensated absences payable	539,123	498,797	40,326
Other post-employment benefits payable	717,657	838,232	(120,575)
Net supplemental death benefits payable	383,037	357,691	25,346
Net pension liability	1,744,033	2,924,621	(1,180,588)
Notes payable	152,079	164,788	(12,709)
Lease payable	11,559	-	11,559
Total noncurrent liabilities	<u>205,155,005</u>	<u>216,305,228</u>	<u>(11,150,223)</u>
Total liabilities	<u>227,139,150</u>	<u>235,635,101</u>	<u>(8,495,951)</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in expected and actual experience	349,095	278,061	71,034
Changes in assumptions	28,085	35,484	(7,399)
Difference in projected and actual investment earnings	1,561,406	617,077	944,329
Total deferred inflows of resources	<u>1,938,586</u>	<u>930,622</u>	<u>1,007,964</u>
NET POSITION			
Net investment in capital assets	118,571,352	107,495,236	11,076,116
Restricted for:			
Debt service	1,876,997	1,935,878	(58,881)
Unrestricted	12,885,370	12,194,849	690,521
Total net position	<u>\$ 133,333,719</u>	<u>\$ 121,625,963</u>	<u>\$ 11,707,756</u>

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
WATER AND WASTEWATER FUND
For the year ended September 30, 2022
(With comparative amounts for the year ended September 30, 2021)

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Charges for sales and services:			
Water service	\$ 26,893,251	\$ 21,437,556	\$ 5,455,695
Sewer service	17,015,638	15,502,183	1,513,455
Other	2,482,161	2,350,976	131,185
Total operating revenues	<u>46,391,050</u>	<u>39,290,715</u>	<u>7,100,335</u>
Operating expenses:			
Personnel services	6,803,091	6,726,930	76,161
Supplies	2,374,890	1,970,882	404,008
Repairs and maintenance	1,871,825	1,625,832	245,993
Depreciation/amortization	9,199,444	8,970,794	228,650
Other services and charges	15,508,440	14,021,835	1,486,605
Total operating expenses	<u>35,757,690</u>	<u>33,316,273</u>	<u>2,441,417</u>
Operating income	<u>10,633,360</u>	<u>5,974,442</u>	<u>4,658,918</u>
Nonoperating revenues (expenses):			
Intergovernmental revenues	-	6,861	(6,861)
Interest income	2,376,134	1,429,672	946,462
Interest expense	(7,764,098)	(7,031,842)	732,256
Other expense	(1,537,640)	(2,095,642)	(558,002)
Total nonoperating revenues (expenses)	<u>(6,925,604)</u>	<u>(7,690,951)</u>	<u>(765,347)</u>
Income (loss) before contributions	3,707,756	(1,716,509)	5,424,265
Contributions from others	8,000,000	-	8,000,000
Contributed capital	-	104,702	(104,702)
Change in net position	11,707,756	(1,611,807)	13,319,563
Total net position - beginning	<u>121,625,963</u>	<u>123,237,770</u>	<u>(1,611,807)</u>
Total net position - ending	<u>\$133,333,719</u>	<u>\$ 121,625,963</u>	<u>\$ 11,707,756</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, 2022

(With comparative amounts for the year ended September 30, 2021)

	Water and Wastewater	
	2022	2021
Cash flows from operating activities:		
Cash received from customers	\$ 46,245,135	\$ 38,375,781
Cash paid to suppliers	(11,709,025)	(8,762,352)
Cash paid to employees	(6,791,142)	(6,280,179)
Cash paid to other funds for administration, franchise fees and data processing	<u>(7,987,469)</u>	<u>(7,347,572)</u>
Net cash provided by operating activities	<u>19,757,499</u>	<u>15,985,678</u>
Cash flows from noncapital financing activities:		
Subsidy from federal grants	<u>-</u>	<u>6,861</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>6,861</u>
Cash flows from capital and related financing activities:		
Capital expenses	(37,443,128)	(32,502,252)
Interest paid on debt	(9,027,529)	(7,139,092)
Debt principal payments	(10,685,000)	(10,055,000)
Proceeds from debt issuance	<u>-</u>	<u>110,000,000</u>
Net cash provided (used) by capital and related financing activities	<u>(57,155,657)</u>	<u>60,303,656</u>
Cash flows from investing activities:		
Interest received on investments	<u>2,376,134</u>	<u>1,429,672</u>
Net cash provided by investing activities	<u>2,376,134</u>	<u>1,429,672</u>
Net change in cash and cash equivalents	(35,022,024)	77,725,867
Cash and cash equivalents, beginning of year	<u>128,121,985</u>	<u>50,396,118</u>
Cash and cash equivalents, end of year	<u>\$ 93,099,961</u>	<u>\$128,121,985</u>

(Continued)

**CITY OF TEMPLE, TEXAS
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND**

(Continued)

For the year ended September 30, 2022

(With comparative amounts for the year ended September 30, 2021)

	<u>Water and Wastewater</u>	
	<u>2022</u>	<u>2021</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 10,633,359	\$ 5,974,442
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,199,444	8,970,794
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Change in accounts receivable	(182,629)	(249,147)
Change in inventory	(109,439)	(39,398)
Change in prepaids	(477)	(6,918)
Change in vouchers payable	161,716	862,112
Change in accrued liabilities	43,970	54,699
Change in OPEB liability	(120,575)	114,090
Change in supplemental death benefit liability	25,346	55,163
Change in net pension liability	22,882	160,174
Change in customer deposits	43,576	27,042
Change in accrued vacation and sick leave	40,326	62,625
	<u>9,124,140</u>	<u>10,011,236</u>
Total adjustments		
	<u>\$ 19,757,499</u>	<u>\$ 15,985,678</u>
Net cash provided by operating activities		

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

Cash	\$ 8,050	\$ 5,050
Investments	20,613,514	18,794,034
Restricted assets - debt service, and bond proceeds:		
Cash and investments	<u>72,478,397</u>	<u>109,322,901</u>
Total cash and cash equivalents	<u>\$ 93,099,961</u>	<u>\$128,121,985</u>

During the fiscal years ended September 30, 2022, and 2021, the estimated value of water and wastewater infrastructure contributed by developers was \$ 0 and \$ 104,702, 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, 2022

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, 2022

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.

Blended Component Unit

The Temple Revitalization Corporation (TRC) serves all the citizens of the City of Temple and is governed by a board composed of the City of Temple's elected Council. It was created to aid, assist, and act on behalf of the City in the performance of its governmental functions, to promote the common good and general welfare of the City, including the sale, purchase, development, redevelopment, and revitalization of real property to help promote, develop, encourage, and maintain employment, commerce, economic development, and public facility development in the City. The Corporation is reported as a special revenue fund and does not issue separate financial statements.

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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*.

Separate fund based financial statements are provided for governmental funds and proprietary funds. 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, and the capital projects 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, 2022

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, Drainage Fund, and the Temple Revitalization Corporation.

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 2022

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	\$ 2,313,420
Special Revenue Funds	70,201
Debt Service Fund	90,057
Enterprise Fund	414,448

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 \$ 15,985,014.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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*.

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 Temple Firefighters' Relief and Retirement Fund and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by the Temple Firefighters' Relief and Retirement Fund. 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, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from the Temple Firefighters' Relief and Retirement Fund through a report prepared for the City by the Temple Firefighters' Relief and Retirement Fund consulting actuary, Definiti-LLC, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pensions Plans – amendment of GASB Statement No. 25*, and 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.

No assets have been accumulated in a trust to pay related benefits for the plan. 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*.

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 City's Retiree Health Care Plan and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by the City. 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.

No assets have been accumulated in a trust to pay related benefits for the plan. Information regarding the City's Total OPEB Liability is obtained from a report prepared for the City by 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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets 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.
- Differences in expected and actual experience – The change is deferred and amortized over the average of the remaining service lives.
- Changes in assumptions – The result of changes in actuarial assumptions used to measure the total OPEB or net pension liability. The change is deferred and amortized over the average of the remaining service lives.

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 assets 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.

- Lease related – Lease revenue is deferred and will be recognized over the term of the individual leases.
- 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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Changes in assumptions – The result of changes in actuarial assumptions used to measure the total OPEB or net pension liability. The change is deferred and amortized over the average of the remaining service lives.
- Difference in projected and actual investment earnings – The difference is deferred and amortized over a closed five-year period.

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 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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for noncancellable leases of buildings, hangars, parcels of land, and a landfill.

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. 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.

16. 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.

Implementation Guide No. 2019-1, *Implementation Guidance Update-2019* – The objective of this implementation guide is to provide guidance that clarifies, explains, or elaborates on GASB statements. The requirements of this implementation guide apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer. This implementation guide has been implemented in fiscal year 2021.

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 has been implemented in fiscal year 2022.

Implementation Guide No. 2019-3, *Leases* - The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, *Leases*. This implementation guide has been implemented in fiscal year 2022.

Statement No. 92, *Omnibus 2020* – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement has been implemented in fiscal year 2022.

Statement No. 93, *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement has been implemented in fiscal year 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* - The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement has been implemented in fiscal year 2022.

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

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, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – This statement provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement will be implemented in fiscal year 2023.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. This statement will be implemented in fiscal year 2023.

G. PRIOR PERIOD ADJUSTMENT

The City restated its government-wide net position due to the implementation of GASB 87, Leases.

Prospectively applying this change resulted in the adjustment below:

	Government-wide Statement of Activities		
	Governmental Activities	Business-type Activities	Total
Net position at September 30, 2021			
as previously reported	\$ 68,752,580	\$ 121,625,963	\$ 190,378,543
Implementation of GASB 87 Leases, Lessor	342,790	-	342,790
Implementation of GASB 87 Leases, Lessee	262,402	-	262,402
Net position at September 30, 2021, as restated	<u>\$ 69,357,772</u>	<u>\$ 121,625,963</u>	<u>\$ 190,983,735</u>

Due to the implementation of GASB 87, Leases, the City restated the General Fund Statement of Revenues, Expenditures and Fund Balance.

Prospectively applying this change resulted in the adjustment below:

	Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance General Fund
	Net position at September 30, 2021
as previously reported	\$ 39,558,632
Implementation of GASB 87 Leases, Lessor	342,790
Net position at September 30, 2021, as restated	<u>\$ 39,901,422</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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	\$ 7,713,967
Capital Projects Fund	24,681,716
Nonmajor Funds:	<u>7,565,619</u>
Totals	<u>\$ 39,961,302</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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, 2022, the City's deposit balances were as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
Total Deposits	<u>\$ 54,550,376</u>	<u>\$ 30,378,922</u>	<u>\$ 84,929,298</u>
Carrying Amount	<u>\$ 53,322,245</u>	<u>\$ 29,575,843</u>	<u>\$ 82,898,088</u>
Petty Cash	<u>\$ 17,750</u>	<u>\$ -</u>	<u>\$ 17,750</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, 2022, the Temple Economic Development Corporation had a total of \$ 26,855,617 in deposits. Of this amount, \$ 449,952 was insured, and \$ 26,405,665 was collateralized with securities held by pledging financial institution's agent in the entity's name.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

Investments

The City evaluated all its investment positions and determined that it had no investments subject to recurring fair value recognition or disclosures. As of September 30, 2022, the City had the following investments:

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Primary Government</u>		
Investment pools:		
Texpool	\$ 14,441,274	\$ 14,441,274
TexSTAR	187,091,471	187,091,471
Texas CLASS	<u>23,501,186</u>	<u>23,501,186</u>
Total investment in pools:	<u>225,033,931</u>	<u>225,033,931</u>
 Total investments	 <u>\$ 225,033,931</u>	 <u>\$ 225,033,931</u>
<u>Discretely Presented Component Units</u>		
Investment pools:		
Texpool	\$ 6,603,967	\$ 6,603,967
TexSTAR	81,107,109	81,107,109
Texas CLASS	<u>2,750,938</u>	<u>2,750,938</u>
Total investment in pools:	<u>90,462,014</u>	<u>90,462,014</u>
 Total investments	 <u>\$ 90,462,014</u>	 <u>\$ 90,462,014</u>
<u>Reporting Entity</u>		
Total investments	<u>\$ 315,495,945</u>	<u>\$ 315,495,945</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 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, 2022, the weighted average maturity of the City’s investment portfolio was 23.73 days.

Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2022, 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,

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

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.

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

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 17,750	\$ -	\$ 17,750
Carrying amount of deposits	53,322,245	29,575,843	82,898,088
Carrying amount of investments	<u>225,033,931</u>	<u>90,462,014</u>	<u>315,495,945</u>
Total	<u>\$ 278,373,926</u>	<u>\$120,037,857</u>	<u>\$ 398,411,783</u>
Statement of Net Position:			
Cash	\$ 17,750	\$ 5,540,389	\$ 5,558,139
Investments	204,779,014	10,017,580	214,796,594
Restricted cash and investments	<u>73,577,162</u>	<u>104,479,888</u>	<u>178,057,050</u>
Total	<u>\$ 278,373,926</u>	<u>\$120,037,857</u>	<u>\$ 398,411,783</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, 2021, upon which the fiscal year 2022 levy was based, was \$ 5,381,100,660. This amount is the net taxable value adjusted for frozen taxable value. The amount of the levy attributable to frozen taxes was \$ 3,316,557. The total levy assessed was \$ 37,755,601. The total taxable value before the adjustment for frozen taxable value was \$ 6,086,377,782.

The tax assessment of October 1, 2021, set a tax levy at \$ 0.6400 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, 2022, delinquent property taxes receivable is \$ 481,671, 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, 2022

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 based on 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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance October 1, 2021	Additions Net of CIP Reclassifications	Transfers/ Retirements	Balance September 30, 2022
Primary government:				
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 36,166,637	\$ 3,070,746	\$ 2,751	\$ 39,240,134
Construction in progress	13,416,137	22,904,036	(3,491,208)	32,828,965
Total capital assets not being depreciated	<u>49,582,774</u>	<u>25,974,782</u>	<u>(3,488,457)</u>	<u>72,069,099</u>
Capital assets being depreciated				
Buildings	87,018,361	2,247,785	-	89,266,146
Infrastructure	221,683,810	1,969,014	-	223,652,824
Furniture & equipment ¹	33,501,738	942,892	-	34,444,630
Machinery & equipment ¹	46,585,641	2,748,876	(2,127,331)	47,207,186
Total capital assets being depreciated	<u>388,789,550</u>	<u>7,908,567</u>	<u>(2,127,331)</u>	<u>394,570,786</u>
Less accumulated depreciation for:				
Buildings	(44,836,697)	(2,062,876)	-	(46,899,573)
Infrastructure	(117,891,680)	(7,510,275)	-	(125,401,955)
Furniture & equipment ¹	(23,714,557)	(1,752,483)	-	(25,467,040)
Machinery & equipment ¹	(30,487,712)	(3,088,520)	2,126,390	(31,449,842)
Total accumulated depreciation	<u>(216,930,646)</u>	<u>(14,414,154)</u>	<u>2,126,390</u>	<u>(229,218,410)</u>
Total capital assets being depreciated, net	<u>171,858,904</u>	<u>(6,505,587)</u>	<u>(941)</u>	<u>165,352,376</u>
Capital assets being amortized				
Right-to-use leased equipment ¹	1,155,777	194,548	-	1,350,325
Total capital assets being amortized	<u>1,155,777</u>	<u>194,548</u>	<u>-</u>	<u>1,350,325</u>
Less accumulated amortization for:				
Right-to-use leased equipment ¹	(545,279)	(276,706)	-	(821,985)
Total accumulated amortization	<u>(545,279)</u>	<u>(276,706)</u>	<u>-</u>	<u>(821,985)</u>
Total capital assets being amortized, net	<u>610,498</u>	<u>(82,158)</u>	<u>-</u>	<u>528,340</u>
Total capital assets being depreciated/amortized, net	<u>172,469,402</u>	<u>(6,587,745)</u>	<u>(941)</u>	<u>165,880,716</u>
Governmental Activities capital assets, net	<u>\$ 222,052,176</u>	<u>\$ 19,387,037</u>	<u>\$ (3,489,398)</u>	<u>\$ 237,949,815</u>

1 - Beginning values restated due to implementation of GASB 87

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance October 1, 2021	Additions	Transfers/ Retirements	Balance September 30, 2022
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 3,815,580	\$ -	\$ (138,281)	\$ 3,677,299
Construction in progress	51,433,168	44,844,111	(17,479,563)	78,797,716
Total capital assets not being depreciated	<u>55,248,748</u>	<u>44,844,111</u>	<u>(17,617,844)</u>	<u>82,475,015</u>
Capital assets being depreciated				
Buildings	49,587,499	10,674,711	-	60,262,210
Infrastructure	247,938,996	7,022,950	-	254,961,946
Furniture & equipment	3,159,835	2,053	-	3,161,888
Machinery & equipment	13,632,431	349,315	(141,075)	13,840,671
Total capital assets being depreciated	<u>314,318,761</u>	<u>18,049,029</u>	<u>(141,075)</u>	<u>332,226,715</u>
Less accumulated depreciation for:				
Buildings	(33,356,528)	(1,065,651)	-	(34,422,179)
Infrastructure	(101,085,114)	(7,020,463)	-	(108,105,577)
Furniture & equipment	(2,531,165)	(204,378)	-	(2,735,543)
Machinery & equipment	(8,322,317)	(904,256)	141,075	(9,085,498)
Total accumulated depreciation	<u>(145,295,124)</u>	<u>(9,194,748)</u>	<u>141,075</u>	<u>(154,348,797)</u>
Total capital assets being depreciated, net	<u>169,023,637</u>	<u>8,854,281</u>	<u>-</u>	<u>177,877,918</u>
Capital assets being amortized				
Right-to-use leased equipment	-	22,540	-	22,540
Total capital assets being amortized	<u>-</u>	<u>22,540</u>	<u>-</u>	<u>22,540</u>
Less accumulated amortization for:				
Right-to-use leased equipment	-	(4,696)	-	(4,696)
Total accumulated amortization	<u>-</u>	<u>(4,696)</u>	<u>-</u>	<u>(4,696)</u>
Total capital assets being amortized, net	<u>-</u>	<u>17,844</u>	<u>-</u>	<u>17,844</u>
Total capital assets being depreciated/amortized, net	<u>169,023,637</u>	<u>8,872,125</u>	<u>-</u>	<u>177,895,762</u>
Business-type Activities capital assets, net	<u>\$ 224,272,385</u>	<u>\$ 53,716,236</u>	<u>\$ (17,617,844)</u>	<u>\$ 260,370,777</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities:	
General government	\$ 896,834
Public safety	2,735,187
Highways and streets	5,272,543
Sanitation	1,259,917
Health and welfare	106,371
Culture and leisure services	3,208,443
Airport	<u>1,211,565</u>
Total depreciation/amortization expense - Governmental Activities	<u>\$ 14,690,860</u>
Business-type activities:	
Water and sewer	<u>\$ 9,199,444</u>
Total depreciation/amortization expense - Business-type Activities	<u>\$ 9,199,444</u>

The City has active construction projects as of September 30, 2022. Total accumulated commitments for ongoing capital projects are composed of the following:

Capital Projects Fund	\$ 9,348,406
Water and Sewer Fund	17,990,161
Special Revenue Fund-Drainage	<u>53,588</u>
Total	<u>\$ 27,392,155</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance October 1, 2021	Additions	Transfers/ Retirements	Balance September 30, 2022
Discretely presented component units:				
Reinvestment Zone No 1:				
Capital assets not being depreciated				
Land	\$ 22,883,128	\$ 1,946,629	\$ -	\$ 24,829,757
Construction in progress	29,098,119	32,558,150	(8,542,545)	53,113,724
Total capital assets not being depreciated	<u>51,981,247</u>	<u>34,504,779</u>	<u>(8,542,545)</u>	<u>77,943,481</u>
Capital assets being depreciated				
Buildings	2,701,120	-	-	2,701,120
Infrastructure	117,718,906	9,103,730	-	126,822,636
Furniture & equipment	33,862	-	-	33,862
Machinery & equipment	42,559	-	-	42,559
Total capital assets being depreciated	<u>120,496,447</u>	<u>9,103,730</u>	<u>-</u>	<u>129,600,177</u>
Less accumulated depreciation for:				
Buildings	(566,619)	(95,974)	-	(662,593)
Infrastructure	(40,996,056)	(5,743,325)	-	(46,739,381)
Furniture & equipment	(5,502)	(1,693)	-	(7,195)
Machinery & equipment	(39,248)	(2,838)	-	(42,086)
Total accumulated depreciation	<u>(41,607,425)</u>	<u>(5,843,830)</u>	<u>-</u>	<u>(47,451,255)</u>
Total capital assets being depreciated, net	<u>78,889,022</u>	<u>3,259,900</u>	<u>-</u>	<u>82,148,922</u>
Reinvestment Zone No.1 capital assets, net	<u>\$ 130,870,269</u>	<u>\$ 37,764,679</u>	<u>\$ (8,542,545)</u>	<u>\$ 160,092,403</u>
Temple Economic Development Corporation:				
Capital assets being depreciated				
Buildings & improvements	\$ 5,432,772	\$ -	\$ -	\$ 5,432,772
Office equipment	80,989	14,822	-	95,811
Total capital assets being depreciated	<u>5,513,761</u>	<u>14,822</u>	<u>-</u>	<u>5,528,583</u>
Less accumulated depreciation for:				
Buildings & improvements	(470,317)	(158,102)	-	(628,419)
Office equipment	(34,389)	(11,854)	-	(46,243)
Total accumulated depreciation	<u>(504,706)</u>	<u>(169,956)</u>	<u>-</u>	<u>(674,662)</u>
Total capital assets being depreciated, net	<u>5,009,055</u>	<u>(155,134)</u>	<u>-</u>	<u>4,853,921</u>
Temple Economic Development Corp. capital assets, net	<u>\$ 5,009,055</u>	<u>\$ (155,134)</u>	<u>\$ -</u>	<u>\$ 4,853,921</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2022, in the Statement of Net Position were as follows:

	Property (Net of Allowance)	Other (Net of Allowance)	Leases	Other Governments	Total Receivables
General Fund	\$ 212,910	\$ 4,186,636	\$ 17,185,182	\$ 180,126	\$ 21,764,854
Debt Service Fund	268,761	-	-	5,817,669	6,086,430
Capital Projects Fund	-	163,486	-	-	163,486
Nonmajor Governmental Funds	-	377,769	-	222,886	600,655
Total Governmental Funds	<u>481,671</u>	<u>4,727,891</u>	<u>17,185,182</u>	<u>6,220,681</u>	<u>28,615,425</u>
Water & Sewer Fund	-	3,028,484	-	-	3,028,484
Total	<u>\$ 481,671</u>	<u>\$ 7,756,375</u>	<u>\$ 17,185,182</u>	<u>\$ 6,220,681</u>	<u>\$ 31,643,909</u>

Payables at September 30, 2022, in the Statement of Net Position were as follows:

	Vouchers & Contracts	Retainages	Accrued Payroll	Deposits	Total Payables
General Fund	\$ 3,664,226	\$ 696	\$ 2,819,189	\$ 50,084	\$ 6,534,195
Capital Projects Fund	3,240,173	638,698	5,264	-	3,884,135
Nonmajor Governmental Funds	558,345	36,102	98,968	86,898	780,313
Total Governmental Funds	<u>7,462,744</u>	<u>675,496</u>	<u>2,923,421</u>	<u>136,982</u>	<u>11,198,643</u>
Water and Sewer Fund	4,175,736	2,695,316	320,119	875,145	8,066,316
Total	<u>\$ 11,638,480</u>	<u>\$ 3,370,812</u>	<u>\$ 3,243,540</u>	<u>\$ 1,012,127</u>	<u>\$ 19,264,959</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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, 2022:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022
<u>Governmental Activities</u>				
General obligation bonds	\$ 3,566,331	\$ -	\$ 405,262	\$ 3,161,069
Total governmental activities	<u>3,566,331</u>	<u>-</u>	<u>405,262</u>	<u>3,161,069</u>
<u>Business-Type Activities</u>				
General obligation bonds	1,382,967	3,017,686	381,507	4,019,146
Total business-type activities	<u>1,382,967</u>	<u>3,017,686</u>	<u>381,507</u>	<u>4,019,146</u>
Total government	<u>\$ 4,949,298</u>	<u>\$ 3,017,686</u>	<u>\$ 786,769</u>	<u>\$ 7,180,215</u>
<u>Component Units</u>				
Reinvestment Zone No. 1	\$ 1,110,953	\$ -	\$ 120,772	\$ 990,181
Total component units	<u>\$ 1,110,953</u>	<u>\$ -</u>	<u>\$ 120,772</u>	<u>\$ 990,181</u>

F. DEFERRED INFLOWS OF RESOURCES – LEASE RELATED

The amounts reported for lease related deferred inflows of resources for the year ended September 30, 2022, were as follows:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022
<u>Governmental Activities</u>				
Building leases	\$ 2,038,648	\$ -	\$ 143,214	\$ 1,895,434
Hangar leases	596,826	-	44,903	551,923
Land leases	358,757	65,914	18,714	405,957
Landfill lease	14,427,487	-	741,507	13,685,980
Total governmental activities	<u>\$ 17,421,718</u>	<u>\$ 65,914</u>	<u>\$ 948,338</u>	<u>\$ 16,539,294</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. 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, 2022:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022
Deferred Outflows of Resources related to pensions and other post-employment benefits				
Contributions subsequent to the measurement date				
Texas Municipal Retirement System	\$ 4,885,449	\$ 5,520,010	\$ (4,885,449)	\$ 5,520,010
Firemen's Pension	1,528,626	1,787,229	(1,528,626)	1,787,229
Texas Municipal Retirement System- Supplemental Death Benefits	57,307	56,091	(57,307)	56,091
Retiree Health Care Plan	167,560	133,589	(167,560)	133,589
Total contributions subsequent to the measurement date	<u>\$ 6,638,942</u>	<u>\$ 7,496,919</u>	<u>\$ (6,638,942)</u>	<u>\$ 7,496,919</u>
Differences between expected and actual plan experience				
Texas Municipal Retirement System	\$ 444,957	\$ 3,332,299	\$ (1,200,058)	\$ 2,577,198
Firemen's Pension	1,328,052	-	(170,578)	1,157,474
Texas Municipal Retirement System- Supplemental Death Benefits	4,374	-	(1,545)	2,829
Total differences between expected and actual plan experience	<u>\$ 1,777,383</u>	<u>\$ 3,332,299</u>	<u>\$ (1,372,181)</u>	<u>\$ 3,737,501</u>
Changes in assumptions				
Texas Municipal Retirement System	\$ 268,302	\$ -	\$ (125,963)	\$ 142,339
Firemen's Pension	1,875,522	-	(284,938)	1,590,584
Texas Municipal Retirement System- Supplemental Death Benefits	630,425	98,611	(187,401)	541,635
Retiree Health Care Plan	1,182,144	18,720	(169,111)	1,031,753
Total differences between changes in assumptions	<u>\$ 3,956,393</u>	<u>\$ 117,331</u>	<u>\$ (767,413)</u>	<u>\$ 3,306,311</u>
Deferred Inflows of Resources related to pensions and other post-employment benefits				
Differences between expected and actual plan experience				
Texas Municipal Retirement System	\$ 1,240,152	\$ -	\$ (491,336)	\$ 748,816
Firemen's Pension	392,757	-	(75,531)	317,226
Texas Municipal Retirement System- Supplemental Death Benefits	156,693	16,274	(41,686)	131,281
Retiree Health Care Plan	954,432	1,379,702	(284,517)	2,049,617
Total differences between expected and actual plan experience	<u>\$ 2,744,034</u>	<u>\$ 1,395,976</u>	<u>\$ (893,070)</u>	<u>\$ 3,246,940</u>
Changes in assumptions				
Texas Municipal Retirement System- Supplemental Death Benefits	\$ 70,050	\$ -	\$ (24,752)	\$ 45,298
Retiree Health Care Plan	225,648	-	(36,901)	188,747
Total differences between changes in assumptions	<u>\$ 295,698</u>	<u>\$ -</u>	<u>\$ (61,653)</u>	<u>\$ 234,045</u>
Differences between projected and actual investment earnings				
Texas Municipal Retirement System	\$ 5,287,718	\$ 12,588,300	\$ (4,496,359)	\$ 13,379,659
Firemen's Pension	681,727	6,801,237	(1,662,288)	5,820,676
Total differences between projected and actual investment earnings	<u>\$ 5,969,445</u>	<u>\$ 19,389,537</u>	<u>\$ (6,158,647)</u>	<u>\$ 19,200,335</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. 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	\$ 185,325	\$ -	\$ 185,325
Street escrow	-	23,010	23,010
Parks escrow	-	661,692	661,692
Police escrow	-	192,287	192,287
Child safety fees	-	139,074	139,074
Electric franchise	-	1,714,449	1,714,449
Gas franchise	-	487,051	487,051
Other	-	1,003	1,003
Total General Fund	<u>185,325</u>	<u>3,218,566</u>	<u>3,403,891</u>
Debt Service Fund:			
Delinquent property taxes	257,561	-	257,561
Pass-through toll agreement	<u>5,817,669</u>	<u>-</u>	<u>5,817,669</u>
Total Debt Service Fund	<u>6,075,230</u>	<u>-</u>	<u>6,075,230</u>
Capital Projects Fund:			
Other	<u>-</u>	<u>22,693</u>	<u>22,693</u>
Total Capital Projects Fund	<u>-</u>	<u>22,693</u>	<u>22,693</u>
Nonmajor governmental funds:			
Grant draw downs prior to meeting all eligibility requirements	<u>-</u>	<u>9,879,760</u>	<u>9,879,760</u>
Total Governmental Funds	<u>\$ 6,260,555</u>	<u>\$ 13,121,019</u>	<u>\$ 19,381,574</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. LEASES

Lease receivable

During the current fiscal year, the City leased various buildings to third parties. The lease terms range from fifteen to fifty years. The City will receive monthly payments ranging from \$ 1,138 to \$ 7,680. The City recognized \$ 143,214 in lease revenue and \$ 42,139 in interest revenue during the current fiscal year related to the building leases.

During the current fiscal year, the City leased various hangars to third parties. The lease terms range from five to twenty-five years. The City will receive monthly payments ranging from \$ 360 to \$ 4,692. The City recognized \$ 44,903 in lease revenue and \$ 11,438 in interest revenue during the current fiscal year related to the hangar leases.

During the current fiscal year, the City leased various parcels of land to third parties. The lease terms range from twenty to forty years. The City will receive monthly or annual payments ranging from \$ 178 to \$ 10,043. The City recognized \$ 18,714 in lease revenue and \$ 7,908 in interest revenue during the current fiscal year related to the land leases.

During the current fiscal year, the City leased a landfill to a third party. The lease term is for forty years. The City will receive monthly payments ranging from \$ 50,000 to \$ 62,954. The City recognized \$ 741,507 in lease revenue and \$ 307,448 in interest revenue during the current fiscal year related to the landfill lease.

As of September 30, 2022, the City's receivable for all lease payments was \$ 17,185,182. The City also has a deferred inflow of resources associated with leases that will be recognized as revenue over the lease terms. As of September 30, 2022, the balance of the deferred inflow of resources was \$ 16,539,294.

Lease payable

During the current fiscal year, the City leased golf equipment, police equipment, and copiers. The lease terms range from four to five years. As of September 30, 2022, the value of the lease liability was \$ 438,860. The value of the right-to-use assets as of the end of the current fiscal year was \$ 1,372,865 and had accumulated amortization of \$ 826,681.

Detailed information related to the leases can be found in Note III, J for Long-Term Debt.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. 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, 2022:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022	Due within one year
<u>Governmental Activities</u>					
General obligation bonds	\$ 64,030,000	\$ -	\$ 6,500,000	\$ 57,530,000	\$ 6,345,000
Certificates of obligation	156,925,000	39,865,000	5,890,000	190,900,000	7,490,000
Contractual obligations	6,780,000	2,575,000	1,205,000	8,150,000	1,555,000
Notes payable	2,397,936	-	177,949	2,219,987	171,217
Lease liability	529,506	194,548	302,270	421,784	313,419
Plus deferred amount:					
Issuance premium	19,358,729	4,406,590	1,522,444	22,242,875	1,764,555
Issuance discount	(1,802,086)	(217,397)	(130,629)	(1,888,854)	(142,638)
Total bonds payable	248,219,085	46,823,741	15,467,034	279,575,792	17,496,553
Compensated absences	8,926,388	1,194,589	728,177	9,392,800	776,491
Net pension liability - TMRS	21,570,792	-	8,935,847	12,634,945	-
Net pension liability - FP	19,290,078	-	6,538,553	12,751,525	-
OPEB liability - RHCP	6,147,034	-	884,220	5,262,814	-
OPEB liability - SDBF	2,623,069	185,871	-	2,808,940	-
Total governmental activities	306,776,446	48,204,201	32,553,831	322,426,816	18,273,044
<u>Business-Type Activities</u>					
General obligation bonds	31,180,000	-	3,990,000	27,190,000	4,265,000
Revenue bonds	168,455,000	23,145,000	26,550,000	165,050,000	6,820,000
Notes payable	177,371	-	12,583	164,788	12,709
Lease liability	-	22,540	5,464	17,076	5,517
Plus deferred amount:					
Issuance premium	25,178,153	-	1,663,550	23,514,603	1,663,550
Issuance discount	(1,500,799)	(135,299)	(118,781)	(1,517,317)	(118,781)
Total bonds payable	223,489,725	23,032,241	32,102,816	214,419,150	12,647,995
Compensated absences	566,815	82,290	36,465	612,640	73,517
Net pension liability - TMRS	2,924,621	-	1,180,588	1,744,033	-
OPEB liability - RHCP	838,232	-	120,575	717,657	-
OPEB liability - SDBF	357,691	25,346	-	383,037	-
Total business-type activities	228,177,084	23,139,877	33,440,444	217,876,517	12,721,512
<u>Component Units</u>					
Reinvestment Zone No. 1	96,596,463	55,222,503	5,654,821	146,164,145	4,549,913
Temple Economic Development Corp.	3,532,657	-	89,374	3,443,283	59,644
Total component units	100,129,120	55,222,503	5,744,195	149,607,428	4,609,557
Total government	\$ 635,082,650	\$126,566,581	\$ 71,738,470	\$ 689,910,761	\$ 35,604,113

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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 total OPEB liability for all employees in the corresponding governmental funds.

Long-term debt at September 30, 2022 is comprised of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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%	\$ 1,665,000	\$ 12,330,000
\$ 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%	7,190,000	2,700,000
\$ 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%	24,140,000	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%	6,525,000	-
\$ 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%	16,335,000	-
\$ 20,320,000 2019 refunding bonds due in annual installments of \$ 565,000 to \$ 3,650,000 through 2030; interest at 5.00%	995,000	8,965,000
\$ 685,000 2020 refunding bonds due in annual installments of \$ 5,000 to \$ 660,000 through 2031; interest at 0.35% to 1.78%	680,000	-
	<u>57,530,000</u>	<u>27,190,000</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%	6,375,000	-
\$ 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%	3,475,000	-
\$ 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%	17,840,000	-
\$ 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%	15,525,000	-
\$ 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%	27,765,000	-
\$ 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%	14,375,000	-
\$ 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%	17,270,000	-
\$ 50,280,000 2021 certificates due in annual installments of \$ 1,205,000 to \$ 3,490,000 through 2041; interest at 2.00% to 5.00%	48,410,000	-
\$ 39,865,000 2022A certificates due in annual installments of \$ 1,095,000 to \$ 2,810,000 through 2042; interest at 4.00% to 5.00%	39,865,000	-
	<u>190,900,000</u>	<u>-</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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%	\$ 295,000	\$ -
\$ 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%	720,000	-
\$ 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%	2,010,000	-
\$ 2,940,000 2021 limited tax notes due in annual installments of \$ 390,000 to \$ 455,000 through 2028; interest at 2.00% to 4.00%	2,550,000	-
\$ 2,575,000 2022 limited tax notes due in annual installments of \$ 315,000 to \$ 425,000 through 2029; interest at 5.00%	2,575,000	-
	<u>8,150,000</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%	-	1,285,000
\$ 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%	-	7,195,000
\$ 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%	-	26,905,000
\$ 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%	-	18,500,000
\$ 68,145,000 2021 bonds due in annual installments of \$ 2,060,000 to \$ 4,470,000 through 2041; interest at 3.00% to 5.00%	-	62,950,000
\$ 26,445,000 2021A bonds due in annual installments of \$ 905,000 to \$ 1,700,000 through 2041; interest at 2.00% to 5.00%	-	25,525,000
\$ 23,145,000 2021 refunding bonds due in annual installments of \$ 335,000 to \$ 2,250,000 through 2044; interest at 0.31% to 3.01%	-	22,690,000
	<u>-</u>	<u>165,050,000</u>
Notes payable:		
\$ 2,836,634 2020 loan agreement due in quarterly installments of \$ 44,680 to \$ 51,642 through 2034; interest at 1.00%	2,219,987	164,788
	<u>2,219,987</u>	<u>164,788</u>
Lease liability:		
\$ 100,399 2018 golf equipment lease with monthly payments of \$ 4,258 through 2022; interest at 4.20%	52,431	-
\$ 429,108 2019 police equipment lease with annual payments of \$ 215,749 through 2023; interest at 2.97%	221,969	-
\$ 182,654 2021 copier lease with quarterly payments of \$ 12,091 through 2025; interest at 3.102%	138,374	-
\$ 11,894 2021 copier lease with quarterly payments of \$ 787 through 2025; interest at 3.102%	9,010	-
\$ 22,540 2021 copier lease with quarterly payments of \$ 1,492 through 2025; interest at 3.102%	-	17,076
	<u>421,784</u>	<u>17,076</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Issuance premium	\$ 22,242,875	\$ 23,514,603
Issuance discount	(1,888,854)	(1,517,317)
Total bonds payable	<u>279,575,792</u>	<u>214,419,150</u>
Accrual for compensated absences	9,392,800	612,640
Accrual for net pension liability - TMRS	12,634,945	1,744,033
Accrual for net pension liability - FP	12,751,525	-
Accrual for OPEB liability - RHCP	5,262,814	717,657
Accrual for OPEB liability - SDBF	<u>2,808,940</u>	<u>383,037</u>
Total primary government debt	<u>322,426,816</u>	<u>217,876,517</u>
Component Units:		
Reinvestment Zone No 1:		
\$ 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	16,310,000	-
\$ 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	2,720,000	-
\$ 40,560,000 2022B certificates of obligation due in annual installments of \$ 520,000 to \$ 2,755,000 through 2047, interest at 4.00% to 5.00%; guaranteed by the City of Temple	40,560,000	-
\$ 12,145,000 2022C certificates of obligation due in annual installments of \$ 170,000 to \$ 860,000 through 2047, interest at 3.51% to 5.17%; guaranteed by the City of Temple	12,145,000	-
\$ 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	22,635,000	-
\$ 25,455,000 2021A revenue bonds due in annual installments of \$ 865,000 to \$ 1,890,000 through 2041, interest at 4.00% to 5.00%; guaranteed by the City of Temple	25,455,000	-
\$ 19,160,000 2021B taxable revenue bonds due in annual installments of \$ 835,000 to \$ 1,280,000 through 2041, interest at 0.75% to 3.25%; guaranteed by the City of Temple	19,160,000	-
Issuance premium	8,447,720	-
Issuance discount	(1,268,575)	-
Total Reinvestment Zone No 1	<u>146,164,145</u>	<u>-</u>
Temple Economic Development Corporation:		
\$ 3,864,000 note due in monthly payments of \$ 31,424 through July 2027, interest at 6.00%; this represents the corporation's 69% portion of the note which is shared with another entity	3,443,283	-
Accrual for compensated absences	-	-
Total Temple Economic Development Corporation	<u>3,443,283</u>	<u>-</u>
Total component units debt	<u>149,607,428</u>	<u>-</u>
Total debt - reporting entity	<u>\$ 472,034,244</u>	<u>\$217,876,517</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual requirements to amortize debt outstanding as of September 30, 2022, 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		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
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	6,090,000	1,760,545	4,930,000	589,000	1,680,000	227,110	15,276,655
2027	6,475,000	1,495,295	2,590,000	418,050	1,705,000	208,966	12,892,311
2028-2032	18,215,000	4,194,424	6,205,000	563,200	8,950,000	663,986	38,791,610
2033-2035	9,050,000	771,650	-	-	1,910,000	37,817	11,769,467
Total	<u>\$ 57,530,000</u>	<u>\$ 15,096,249</u>	<u>\$ 27,190,000</u>	<u>\$ 4,498,050</u>	<u>\$ 16,310,000</u>	<u>\$1,868,367</u>	<u>\$122,492,666</u>

Certificates of Obligations

Year Ending September 30,	Governmental Activities		Component Units		Total
	Principal	Interest	Principal	Interest	
2023	\$ 7,490,000	\$ 6,793,923	\$ 1,335,000	\$ 2,526,991	\$ 18,145,914
2024	8,080,000	6,492,464	1,385,000	2,453,506	18,410,970
2025	8,360,000	6,171,826	690,000	2,410,225	17,632,051
2026	8,695,000	5,841,076	1,395,000	2,378,258	18,309,334
2027	8,925,000	5,492,183	1,455,000	2,313,232	18,185,415
2028-2032	59,025,000	21,224,293	8,395,000	10,463,724	99,108,017
2033-2037	58,855,000	10,107,831	10,635,000	8,228,442	87,826,273
2038-2042	31,470,000	2,607,600	13,470,000	5,384,094	52,931,694
2043-2047	-	-	16,665,000	2,197,028	18,862,028
Total	<u>\$190,900,000</u>	<u>\$ 64,731,196</u>	<u>\$ 55,425,000</u>	<u>\$ 38,355,500</u>	<u>\$349,411,696</u>

Contractual Obligations

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,555,000	\$ 280,339	\$ 1,835,339
2024	1,300,000	232,050	1,532,050
2025	1,360,000	184,350	1,544,350
2026	1,400,000	134,425	1,534,425
2027	1,250,000	86,625	1,336,625
2028-2029	1,285,000	51,100	1,336,100
Total	<u>\$ 8,150,000</u>	<u>\$ 968,889</u>	<u>\$ 9,118,889</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

Revenue Bonds

Year Ending September 30,	Business-type Activities		Component Units		
	Principal	Interest	Principal	Interest	Total
2023	\$ 6,820,000	\$ 5,713,196	\$ 2,655,000	\$ 2,717,975	\$ 17,906,171
2024	7,130,000	5,402,130	2,755,000	2,620,713	17,907,843
2025	7,460,000	5,074,322	2,855,000	2,516,763	17,906,085
2026	7,800,000	4,728,973	2,970,000	2,404,613	17,903,586
2027	8,170,000	4,354,935	3,090,000	2,285,955	17,900,890
2028-2032	46,430,000	16,240,618	17,495,000	9,379,738	89,545,356
2033-2037	50,645,000	8,348,493	21,425,000	5,468,671	85,887,164
2038-2042	29,295,000	2,189,896	14,005,000	1,229,662	46,719,558
2043-2044	1,300,000	58,995	-	-	1,358,995
Total	<u>\$ 165,050,000</u>	<u>\$ 52,111,558</u>	<u>\$ 67,250,000</u>	<u>\$ 28,624,090</u>	<u>\$ 313,035,648</u>

Notes Payable

Year Ending September 30,	Governmental Activities		Business-type Activities		Component Units Activities		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	\$ 171,217	\$ 21,559	\$ 12,709	\$ 1,600	\$ 59,644	\$ 200,543	\$ 467,272
2024	172,936	19,841	12,837	1,473	55,333	204,854	467,274
2025	174,671	18,105	12,966	1,344	59,372	200,815	467,273
2026	176,425	16,351	13,096	1,214	63,087	197,100	467,273
2027	178,196	14,581	13,227	1,082	3,205,847	130,827	3,543,760
2028-2032	918,170	45,712	68,155	3,393	-	-	1,035,430
2033-2035	428,372	5,371	31,798	399	-	-	465,940
Total	<u>\$ 2,219,987</u>	<u>\$ 141,520</u>	<u>\$ 164,788</u>	<u>\$ 10,505</u>	<u>\$ 3,443,283</u>	<u>\$ 934,139</u>	<u>\$ 6,914,222</u>

Lease Liability

Year Ending September 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 313,419	\$ 6,273	\$ 5,517	\$ 452	\$ 325,661
2024	57,707	2,487	5,690	278	66,162
2025	50,658	856	5,869	99	57,482
Total	<u>\$ 421,784</u>	<u>\$ 9,616</u>	<u>\$ 17,076</u>	<u>\$ 829</u>	<u>\$ 449,305</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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, 2022.

(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, 2022.

(4) 2022 Issuances -

On October 27, 2021, the City partially advance refunded the Series 2014 and Series 2015 Utility Revenue bonds. The par amount of the 2021 Taxable Utility Revenue Refunding bonds was \$ 23,145,000. Net proceeds of \$ 23,009,701 of utility revenue 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 are removed from the City's financial statements in fiscal year 2022.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

This advanced refunding will reduce the total debt service payments over the next 23 years by \$ 3,393,914 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 \$ 2,601,679.

On July 28, 2022, the City issued \$ 39,865,000 of Combination Tax and Revenue Certificates of Obligation bonds. The interest rate of the bonds ranges from 4.00% to 5.00% and the maturity date of the bonds is August 1, 2042. These bonds were issued to design, acquire and construct streets, roads, traffic signalization and other transportation improvement projects, constructing and equipping City buildings, public safety equipment and vehicles, drainage improvements and other costs associated with these projects.

On July 28, 2022, the City issued \$ 40,560,000 of Combination Tax and Revenue Certificates of Obligation bonds. The interest rate of the bonds ranges from 4.00% to 5.00% and the maturity date of the bonds is August 1, 2047. These bonds were issued to design, acquire and construct streets, roads, and other transportation improvement projects, airport improvements, utility improvements and other costs associated with these projects all within the Reinvestment Zone.

On July 28, 2022, the City issued \$ 12,145,000 of Combination Tax and Revenue Certificates of Obligation taxable bonds. The interest rate of the bonds ranges from 3.51% to 5.17% and the maturity date of the bonds is August 1, 2047. These bonds were issued to design, acquire and utility improvements and other costs associated with these projects all within the Reinvestment Zone.

On July 28, 2022, the City issued \$ 2,575,000 of Limited Tax notes. The interest rate of the notes is 5.00% and the maturity date of the bonds is August 1, 2029. The notes were sold to purchase sanitation and street equipment and vehicles.

In the debt service fund, a fund balance of \$ 167,093 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 \$ 72,478,397, of which \$ 3,002,673 will be used to pay accrued interest and current maturities of bond indentures, \$ 68,600,579 represents remaining bonds proceeds, and the remaining \$ 875,145 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, 2022

III. DETAILED NOTES ON ALL FUNDS (Continued)

K. INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2022 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General	\$ 312,349	\$4,026,049
Debt Service	2,854,684	-
Capital Projects	1,945,162	182,222
Nonmajor Governmental Funds:		
Special Revenue	261,872	1,165,796
Total	<u>\$5,374,067</u>	<u>\$5,374,067</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.

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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

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 ninth year (2023) of the agreement is \$ 2,224,712 for the Temple-Belton WWTP, \$ 2,035,791 for the Doshier Farm WWTP and Lift Stations, and \$ 170,253 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 \$ 793,217 annually (\$ 66,101.42 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:

\$ 3.35/ton up to 200,000 tons
\$ 4.17/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.

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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

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. The City received \$ 1,280,086 on its sixth reimbursement and \$ 1,344,934 on its seventh reimbursement. These lower amounts are due to less travel during the pandemic which has continued into FY 2022. 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 twelve 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, 2022, the net receivable is \$ 5,817,669.

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.

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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

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.

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, 2022

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	2022 Abated Value	Term of Abatement	Abatement Percentage	Commitment by Recipient
FY 2016	BKV-BPP Power, LLC	\$ 93,159,450	10 years	50%	Construct new electric power generating facility; create 20 new jobs
FY 2017	CXA Temple 2, LLC	122,258,180	10 years	12% to 65%	Construct new electric power generating facility
FY 2017	Buc-ee's, LTD	4,438,587	10 years	50%	Construct new travel center; create 150 new jobs
TBD	Wilsonart LLC	-	10 years	20% to 80%	Construct new office building; create 45 new jobs
FY 2019	High Ridge Enterprises	249,315	5 years	45%	Construct office building; create and maintain 19 new jobs
FY 2019	Temple TX Statutory Trust & Performance Food Groups	6,483,039	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
FY 2022	Cargill, Inc.	14,427,015	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
FY 2022	Niagara Bottling, LLC and Tanglefoot Properties, LLC	63,825,990	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
TBD	Sunbelt Transformer, LTD	-	5 years	50%	Construct new real property improvements; retain 48 jobs; create 100 new jobs
TBD	Polmer, LLC	-	10 years	75%	Construct new real and personal property improvements; create 40 new jobs
TBD	LJT Texas, LLC	-	5 years	70%	Construct new real property improvements
TBD	Temple Green Data, LLC	-	10 years	20%	Construct new real and personal property improvements; create 20 new jobs

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

During fiscal year 2022, the total amount of abated property value was \$ 304,841,576. Based on the city tax rate of \$ 0.6400 per \$ 100 of value, the foregone tax levy due to abatement agreements was \$ 1,950,986.

(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 2022 was \$ 634,379.

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 was completed in March 2021. Based on terms of the agreement, year one of the sales tax rebate begins January 2022, with the first payment due March 15, 2023. 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 712 employees as of December 31, 2021. The Temple Firefighters' Relief and Retirement Fund covered 122 employees as of September 30, 2022.

The Texas Municipal Retirement System

Plan Description

The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency

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IV. OTHER INFORMATION (Continued)

created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, 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 annual comprehensive financial report 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.

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IV. OTHER INFORMATION (Continued)

Employees Covered by Benefit Terms –

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	465
Inactive employees entitled to but not yet receiving benefits	503
Active employees	<u>712</u>
	<u>1,680</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 2022, the City made required contributions of 17.05% for the months in 2021 and required contributions of 16.73% for the months in 2022. The City's contributions for the year ended September 30, 2022, were \$ 7,512,631, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021, 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

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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	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100.0%	

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.

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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, 2020	\$ 225,023,374	\$ 200,527,961	\$ 24,495,413
Changes for the year:			
Service cost	7,160,469	-	7,160,469
Interest	15,096,532	-	15,096,532
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,332,299	-	3,332,299
Changes of assumptions	-	-	-
Contributions - employer	-	6,878,078	(6,878,078)
Contributions - employee	-	2,823,847	(2,823,847)
Net investment income	-	26,123,938	(26,123,938)
Benefit payments, including refunds employee contributions	(9,902,568)	(9,902,568)	-
Administrative expense	-	(120,957)	120,957
Other changes	-	829	(829)
Net changes	<u>15,686,732</u>	<u>25,803,167</u>	<u>(10,116,435)</u>
Balance at December 31, 2021	<u>\$ 240,710,106</u>	<u>\$ 226,331,128</u>	<u>\$ 14,378,978</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 <u>Discount Rate</u> (5.75%)	Current <u>Discount Rate</u> (6.75%)	1% Increase in <u>Discount Rate</u> (7.75%)
City's net pension liability	\$ 48,059,435	\$ 14,378,978	(\$ 13,250,006)

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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.tmrs.com.

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

For the year ended September 30, 2022, the City recognized pension expense of \$ 2,355,972.

At September 30, 2022, 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 experience	\$ 2,577,198	\$ 748,816
Changes in assumptions	142,339	-
Differences between projected and actual investment earnings	-	13,379,659
Contributions subsequent to the measurement date	<u>5,520,010</u>	<u>-</u>
Total	<u>\$ 8,239,547</u>	<u>\$ 14,128,475</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$ 5,520,010 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2022 (i.e., recognized in the City’s financial statements September 30, 2023). 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>	
2022	\$ (1,805,752)
2023	(5,055,558)
2024	(2,029,968)
2025	(2,517,660)
2026	<u>-</u>
Total	<u>\$ (11,408,938)</u>

CITY OF TEMPLE, TEXAS
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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 Firefighters' 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 Firefighters' 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 Firefighters' 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 Firefighters' 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
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IV. OTHER INFORMATION (Continued)

Members Covered by the Fund –

In the September 30, 2021, actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>122</u>
	<u>225</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 Firefighters' Relief and Retirement Fund requires contributions equal to 16% 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 (16% 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 16.31% 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, 2021, the annual money-weighted rate of return on pension plan investments was 21.98%. 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.

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IV. OTHER INFORMATION (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2021.

Total pension liability	\$ 70,404,082
Plan fiduciary net position	<u>(57,652,557)</u>
City's net pension liability	<u>\$ 12,751,525</u>

Plan fiduciary net position as a percentage of the total pension liability 81.9%

Actuarial Assumptions –

The total pension liability in the September 30, 2021, 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 SOA Public Safety Mortality tables with generational mortality projection using Scale MP-2019.

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, 2021, are summarized in the following table:

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IV. OTHER INFORMATION (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term 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</u> (6.75%)	<u>Current Discount Rate</u> (7.75%)	<u>1% Increase in Discount Rate</u> (8.75%)
City's net pension liability	\$ 20,980,584	\$ 12,751,525	\$ 5,809,386

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.

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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, 2020	\$ 67,708,335	\$ 48,418,257	\$ 19,290,078
Changes for the year:			
Service cost	1,869,187	-	1,869,187
Interest	5,082,479	-	5,082,479
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,541,404	(1,541,404)
Contributions - employee	-	1,517,009	(1,517,009)
Net investment income	-	10,504,434	(10,504,434)
Benefit payments, including refunds of employee contributions	(4,255,919)	(4,255,919)	-
Administrative expense	-	(72,628)	72,628
Changes in benefit terms	-	-	-
Net changes	<u>2,695,747</u>	<u>9,234,300</u>	<u>(6,538,553)</u>
Balance at September 30, 2021	<u>\$ 70,404,082</u>	<u>\$ 57,652,557</u>	<u>\$ 12,751,525</u>

The net pension liability was \$ 12,751,525 as of September 30, 2021, which is the City's measurement date associated with its September 30, 2022, reporting date. The results are based on the Fund's September 30, 2021, actuarial valuation.

CITY OF TEMPLE, TEXAS
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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, 2022, the City's GASB 68 pension expense was \$ 521,785.

Components of Pension Expense for the Fiscal Year Ended September 30, 2022 –

Service cost	\$ 1,869,187
Interest	5,082,479
Firefighter contributions	(1,517,009)
Projected earnings on pension plan investments	(3,703,197)
Amortization of differences between projected and actual earnings on plan investments	(1,662,288)
Amortization of changes of assumptions	284,938
Amortization of differences between expected and actual experience	95,047
Pension plan administrative expenses	<u>72,628</u>
Total pension expense	<u><u>\$ 521,785</u></u>

At September 30, 2022, 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 experience	\$ 1,157,474	\$ 317,226
Changes in assumptions	1,590,584	-
Differences between projected and actual investment earnings	-	5,820,676
Contributions subsequent to the measurement date	<u>1,787,229</u>	<u>-</u>
Total	<u><u>\$ 4,535,287</u></u>	<u><u>\$ 6,137,902</u></u>

CITY OF TEMPLE, TEXAS
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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	
2023	\$ (1,090,537)
2024	(1,052,156)
2025	(1,177,781)
2026	(980,262)
2027	324,994
Thereafter	585,898
Total	<u>\$ (3,389,844)</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, 2021, through September 30, 2022, 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, 2023.

CITY OF TEMPLE, TEXAS
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IV. OTHER INFORMATION (Continued)

(2) Retirement Plans Combined Data

For the year ended September 30, 2022, the City's total net pension liability and pension expense is as follows:

<u>Net Pension Liability</u>	
Texas Municipal Retirement System	\$ 14,378,978
Temple Firefighters' Relief and Retirement Fund	12,751,525
Total Net Pension Liability	<u>\$ 27,130,503</u>
<u>Net Pension Assets</u>	
Texas Municipal Retirement System	\$ 226,331,128
Temple Firefighters' Relief and Retirement Fund	57,652,557
Total Net Pension Assets	<u>\$ 283,983,685</u>
<u>Deferred Outflows of Resources Related to Pensions</u>	
Texas Municipal Retirement System	\$ 8,239,547
Temple Firefighters' Relief and Retirement Fund	4,535,287
Total Deferred Outflows of Resources Related to Pensions	<u>\$ 12,774,834</u>
<u>Deferred Inflows of Resources Related to Pensions</u>	
Texas Municipal Retirement System	\$ 14,128,475
Temple Firefighters' Relief and Retirement Fund	6,137,902
Total Deferred Inflows of Resources Related to Pensions	<u>\$ 20,266,377</u>
<u>Pension Expense</u>	
Texas Municipal Retirement System	\$ 2,335,971
Temple Firefighters' Relief and Retirement Fund	521,785
Total Pension Expense	<u>\$ 2,857,756</u>

The detail of deferred outflows and inflows related to pensions can be found in Note III, G.

(3) Deferred Compensation Fund

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Plan is administered by one trustee; Mission Square Retirement and is classified as pension plan under the provisions of GASB 97. All assets and income are held in trust for the exclusive benefit of eligible employees and their beneficiaries. The City does have limited fiduciary responsibilities over the plan offerings and design; this plan is not reported in the financial statements of the City.

The plan, available to all full time City employees, permits them to defer until future years up to 100% of annual gross earnings not to exceed \$ 20,500. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not make contributions to the plan.

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IV. OTHER INFORMATION (Continued)

E. OTHER POST- EMPLOYMENT BENEFITS

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

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.

Employees Covered by Benefit Terms –

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	367
Inactive employees entitled to but not yet receiving benefits	124
Active employees	<u>712</u>
	<u>1,203</u>

Total OPEB Liability - SDBF

The City’s total OPEB liability for SDBF of \$ 3,191,977 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions –

The total OPEB liability for SDBF in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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IV. OTHER INFORMATION (Continued)

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Discount rate*	1.84%
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.

Discount Rate –

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The discount rate changed from 2.00% as of December 31, 2020, to 1.84% as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021, valuation was based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

Changes in the Total OPEB Liability – SDBF

	<u>Increase (Decrease)</u> Total OPEB Liability
Balance at December 31, 2020	\$ 2,980,760
Changes for the year:	
Service cost	149,260
Interest	60,301
Change of benefit terms	-
Difference between expected and actual experience	(16,274)
Changes of assumptions	98,611
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds employee contributions *	(80,681)
Administrative expense	-
Other changes	-
Net changes	<u>211,217</u>
Balance at December 31, 2021	<u>\$ 3,191,977</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 1.84%, 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	<u>1% Decrease in</u> <u>Discount Rate</u> (0.84%)	<u>Current</u> <u>Discount Rate</u> (1.84%)	<u>1% Increase in</u> <u>Discount Rate</u> (2.84%)
City's total OPEB liability - SDBF	\$ 3,915,855	\$ 3,191,977	\$ 2,639,805

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$ 332,069.

At September 30, 2022, 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 and actual experience	\$ 2,829	\$ 131,281
Changes in assumptions	541,635	45,298
Contributions subsequent to the measurement date	<u>56,091</u>	<u>-</u>
Total	<u>\$ 600,555</u>	<u>\$ 176,579</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$ 56,091 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2022 (i.e., recognized in the City's financial statements September 30, 2023). 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>	
2022	\$ 117,854
2023	99,088
2024	98,281
2025	45,310
2026	<u>7,352</u>
Total	<u>\$ 367,885</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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 Firefighters' 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, 2022

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 Firefighters' 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.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

The City will pay an amount to be determined each fiscal year for retirees selecting one of 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>789</u>
	<u><u>885</u></u>

Total OPEB Liability - RHCP

The City’s total OPEB liability for Retiree Health Care Plans of \$ 5,980,471 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions –

The total OPEB liability for RHCP in the December 31, 2021 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, 2022

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	1.84% as of December 31, 2021
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, 2020, 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 13 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 published through 2019 to account for future mortality improvements.
Mortality rates – Firefighters	The gender-distinct PubS-2010 Public Retirement Plans mortality tables adjusted backward to 2006 are used. The rates are projected on a fully generational basis scale MP-2019 to account for future mortality improvements.

Participation Rates –

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

Discount Rate –

The discount rate changed from 2.00% as of December 31, 2020, to 1.84% as of December 31, 2021. 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 1.84% (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 2.00% as of the prior measurement date.

Other –

The mortality and participation assumptions for Fire were updated.

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

Changes in the Total OPEB Liability – RHCP

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at December 31, 2020	\$ 6,985,266
Changes for the year:	
Service cost	397,966
Interest	141,849
Change of benefit terms	-
Difference between expected and actual experience	(1,379,702)
Changes of assumptions	18,720
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(183,628)
Administrative expense	-
Changes in benefit terms	-
Net changes	<u>(1,004,795)</u>
Balance at December 31, 2021	<u>\$ 5,980,471</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 1.84%, 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	<u>1% Decrease in</u> <u>Discount Rate</u> (0.84%)	<u>Current</u> <u>Discount Rate</u> (1.84%)	<u>1% Increase in</u> <u>Discount Rate</u> (2.84%)
City's total OPEB liability	\$ 6,968,975	\$ 5,980,471	\$ 5,174,585

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

Regarding the sensitivity of the total OPEB liability for RHCP of the City to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the City's total OPEB liability would be if it were calculated using healthcare trends that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rate:

	<u>1% Decrease in</u> <u>Trend Rate</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase in</u> <u>Trend Rate</u>
City's total OPEB liability	\$ 4,998,151	\$ 5,980,471	\$ 7,262,701

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$ 387,508.

Components of OPEB Expense for the Fiscal Year Ended September 30, 2022 –

Service cost	\$ 397,966
Interest	141,849
Projected earnings on pension plan investments	-
Amortization of differences between projected and actual earnings on plan investments	-
Amortization of changes of assumptions	132,210
Amortization of differences between expected and actual experience	(284,517)
Administrative expenses	-
Changes in benefit terms	-
Total OPEB expense	<u>\$ 387,508</u>

At September 30, 2022, 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 experience	\$ -	\$ 2,049,617
Changes in assumptions	1,031,753	188,747
Contributions subsequent to the measurement date	133,589	-
Total	<u>\$ 1,165,342</u>	<u>\$ 2,238,364</u>

Deferred outflows of resources related to OPEB for RHCP resulting from contributions subsequent to the measurement date of \$ 133,589 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2022 (i.e., recognized in the City's financial statements September 30, 2023). Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Measurement Year Ended December 31	
2022	\$ (152,307)
2023	(152,307)
2024	(152,307)
2025	(152,307)
2026	(190,869)
Thereafter	(406,514)
Total	<u>\$ (1,206,611)</u>

CITY OF TEMPLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

(2) Other Post-Employment Benefits Combined Data

For the year ended September 30, 2022, the City's total OPEB liability and OPEB expense is as follows:

<u>Total OPEB Liability</u>	
Texas Municipal Retirement System - SDBF	\$ 3,191,977
Retiree Health Care Plan	5,980,471
Total OPEB Liability	<u>\$ 9,172,448</u>
 <u>Deferred Outflows of Resources Related to OPEB</u>	
Texas Municipal Retirement System - SDBF	\$ 600,555
Retiree Health Care Plan	1,165,342
Total Deferred Outflows of Resources Related to OBEB	<u>\$ 1,765,897</u>
 <u>Deferred Inflows of Resources Related to OPEB</u>	
Texas Municipal Retirement System - SDBF	\$ 176,579
Retiree Health Care Plan	2,238,364
Total Deferred Inflows of Resources Related to OBEB	<u>\$ 2,414,943</u>
 <u>OPEB Expense</u>	
Texas Municipal Retirement System - SDBF	\$ 332,069
Retiree Health Care Plan	387,508
Total OPEB Expense	<u>\$ 719,577</u>

The detail of deferred outflows and inflows related to OPEB can be found in Note III, G.

F. SUBSEQUENT EVENT

On November 10, 2022, the City issued \$ 17,695,000 of Utility System Revenue bonds. The interest rate of the bonds ranges from 4.00% to 5.00% and the maturity date of the bonds is August 1, 2042. These bonds were issued for the construction of water and wastewater projects and other costs associated with these projects.

On January 19, 2023, the City authorized the purchase of property from a council member to support redevelopment efforts in the City's Downtown Neighborhood Planning District with the purchase in an estimated amount of \$ 947,000.



**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*	Measurement Year 2020*	Measurement Year 2021*
Total pension liability:								
Service cost	\$ 4,177,238	\$ 4,778,653	\$ 5,254,599	\$ 5,481,820	\$ 5,622,478	\$ 5,958,781	\$ 6,760,655	\$ 7,160,469
Interest	11,004,160	11,472,372	11,697,930	12,319,765	13,006,047	13,728,559	14,384,945	15,096,532
Changes of benefit terms and actual experience	-	-	-	-	-	-	-	-
Change in assumptions	(1,874,758)	467,238	635,118	1,184,000	1,142,305	(1,204,885)	(818,343)	3,332,299
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)	(10,067,714)	(9,902,568)
Net change in total pension liability	6,315,629	9,940,282	9,208,233	10,387,210	10,591,658	9,711,651	10,259,543	15,686,732
Total pension liability - beginning	158,609,168	164,924,797	174,865,079	184,073,312	194,460,522	205,052,180	214,763,831	225,023,374
Total pension liability - ending (a)	\$ 164,924,797	\$ 174,865,079	\$ 184,073,312	\$ 194,460,522	\$ 205,052,180	\$ 214,763,831	\$ 225,023,374	\$ 240,710,106
Plan fiduciary net position:								
Contributions - employer	\$ 4,687,061	\$ 4,857,267	\$ 4,847,807	\$ 5,226,253	\$ 5,418,611	\$ 5,718,615	\$ 6,543,936	\$ 6,878,078
Contributions - employee	1,874,825	2,033,251	2,141,889	2,236,174	2,301,599	2,436,418	2,709,461	2,823,847
Net investment income	7,718,713	209,717	9,611,394	20,831,979	(5,088,354)	25,227,862	14,202,682	26,123,938
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)	(10,067,714)	(9,902,568)
Administrative expense	(80,587)	(127,743)	(108,574)	(107,997)	(98,383)	(142,642)	(91,964)	(120,957)
Other	(6,626)	(6,309)	(5,850)	(5,474)	(5,141)	(4,285)	(3,588)	829
Net change in plan fiduciary net position	7,202,375	119,981	8,107,252	19,582,560	(6,650,840)	23,944,936	13,292,813	25,803,167
Plan fiduciary net position - beginning	134,928,884	142,131,259	142,251,240	150,358,492	169,941,052	163,290,212	187,235,148	200,527,961
Plan fiduciary net position - ending (b)	142,131,259	142,251,240	150,358,492	169,941,052	163,290,212	187,235,148	200,527,961	226,331,128
Net pension liability - ending (a) - (b)	\$ 22,793,538	\$ 32,613,839	\$ 33,714,820	\$ 24,519,470	\$ 41,761,968	\$ 27,528,683	\$ 24,495,413	\$ 14,378,978
Plan fiduciary net position as a percentage of total pension liability	86.18%	81.35%	81.68%	87.39%	79.63%	87.18%	89.11%	94.03%
Covered payroll	\$ 26,783,210	\$ 28,996,683	\$ 30,585,560	\$ 31,945,335	\$ 32,879,988	\$ 34,805,966	\$ 38,698,655	\$ 40,340,668
Net pension liability as a percentage of covered payroll	85.10%	112.47%	110.23%	76.75%	127.01%	79.09%	63.30%	35.64%

*As of December 31

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Retirement System
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	24 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 2021:

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.
Discount Rate	2.00% for fiscal years prior to 2021

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Retirement System
Schedule of Employer Contributions
(Unaudited)

<u>Fiscal Year</u>	<u>Actuarially determined contribution</u>	<u>Contribution in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2014	\$ 4,687,060	\$ 4,687,060	\$ -	\$ 26,783,198	17.50%
2015	4,981,397	4,981,397	-	29,438,972	16.92%
2016	4,870,468	4,870,468	-	30,345,108	16.05%
2017	5,108,422	5,108,422	-	31,447,836	16.24%
2018	5,401,115	5,401,115	-	32,829,410	16.45%
2019	5,630,457	5,630,457	-	34,245,953	16.44%
2020	6,121,136	6,121,136	-	36,432,610	16.80%
2021	6,664,361	6,664,361	-	39,173,524	17.01%
2022	7,512,631	7,512,631	-	44,681,606	16.81%

**CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION**

**Temple Firefighters' 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*	Measurement Year 2020*	Measurement Year 2021*
Total pension liability:								
Service cost	\$ 1,282,932	\$ 1,339,217	\$ 1,592,233	\$ 1,715,631	\$ 1,665,027	\$ 1,794,067	\$ 1,801,626	\$ 1,869,187
Interest	3,846,369	4,062,023	4,125,592	4,353,316	4,377,179	4,545,971	4,716,537	5,082,479
Changes of benefit terms and actual experience	-	442,935	-	-	-	-	-	-
Change in assumptions	-	-	(770,412)	-	329,123	-	1,235,997	-
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)	(4,340,570)	(4,255,919)
Net change in total pension liability	2,504,018	2,603,784	3,060,017	2,427,045	1,922,414	2,402,235	4,679,505	2,695,747
Total pension liability - beginning	48,109,317	50,613,335	53,217,119	56,277,136	58,704,181	60,626,595	63,028,830	67,708,335
Total pension liability - ending (a)	\$ 50,613,335	\$ 53,217,119	\$ 56,277,136	\$ 58,704,181	\$ 60,626,595	\$ 63,028,830	\$ 67,708,335	\$ 70,404,082
Plan fiduciary net position:								
Contributions - employer	\$ 1,111,042	\$ 1,222,221	\$ 1,246,449	\$ 1,299,059	\$ 1,316,481	\$ 1,311,459	\$ 1,411,796	\$ 1,541,404
Contributions - employee	1,096,265	1,205,751	1,229,286	1,281,087	1,293,455	1,285,044	1,387,808	1,517,009
Net investment income (loss)	2,415,802	(1,348,337)	3,450,509	4,003,079	3,428,230	2,745,755	4,456,931	10,504,434
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)	(4,340,570)	(4,255,919)
Administrative expense	(68,151)	(85,189)	(92,392)	(101,321)	(47,886)	(78,271)	(67,661)	(72,628)
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	2,848,304	9,234,300
Plan fiduciary net position - beginning	37,703,887	39,633,562	37,387,617	39,862,402	42,702,404	44,243,769	45,569,953	48,418,257
Plan fiduciary net position - ending (b)	39,633,562	37,387,617	39,862,402	42,702,404	44,243,769	45,569,953	48,418,257	57,652,557
Net pension liability - ending (a) - (b)	\$ 10,979,773	\$ 15,829,502	\$ 16,414,734	\$ 16,001,777	\$ 16,382,826	\$ 17,458,877	\$ 19,290,078	\$ 12,751,525
Plan fiduciary net position as a percentage of total pension liability	78.31%	70.25%	70.83%	72.74%	72.98%	72.30%	71.51%	81.89%
Covered payroll	\$ 7,308,427	\$ 8,038,340	\$ 8,195,240	\$ 8,540,580	\$ 8,623,033	\$ 8,566,960	\$ 9,252,053	\$ 9,481,306
Net pension liability as a percentage of covered payroll	150.23%	196.93%	200.30%	187.36%	189.99%	203.79%	208.50%	134.49%

* As of September 30

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Temple Firefighters' Relief and Retirement Fund

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 Normal
Amortization Method	Level percentage of payroll, open period
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	SOA Public Safety Mortality tables with generational mortality projection using Scale MP-2019.

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

Contributions to the fund are based on negotiations between the members and the City rather than an actuarially determined rate. The funding policy of the Temple Firefighters' Relief and Retirement Fund requires contributions from both the City and the firefighters. Effective October 1, 2020, the City's contribution rate is currently 16.24% of firefighter payroll, and each active firefighter contributes 16.00% of plan compensation.

There were no changes in assumptions or actuarial methods since the prior valuation.

Significant assumption differences for fiscal years prior to 2021:

Investment Rate of Return	8.00% for fiscal years prior to 2016
Inflation	2.75% for fiscal years prior to 2020; 3.75% in fiscal year 2020; 2.75% in fiscal year 2021
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. 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 prior to 2020.

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

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

<u>Fiscal Year</u>	<u>Actuarially determined contribution</u>	<u>Contribution in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2014	\$ 1,111,042	\$ 1,111,042	\$ -	\$ 7,308,427	15.20%
2015	1,222,757	1,222,757	-	8,038,339	15.21%
2016	1,217,439	1,217,439	-	8,195,240	14.86%
2017	1,296,597	1,296,597	-	8,540,580	15.18%
2018	1,318,723	1,318,723	-	8,623,033	15.29%
2019	1,302,987	1,302,987	-	8,566,960	15.21%
2020	1,399,577	1,399,577	-	9,252,053	15.13%
2021	1,528,626	1,528,626	-	9,424,545	16.22%
2022	1,787,229	1,787,229	-	11,011,229	16.23%

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year 2017*	Measurement Year 2018*	Measurement Year 2019*	Measurement Year 2020*	Measurement Year 2021*
Total OPEB liability - SDBF:					
Service cost	\$ 76,669	\$ 88,776	\$ 83,534	\$ 119,966	\$ 149,260
Interest	69,658	70,624	79,076	70,606	60,301
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	9,009	(116,985)	(99,319)	(16,274)
Change in assumptions	159,536	(144,306)	397,960	395,527	98,611
Benefit payments, including refunds of employee contributions	(19,167)	(23,016)	(24,364)	(27,089)	(80,681)
Net change in total OPEB liability	286,696	1,087	419,221	459,691	211,217
Total OPEB liability - beginning	1,814,065	2,100,761	2,101,848	2,521,069	2,980,760
Total OPEB liability - ending	<u>\$ 2,100,761</u>	<u>\$ 2,101,848</u>	<u>\$ 2,521,069</u>	<u>\$ 2,980,760</u>	<u>\$ 3,191,977</u>
Covered-employee payroll	\$ 31,945,335	\$ 32,879,988	\$ 34,805,966	\$ 38,698,655	\$ 40,340,668
Total OPEB liability as a percentage of covered payroll	6.58%	6.39%	7.24%	7.70%	7.91%

*As of December 31

Supplemental Death Benefit Fund
Schedule of Employer Contributions
(Unaudited)

Fiscal Year	Actuarially determined contribution	Contribution in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered payroll	Contributions as a percentage of covered payroll
2016	\$ 21,242	\$ 21,242	\$ -	\$ 30,345,108	0.07%
2017	18,869	18,869	-	31,447,836	0.06%
2018	22,160	22,160	-	32,829,410	0.07%
2019	23,972	23,972	-	34,245,953	0.07%
2020	25,503	25,503	-	36,432,610	0.07%
2021	64,671	64,671	-	39,173,524	0.17%
2022	79,465	79,465	-	44,681,606	0.18%

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Supplemental Death Benefit Fund

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*	1.84%
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.

*Discount rate based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

Note: The actuarial assumptions used in the December 31, 2021, valuation was based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

No assets have been accumulated in a trust to pay related benefits for the plan.

Significant assumption differences for fiscal years prior to 2021:

Discount Rate	2.75% for fiscal years prior to 2020; 2.00% for fiscal year 2021
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CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year 2017*	Measurement Year 2018*	Measurement Year 2019*	Measurement Year 2020*	Measurement Year 2021*
Total OPEB liability - RHCP:					
Service cost	\$ 257,976	\$ 302,192	\$ 285,093	\$ 304,598	\$ 397,966
Interest	224,587	218,073	242,260	167,239	141,849
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(16,542)	(1,208,893)	(536)	(1,379,702)
Change in assumptions	397,198	(336,351)	441,074	690,214	18,720
Benefit payments, including refunds of employee contributions	<u>(206,788)</u>	<u>(209,691)</u>	<u>(224,764)</u>	<u>(210,764)</u>	<u>(183,628)</u>
Net change in total OPEB liability	672,973	(42,319)	(465,230)	950,751	(1,004,795)
Total OPEB liability (RHCP) - beginning	5,869,091	6,542,064	6,499,745	6,034,515	6,985,266
Total OPEB liability (RHCP) - ending	<u>\$ 6,542,064</u>	<u>\$ 6,499,745</u>	<u>\$ 6,034,515</u>	<u>\$ 6,985,266</u>	<u>\$ 5,980,471</u>
Covered-employee payroll	\$ 40,501,584	\$ 41,466,897	\$ 42,151,571	\$ 48,257,210	\$ 50,186,647
Total OPEB liability as a percentage of covered-employee payroll	16.15%	15.67%	14.32%	14.48%	11.92%

*As of December 31

Retiree Health Care Plan
Schedule of Employer Contributions
(Unaudited)

Fiscal Year	Actuarially determined contribution	Contribution in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered payroll	Contributions as a percentage of covered- employee payroll
2018	\$ 208,943	\$ 208,943	\$ -	\$ 41,452,443	0.50%
2019	210,890	210,890	-	42,812,913	0.49%
2020	226,387	226,387	-	45,684,663	0.50%
2021	219,854	219,854	-	48,598,069	0.45%
2022	149,657	149,657	-	55,692,835	0.27%

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Retiree Health Care Plan

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 Firefighters - 3.75% to 9.46%, including inflation
Discount Rate	1.84% as of December 31, 2021
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, 2020, 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 13 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 PubS-2010 Public Retirement Plans mortality tables adjusted backward to 2006 are used. The rates are projected on a fully generational basis scale MP-2019 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%	50%
Between 50 and 65	40%	50%
65 and over	50%	50%

CITY OF TEMPLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Retiree Health Care Plan

Other Information:

Notes - The discount rate changed from 2.75% as of December 31, 2019, to 2.00% as of December 31, 2020. For the December 31, 2021, valuation the discount rate was changed to 1.84%. Additionally, the mortality and participation rates for the Firefighters were updated.

For the purpose of the valuation, the municipal bond rate is 2.00% (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 2.00% as of the prior measurement date.

No assets have been accumulated in a trust to pay related benefits for the plan.

There were no benefit changes during the year.

Significant assumption differences for fiscal years prior to 2022:

Mortality Rates – TMRS	The gender-distinct Pub-2010 Public Retirement Plans mortality tables were used, with the public safety table (PubS-2010 Employee) used for males and the general employees table *PubG-2010 Employee) used for females. 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.	
Discount Rate	2.00% prior to 2021 2.75% prior to 2020 3.71% prior to 2019	
Health Care Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years.	
Participation Rates	<u>Age at Retirement</u>	<u>Firefighters, eligible for subsidy</u>
	Less than 50	60%
	Between 50 and 65	60%
	65 and over	60%

NONMAJOR GOVERNMENTAL FUNDS

COMBINING FINANCIAL STATEMENTS

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 revenue 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.

TEMPLE REVITALIZATION CORPORATION

To account for the accumulation of resources to include contributions received from the City. These monies are to be spent to help aid, assist, and act on behalf of the City in the performance of its governmental functions, to promote the common good and general welfare of the City, including the sale, purchase, development, redevelopment, and revitalization of real property to help promote, develop, encourage, and maintain employment, commerce, economic development, and public facility development in the City.

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, 2022

	Special Revenue				Total Nonmajor Governmental Funds
	Hotel/ Motel	Federal/State Grant	Drainage	Temple Revitalization Corporation	
ASSETS					
Cash	\$ 4,500	\$ -	\$ -	\$ -	\$ 4,500
Investments	2,321,801	10,059,182	3,281,416	29,750	15,692,149
Receivables, net	243,776	-	133,993	-	377,769
Due from other governments	-	222,886	-	-	222,886
Inventories	4,787	-	-	-	4,787
Prepaid items	14,460	567	-	-	15,027
Other assets	18,561	-	-	-	18,561
Total assets	<u>\$ 2,607,885</u>	<u>\$ 10,282,635</u>	<u>\$ 3,415,409</u>	<u>\$ 29,750</u>	<u>\$ 16,335,679</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers and contracts payable	\$ 55,046	\$ 327,883	\$ 173,341	\$ 2,075	\$ 558,345
Retainage payable	-	-	36,102	-	36,102
Accrued payroll	59,870	420	38,678	-	98,968
Vacation and sick leave payable	20,180	-	21,596	-	41,776
Deposits	86,898	-	-	-	86,898
Due to other funds	-	74,572	-	-	74,572
Unearned revenues	-	9,879,760	-	-	9,879,760
Total liabilities	<u>221,994</u>	<u>10,282,635</u>	<u>269,717</u>	<u>2,075</u>	<u>10,776,421</u>
Fund Balances:					
Nonspendable:					
Inventory and prepaid items	19,247	-	-	-	19,247
Restricted for:					
Museum	17,581	-	-	-	17,581
Promotion of tourism	2,349,063	-	-	-	2,349,063
Committed to:					
Drainage	-	-	3,145,692	-	3,145,692
Economic and community development activities	-	-	-	27,675	27,675
Total fund balances	<u>2,385,891</u>	<u>-</u>	<u>3,145,692</u>	<u>27,675</u>	<u>5,559,258</u>
Total liabilities and fund balances	<u>\$ 2,607,885</u>	<u>\$ 10,282,635</u>	<u>\$ 3,415,409</u>	<u>\$ 29,750</u>	<u>\$ 16,335,679</u>

CITY OF TEMPLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2022

	Special Revenue				Total Nonmajor Governmental Funds
	Hotel/ Motel	Federal/State Grant	Drainage	Temple Revitalization Corporation	
Revenues:					
Taxes	\$ 2,371,876	\$ -	\$ -	\$ -	\$ 2,371,876
Intergovernmental	-	5,829,951	-	-	5,829,951
Drainage fees	-	-	2,979,150	-	2,979,150
Charges for services	472,364	-	-	138,282	610,646
Interest and other	32,865	-	23,157	-	56,022
Total revenues	<u>2,877,105</u>	<u>5,829,951</u>	<u>3,002,307</u>	<u>138,282</u>	<u>11,847,645</u>
Expenditures:					
General government	-	890,037	-	145,607	1,035,644
Public safety	-	2,044,696	-	-	2,044,696
Highways and streets	-	1,423,292	2,108,632	-	3,531,924
Sanitation	-	282,127	-	-	282,127
Health and welfare	-	701,303	-	-	701,303
Culture and leisure services	2,099,211	655,882	-	-	2,755,093
Airport	-	59,486	-	-	59,486
Debt Service:					
Principal	2,883	-	-	-	2,883
Interest	266	-	-	-	266
Total expenditures	<u>2,102,360</u>	<u>6,056,823</u>	<u>2,108,632</u>	<u>145,607</u>	<u>10,413,422</u>
Excess (deficiency) of revenues over expenditures	<u>774,745</u>	<u>(226,872)</u>	<u>893,675</u>	<u>(7,325)</u>	<u>1,434,223</u>
Other financing sources (uses):					
Transfers in - General Fund	-	44,650	-	35,000	79,650
Transfers in - Capital Projects Fund	-	182,222	-	-	182,222
Transfers out - General Fund	-	-	(312,349)	-	(312,349)
Transfers out - Debt Service Fund	(67,551)	-	(785,896)	-	(853,447)
Leases (as lessee)	11,894	-	-	-	11,894
Total other financing sources (uses)	<u>(55,657)</u>	<u>226,872</u>	<u>(1,098,245)</u>	<u>35,000</u>	<u>(892,030)</u>
Net change in fund balances	719,088	-	(204,570)	27,675	542,193
Fund balances, beginning of year	<u>1,666,803</u>	<u>-</u>	<u>3,350,262</u>	<u>-</u>	<u>5,017,065</u>
Fund balances, end of year	<u>\$ 2,385,891</u>	<u>\$ -</u>	<u>\$ 3,145,692</u>	<u>\$ 27,675</u>	<u>\$ 5,559,258</u>





**DISCRETELY PRESENTED
COMPONENT UNIT
FINANCIAL STATEMENTS
REINVESTMENT ZONE NO. 1**



CITY OF TEMPLE, TEXAS
REINVESTMENT ZONE NO. 1
COMPARATIVE BALANCE SHEETS
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
ASSETS			
Current assets:			
Investments	\$ 10,017,580	\$ 10,574,735	\$ (557,155)
Receivables (net of allowance for estimated uncollectible):			
Ad valorem taxes	132,963	143,645	(10,682)
Accounts receivable	481,162	10,473	470,689
Total current assets	<u>10,631,705</u>	<u>10,728,853</u>	<u>(97,148)</u>
Restricted assets:			
Reserve for debt service	5,384,643	5,383,398	1,245
Bond proceeds	78,439,337	51,379,581	27,059,756
Total restricted assets	<u>83,823,980</u>	<u>56,762,979</u>	<u>27,061,001</u>
Total assets	<u>\$ 94,455,685</u>	<u>\$ 67,491,832</u>	<u>\$ 26,963,853</u>
LIABILITIES AND FUND BALANCES			
Current liabilities:			
Vouchers and contracts payable	\$ 418,356	\$ 404,093	\$ 14,263
Retainage payable	91,928	11,174	80,754
Unearned revenues	132,963	143,645	(10,682)
Total current liabilities	<u>643,247</u>	<u>558,912</u>	<u>84,335</u>
Liabilities from restricted assets:			
Vouchers and contracts payable	4,241,976	2,050,113	2,191,863
Retainage payable	1,337,043	494,314	842,729
Total liabilities from restricted assets	<u>5,579,019</u>	<u>2,544,427</u>	<u>3,034,592</u>
Total liabilities	<u>6,222,266</u>	<u>3,103,339</u>	<u>3,118,927</u>
Fund Balance:			
Restricted for:			
Debt service	5,384,643	5,383,398	1,245
Construction	72,860,318	48,835,154	24,025,164
Committed to:			
Reinvestment Zone No. 1 Projects	9,988,458	10,169,941	(181,483)
Total fund balance	<u>88,233,419</u>	<u>64,388,493</u>	<u>23,844,926</u>
Total liabilities and fund balances	<u>\$ 94,455,685</u>	<u>\$ 67,491,832</u>	<u>\$ 26,963,853</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, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 20,297,570	\$ 20,091,331	\$ 20,074,444	\$ (16,887)	\$ 19,212,894
Intergovernmental	-	50,000	50,000	-	50,000
Licenses and permits	150,000	150,000	215,364	65,364	177,230
Interest and other	120,000	554,000	950,058	396,058	608,719
Total revenues	<u>20,567,570</u>	<u>20,845,331</u>	<u>21,289,866</u>	<u>444,535</u>	<u>20,048,843</u>
Expenditures:					
General government	8,247,309	5,566,112	3,946,263	1,619,849	3,439,418
TEDC land purchases	-	4,740,000	4,740,000	-	10,853,125
Capital outlay	31,182,000	108,382,840	34,972,840	73,410,000	14,626,605
Debt service:					
Principal retirement	5,315,000	5,315,000	5,315,000	-	5,130,000
Interest and fiscal charges	3,477,800	3,477,800	3,477,800	-	1,873,226
Bond issuance costs	-	222,503	215,540	6,963	988,239
Total expenditures	<u>48,222,109</u>	<u>127,704,255</u>	<u>52,667,443</u>	<u>75,036,812</u>	<u>36,910,613</u>
Excess (deficiency) of revenues over expenditures	<u>(27,654,539)</u>	<u>(106,858,924)</u>	<u>(31,377,577)</u>	<u>75,481,347</u>	<u>(16,861,770)</u>
Other financing sources (uses):					
Bond proceeds	30,627,000	52,705,000	52,705,000	-	44,615,000
Original issue premium	-	2,984,705	2,984,705	-	4,763,431
Bond discount	-	(467,202)	(467,202)	-	(292,794)
Total other financing sources (uses)	<u>30,627,000</u>	<u>55,222,503</u>	<u>55,222,503</u>	<u>-</u>	<u>49,085,637</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>2,972,461</u>	<u>(51,636,421)</u>	<u>23,844,926</u>	<u>75,481,347</u>	<u>32,223,867</u>
Fund balance, beginning of year	<u>64,388,493</u>	<u>64,388,493</u>	<u>64,388,493</u>	<u>-</u>	<u>32,164,626</u>
Fund balance, end of year	<u>\$ 67,360,954</u>	<u>\$ 12,752,072</u>	<u>\$ 88,233,419</u>	<u>\$ 75,481,347</u>	<u>\$ 64,388,493</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, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$17,858,902	\$17,858,902	\$17,675,415	\$ (183,487)	\$ 16,755,745
Intergovernmental	1,505,000	1,505,000	1,344,934	(160,066)	1,280,286
Interest and other	4,200	4,200	39,043	34,843	56,118
Total revenues	<u>19,368,102</u>	<u>19,368,102</u>	<u>19,059,392</u>	<u>(308,710)</u>	<u>18,092,149</u>
Expenditures:					
Debt Service:					
Principal	13,764,516	13,764,516	13,764,515	1	13,182,831
Interest and fiscal charges	8,208,273	8,208,273	8,204,748	3,525	6,863,645
Total expenditures	<u>21,972,789</u>	<u>21,972,789</u>	<u>21,969,263</u>	<u>3,526</u>	<u>20,046,476</u>
Excess (deficiency) of revenues over expenditures	<u>(2,604,687)</u>	<u>(2,604,687)</u>	<u>(2,909,871)</u>	<u>(305,184)</u>	<u>(1,954,327)</u>
Other financing sources (uses):					
Transfers in - General Fund	1,751,238	2,001,238	2,001,237	(1)	1,289,847
Transfers in - Drainage Fund	785,897	785,897	785,896	(1)	515,592
Transfers in - Hotel/Motel Fund	67,552	67,552	67,551	(1)	67,551
Total other financing sources (uses)	<u>2,604,687</u>	<u>2,854,687</u>	<u>2,854,684</u>	<u>(3)</u>	<u>1,872,990</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	250,000	(55,187)	(305,187)	(81,337)
Fund balance, beginning of year	222,280	222,280	222,280	-	303,617
Fund balance, end of year	<u>\$ 222,280</u>	<u>\$ 472,280</u>	<u>\$ 167,093</u>	<u>\$ (305,187)</u>	<u>\$ 222,280</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, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Actual
Revenues:					
Taxes	\$ 1,766,732	\$ 1,788,418	\$ 2,371,876	\$ 583,458	\$ 1,854,579
Charges for services:					
Civic center	358,502	358,502	408,428	49,926	214,312
Railroad museum	56,386	62,386	63,936	1,550	46,904
Intergovernmental	-	-	-	-	2,235
Interest and other	840	840	32,865	32,025	11,919
Total revenues	2,182,460	2,210,146	2,877,105	666,959	2,129,949
Expenditures:					
Civic center	881,937	921,219	770,648	150,571	667,012
Railroad museum	480,778	508,580	491,797	16,783	480,002
Destination marketing	748,667	993,287	836,766	156,521	630,803
Debt Service:					
Principal	3,265	3,048	2,883	165	3,460
Interest	261	334	266	68	64
Total expenditures	2,114,908	2,426,468	2,102,360	324,108	1,781,341
Excess (deficiency) of revenues over expenditures	67,552	(216,322)	774,745	991,067	348,608
Other financing sources:					
Leases (as lessee)	-	11,895	11,894	(1)	-
Transfers out - Debt Service Fund	(67,552)	(67,552)	(67,551)	1	(67,551)
Total other financing sources	(67,552)	(55,657)	(55,657)	-	(67,551)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	-	(271,979)	719,088	991,067	281,057
Fund balance, beginning of year	1,666,803	1,666,803	1,666,803	-	1,385,746
Fund balance, end of year	\$ 1,666,803	\$ 1,394,824	\$ 2,385,891	\$ 991,067	\$ 1,666,803

**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, 2022
(With comparative amounts for the year ended September 30, 2021)**

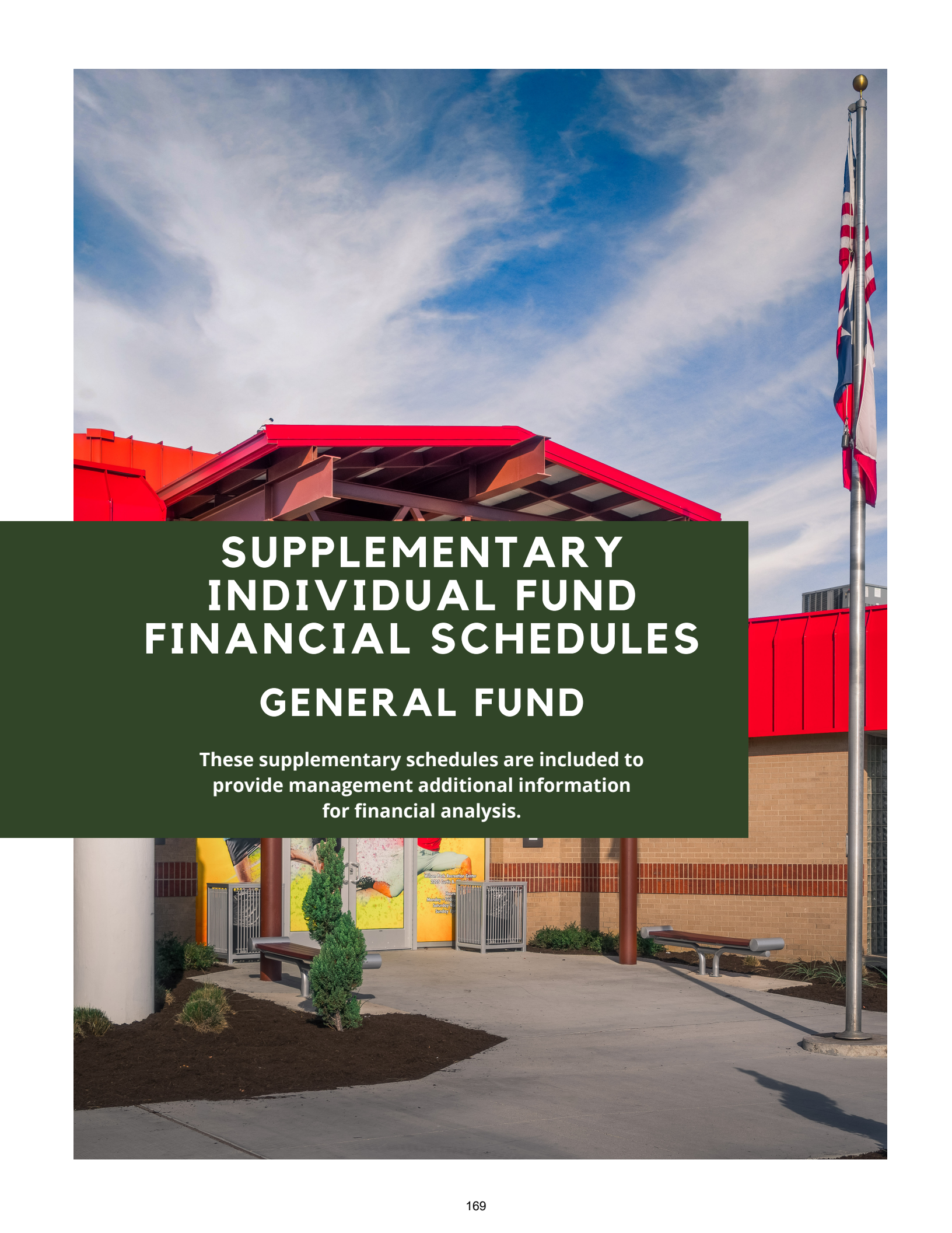
	2022			2021	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Revenues:					
Intergovernmental	\$ 659,412	\$ 15,401,100	\$ 5,829,951	\$ (9,571,149)	\$ 3,680,129
Total revenues	659,412	15,401,100	5,829,951	(9,571,149)	3,680,129
Expenditures:					
General government	121,312	6,644,222	890,037	5,754,185	494,771
Public safety	52,850	2,095,012	2,044,696	50,316	458,698
Highways and streets	-	3,909,337	1,423,292	2,486,045	307,090
Sanitation	-	282,123	282,127	(4)	160,557
Health and welfare	485,250	2,613,117	701,303	1,911,814	596,914
Culture and leisure services	-	655,877	655,882	(5)	-
Airport	-	59,486	59,486	-	1,769,539
Total expenditures	659,412	16,259,174	6,056,823	10,202,351	3,787,569
Excess (deficiency) of revenues over expenditures	-	(858,074)	(226,872)	631,202	(107,440)
Other financing sources :					
Transfers in - General Fund	-	159,812	44,650	(115,162)	46,022
Transfers in - Capital Projects	-	698,262	182,222	(516,040)	61,418
Total other financing sources	-	858,074	226,872	(631,202)	107,440
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, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
Revenues:					
Drainage fees	\$ 2,973,875	\$ 2,973,875	\$ 2,979,150	\$ 5,275	\$ 2,885,991
Interest and other	875	875	23,157	22,282	42,275
Total revenues	2,974,750	2,974,750	3,002,307	27,557	2,928,266
Expenditures:					
Highways and streets:					
Personnel services	1,243,139	1,258,387	876,522	381,865	935,799
Operations	400,129	497,826	221,596	276,230	250,195
Capital outlay	233,236	2,047,521	1,010,514	1,037,007	282,093
Total expenditures	1,876,504	3,803,734	2,108,632	1,695,102	1,468,087
Excess (deficiency) of revenues over expenditures	1,098,246	(828,984)	893,675	1,722,659	1,460,179
Other financing sources (uses):					
Transfers out - General Fund	(312,349)	(312,349)	(312,349)	-	(299,261)
Transfers out - Debt Service Fund	(785,897)	(785,897)	(785,896)	1	(515,592)
Total other financing sources (uses)	(1,098,246)	(1,098,246)	(1,098,245)	1	(814,853)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(1,927,230)	(204,570)	1,722,660	645,326
Fund balance, beginning of year	3,350,262	3,350,262	3,350,262	-	2,704,936
Fund balance, end of year	\$ 3,350,262	\$ 1,423,032	\$ 3,145,692	\$ 1,722,660	\$ 3,350,262

**CITY OF TEMPLE, TEXAS
 TEMPLE REVITALIZATION CORPORATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the year ended September 30, 2022**

	2022			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
City of Temple - Contributed Capital, Land	\$ -	\$ -	\$ 138,282	\$ 138,282
Total revenues	<u>-</u>	<u>-</u>	<u>138,282</u>	<u>138,282</u>
Expenditures:				
Other services	-	500	-	500
Contracted services	-	34,500	7,325	27,175
Capital outlay	-	-	138,282	(138,282)
Total expenditures	<u>-</u>	<u>35,000</u>	<u>145,607</u>	<u>(110,607)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(35,000)</u>	<u>(7,325)</u>	<u>27,675</u>
Other financing sources:				
Transfers in - General Fund	-	35,000	35,000	-
Total other financing sources	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>-</u>	<u>-</u>	<u>27,675</u>	<u>27,675</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,675</u></u>	<u><u>\$ 27,675</u></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, 2022 and 2021**

ASSETS	2022	2021	Increase (Decrease)
Current Assets:			
Cash	\$ 5,200	\$ 5,200	\$ -
Investments	49,036,538	43,414,922	5,621,616
Receivables (net of allowance for estimated uncollectible):			
State sales tax	2,565,997	2,468,527	97,470
Accounts	1,412,754	1,364,289	48,465
Franchise fees	207,885	221,142	(13,257)
Ad valorem taxes - delinquent	212,910	205,240	7,670
Leases, as restated	17,185,182	17,764,508	(579,326)
Due from other funds	74,572	-	74,572
Due from other governments	180,126	508,508	(328,382)
Inventories	453,216	397,241	55,975
Prepaid items	327,383	193,986	133,397
Total current assets	<u>71,661,763</u>	<u>66,543,563</u>	<u>5,118,200</u>
Restricted Assets:			
Drug enforcement	129,260	108,586	20,674
Public safety	29,430	29,235	195
R.O.W. escrow	23,010	22,849	161
Parks escrow	661,692	395,314	266,378
Rob Roy MacGregor Trust - Library	3,590	5,688	(2,098)
Hillcrest Cemetery	251,783	250,024	1,759
Total restricted assets	<u>1,098,765</u>	<u>811,696</u>	<u>287,069</u>
Total assets	<u>\$ 72,760,528</u>	<u>\$ 67,355,259</u>	<u>\$ 5,405,269</u>

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
LIABILITIES			
Vouchers payable	\$ 3,664,226	\$ 4,037,470	\$ (373,244)
Retainage payable	696	-	696
Accrued payroll	2,819,189	2,351,491	467,698
Vacation and sick leave payable	734,714	698,061	36,653
Deposits	50,084	42,396	7,688
Unearned revenues:			
Ad valorem taxes - delinquent	185,325	177,655	7,670
R.O.W. escrow	23,010	22,849	161
Parks escrow	661,692	395,314	266,378
Electric franchise	1,714,449	1,592,861	121,588
Gas franchise	487,051	312,473	174,578
Other	332,364	401,549	(69,185)
Total liabilities	<u>10,672,800</u>	<u>10,032,119</u>	<u>640,681</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related, as restated	16,539,294	17,421,718	(882,424)
Total deferred inflows of resources	<u>16,539,294</u>	<u>17,421,718</u>	<u>(882,424)</u>
FUND BALANCES			
Fund Balance:			
Nonspendable:			
Inventories, prepaid items and leases, as restated	1,426,486	934,017	492,469
Restricted for:			
Drug enforcement	129,260	108,586	20,674
Public safety	29,430	29,235	195
Rob Roy MacGregor Trust - Library	3,590	5,688	(2,098)
Municipal court restricted fees	139,726	126,305	13,421
Vital statistics preservation fund	34,952	24,939	10,013
Public education channel	122,539	86,382	36,157
Hillcrest Cemetery	251,783	250,024	1,759
Assigned to:			
Technology replacement	750,478	617,097	133,381
Capital projects	11,245,698	12,106,214	(860,516)
Purchases on order	7,713,867	3,496,702	4,217,165
Unassigned	23,700,625	22,116,233	1,584,392
Total fund balance, as restated	<u>45,548,434</u>	<u>39,901,422</u>	<u>5,647,012</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,760,528</u>	<u>\$ 67,355,259</u>	<u>\$ 5,405,269</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, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Revenues:					
Taxes	\$ 47,327,079	\$ 47,442,079	\$ 51,997,603	\$ 4,555,524	\$ 45,980,308
Franchise fees	7,444,730	7,404,730	7,664,979	260,249	7,149,264
Licenses and permits	1,260,600	1,429,242	1,633,380	204,138	1,282,122
Intergovernmental	170,065	551,287	393,659	(157,628)	1,407,166
Charges for services, as restated	30,556,998	33,053,605	33,018,538	(35,067)	28,588,869
Fines	1,757,053	1,761,472	1,247,159	(514,313)	1,479,146
Interest and other, as restated	711,492	948,473	1,942,286	993,813	2,136,455
Total revenues	<u>89,228,017</u>	<u>92,590,888</u>	<u>97,897,604</u>	<u>5,306,716</u>	<u>88,023,330</u>
Expenditures:					
General government	20,360,421	22,370,660	19,490,978	2,879,682	17,263,730
Public safety	39,881,881	42,486,843	38,844,602	3,642,241	36,382,465
Highways and streets	4,437,298	4,758,629	3,407,259	1,351,370	3,257,137
Sanitation	8,801,296	9,892,338	9,792,108	100,230	8,602,091
Culture and leisure services	15,028,245	16,285,158	13,335,458	2,949,700	11,676,734
Airport	2,462,571	3,649,411	3,525,419	123,992	2,166,905
Debt Service:					
Principal	353,529	337,150	307,820	29,330	341,007
Interest	31,966	31,966	15,902	16,064	25,723
Total expenditures	<u>91,357,207</u>	<u>99,812,155</u>	<u>88,719,546</u>	<u>11,092,609</u>	<u>79,715,792</u>
Excess (deficiency) of revenues over expenditures	<u>(2,129,190)</u>	<u>(7,221,267)</u>	<u>9,178,058</u>	<u>16,399,325</u>	<u>8,307,538</u>
Other financing sources (uses):					
Transfers in:					
Transfers in - Drainage Fund	312,349	312,349	312,349	-	299,261
Transfers out:					
Transfers out - Grant Fund	-	(159,812)	(44,650)	115,162	(46,022)
Transfers out - Capital Projects	-	(4,764,278)	(1,945,162)	2,819,116	(881,513)
Transfers out - Debt Service Fund	(1,751,238)	(2,001,238)	(2,001,237)	1	(1,289,847)
Transfers out - Temple Revitalization Corporation	-	(35,000)	(35,000)	-	-
Leases (as lessee), as restated	-	182,675	182,654	(21)	-
Total other financing sources (uses)	<u>(1,438,889)</u>	<u>(6,465,304)</u>	<u>(3,531,046)</u>	<u>2,934,258</u>	<u>(1,918,121)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(3,568,079)</u>	<u>(13,686,571)</u>	<u>5,647,012</u>	<u>19,333,583</u>	<u>6,389,417</u>
Fund balance, beginning of period, as restated	<u>39,901,422</u>	<u>39,901,422</u>	<u>39,901,422</u>	<u>-</u>	<u>33,512,005</u>
Fund balance, end of period	<u>\$ 36,333,343</u>	<u>\$ 26,214,851</u>	<u>\$ 45,548,434</u>	<u>\$ 19,333,583</u>	<u>\$ 39,901,422</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the year ended September 30, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Taxes:					
Ad valorem:					
Property, current year	\$ 18,808,866	\$ 18,808,866	\$ 18,882,984	\$ 74,118	\$ 17,131,095
Property, prior year	196,213	196,213	40,958	(155,255)	71,084
Penalty and interest	125,000	125,000	195,631	70,631	145,070
Total ad valorem taxes	19,130,079	19,130,079	19,119,573	(10,506)	17,347,249
Non-property taxes:					
City sales	27,965,000	28,080,000	32,579,840	4,499,840	28,357,487
Mixed beverage	170,000	170,000	234,279	64,279	205,921
Occupation	42,000	42,000	43,815	1,815	52,120
Bingo	20,000	20,000	20,096	96	17,531
Total non-property taxes	28,197,000	28,312,000	32,878,030	4,566,030	28,633,059
Total taxes	47,327,079	47,442,079	51,997,603	4,555,524	45,980,308
Franchise Fees:					
Electric franchise	3,430,000	3,430,000	3,434,504	4,504	3,364,629
Gas franchise	520,000	520,000	773,007	253,007	435,299
Telephone franchise	220,000	220,000	183,180	(36,820)	210,417
Cable franchise	854,673	814,673	829,585	14,912	836,308
Water/Wastewater franchise	2,333,357	2,333,357	2,333,357	-	2,186,416
Other	86,700	86,700	111,346	24,646	116,195
Total franchise fees	7,444,730	7,404,730	7,664,979	260,249	7,149,264
Licenses and permits:					
Building permits	840,000	994,050	1,100,586	106,536	853,897
Electrical permits and licenses	37,000	39,592	57,869	18,277	42,124
Mechanical	20,000	22,000	33,627	11,627	16,087
Plumbing permit fees	125,000	135,000	177,991	42,991	130,848
Other	238,600	238,600	263,307	24,707	239,166
Total licenses and permits	1,260,600	1,429,242	1,633,380	204,138	1,282,122
Intergovernmental revenues:					
Federal grants	125,000	127,386	4,619	(122,767)	1,241,206
State grants	-	345,188	347,040	1,852	125,350
State reimbursements	8,352	42,000	42,000	-	8,352
Department of civil preparedness	36,713	36,713	-	(36,713)	32,258
Total intergovernmental revenues	170,065	551,287	393,659	(157,628)	1,407,166

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the year ended September 30, 2022
(With comparative amounts for the year ended September 30, 2021)

(Continued)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Charges for services:					
Library fees	\$ 4,500	\$ 4,500	\$ 7,994	\$ 3,494	\$ 7,838
Recreational entry fees	80,798	80,798	79,197	(1,601)	81,233
Summit recreational fees	398,554	414,554	360,290	(54,264)	309,425
Hillcrest cemetery	29,150	29,150	96,107	66,957	376,154
Crossroads park	51,372	51,372	43,945	(7,427)	42,479
Golf course revenues	890,189	920,789	1,146,812	226,023	946,692
Swimming pool	34,000	34,000	10,365	(23,635)	6,720
Lions Junction water park	429,165	449,165	416,295	(32,870)	335,642
Sammons indoor pool	80,000	80,000	92,120	12,120	44,945
Vital statistics	120,000	120,000	157,476	37,476	125,399
Police revenue	834,466	851,492	970,616	119,124	902,635
Contractual services					
-proprietary fund	5,630,830	5,630,830	5,625,151	(5,679)	5,264,423
County fire protection	9,298	9,298	10,177	879	9,298
Curb and street cuts	144,480	144,480	178,242	33,762	110,141
Other	100,700	100,700	98,991	(1,709)	117,349
Solid waste collection - residential	6,998,146	7,087,840	7,042,176	(45,664)	6,442,387
Solid waste collection - commercial	3,857,767	3,928,198	3,964,627	36,429	3,643,549
Solid waste collection - roll-off	3,235,207	3,602,151	4,025,721	423,570	3,260,545
Landfill contract, as restated	2,578,535	2,978,535	3,013,247	34,712	2,700,999
Airport sales and rental, as restated	2,423,290	3,534,151	3,677,553	143,402	2,019,538
Recreational services	1,228,167	1,228,167	669,706	(558,461)	562,210
Fire department	63,500	73,508	60,118	(13,390)	72,341
Subdivision fees	32,000	32,000	33,170	1,170	34,519
Reinvestment zone reimbursements	1,302,884	1,667,927	1,238,442	(429,485)	1,172,408
Total charges for services	30,556,998	33,053,605	33,018,538	(35,067)	28,588,869
Fines:					
Court	1,343,964	1,343,964	897,175	(446,789)	1,065,930
Animal services	30,000	30,000	44,569	14,569	35,389
Code enforcement	-	-	110	110	230
Overparking	1,000	1,000	4,690	3,690	3,065
Administrative fees	382,089	386,508	300,615	(85,893)	374,532
Total fines	1,757,053	1,761,472	1,247,159	(514,313)	1,479,146
Interest and other:					
Interest, as restated	25,200	25,200	684,114	658,914	670,932
Lease and rental, as restated	177,560	177,560	147,069	(30,491)	147,078
Sale of assets	122,400	129,900	312,081	182,181	258,471
Insurance claims	139,491	203,358	178,182	(25,176)	568,292
Payment in lieu of taxes	19,000	19,000	18,957	(43)	19,073
Building rental - BOA bldg.	40,000	40,000	30,558	(9,442)	37,728
Other	187,841	353,455	571,325	217,870	434,881
Total Interest and other	711,492	948,473	1,942,286	993,813	2,136,455
Total revenues	\$ 89,228,017	\$ 92,590,888	\$ 97,897,604	\$ 5,306,716	\$ 88,023,330

CITY OF TEMPLE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
General government:					
City council	\$ 250,014	\$ 250,014	\$ 208,557	\$ 41,457	\$ 191,790
City manager	1,062,816	1,126,019	1,091,296	34,723	1,011,837
Housing & community development	427,082	466,494	425,361	41,133	321,717
Finance	2,246,110	2,357,061	2,224,348	132,713	1,954,475
Purchasing	705,230	731,050	639,028	92,022	611,195
City secretary	440,089	460,529	360,251	100,278	351,916
Special services	936,425	1,794,269	1,334,261	460,008	1,017,924
City attorney	1,102,579	1,166,480	1,046,498	119,982	1,006,513
City planning	826,681	849,337	766,044	83,293	745,768
Information technology services	4,520,397	4,654,129	4,239,838	414,291	3,757,043
Human resources	1,188,463	1,284,859	1,089,529	195,330	949,048
Economic development	525,145	640,145	634,379	5,766	491,216
Fleet services	1,641,924	1,750,306	1,380,796	369,510	1,215,981
Inspections/Permits	759,115	1,006,211	890,479	115,732	664,397
Facility services	1,811,885	1,854,684	1,472,210	382,474	1,502,724
Performance excellence	720,774	793,385	585,127	208,258	422,784
Marketing and communications	1,195,692	1,185,688	1,102,976	82,712	1,047,402
	<u>20,360,421</u>	<u>22,370,660</u>	<u>19,490,978</u>	<u>2,879,682</u>	<u>17,263,730</u>
Public safety:					
Municipal court	857,196	882,408	721,127	161,281	719,390
Police	21,349,694	22,261,696	19,916,008	2,345,688	19,012,114
Animal services	623,530	651,478	517,116	134,362	503,074
Fire	14,653,643	15,878,725	15,471,359	407,366	13,958,651
Communications	1,049,165	1,049,165	1,049,165	-	1,078,737
Code enforcement	1,348,653	1,763,371	1,169,827	593,544	1,110,499
	<u>39,881,881</u>	<u>42,486,843</u>	<u>38,844,602</u>	<u>3,642,241</u>	<u>36,382,465</u>
Highways and streets:					
Streets	3,295,392	3,446,479	2,369,668	1,076,811	2,344,515
Traffic control	537,337	614,238	470,845	143,393	420,611
Engineering	604,569	697,912	566,746	131,166	492,011
	<u>4,437,298</u>	<u>4,758,629</u>	<u>3,407,259</u>	<u>1,351,370</u>	<u>3,257,137</u>
Sanitation:	<u>8,801,296</u>	<u>9,892,338</u>	<u>9,792,108</u>	<u>100,230</u>	<u>8,602,091</u>
Culture and leisure services:					
Parks	6,327,129	6,984,044	5,853,854	1,130,190	4,942,298
Recreation	4,734,529	5,007,008	3,777,524	1,229,484	3,047,998
Administration	431,547	456,100	425,151	30,949	355,319
Golf course	1,439,715	1,646,764	1,420,453	226,311	1,480,050
Library	2,095,325	2,191,242	1,858,476	332,766	1,851,069
	<u>15,028,245</u>	<u>16,285,158</u>	<u>13,335,458</u>	<u>2,949,700</u>	<u>11,676,734</u>
Airport:	<u>2,462,571</u>	<u>3,649,411</u>	<u>3,525,419</u>	<u>123,992</u>	<u>2,166,905</u>
Debt service:	<u>385,495</u>	<u>369,116</u>	<u>323,722</u>	<u>45,394</u>	<u>366,730</u>
Totals	<u>\$ 91,357,207</u>	<u>\$ 99,812,155</u>	<u>\$ 88,719,546</u>	<u>\$ 11,092,609</u>	<u>\$ 79,715,792</u>

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2022
(With comparative amounts for the year ended September 30, 2021)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
General government:					
City council:					
Personnel services	\$ 36,822	\$ 19,922	\$ 6,908	\$ 13,014	\$ 4,639
Operations	213,192	230,092	201,649	28,443	187,151
	<u>250,014</u>	<u>250,014</u>	<u>208,557</u>	<u>41,457</u>	<u>191,790</u>
City manager:					
Personnel services	981,216	1,041,767	1,041,730	37	981,521
Operations	81,600	80,600	45,914	34,686	30,316
Capital outlay	-	3,652	3,652	-	-
	<u>1,062,816</u>	<u>1,126,019</u>	<u>1,091,296</u>	<u>34,723</u>	<u>1,011,837</u>
Housing & community development					
Personnel services	351,694	391,500	391,482	18	303,424
Operations	35,388	32,453	30,227	2,226	18,293
Capital outlay	40,000	42,541	3,652	38,889	-
	<u>427,082</u>	<u>466,494</u>	<u>425,361</u>	<u>41,133</u>	<u>321,717</u>
Finance:					
Personnel services	1,527,231	1,584,356	1,584,310	46	1,374,554
Operations	718,879	757,947	625,280	132,667	579,921
Capital outlay	-	14,758	14,758	-	-
	<u>2,246,110</u>	<u>2,357,061</u>	<u>2,224,348</u>	<u>132,713</u>	<u>1,954,475</u>
Purchasing:					
Personnel services	668,932	685,922	601,310	84,612	577,764
Operations	36,298	40,407	32,998	7,409	33,431
Capital outlay	-	4,721	4,720	1	-
	<u>705,230</u>	<u>731,050</u>	<u>639,028</u>	<u>92,022</u>	<u>611,195</u>
City secretary:					
Personnel services	354,652	372,593	325,557	47,036	309,582
Operations	75,437	82,206	28,966	53,240	42,334
Capital outlay	10,000	5,730	5,728	2	-
	<u>440,089</u>	<u>460,529</u>	<u>360,251</u>	<u>100,278</u>	<u>351,916</u>
Special services:					
Personnel services	451,011	791,011	761,851	29,160	591,745
Operations	485,414	1,003,258	572,410	430,848	426,179
	<u>936,425</u>	<u>1,794,269</u>	<u>1,334,261</u>	<u>460,008</u>	<u>1,017,924</u>
City attorney:					
Personnel services	1,005,754	1,049,493	968,092	81,401	935,253
Operations	96,825	110,692	72,111	38,581	71,260
Capital outlay	-	6,295	6,295	-	-
	<u>1,102,579</u>	<u>1,166,480</u>	<u>1,046,498</u>	<u>119,982</u>	<u>1,006,513</u>
City planning:					
Personnel services	786,745	800,636	731,178	69,458	709,527
Operations	39,936	42,971	29,138	13,833	36,241
Capital outlay	-	5,730	5,728	2	-
	<u>826,681</u>	<u>849,337</u>	<u>766,044</u>	<u>83,293</u>	<u>745,768</u>
Information technology services:					
Personnel services	1,857,969	1,917,327	1,813,959	103,368	1,684,454
Operations	2,662,428	2,720,245	2,419,322	300,923	2,037,034
Capital outlay	-	16,557	6,557	10,000	35,555
	<u>4,520,397</u>	<u>4,654,129</u>	<u>4,239,838</u>	<u>414,291</u>	<u>3,757,043</u>
Human resources:					
Personnel services	914,472	923,527	816,997	106,530	763,783
Operations	273,991	274,043	201,194	72,849	182,155
Capital outlay	-	87,289	71,338	15,951	3,110
	<u>1,188,463</u>	<u>1,284,859</u>	<u>1,089,529</u>	<u>195,330</u>	<u>949,048</u>
Economic development:					
Operations	525,145	640,145	634,379	5,766	491,216
	<u>525,145</u>	<u>640,145</u>	<u>634,379</u>	<u>5,766</u>	<u>491,216</u>
Fleet services:					
Personnel services	1,486,976	1,503,997	1,219,363	284,634	1,139,785
Operations	123,648	124,070	101,100	22,970	76,196
Capital outlay	31,300	122,239	60,333	61,906	-
	<u>1,641,924</u>	<u>1,750,306</u>	<u>1,380,796</u>	<u>369,510</u>	<u>1,215,981</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2022
(With comparative amounts for the year ended September 30, 2021)

(Continued)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Inspections/Permits:					
Personnel services	\$ 658,699	\$ 722,826	\$ 648,412	\$ 74,414	\$ 605,431
Operations	65,616	245,887	238,415	7,472	58,966
Capital outlay	34,800	37,498	3,652	33,846	-
	<u>759,115</u>	<u>1,006,211</u>	<u>890,479</u>	<u>115,732</u>	<u>664,397</u>
Facility services:					
Personnel services	1,018,058	1,028,898	957,014	71,884	964,494
Operations	663,427	714,091	500,794	213,297	497,770
Capital outlay	130,400	111,695	14,402	97,293	40,460
	<u>1,811,885</u>	<u>1,854,684</u>	<u>1,472,210</u>	<u>382,474</u>	<u>1,502,724</u>
Performance excellence:					
Personnel services	585,765	614,367	484,159	130,208	336,496
Operations	135,009	175,735	97,686	78,049	72,435
Capital outlay	-	3,283	3,282	1	13,853
	<u>720,774</u>	<u>793,385</u>	<u>585,127</u>	<u>208,258</u>	<u>422,784</u>
Marketing and communications:					
Personnel services	824,285	837,723	778,056	59,667	717,587
Operations	331,407	340,659	317,615	23,044	325,054
Capital outlay	40,000	7,306	7,305	1	4,761
	<u>1,195,692</u>	<u>1,185,688</u>	<u>1,102,976</u>	<u>82,712</u>	<u>1,047,402</u>
Total general government	<u>20,360,421</u>	<u>22,370,660</u>	<u>19,490,978</u>	<u>2,879,682</u>	<u>17,263,730</u>
Public safety:					
Municipal court:					
Personnel services	771,396	785,762	650,376	135,386	664,400
Operations	85,800	91,138	65,244	25,894	54,990
Capital outlay	-	5,508	5,507	1	-
	<u>857,196</u>	<u>882,408</u>	<u>721,127</u>	<u>161,281</u>	<u>719,390</u>
Police:					
Personnel services	18,316,319	18,360,659	17,328,436	1,032,223	16,012,599
Operations	2,201,775	2,636,628	2,241,152	395,476	1,630,642
Capital outlay	831,600	1,264,409	346,420	917,989	1,368,873
	<u>21,349,694</u>	<u>22,261,696</u>	<u>19,916,008</u>	<u>2,345,688</u>	<u>19,012,114</u>
Animal services:					
Personnel services	441,858	446,480	414,977	31,503	411,397
Operations	106,038	132,986	91,129	41,857	91,677
Capital outlay	75,634	72,012	11,010	61,002	-
	<u>623,530</u>	<u>651,478</u>	<u>517,116</u>	<u>134,362</u>	<u>503,074</u>
Fire:					
Personnel services	13,103,261	13,702,123	13,701,745	378	12,448,254
Operations	1,241,882	1,714,072	1,559,543	154,529	1,115,250
Capital outlay	308,500	462,530	210,071	252,459	395,147
	<u>14,653,643</u>	<u>15,878,725</u>	<u>15,471,359</u>	<u>407,366</u>	<u>13,958,651</u>
Communications:					
Operations	1,049,165	1,049,165	1,049,165	-	1,078,737
	<u>1,049,165</u>	<u>1,049,165</u>	<u>1,049,165</u>	<u>-</u>	<u>1,078,737</u>
Code compliance:					
Personnel services	982,596	979,790	915,259	64,531	772,110
Operations	251,957	343,522	144,406	199,116	219,046
Capital outlay	114,100	440,059	110,162	329,897	119,343
	<u>1,348,653</u>	<u>1,763,371</u>	<u>1,169,827</u>	<u>593,544</u>	<u>1,110,499</u>
Total public safety	<u>39,881,881</u>	<u>42,486,843</u>	<u>38,844,602</u>	<u>3,642,241</u>	<u>36,382,465</u>
Sanitation:					
Personnel services	3,609,902	3,642,707	3,639,751	2,956	3,239,428
Operations	5,085,794	6,112,567	6,116,825	(4,258)	5,362,663
Capital outlay	105,600	137,064	35,532	101,532	-
Total sanitation	<u>8,801,296</u>	<u>9,892,338</u>	<u>9,792,108</u>	<u>100,230</u>	<u>8,602,091</u>

(Continued)

CITY OF TEMPLE, TEXAS
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the year ended September 30, 2022
(With comparative amounts for the year ended September 30, 2021)

(Continued)

	2022			2021	
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Highways and streets:					
Streets:					
Personnel services	\$ 1,571,191	\$ 1,587,905	\$ 1,067,426	\$ 520,479	\$ 1,090,211
Operations	1,591,901	1,584,696	1,172,891	411,805	1,154,300
Capital outlay	132,300	273,878	129,351	144,527	100,004
	<u>3,295,392</u>	<u>3,446,479</u>	<u>2,369,668</u>	<u>1,076,811</u>	<u>2,344,515</u>
Traffic control:					
Personnel services	374,457	378,885	301,726	77,159	356,560
Operations	90,970	115,490	90,437	25,053	64,051
Capital outlay	71,910	119,863	78,682	41,181	-
	<u>537,337</u>	<u>614,238</u>	<u>470,845</u>	<u>143,393</u>	<u>420,611</u>
Engineering:					
Personnel services	415,749	424,960	424,271	689	418,620
Operations	110,020	195,400	142,475	52,925	73,391
Capital outlay	78,800	77,552	-	77,552	-
	<u>604,569</u>	<u>697,912</u>	<u>566,746</u>	<u>131,166</u>	<u>492,011</u>
Total highways and streets	<u>4,437,298</u>	<u>4,758,629</u>	<u>3,407,259</u>	<u>1,351,370</u>	<u>3,257,137</u>
Culture and leisure services:					
Parks:					
Personnel services	2,333,231	2,082,703	1,851,124	231,579	1,734,103
Operations	3,504,398	3,770,415	3,490,041	280,374	2,801,962
Capital outlay	489,500	1,130,926	512,689	618,237	406,233
	<u>6,327,129</u>	<u>6,984,044</u>	<u>5,853,854</u>	<u>1,130,190</u>	<u>4,942,298</u>
Recreation:					
Personnel services	2,910,740	2,945,369	2,363,475	581,894	2,118,493
Operations	1,558,789	1,640,174	1,204,410	435,764	916,759
Capital outlay	265,000	421,465	209,639	211,826	12,746
	<u>4,734,529</u>	<u>5,007,008</u>	<u>3,777,524</u>	<u>1,229,484</u>	<u>3,047,998</u>
Administration:					
Personnel services	282,634	298,752	298,659	93	253,412
Operations	148,913	141,142	110,286	30,856	63,947
Capital outlay	-	16,206	16,206	-	37,960
	<u>431,547</u>	<u>456,100</u>	<u>425,151</u>	<u>30,949</u>	<u>355,319</u>
Golf course:					
Personnel services	901,366	886,455	857,327	29,128	900,034
Operations	538,349	590,179	521,163	69,016	442,052
Capital outlay	-	170,130	41,963	128,167	137,964
	<u>1,439,715</u>	<u>1,646,764</u>	<u>1,420,453</u>	<u>226,311</u>	<u>1,480,050</u>
Library:					
Personnel services	1,413,512	1,432,210	1,307,150	125,060	1,272,903
Operations	634,428	683,108	533,125	149,983	466,732
Capital outlay	47,385	75,924	18,201	57,723	111,434
	<u>2,095,325</u>	<u>2,191,242</u>	<u>1,858,476</u>	<u>332,766</u>	<u>1,851,069</u>
Total culture and leisure services	<u>15,028,245</u>	<u>16,285,158</u>	<u>13,335,458</u>	<u>2,949,700</u>	<u>11,676,734</u>
Airport:					
Personnel services	906,735	894,741	847,919	46,822	855,150
Operations	1,501,836	2,656,500	2,625,623	30,877	1,252,721
Capital outlay	54,000	98,170	51,877	46,293	59,034
Total airport	<u>2,462,571</u>	<u>3,649,411</u>	<u>3,525,419</u>	<u>123,992</u>	<u>2,166,905</u>
Debt service:					
Principal	353,529	337,150	307,820	29,330	341,007
Interest	31,966	31,966	15,902	16,064	25,723
Total debt service	<u>385,495</u>	<u>369,116</u>	<u>323,722</u>	<u>45,394</u>	<u>366,730</u>
Total	<u>\$ 91,357,207</u>	<u>\$ 99,812,155</u>	<u>\$ 88,719,546</u>	<u>\$ 11,092,609</u>	<u>\$ 79,715,792</u>



SUPPLEMENTARY SCHEDULES



**CITY OF TEMPLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING SEPTEMBER 30, 2022**

<u>Federal/State Grantor</u> Agency or Pass-Through Program Title	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Passed Through to Subrecipients</u>	<u>Program Expenditures</u>
Federal Financial Assistance:					
<u>U.S. Department of Housing & Urban Development</u>					
Community Development Block Grant					
Entitlement Grants Cluster					
CDBG 2018	14.218	B-18-MC-48-0021	\$ 536,232	\$ -	\$ 31,022
CDBG 2019	14.218	B-19-MC-48-0021	588,159	46,473	57,128
CDBG 2020	14.218	B-20-MC-48-0021	626,646	115,230	310,044
COVID-19 CDBG-CV 2020	14.218	B-20-MW-48-0021	777,790	-	35,479
CDBG 2021	14.218	B-21-MC-48-0021	606,562	146,762	330,967
City of Killeen					
COVID-19 CDBG-CV 2020	14.218	B-20-MW-48-0020	50,000	-	<u>27,732</u>
					<u>792,372</u>
<u>Texas Department of Housing and Community Affairs</u>					
HOME Investment Partnership Program	14.239	2021-0003	675,000	-	-
Texas Emergency Rental Assistance & Eviction Diversion	14.228	B-20-DW-48-0001	153,105	38,023	<u>38,023</u>
					<u>38,023</u>
<u>U.S. Department of Homeland Security</u>					
Office of the Governor-Criminal Justice Division					
Hazardous Substance Identification Equipment	97.067	EMW-2021-SS-0062 / 3664304	45,200	-	<u>42,573</u>
					<u>42,573</u>
<u>U.S. Department of Justice</u>					
Office of the Governor-Criminal Justice Division					
2020 Bullet Proof Vests Grant	16.607	2020BUBX20024165	24,774	-	3,544
2021 Bullet Proof Vests Grant	16.607	2021BUBX21028331	9,900	-	8,751
Public Safety Partnership and Community Policing Grant	16.710	2020UMWX0201	375,000	-	-
Office of the Governor-Criminal Justice Division					
Crisis Assistance Program	16.575	2019-V2-GX-0011 / 2820004	59,769	-	5,260
Crisis Assistance Program	16.575	2020-V2-GX-0004 / 2820005	79,581	-	76,285
Family Violence Assistance	16.575	2019-V2-GX-0011 / 4058401	40,014	-	9,977
City of Killeen					
2019 Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0739	19,449	-	19,449
2020 Edward Byrne Memorial Justice Assistance Grant	16.738	2020-DJ-BX-0942	16,858	-	16,858
2021 Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-21-GG-01882-JAGX	17,337	-	<u>10,998</u>
					<u>151,122</u>
<u>U.S. Department of Transportation</u>					
Texas Department of Transportation					
Highway Planning and Construction Cluster					
Surface Transportation Program (Outer Loop West, Ph 1)	20.205	0909-36-168	8,238,558	-	-
Transportation Alternatives Set-Aside Program (Adams & Central Sidewalks)	20.205	0814-03-039 / 0232-01-053	1,193,739	-	499,759
Pass-Through Agreement (NW Loop 363 Improvements)	20.205	0320-06-001	16,555,000	-	1,344,934
IH-35 Landscaping Developments at SH53/FM 2305	20.205	0015-14-131	540,000	-	-
Highway Infrastructure Program (Veterans Memorial Blvd)	20.205	N/A	5,000,000	-	-
Highway Infrastructure Program (Outer Loop West, Ph 1)	20.205	N/A	5,000,000	-	-
					<u>1,844,693</u>
<u>U.S. Department of the Treasury</u>					
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	SLT-8432	14,170,861	-	<u>4,291,101</u>
					<u>4,291,101</u>
<u>Institute of Museum and Library Services</u>					
Texas State Library and Archives Commission					
Interlibrary Loan Program	45.310	LS-246193-OLS-20	2,386	-	2,386
Interlibrary Loan Program	45.310	LS-249990-OLS-21	2,234	-	2,234
					<u>4,620</u>
Total Federal Financial Assistance			55,404,154	346,488	7,164,504

(Continued)

CITY OF TEMPLE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING SEPTEMBER 30, 2022

(Continued)

<u>Federal/State Grantor</u> <u>Agency or Pass-Through</u> <u>Program Title</u>	<u>Federal</u> <u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Grant</u> <u>Number</u>	<u>Program</u> <u>or Award</u> <u>Amount</u>	<u>Passed</u> <u>Through to</u> <u>Subrecipients</u>	<u>Program</u> <u>Expenditures</u>
State Financial Assistance:					
<u>Texas Department of Motor Vehicles</u>					
Motor Vehicle Crime Prevention Authority Auxiliary Grant	-	608-22-0140700	\$ 20,000	\$ -	\$ -
<u>Central Texas Council of Governments</u>					
Household Hazardous Waste Collection	-	582-22-30111	15,000	-	15,000
<u>Texas Department of Transportation</u>					
Routine Airport Maintenance Program (RAMP)	-	M2209TEMP	50,000	-	50,000
<u>Texas Department of Emergency Management</u>					
TIFMAS Grant Assistance Program	-	December Fire Weather 1	42,215	-	42,215
TIFMAS Grant Assistance Program	-	December Fire Weather 2	33,394	-	33,394
TIFMAS Grant Assistance Program	-	Winter Fire Weather 01/04/2022	22,087	-	22,087
TIFMAS Grant Assistance Program	-	Winter Fire Weather 01/13/2022	29,902	-	29,902
TIFMAS Grant Assistance Program	-	March Fire Weather 1	27,442	-	27,442
TIFMAS Grant Assistance Program	-	March Fire Weather 2	116,573	-	116,573
TIFMAS Grant Assistance Program	-	Spring Fire Weather	30,974	-	30,974
TIFMAS Grant Assistance Program	-	Summer Fire Weather 1	9,372	-	9,372
TIFMAS Grant Assistance Program	-	Summer Fire Weather 2	10,906	-	10,906
TIFMAS Grant Assistance Program	-	Summer Fire Weather 3	12,301	-	12,301
<u>Texas State University System - Texas School Safety Center</u>					
Tobacco Enforcement Program 2022	-	N/A	11,875	-	11,875
Total State Financial Assistance					
			432,041	-	412,041
Total Federal and State Financial Assistance					
			\$ 55,836,195	\$ 346,488	\$ 7,576,545

CITY OF TEMPLE, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended September 30, 2022

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	\$ 308,465
	<u>\$ 308,465</u>

Additionally, the federal expenditures associated with the Texas Emergency Rental Assistance & Eviction Diversion program included funding of \$ 38,023 to subrecipient United Way of Central Texas.

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

<u>CONTENTS</u>	<u>PAGE</u>
FINANCIAL TRENDS <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>	184
REVENUE CAPACITY <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	190
DEBT CAPACITY <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>	196
DEMOGRAPHIC AND ECONOMIC INFORMATION <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>	201
OPERATING INFORMATION <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities it performs.</i>	203
OTHER INFORMATION <i>These schedules contain other information related to the government's operations.</i>	210

Sources: Unless otherwise noted, the information in these schedules is derived from the annual 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									
	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021 ²	2022
Governmental activities										
Net investment in capital assets	\$ 46,131,460	\$ 44,686,194	\$ 40,996,292	\$ 43,934,442	\$ 48,754,446	\$ 52,987,220	\$ 60,880,317	\$ 66,565,782	\$ 72,557,317	\$ 77,072,670
Restricted	5,877,191	62,906	306,050	-	-	-	-	-	-	-
Unrestricted	20,153,684	18,922,067	7,799,938	3,756,702	(3,690,323)	(7,610,201)	(9,969,891)	(10,732,638)	(3,199,545)	6,449,527
Total governmental activities net position	\$ 72,162,335	\$ 63,671,167	\$ 49,102,280	\$ 47,691,144	\$ 45,064,123	\$ 45,377,019	\$ 50,910,426	\$ 55,833,144	\$ 69,357,772	\$ 83,522,197
Business-type activities										
Net investment in capital assets	\$ 68,521,536	\$ 72,979,933	\$ 69,469,800	\$ 71,123,596	\$ 74,981,111	\$ 85,851,741	\$ 91,337,862	\$ 98,533,741	\$ 107,495,236	\$ 118,571,352
Restricted	548,392	722,685	941,206	1,069,608	960,360	1,303,447	1,258,484	1,453,385	1,935,878	1,876,997
Unrestricted	25,171,256	25,320,194	31,586,228	33,699,494	35,678,455	29,874,800	26,340,410	23,250,644	12,194,849	12,885,370
Total business-type activities net position	\$ 94,241,184	\$ 99,022,812	\$ 101,997,234	\$ 105,892,698	\$ 111,619,926	\$ 117,029,988	\$ 118,936,756	\$ 123,237,770	\$ 121,625,963	\$ 133,333,719
Primary government										
Net investment in capital assets	\$ 114,652,996	\$ 117,666,127	\$ 110,466,092	\$ 115,058,038	\$ 123,735,557	\$ 138,838,961	\$ 152,218,179	\$ 165,099,523	\$ 180,052,553	\$ 195,644,022
Restricted	6,425,583	785,591	1,247,256	1,069,608	960,360	1,303,447	1,258,484	1,453,385	1,935,878	1,876,997
Unrestricted	45,324,940	44,242,261	39,386,166	37,456,196	31,988,132	22,264,599	16,370,519	12,519,006	8,995,304	19,334,897
Total primary government net position	\$ 166,403,519	\$ 162,693,979	\$ 151,099,514	\$ 153,583,842	\$ 156,684,049	\$ 162,407,007	\$ 169,847,182	\$ 179,070,914	\$ 190,983,735	\$ 216,855,916

¹ - In FY 2021, the City restated its government-wide net position for FY 2020 to properly record non-capital expenses that were previously reported as capital expenses. The reclassification of capital expenses to non-capital expenses were \$ 1,333,377 for Governmental Activities and \$ 2,970,594 for Business-Type Activities.

² - In FY 2022, the City restated its government-wide net position for FY 2021 due to implementation of GASB Statement No. 87.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021 ²	2022
Expenses										
Governmental activities:										
General government	\$ 13,493,386	\$ 14,634,734	\$ 14,904,124	\$ 15,656,749	\$ 16,538,056	\$ 16,643,280	\$ 18,391,391	\$ 17,662,291	\$ 18,750,792	\$ 21,877,566
Public safety	27,732,226	28,224,373	29,912,951	33,628,711	35,449,316	36,004,472	37,492,964	38,922,907	37,229,079	40,439,132
Highways and streets	22,080,671	28,047,101	10,259,565	7,273,731	8,963,462	8,483,731	9,058,790	10,113,674	9,925,757	10,584,013
Sanitation	6,039,912	7,080,709	5,990,896	6,455,973	7,272,582	7,473,148	8,461,326	9,117,863	9,652,499	11,028,193
Health and welfare	93,539	35,755	112,058	149,961	157,201	225,837	105,146	515,154	693,254	785,754
Cultural and leisure services	13,471,535	12,365,268	12,312,968	13,589,344	13,916,558	14,601,953	15,750,444	14,744,515	15,095,711	17,808,483
Airport	3,725,020	3,655,194	3,683,154	3,500,076	3,564,403	3,711,779	3,668,067	3,165,090	3,267,703	4,701,958
Interest on long term debt	4,232,163	3,639,945	4,237,351	5,351,692	5,453,732	5,963,802	6,275,371	5,395,933	5,706,669	7,617,166
Total governmental activities expenses	90,868,452	97,683,079	81,413,067	85,606,237	91,315,310	93,108,002	99,203,499	99,637,427	100,321,464	114,842,265
Business-type activities:										
Water and sewer	25,713,333	26,882,060	26,081,271	28,649,118	28,840,885	30,906,838	32,407,309	40,372,635	42,443,757	45,059,428
Total business-type activities expenses	25,713,333	26,882,060	26,081,271	28,649,118	28,840,885	30,906,838	32,407,309	40,372,635	42,443,757	45,059,428
Total primary government expenses	116,581,785	124,565,139	107,494,338	114,255,355	120,156,195	124,014,840	131,610,808	140,010,062	142,765,221	159,901,693
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government	3,691,433	3,900,990	4,143,573	4,189,072	4,415,190	4,537,237	4,483,482	5,673,482	5,493,736	5,880,297
Public safety	3,140,024	3,753,119	4,341,516	4,778,461	4,858,940	4,339,843	4,542,570	3,624,888	3,745,543	3,921,449
Highways and streets	1,202,744	1,238,493	1,322,099	1,425,168	2,510,680	2,974,290	2,993,074	3,132,555	3,191,166	3,338,952
Sanitation	10,509,545	11,222,768	11,303,186	11,764,582	12,897,932	13,380,840	15,505,181	15,013,659	16,047,480	18,045,770
Cultural and leisure services	3,759,669	3,710,483	3,703,956	4,025,396	4,136,650	3,942,908	4,980,209	2,974,552	4,146,962	4,633,635
Airport	2,847,211	2,732,476	2,294,963	2,174,080	2,387,297	2,619,637	2,464,369	1,880,095	2,019,538	3,677,553
Operating grants and contributions	225,720	513,508	12,501,829	453,554	484,715	356,115	362,394	3,359,451	2,700,918	5,656,804
Capital grants and contributions	17,403,845	12,724,001	391,026	899,586	310,655	1,371,345	2,027,054	1,479,579	2,388,612	566,806
Total governmental activities program revenues	42,780,191	39,795,838	40,002,148	29,709,899	32,002,059	33,522,215	37,358,333	37,138,261	39,733,955	45,721,266
Business-type activities:										
Charges for services:										
Water and sewer	30,046,938	29,824,871	30,375,811	31,720,917	33,261,271	35,227,519	31,913,681	39,084,642	39,290,715	46,391,050
Operating grants and contributions	-	-	-	-	-	16,401	-	-	6,861	-
Capital grants and contributions	248,996	1,330,056	381,295	134,570	41,235	16,401	1,144,596	3,989,857	104,702	8,000,000
Total business-type activities program revenues	30,295,934	31,154,927	30,757,106	31,855,487	33,302,506	35,243,920	33,058,277	43,074,499	39,402,278	54,391,050
Total primary government program revenues	\$ 73,076,125	\$ 70,950,765	\$ 70,759,254	\$ 61,565,386	\$ 65,304,565	\$ 68,766,135	\$ 70,416,610	\$ 80,212,760	\$ 79,136,233	\$ 100,112,316

(continued)

Table II
(Continued)

CITY OF TEMPLE, TEXAS CHANGES IN NET POSITION Last Ten Fiscal Years (accrual basis of accounting)	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021 ²	2022
Net (Expense) Revenue										
Governmental activities	\$ (48,088,261)	\$ (57,887,241)	\$ (41,410,919)	\$ (55,896,338)	\$ (59,313,251)	\$ (59,585,787)	\$ (61,845,166)	\$ (62,499,166)	\$ (60,587,509)	\$ (69,120,999)
Business-type activities	4,582,601	4,272,867	4,675,835	3,206,369	4,461,621	4,337,082	650,988	2,701,864	(3,041,479)	9,331,622
Total primary government net expense	\$ (43,505,660)	\$ (53,614,374)	\$ (36,735,084)	\$ (52,689,969)	\$ (54,851,630)	\$ (55,248,705)	\$ (61,194,198)	\$ (59,797,302)	\$ (63,628,988)	\$ (59,789,377)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad valorem	\$ 19,195,036	\$ 20,187,267	\$ 20,847,366	\$ 23,231,944	\$ 24,983,232	\$ 26,596,960	\$ 27,468,319	\$ 30,972,535	\$ 34,060,244	\$ 36,793,912
Sales	18,017,575	18,981,471	21,311,743	20,859,081	21,652,524	21,831,623	23,136,176	24,418,211	28,357,487	32,579,840
Franchise	6,178,547	6,382,781	6,780,354	6,712,490	6,771,002	6,834,212	7,128,549	7,376,450	7,149,264	7,664,979
Hotel/Motel	1,306,257	1,445,935	1,440,351	1,473,592	1,583,762	1,593,331	1,783,186	1,563,648	1,854,579	2,371,876
Mixed beverage	110,409	155,280	156,030	148,247	162,580	172,509	190,466	163,391	205,921	234,279
Other taxes	80,817	71,750	72,392	62,915	63,316	57,906	82,499	66,345	69,651	63,911
Investment earnings	122,330	108,848	156,778	398,306	674,264	1,513,600	1,919,652	1,328,204	804,067	1,107,913
Miscellaneous	1,762,894	2,055,938	746,050	1,598,627	4,742,010	1,298,542	5,669,726	1,533,100	1,610,924	2,468,714
Settlement income, net expense	5,360,000	-	-	-	-	-	-	-	-	-
Transfers	47,492	6,803	(2,267)	-	-	-	-	-	-	-
Total governmental activities	\$ 52,171,357	\$ 49,396,073	\$ 51,508,797	\$ 54,485,202	\$ 60,632,690	\$ 59,898,683	\$ 67,378,573	\$ 67,421,884	\$ 74,112,137	\$ 83,285,424
Business-type activities:										
Investment earnings	323,317	515,564	353,239	689,095	831,715	1,072,980	1,255,800	1,599,150	1,429,672	2,376,134
Transfers	(47,492)	(6,803)	2,267	-	-	-	-	-	-	-
Total business-type activities	\$ 275,825	\$ 508,761	\$ 355,506	\$ 689,095	\$ 831,715	\$ 1,072,980	\$ 1,255,800	\$ 1,599,150	\$ 1,429,672	\$ 2,376,134
Total primary government	\$ 52,447,182	\$ 49,904,834	\$ 51,864,303	\$ 55,174,297	\$ 61,464,405	\$ 60,971,663	\$ 68,634,373	\$ 69,021,034	\$ 75,541,809	\$ 85,661,558
Changes in Net Position										
Governmental activities	4,083,096	(8,491,168)	10,097,878	(1,411,136)	1,319,439	312,896	5,533,407	4,922,718	13,524,628	14,164,425
Business-type activities	4,858,426	4,781,628	5,031,341	3,895,464	5,293,336	5,410,062	1,906,768	4,301,014	(1,611,807)	11,707,756
Total primary government	\$ 8,941,522	\$ (3,709,540)	\$ 15,129,219	\$ 2,484,328	\$ 6,612,775	\$ 5,722,958	\$ 7,440,175	\$ 9,223,732	\$ 11,912,821	\$ 25,872,181

¹ - In FY 2021, the City restated its government-wide net position for FY 2020 to properly record non-capital expenses that were previously reported as capital expenses. The reclassification of capital expenses to non-capital expenses were \$ 1,333,377 for Governmental Activities and \$ 2,970,594 for Business-Type Activities.

² - In FY 2022, the City restated its government-wide net position for FY 2021 due to implementation of GASB Statement No.87.

Table III

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021 ¹	2022
General fund										
Nonspendable:										
Inventories, prepaid items and leases	\$ 451,696	\$ 435,073	\$ 375,039	\$ 441,741	\$ 432,639	\$ 492,994	\$ 495,781	\$ 552,260	\$ 934,017	\$ 1,426,486
Restricted for:										
Drug enforcement	329,651	290,550	345,852	204,399	173,517	258,281	204,651	207,562	108,586	129,260
Library, museum, and other	764,285	772,510	867,470	874,506	822,992	507,571	431,019	321,970	522,573	582,020
Assigned to:										
Capital technology acquisition	390,979	403,071	420,476	379,099	405,484	356,940	337,071	411,381	617,097	750,478
Capital projects	5,431,542	5,211,128	4,920,337	5,061,813	4,648,577	4,356,474	5,686,284	7,433,980	12,106,214	11,245,698
Purchases on order	1,960,290	1,454,214	2,106,552	1,429,303	1,866,603	1,675,168	1,961,384	2,968,619	3,496,702	7,713,867
Unassigned	16,785,630	17,540,678	18,293,530	19,160,910	20,132,300	20,132,300	20,132,300	21,616,233	22,116,233	23,700,625
Total general fund	\$26,114,073	\$26,107,224	\$27,329,256	\$27,551,771	\$28,482,112	\$27,779,728	\$29,248,490	\$33,512,005	\$ 39,901,422	\$ 45,548,434
All other governmental funds										
Nonspendable:										
Prepaid items	\$ 15,527	\$ 20,086	\$ 19,400	\$ 21,804	\$ 24,842	\$ 22,625	\$ 31,205	\$ 23,890	\$ 17,615	\$ 19,247
Restricted for:										
Debt service	7,356,612	1,349,568	959,697	724,003	551,747	283,612	1,457,372	303,617	222,280	167,093
Construction	37,708,729	11,652,509	44,922,504	41,698,442	24,117,550	40,117,952	40,520,676	49,682,906	95,420,298	115,537,578
Museum	8,348	13,049	11,149	11,775	14,108	11,631	12,690	16,096	16,505	17,581
Promotion of tourism	1,077,954	1,126,029	1,305,093	1,338,791	1,442,633	1,410,456	1,556,991	1,345,760	1,632,683	2,349,063
Committed to:										
Drainage	1,855,290	1,793,015	1,982,887	1,489,689	1,815,299	2,143,407	2,524,970	2,704,936	3,350,262	3,145,692
Economic and community development	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$48,022,460	\$15,954,256	\$49,200,730	\$45,284,504	\$27,966,179	\$43,989,683	\$46,103,904	\$54,077,205	\$ 100,659,643	\$ 121,263,929

¹ - The City implemented GASB Statement No. 87 Leases in fiscal year 2021. Fiscal year 2021 has been restated with the implementation of GASB Statement No. 87.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021 ²	2022
REVENUES:										
Taxes:										
Ad valorem	\$ 19,164,488	\$ 20,184,854	\$ 20,801,261	\$ 23,256,440	\$ 25,022,473	\$ 26,562,209	\$ 27,443,146	\$ 30,899,626	\$ 34,102,994	\$ 36,794,988
Sales	18,017,575	18,981,471	21,311,743	20,859,081	21,652,524	21,831,623	23,136,176	24,418,211	28,357,487	32,579,840
Hotel/Motel	1,306,256	1,445,935	1,440,351	1,473,592	1,583,762	1,593,331	1,783,186	1,563,648	1,854,579	2,371,876
Mixed beverage	110,409	155,280	156,030	148,247	162,580	172,509	190,466	163,391	205,921	234,279
Other taxes	80,817	71,750	72,392	63,316	67,102	57,906	66,349	63,911	69,651	63,911
Franchise fees	6,178,547	6,382,782	6,780,354	6,712,490	6,771,002	6,834,212	7,128,549	7,376,450	7,149,264	7,664,979
Licenses and permits	738,449	662,666	613,187	961,527	905,004	1,034,209	1,057,631	1,178,048	1,282,122	1,633,380
Intergovernmental	17,629,564	13,237,510	879,854	2,163,530	2,236,621	3,232,460	3,894,448	6,344,031	6,369,816	7,568,544
Drainage fees	1,098,165	1,109,378	1,125,126	1,157,851	2,283,793	2,705,091	2,698,046	2,822,622	2,885,991	2,979,150
Charges for services:										
Library fees	34,900	32,498	32,118	34,107	30,612	29,254	30,339	18,733	7,833	7,994
Recreational entry fees	133,153	126,845	120,588	120,492	111,980	99,492	83,628	60,784	79,197	79,197
Summit recreational fees	627,333	526,310	486,234	389,249	414,075	440,543	411,726	232,395	309,425	360,290
Hillcrest cemetery	-	-	-	-	-	-	96,787	76,032	376,154	96,107
Crossroads park	-	-	-	-	-	-	-	8,760	42,479	43,945
Golf course revenues	950,200	874,917	789,908	690,985	688,258	443,479	706,010	727,560	946,692	1,146,812
Swimming pool	42,845	48,030	48,870	37,242	33,954	37,128	48,670	12,093	6,720	10,365
Lions Junction water park	300,008	298,690	351,788	478,483	464,370	426,115	465,592	453	335,642	416,295
Sammons indoor pool	93,645	91,705	91,330	94,050	71,740	87,928	66,339	33,988	44,945	92,120
Vital statistics	126,605	120,542	124,847	130,034	125,722	129,426	152,412	112,743	125,399	157,476
Police revenue	344,477	629,586	1,602,266	1,587,110	1,714,226	1,375,183	1,325,852	866,546	902,635	970,616
Contractual services - proprietary fund	3,251,073	3,480,132	3,702,807	3,789,646	4,056,239	4,127,979	4,221,934	5,474,172	5,264,423	5,625,151
County fire protection	3,583	1,341	4,630	5,983	5,928	5,983	8,986	8,772	9,298	10,177
Curb and street cuts	23,292	38,732	62,195	96,155	41,340	69,847	89,651	110,141	178,242	178,242
Other	151,617	159,130	301,443	62,014	77,134	89,098	106,393	113,833	117,349	98,991
Solid waste collection - residential	3,824,407	4,041,272	4,169,597	4,310,048	4,943,210	5,198,061	5,619,184	5,844,439	6,442,387	7,042,176
Solid waste collection - commercial	2,849,455	2,902,758	2,945,727	3,127,171	3,183,821	3,229,411	3,484,347	3,536,912	3,643,549	3,964,627
Solid waste collection - roll-off	2,061,942	2,314,814	2,216,659	2,414,007	2,724,886	2,924,373	3,159,736	3,228,982	3,260,545	4,025,721
Landfill contract	1,773,741	1,963,924	1,971,203	1,913,357	2,046,014	2,028,996	3,241,914	2,403,326	2,700,999	3,013,247
Airport sales and rental	2,847,211	2,732,476	2,294,963	2,174,080	2,387,297	2,619,637	2,464,369	1,880,095	2,019,538	3,677,553
Recreational services	953,425	1,028,223	1,034,161	1,269,230	1,200,269	1,262,332	1,316,268	497,527	562,210	669,706
Fire department	14,128	20,620	34,758	51,854	26,969	56,236	61,110	71,679	72,341	60,118
Subdivision fees	25,724	24,727	18,465	22,298	31,151	33,898	32,133	29,250	34,519	33,170
Reinvestment zone reimbursements	-	-	-	388,036	616,710	654,810	1,198,722	1,052,991	1,172,408	1,238,442
Civic center & railroad museum revenues	474,161	533,266	508,062	523,522	504,684	461,829	556,130	253,238	261,216	472,364
Economic and community development	-	-	-	-	-	-	-	-	-	138,282
Fines	2,185,239	2,438,908	2,086,676	2,173,835	2,206,811	1,868,233	2,088,993	1,499,844	1,479,146	1,247,159
Interest and other	2,160,307	2,581,670	1,728,607	2,082,522	1,912,673	2,747,339	3,459,109	2,377,148	1,945,088	3,032,008
Total revenues	\$ 89,576,741	\$ 89,242,742	\$ 79,908,200	\$ 84,759,337	\$ 90,301,148	\$ 94,470,160	\$ 101,910,481	\$ 105,328,832	\$ 114,552,144	\$ 129,799,298
EXPENDITURES:										
Current:										
General government	13,660,816	15,223,119	15,445,404	15,286,507	15,899,956	16,287,762	17,357,817	17,160,208	19,326,499	23,298,883
Public safety	25,743,401	28,225,738	31,013,726	32,680,185	31,367,272	34,394,350	35,948,102	36,181,386	37,565,531	42,177,089
Highways and streets	24,913,821	29,731,928	17,506,619	22,407,217	14,086,349	17,781,421	17,586,774	17,839,336	13,254,061	19,785,483
Sanitation	10,190,353	9,923,731	5,177,927	7,380,079	6,590,675	8,411,828	8,598,519	9,281,009	10,714,231	20,198,438
Health and welfare	249,711	308,783	102,069	83,828	201,810	150,312	107,832	409,437	596,914	701,303
Culture and leisure services	12,937,428	12,078,707	12,361,459	18,135,207	21,366,366	21,462,623	21,143,045	14,523,577	14,123,629	18,133,659
Airport	3,392,606	10,011,998	2,640,628	2,347,196	2,374,228	2,605,547	2,500,007	2,083,011	4,027,283	3,609,751
Debt service:										
Principal retirement	5,110,646	5,608,336	5,821,194	7,673,106	9,075,096	10,603,767	9,961,569	12,679,412	13,527,298	14,075,218
Interest and fiscal charges	4,797,337	4,110,853	4,540,888	5,598,274	5,873,142	6,420,961	6,634,848	6,917,279	7,094,600	8,391,917
Total expenditures	\$ 100,996,119	\$ 115,223,193	\$ 94,609,914	\$ 111,591,599	\$ 106,834,894	\$ 118,118,571	\$ 119,838,513	\$ 117,074,655	\$ 120,230,046	\$ 150,371,741

(continued)

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021 ²	2022
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (11,419,378)	\$ (25,980,451)	\$ (14,701,714)	\$ (26,832,262)	\$ (16,533,746)	\$ (23,648,411)	\$ (17,928,032)	\$ (11,745,823)	\$ (5,677,902)	\$ (20,572,443)
OTHER FINANCING SOURCES (USES):										
Transfer in	8,112,971	2,282,094	1,888,658	1,611,257	1,739,077	3,191,375	3,362,525	3,503,656	3,161,204	5,374,067
Transfer out	(8,571,235)	(2,327,620)	(1,873,486)	(1,611,257)	(1,739,077)	(3,191,375)	(3,362,525)	(3,503,656)	(3,161,204)	(5,374,067)
Issuance of loans and bonds	19,775,000	420,121	46,360,000	20,235,000	145,762	36,614,488	20,666,188	23,667,652	53,220,000	42,440,000
Original issue premium	385,580	-	3,275,997	4,158,590	-	5,338,055	1,608,272	1,530,082	5,392,427	4,406,590
Discount on bond issuance	(219,097)	(88,929)	(556,444)	(176,238)	-	(465,394)	(358,232)	(137,516)	(319,306)	(217,397)
Issuance of refunding bonds	-	16,671,941	7,544,558	9,500,000	-	17,780,000	4,880,000	685,000	-	-
Payment to refunding bond escrow agent	-	(23,052,209)	(7,469,063)	(10,578,801)	-	(20,297,618)	(5,285,213)	(1,762,579)	-	-
Claims settlement	7,250,000	-	-	-	-	-	-	-	-	-
Attorney fees	(1,900,000)	-	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	24,833,219	(6,094,602)	49,170,220	23,138,551	145,762	38,969,531	21,511,015	23,982,639	58,293,121	194,548
NET CHANGE IN FUND BALANCES	\$ 13,413,841	\$ (32,075,053)	\$ 34,488,506	\$ (3,693,711)	\$ (16,387,984)	\$ 15,321,120	\$ 3,582,983	\$ 12,236,816	\$ 52,615,219	\$ 26,251,298
Debt service as a percentage of noncapital expenditures	11.5%	10.3%	13.2%	16.6%	18.3%	19.0%	18.8%	20.1%	20.1%	18.8%
Capital Outlay	\$ 15,122,317	\$ 20,442,125	\$ 15,920,233	\$ 31,519,203	\$ 24,988,876	\$ 28,374,357	\$ 31,532,720	\$ 19,521,157	\$ 17,473,063	\$ 30,589,440

¹ - In FY 2021, the City restated its government-wide net position for FY 2020 to properly record non-capital expenses that were previously reported as capital expenses. The reclassification of capital expenses to non-capital expenses were \$ 1,333,377 for Governmental Activities and \$ 2,970,594 for Business-Type Activities.

² - In FY 2022, the City restated landfill contract, as well as airport sales and rental revenue to properly record charges for services for FY 2021 associated to implementation of GASB 87.

CITY OF TEMPLE, TEXAS
GENERAL GOVERNMENTAL TAX & FRANCHISE REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table V

Fiscal Year	General Property Tax	City Sales Tax	Hotel/Motel Tax	Mixed Beverage Tax	Other Tax	Franchise Fee	Total
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
2021	34,102,994	28,357,487	1,854,579	205,921	69,651	7,149,264	71,739,896
2022	36,794,988	32,579,840	2,371,876	234,279	63,911	7,664,979	79,709,873

Table VI

CITY OF TEMPLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years
 (unaudited)

Fiscal Year ^{1,3}	Estimated Market Value		Less: Productivity Loss	Less: Homestead Cap	Less: Tax-Exempt Property	Total Taxable Assessed Value	Less: District Tax Increment	Less: Applicable Adjustments	Total Taxable Value ²	Total Direct Tax Rate	Assessed Value ¹ as a Percentage of Actual Value
	Real Property	Personal Property									
2013	\$3,571,566,347	\$ 938,279,608	\$ 39,981,995	\$ 4,092,340	\$ 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	5,956,906,936	1,149,461,868	73,659,723	49,890,121	1,619,513,374	5,363,305,586	481,248,712	-	4,882,056,874	0.6727	75.47%
2021	6,938,240,752	1,271,940,789	77,130,785	86,679,386	1,910,311,943	6,136,059,427	567,652,363	-	5,568,407,064	0.6525	74.74%
2022	7,739,330,129	1,320,493,948	83,721,608	133,631,500	2,146,109,693	6,696,361,276	609,983,494	-	6,086,377,782	0.6400	73.91%

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.

³ - FY 2020 information has been restated in FY 2021 to account for accurate data.

**CITY OF TEMPLE, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING ¹ GOVERNMENTS
Last Ten Fiscal Years**

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	Independent School District	Independent School District	Independent School District		
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		
2021	0.3000	0.3525	0.6525	0.3968	0.0285	0.1837	0.0327	1.2838	1.3651	1.2434		
2022	0.3030	0.3370	0.6400	0.3680	0.0263	0.2237	0.0314	1.2353	1.3571	1.2036		

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.
- Uncollected taxes:
 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.
- Source: Tax Appraisal District of Bell County.

**CITY OF TEMPLE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Table VIII

Taxpayer	FY 2022			FY 2013		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
H.E. Butt Grocery	\$ 124,044,593	1	2.04%	\$ 19,791,898	9	0.59%
McLane Company, Inc.	113,243,359	2	1.86%	110,900,049	2	3.28%
Panda Temple Power II, LLC	100,203,579	3	1.65%	-	-	-
Oncor Electric Delivery Company	94,596,101	4	1.55%	47,030,882	5	1.39%
Temple Generation I, LLC	93,305,897	5	1.53%	-	-	-
Wal-Mart Real Estate Business Trust	92,661,457	6	1.52%	106,042,158	3	3.14%
Wilsonart International	89,077,050	7	1.46%	80,553,917	4	2.38%
Reynolds Consumer Products, Inc.	68,182,488	8	1.12%	-	-	-
Pactiv Corporation	52,995,053	9	0.87%	125,390,411	1	3.71%
BNSF Railway Company	38,446,278	10	0.63%	24,625,264	7	0.73%
Sam's East, Inc.	-	-	-	40,713,988	6	1.21%
LJT Texas, LLC	-	-	-	20,653,626	8	0.61%
Performance Food Group	-	-	-	17,636,967	10	0.52%
Totals	<u>\$ 866,755,855</u>		<u>14.23%</u>	<u>\$ 593,339,160</u>		<u>17.57%</u>

Source: Tax Appraisal District of Bell County

¹ - Total taxable value including real and personal property for fiscal year 2021 was \$ 6,086,377,782 (net taxable value not adjusted for frozen values).

² - Total taxable value including real and personal property for fiscal year 2013 was \$ 3,377,876,619 (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	
	Amount		Amount	Amount	% of Levy	Amount	Years	Amount	% of Levy
2013	\$ 19,534,480	\$ -	\$ 19,534,480	\$ 19,295,759	98.78%	\$ -	129,326	\$ 19,425,085	99.44%
2014	20,793,147	-	20,793,147	20,295,608	97.61%	118,788	118,788	20,414,396	98.18%
2015	21,446,210	-	21,446,210	21,046,789	98.14%	169,920	169,920	21,216,709	98.93%
2016	23,742,734	155,641 ²	23,898,375	23,489,014	98.29%	580,861 ³	580,861	24,069,875	100.72%
2017	25,523,538	189,564 ²	25,713,102	25,197,579	98.00%	407,767 ³	407,767	25,605,346	99.58%
2018	27,354,869	175,306 ²	27,530,175	26,924,017	97.80%	250,208	250,208	27,174,225	98.71%
2019	28,389,695	-	28,389,695	27,847,040	98.09%	100,113	100,113	27,947,153	98.44%
2020	31,951,512	-	31,951,512	31,342,048	98.09%	28,083	28,083	31,370,131	98.18%
2021	34,688,045	-	34,688,045	34,421,238	99.23%	27,827	27,827	34,449,065	99.31%
2022	37,559,388	-	37,559,388	37,196,777	99.03%	-	-	37,196,777	99.03%

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

CITY OF TEMPLE, TEXAS
TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Building Material	\$114,672,337	\$125,260,898	\$134,845,790	\$144,716,363	\$158,203,586	\$161,496,329	\$162,629,267	\$155,514,451	\$184,176,659	\$226,523,790
General Merchandise Stores	179,516,110	175,653,407	170,777,243	183,917,251	181,806,372	167,677,353	171,691,097	174,970,541	177,688,509	202,820,364
Food Stores ¹	59,686,496	62,771,429	64,396,707	83,112,785	90,942,344	89,780,255	93,833,708	105,728,093	113,487,335	138,779,364
Auto Dealers & Service Stations	60,916,217	62,796,436	66,094,355	67,535,037	71,376,272	74,955,553	75,166,776	79,844,949	86,961,616	104,931,869
Apparel & Accessory Stores	30,199,552	31,752,686	32,629,286	30,461,426	30,751,032	33,002,280	34,530,283	35,452,100	28,269,691	41,969,525
Furniture & Home Furnishings	42,097,157	40,792,351	43,053,983	46,769,756	46,601,996	47,960,047	49,331,679	50,825,775	43,453,411	55,768,836
Eating & Drinking Places	130,073,906	134,320,392	144,994,011	150,750,242	159,260,682	161,976,431	171,344,019	185,579,213	168,195,997	228,558,993
Miscellaneous Retail	64,790,889	66,926,420	66,214,000	67,057,766	78,107,089	88,605,255	87,625,171	87,806,535	97,222,127	117,275,831
Nonstore Retailers	1,116,064	1,134,435	1,451,906	2,225,442	2,551,369	1,768,028	1,444,784	2,608,127	2,709,709	4,291,278
Total Retail Sales	\$683,088,728	\$701,408,454	\$724,457,261	\$776,546,068	\$819,600,742	\$827,221,531	\$847,596,184	\$878,329,784	\$902,165,054	\$1,120,919,850
Total Non-Retail Sales	194,539,262	208,836,200	235,556,192	246,809,563	264,689,421	263,376,676	271,722,828	307,790,848	278,949,603	333,764,894
Total Taxable Sales	\$877,607,990	\$910,244,654	\$960,013,453	\$1,023,355,631	\$1,084,290,163	\$1,090,598,207	\$1,119,319,012	\$1,186,120,632	\$1,181,114,657	\$1,454,684,744

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%

Sources: State of Texas Comptroller, City of Temple, and Bell County

Notes: Retail sales information is not available on a fiscal-year basis.

Data collected from the State of Texas Comptroller includes updates to prior years.

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 OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table XI

Fiscal Year	Governmental Activities					Business-Type Activities					Personal Income ¹	Per Capita ¹			
	General Obligation Bonds	Certificates of Obligation Bonds	Contractual Obligations	Revenue Bonds	Pass-Through Revenue & Limited Tax Bonds	Issuance Premium/Discount	Notes Payable	Lease ² Liability	General Obligation Bonds	Water & Wastewater Revenue Bonds			Notes Payable	Issuance Premium/Discount	Total Primary Government
2013	\$44,990,000	\$30,150,000	\$11,455,000	\$1,330,000	\$24,700,000	-	\$137,235	\$-	\$31,230,000	\$30,700,000	\$-	\$-	\$174,692,235	\$38,862	2,486
2014	49,525,000	20,830,000	5,065,000	910,000	24,700,000	-	242,013	-	36,480,000	35,120,000	-	-	172,872,013	37,862	2,409
2015	75,420,000	36,650,000	4,415,000	465,000	24,700,000	8,595,491	195,819	-	39,000,000	52,855,000	-	5,611,395	247,907,705	38,794	3,377
2016	70,300,000	53,360,000	5,700,000	-	24,580,000	11,697,438	147,714	-	36,760,000	50,380,000	-	5,152,424	258,077,576	39,703	3,428
2017	66,265,000	50,440,000	4,525,000	-	23,685,000	10,978,104	243,380	-	34,490,000	80,755,000	-	7,080,452	278,461,936	39,588	3,623
2018	78,860,000	81,145,000	3,335,000	-	4,665,000	14,924,453	2,761,062	-	31,455,000	77,840,000	21,314	6,573,003	301,579,832	40,937	3,827
2019	73,560,000	96,540,000	3,330,000	-	3,715,000	15,207,445	3,992,419	-	38,610,000	83,200,000	14,418	9,834,720	328,004,002	42,169	4,053
2020	69,255,000	112,600,000	4,645,000	-	1,030,000	14,565,819	3,423,172	-	34,975,000	80,125,000	197,145	9,061,948	329,898,064	43,033	4,020
2021	64,030,000	156,925,000	6,780,000	-	-	17,556,643	2,397,936	529,506	31,180,000	168,455,000	177,371	23,677,354	471,708,810	45,574	5,480
2022	57,530,000	190,900,000	8,150,000	-	-	20,354,021	2,219,987	421,784	27,190,000	165,050,000	181,822	21,997,286	483,994,900	47,755	5,544

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The City does not have any authorized but unissued ad valorem tax debt.

¹ - See the Schedule of Demographic and Economic Statistics on page 201 for personal income and population data. (Table XVI)

² - FY 2021 has been restated to include lease liability.

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	Contractual Obligations	Revenue Bonds	General Bonded Debt Outstanding		Notes Payable	Lease ² Liability	Unamortized ³ Premium / Discount	Total General Bonded Debt Outstanding	Less: Amount Restricted for Debt Service Fund ⁴	Total General Net Bonded Debt Outstanding	% of Estimated Actual Taxable Value ⁵ of Property		Per Capita ⁶
					Pass-Through Revenue & Limited Tax Bonds	Revenue Bonds							Value ⁵ of Property	Value ⁵ of Property	
2013	\$ 44,990,000	\$ 30,150,000	\$ 11,455,000	\$ 1,330,000	\$ 24,700,000	\$ 137,235	\$ -	\$ 4,822,384	\$ 117,584,619	\$ 6,616,901	\$ 110,967,718	79.36%	\$ 1,579		
2014	49,525,000	20,830,000	5,065,000	910,000	24,700,000	242,013	-	5,876,415	107,148,428	706,237	106,442,191	79.20%	1,483		
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	-	156,136,484	75.13%	2,031		
2018	78,860,000	81,145,000	3,335,000	-	4,665,000	2,761,062	-	14,924,453	185,690,515	-	185,690,515	75.57%	2,357		
2019	73,860,000	96,540,000	3,330,000	-	3,715,000	3,982,419	-	15,207,445	196,344,864	-	196,344,864	75.62%	2,426		
2020	69,255,000	112,600,000	4,645,000	-	1,030,000	3,423,172	-	14,585,819	205,538,991	-	205,538,991	75.47%	2,504		
2021	64,030,000	156,925,000	6,780,000	-	-	2,397,936	529,506	17,556,643	248,219,085	-	248,219,085	74.74%	2,884		
2022	57,530,000	190,900,000	8,150,000	-	-	2,219,987	421,784	20,354,021	279,575,792	-	279,575,792	73.91%	3,137		

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 2021 has been restated to include lease liability
 3 - FY 2010 through FY 2017 have been restated to include unamortized premium/discount amounts.
 4 - FY 2012 through FY 2020 have been restated to reflect only net position externally restricted for the repayment of debt principal.
 5 - See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 191 for property value data. (Table VI)
 6 - Population data can be found in the Schedule of Demographic and Economic Statistics on page 201. (Table XVI)

**CITY OF TEMPLE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2022**

Table XIII

<u>Governmental Unit</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Temple¹</u>	<u>Amount Applicable to City of Temple</u>
Direct Debt:			
City of Temple	\$ 279,562,679	100.00%	\$ 279,562,679
Total direct debt	<u>279,562,679</u>		<u>279,562,679</u>
Overlapping Debt:			
Academy Independent School District	59,704,994	48.10%	28,718,102
Bell County	147,845,000	28.58%	42,254,101
Belton Independent School District	417,793,448	31.02%	129,599,528
Temple College	124,415,000	97.62%	121,453,923
Temple Independent School District	255,130,000	95.64%	244,006,332
Troy Independent School District	27,829,997	17.13%	4,767,278
Total estimated overlapping debt	<u>1,032,718,439</u>		<u>570,799,264</u>
Total direct and overlapping debt	<u>\$ 1,312,281,118</u>		<u>\$ 850,361,943</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, 2022 was \$138,985,000.

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. The percentage applicable to City of Temple was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas.

CITY OF TEMPLE, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

Table XIV

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value 2021/2022 tax roll ¹	\$	53,792,236
Limit on amount designated for debt service per \$ 100 assessed valuation (\$ 5,379,223,618 / \$ 100 = \$ 49,455,870)	x	\$ 1.20
Legal debt service limit	\$	64,550,683
Actual amount expended by debt Service fund for general obligation debt service during the year ended September 30, 2022		(21,776,487)
	\$	<u>42,774,196</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021
Debt service limit	\$ 36,299,104	\$ 38,747,288	\$ 39,964,632	\$ 41,332,748	\$ 42,527,390	\$ 44,246,881	\$ 47,120,031	\$ 52,247,126	\$ 59,347,043	\$ 59,347,043
Total net debt applicable to limit	(8,893,165)	(9,057,343)	(8,687,176)	(11,552,053)	(13,610,630)	(16,648,102)	(15,993,238)	(18,969,314)	(19,853,899)	(19,853,899)
Legal debt margin	\$ 27,405,938	\$ 29,689,945	\$ 31,277,456	\$ 29,780,695	\$ 28,916,760	\$ 27,598,779	\$ 31,126,793	\$ 33,277,812	\$ 39,493,144	\$ 39,493,144
Total net debt applicable to the limit as a percentage of debt service limit	24.50%	23.38%	21.74%	27.95%	32.00%	37.63%	33.94%	36.31%	33.45%	33.45%
Ad Valorem Debt Service Requirement, Fiscal Year Ending 09-30-2023					\$ 21,499,959	\$ 34,786,480				
2023 Interest and Sinking Fund Tax Levy					167,093					
Fiscal Year 2022 Interest and Sinking Fund Balance					1,057,480					
Pass-Through Toll Agreement Revenue					12,356,076	35,080,608				
Self-Supporting Debt Service										
Estimated Balance, 09-30-2023						\$ 294,128				

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
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
2021	40,727,248	24,345,479	16,381,769	11,920,773	1.37
2022	48,767,181	27,834,717	20,932,464	11,598,048	1.80

Water Revenue Bonds					
Fiscal Year	Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Maximum Annual Debt Service ⁴	Coverage
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
2021	40,727,248	24,345,479	16,381,769	12,684,203	1.29
2022	48,767,181	27,834,717	20,932,464	12,537,069	1.67

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, 2019 Utility Revenue Bonds beginning in fiscal year 2019, and 2021 Utility Revenue Bonds & 2021A Utility Revenue Bonds beginning in fiscal year 2021. Includes 2012, 2014, 2015, and 2019 GO Refunding Debt issues, as well as 2021 Utility Revenue Refunding.

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, 2019 Utility Revenue Bonds beginning in fiscal year 2019, and 2021 Utility Revenue Bonds & 2021A Utility Revenue Bonds beginning in fiscal year 2021. Also includes 2021 Utility Revenue Refunding.

**CITY OF TEMPLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Table XVI

Calendar Year	Population ¹⁻³	Personal Income ⁴	Per Capita Personal Income ⁵	Median Age ⁶	School Enrollment ⁷	Unemployment Rate ⁸
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	3.70%
2018	78,793	3,225,549,041	40,937	34.6	8,734	3.50%
2019	80,930	3,412,737,170	42,169	33.9	8,579	3.30%
2020	82,073	3,468,815,345	42,265	33.9	8,425	6.10%
2021	86,075	3,864,078,900	44,892	33.9	8,461	4.80%
2022	89,112	4,255,543,560	47,755	34.9	8,663	3.80%

Sources:

¹ - 2013 thru 2019 population is based on new residential water customers multiplied by 2010 Census data of average household size of 2.47.

² - 2020 population is restated based on actual results of 2020 Census.

³ - 2021 thru 2022 population is based on new residential water customers multiplied by 2020 Census data of average household size of 2.65.

⁴ - Calculating personal income based on per capita personal income and estimated population.

⁵ - Per capita income provided by Metropolitan Area publication on the U.S. Department of Commerce's Bureau of Economic Analysis website. 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.

⁶ - 2013 thru 2018 median age of 34.6 provided in the 2010 Census, 2019 thru 2021 median age of 33.9 provided by 2019 American Community Survey 1-Year Estimates, 2022 median age of 34.9 provided by 2021 American Community Survey 1-Year Estimates. Median age to be updated upon receipt of 2020 Census data related to median age for Temple.

⁷ - School enrollment (for public schools in Temple) provided by Temple Independent School District.

⁸ - 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 2022			FY 2013		
	Employees ¹	Rank	Percentage of Total City Employment ²	Employees ¹	Rank	Percentage of Total City Employment ²
Baylor Scott & White Health	8,379	1	23.26%	8,847	1	26.57%
Central Texas Veterans Healthcare Systems	4,523	2	12.56%	2,269	2	6.82%
McLane Company - Corporation Headquarters & SW Distribution Center	2,104	3	5.84%	1,640	3	4.93%
Wal-Mart Superstore, Distribution Center and Sam's Club	1,450	4	4.03%	1,173	5	3.52%
Temple Independent School District	1,433	5	3.98%	1,223	4	3.67%
H-E-B Retail Distribution Center	1,112	6	3.09%	500	10	1.50%
City of Temple	1,020	7	2.83%	794	7	2.38%
Wilsonart International	980	8	2.72%	957	6	2.87%
Scott & White Health Plan	754	9	2.09%	-	-	-
PACTIV Packaging Corporation	600	10	1.67%	600	9	1.80%
Sprint/Nextel Communications	-	-	-	700	8	2.10%
Totals	22,355		62.07%	18,703		56.16%

¹ - Source: Temple Economic Development Corporation

² - Source: Texas Labor Market Information website

CITY OF TEMPLE, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government -										
Assistant city manager	-	2.00	2.00	2.00	-	-	-	-	-	-
City attorney	6.63	7.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00
City council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City manager	6.00	4.00	6.00	7.00	7.00	8.00	13.00	7.00	6.00	6.00
City secretary	4.63	4.63	5.00	6.00	6.00	6.00	6.00	6.00	5.00	4.00 ²
Facility services	15.02	15.45	15.45	16.45	15.70	16.45	18.45	19.45	19.54	20.54 ¹¹
Finance	11.00	11.00	11.00	11.00	11.00	11.70	11.00	13.00	13.00	15.00 ³
Fleet services	17.00	18.00	18.00	18.00	19.00	19.00	20.00	20.33	20.50	22.50 ⁴
General services	2.25	4.25	3.35	2.90	7.10	-	-	-	-	-
Housing & community development	-	-	-	-	-	-	-	-	4.30	4.95 ^{1,5}
Human resources	5.00	5.00	5.00	6.00	6.00	6.00	6.00	7.00	7.38	8.63 ⁶
Information technology services	15.50	16.50	18.00	18.00	18.00	20.00	18.00	19.00	21.20	22.20 ⁷
Marketing & communications	-	-	-	-	-	-	-	6.80	9.25	9.25
Performance excellence	-	-	-	-	-	-	-	3.00	5.00	8.00 ⁸
Permits & inspections	-	7.50	7.00	7.00	8.00	8.00	8.00	8.00	9.00	10.00 ⁹
Planning	6.95	6.45	8.00	8.00	8.00	8.00	8.00	8.75	7.75	8.75 ^{1,10}
Purchasing	5.00	5.00	7.00	7.00	7.00	8.00	8.00	7.00	8.00	8.00
Total general government	99.98	111.78	119.80	123.35	126.80	125.15	130.45	139.33	150.92	162.82
Public safety -										
Animal services	7.50	7.50	7.50	7.50	7.50	7.50	8.00	8.00	8.00	8.00
Code compliance	14.00	7.00	9.00	9.00	9.00	13.60	13.11	16.89	15.03	17.43 ^{1,17}
Fire	118.00	118.00	121.00	121.00	121.00	124.00	124.00	124.00	125.00	125.00
Municipal court	12.03	12.03	12.03	12.03	12.03	12.03	12.03	12.03	12.03	12.03
Police	161.50	164.50	170.50	171.50	177.50	181.63	184.63	184.63	186.63	192.63 ^{17,18}
Total public safety	313.03	309.03	320.03	321.03	327.03	338.76	341.77	345.55	346.69	355.09
Highways and streets -										
Engineering	6.95	7.95	7.95	7.95	7.95	7.95	8.35	7.90	6.63	6.63
Drainage	13.98	14.23	17.23	16.40	16.70	16.40	19.60	19.57	20.19	20.59 ¹²
Street	24.00	23.50	23.50	24.50	24.50	24.50	24.50	28.61	28.34	28.94 ¹²
Traffic control	3.50	3.75	4.75	4.75	4.75	5.75	5.75	5.86	5.58	5.58
Total highway and streets	48.43	49.43	53.43	53.60	53.90	54.60	58.20	61.94	60.74	61.74
Sanitation -	42.22	43.22	47.22	48.22	51.22	51.22	53.50	55.83	58.00	64.50 ¹⁹

(continued)

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Health and welfare -										
Community development projects/grants	0.75	0.75	0.65	1.10	2.65	1.33	4.52	4.99	5.55	6.50 ^{1, 5}
Total health and welfare	0.75	0.75	0.65	1.10	2.65	1.33	4.52	4.99	5.55	6.50
Cultural and leisure services -										
Destination marketing	1.85	1.85	1.85	2.60	2.60	2.60	3.75	4.75	5.65	6.63 ²⁰
Golf course	18.13	19.16	19.16	19.16	19.16	19.16	19.41	19.41	19.41	19.41
Library	28.15	28.15	28.15	28.15	28.15	27.65	28.15	28.15	28.15	28.40 ¹³
Main street program	-	-	-	-	-	-	-	-	1.50	1.50
Mayborn center	13.40	14.40	15.40	18.29	17.20	17.20	16.40	16.55	12.95	12.75 ^{20, 21}
Parks	36.01	36.41	35.41	35.41	37.41	37.91	39.04	41.04	41.04	42.04 ¹⁴
Parks & recreation administration services	6.23	6.75	6.75	6.75	6.20	6.20	2.52	3.02	3.02	3.12 ¹⁵
Railroad & heritage museum	4.05	4.88	4.88	5.38	5.38	5.75	5.80	6.05	6.73	6.63 ^{16, 20}
Recreation	68.54	64.26	65.24	68.49	69.74	69.74	71.39	71.89	72.80	74.23 ¹⁶
Total cultural and leisure services	176.36	175.86	176.84	184.23	185.84	186.21	186.46	190.86	191.25	194.71
Airport -	14.38	14.38	13.38	14.38	13.38	13.38	13.38	13.38	13.38	13.38
Water and wastewater -	92.18	89.19	88.19	91.78	92.48	95.41	101.81	118.46	114.57	118.57 ^{22, 23}
Totals	787.33	793.64	819.54	837.69	853.30	866.06	890.09	930.34	941.10	977.31

Source: City Budget Office

- 1 - During 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, Housing & Community Development, and Police are partially funded with Federal/State Grant Funds.
- 2 - During FY 2022, the Executive Assistant position was eliminated.
- 3 - In FY 2022, an Accounting Technician, as well as a Senior Accountant position was authorized and funded.
- 4 - In FY 2022, an Operations Manager I, as well as a Heavy Duty Automotive Technician II was authorized and funded.
- 5 - In FY 2022, a Neighborhood Navigator position was authorized and funded.
- 6 - In FY 2022, an additional Human Resources Generalist was authorized and funded. In addition, the funding for the part time Records Technician was increased.
- 7 - During FY 2022, one IT Support Manager position was added.
- 8 - In FY 2022, an Organizational Development Manager position, as well as a Business Analyst position was authorized and funded. During FY 2022, one Administrative Assistant I position was added.
- 9 - In FY 2022, a Combination Building Inspector I position was authorized and funded.
- 10 - In FY 2022, an additional Senior Planner position was authorized and funded.

- 11 - During FY 2022, one Project Manager position was added.
- 12 - In FY 2022, an Equipment Maintenance & Transporter position was authorized and funded. Funding will be split 60% Streets and 40% Drainage.
- 13 - In FY 2022, a part time Library Assistant was reclassified to full time. During FY 2022, two part time Librarian positions were reclassified to a full time Librarian and a part time Librarian was reclassified to a part time Assistant Librarian.
- 14 - In FY 2022, an additional Maintenance Worker position was authorized and funded.
- 15 - In FY 2022, the funding allocation of the Director of Parks and Recreation was changed to 100% General Fund.
- 16 - In FY 2022, the funding allocation for the Assistant Director of Parks and Recreation changed to 100% General Fund. In addition, three part time Recreation Leaders were authorized and funded for Crossroads.
- 17 - In FY 2022, a Code Compliance Manager, as well as a Parking Manager was authorized and funded. In addition, a Parking Enforcement Official was moved from Police to Code Compliance.
- 18 - In FY 2022, a Community Service Records Technician and five Police Officer positions were authorized and funded. During FY 2022, a Project Manager was authorized and funded for the Niche Program.
- 19 - In FY 2022, the part time Maintenance Worker position became full time. In addition, two Foreman II positions, three Solid Waste Driver positions, and an Administrative Assistant I position was authorized and funded.
- 20 - In FY 2022, the funding of one Assistant Director of Parks and Recreation was changed to 100% Recreation (General Fund). During FY 2022, one Marketing Specialist was reclassified to a Destination Coordinator and funding changed to Destination Marketing and the FTE for the part time Office Assistant I position was increased.
- 21 - In FY 2022, the funding for the Director of Parks and Recreation was changed to 100% Recreation (General Fund).
- 22 - In FY 2022, an additional Maintenance crew was added. The additional crew consisted of one Crew Leader II position, one Utility Tech II position and one Utility Tech I position. The Utility Services Manager position changed funding from 50%/50% Water/Wastewater to 100% Wastewater.
- 23 - In FY 2022, an additional Utility Services Manager position was authorized and funded and the existing Utility Services Manager position was funded 100% in Wastewater.

CITY OF TEMPLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table XIX

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government -										
Capital projects obligated		\$186M	\$235M	\$251M	\$203M	\$249M	\$264M	\$289M	\$469M	\$488M
Total funds invested @ 9/30	\$145,606,448	\$119,314,561	\$165,743,994	\$159,639,429	\$163,789,917	\$183,092,888	\$180,183,000	\$175,862,578	\$347,811,152	\$372,167,910
Average return on investments	0.15%	0.15%	0.23%	0.42%	0.83%	1.63%	2.42%	1.43%	0.29%	0.69%
Public safety -										
Police:										
Noise violations	25	10	17	13	5	2	-	3	10	9
Speeding citations	8,458	8,204	7,137	9,310	8,548	5,738	9,296	4,362	4,122	2,987
Stop sign/red light citations	685	851	651	637	576	402	861	610	617	424
Priority 1 calls	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	6 min 49 sec	7 min 9 sec
Priority 2 calls	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	12 min 10 sec	12 min 16 sec
Fire:										
Fire/EMS response time average (minutes)	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	5 min 34 sec	5 min 43 sec
Fire/EMS incidents responded to	13,851	13,044	13,010	12,659	13,133	12,986	10,960	12,781	16,261	14,473
% of one & two-family residential structure fires confined to room/structure of origin	86% / 87%	79% / 98%	86% / 97%	76% / 96%	63% / 92%	83% / 97%	83% / 98%	62% / 96%	52% / 83%	68% / 94%
Animal control:										
Animals handled	4,082	4,258	4,021	5,034	4,021	3,543	3,188	2,616	2,633	3,411
Animals euthanized	1,685	1,765	1,622	1,574	1,622	1,038	869	834	801	1,105
Animals adopted	1,830	1,710	1,719	1,822	1,719	1,824	1,748	1,307	1,425	1,685
Animals reclaimed by owner	526	668	619	612	619	582	482	463	402	524
Inspections:										
Permits issued ¹	6,106	6,097	7,286	9,094	9,148	8,510	9,071	10,259	10,991	12,452
Building inspections	15,396	12,595	13,475	15,549	17,053	20,238	19,324	24,470	27,684	33,833
Highways & streets -										
Street:										
New lane miles	8.7	7.0	13.0	17.5	8.9	18.9	28.1	7.9	36.3	29.6
Streets seal coated (lane miles)	-	-	-	-	-	-	-	-	-	-
Streets overlaid (lane miles)	52.0	62.0	50.3	26.9	27.1	27.0	-	-	-	-
Traffic signals:										
Signal lights repaired	390	460	383	580	441	571	598	192	191	280
Equipment upgraded by intersection	-	27	24	18	6	10	23	9	3	17
Engineering:										
Construction contracts administered/managed	48	84	75	75	95	100	90	29	29	38
Construction/building plans & plats reviewed	489	498	538	523	480	545	594	334	433	282
Health and welfare -										
Public service contracts	4	4	4	3	4	4	0	0	0	0
Sanitation -										
Number of residential customers	20,576	21,146	21,178	22,496	23,230	23,945	24,868	26,314	27,352	28,494
Number of commercial/industrial customers	1,984	2,004	1,905	2,025	2,082	2,094	2,082	2,088	2,139	2,219
Tons of garbage and bulk collected	84,088	84,417	83,614	88,097	91,443	95,145	104,923	98,274	100,470	103,875

* = Not available

(continued)

CITY OF TEMPLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table XIX
(Continued)

Function/Program	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Culture and leisure services -											
Destination marketing:											
Number of hotel room nights booked - city wide	6,550	12,210	14,180	15,490	13,197	14,680	15,194	9,757	3,272	3,535	
Mayborn center:											
Event days booked	306	330	336	322	282	235	226	218	142	201	
Number of hotel rooms nights booked - associated to events booked at Mayborn ⁵	-	-	-	-	-	-	-	-	1,283	2,108	
Parks:											
Ratio of acres maintained per maintenance staff employee	34.0	34.0	34.0	37.5	39.3	79.0	79.0	80.6	70.8	70.8	
Park master plans designed	2	3	2	6	3	1	-	1	-	2	
Park/city improvement projects completed	165	214	224	217	214	298	125	107	79	134	
Leisure services:											
Number of classes offered	1,438	1,399	1,544	2,140	2,267	2,960	4,501	4,404	3,455	6,791	
Overall customer satisfaction	98.0%	97.0%	97.0%	97.0%	95.0%	99.0%	99.0%	99.0%	95.0%	83.2%	
Golf course:											
Number of rounds of golf played	32,081	29,990	32,081	24,334	26,202	19,400	25,812	27,753	33,268	35,966	
Number of youth in 'Learn to Golf' program	126	161	126	220	170	181	212	-	-	24	
Education:											
Circulation per capita	6.16	5.71	5.58	5.03	4.65	4.20	4.34	2.79	4.30	5.86	
Library visits per capita	4.05	3.74	3.66	3.68	3.43	3.09	2.98	1.86	1.40	1.89	
Airport -											
Airshow attendance	22,500	24,262	26,500	21,000	-	25,000	21,000	-	-	-	
T-Hangers available / occupancy rate	74 / 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)	5.54	5.46	5.32	5.14	5.71	6.29	5.34	5.83	5.81	6.71	
Number of active meters	24,616	25,226	25,953	26,765	27,435	28,214	29,140	30,718	32,244	33,460	
Water billed (billions of gallons)	4.53	4.26	4.21	4.39	4.57	5.10	4.37	5.11	4.73	5.81	
Wastewater billed (billions of gallons)	2.39	2.39	2.25	2.38	2.45	2.53	2.48	2.36	2.50	2.68	
Average daily production of treated water in MG (millions of gallons)	15,086	14,950	14,400	14,000	15,360	16,567	14,510	16,150	15,900	18,740	
Highest daily production of treated water in MG (millions of gallons)	22,982	23,800	25,200	26,970	26,410	31,330	30,881	32,812	33,800	32,920	
Average cost of water treated per 1,000 gallons ^{2,4}	\$0.84	\$0.92	\$0.87	\$0.86	\$0.75	\$0.76	\$0.81	\$0.79	\$0.85	\$0.81	
Water main breaks repaired	539	613	289	311	271	389	341	301	309	314	
New water taps installed	873	629	837	893	823	897	850	1,760	1,635	1,321	
Wastewater mains replaced (linear feet)	24,265	9,406	20,570	18,717	14,675	15,180	15,970	3,963	3,454	4,544	
Average cost for wastewater treated per 1,000 gallons ³	\$1.09	\$1.05	\$0.82	\$0.82	\$1.09	\$1.06	\$0.86	\$1.25	\$0.86	\$1.15	

* = 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.

⁵ Beginning in FY 2021, the number of hotel room nights booked within the City associated to the number of events booked at Mayborn were monitored. No data provided prior to FY 2021.

**CITY OF TEMPLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	3,111	3,368	3,441	3,500	3,500	3,700	3,801	3,900	4,200	4,253
Culture & leisure services -										
Parks & recreation:										
Park acreage developed	688	718	718	718	775	775	894	894	902	1,170
Park acreage undeveloped	109	109	109	396	403	403	416	416	408	158
Golf course	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	17	17	17	17	17	17	25	25	25	25
Football field	-	-	-	1	2	2	1	1	1	1
Tennis courts	16	16	14	14	11	10	19	19	16	16
Swimming pools/water park	5	5	5	5	5	5	5	5	5	5
Soccer fields	8	8	8	8	8	8	15	15	13	13
Picnic pavilions	27	27	26	28	31	32	32	32	35	33
Basketball courts	18	18	18	19	20	20	20	20	20	20
Playgrounds	41	41	41	41	41	47	49	49	50	50
Community centers	1	1	1	3	3	3	3	3	3	3
Recreation centers	3	3	3	3	3	3	3	3	3	3
Multi-use fields	9	8	8	8	8	7	8	8	8	8
Sand volleyball courts	2	2	2	2	3	3	3	3	3	3
Hike and bike trail miles	18	18	18	19	23	28	28	28	29	29
Extreme skate park	1	1	1	1	1	1	1	1	1	1
Disc golf course	2	2	2	2	2	2	3	3	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	189,168	185,450	184,993	190,835	195,327	199,289	198,325	193,862	155,881	152,509

(continued)

CITY OF TEMPLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table XX
(Continued)

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Highways & streets -										
Paved streets (lane miles) ^{2, 5}	1,044.00	1,044.00	1,058.00	1,083.00	1,099.00	1,117.00	1,173.85	1,146.83	1,156.97	1,168.51
Unpaved streets (miles) ⁶	1.50	1.50	1.50	1.50	1.50	1.50	1.68	0.65	0.65	0.61
Paved alleys (miles)	7.50	7.50	7.50	7.50	7.50	7.50	9.94	10.01	10.01	10.01
Water and wastewater -										
Water:										
Water mains (miles)	600	594	599	608	613	628	642	652	661	679
Daily average production (MGD) ¹	15.086	14.950	14.400	14.000	15.360	16.570	14.510	16.150	15.900	18.740
Plant capacity (MGD) 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	24,616	25,226	25,953	26,765	27,435	28,214	29,141	30,718	32,244	33,460
Wastewater:										
Wastewater collection system lines (miles)	410	400	389	397	400	410	449	459	463	481
Number of lift stations	29	31	32	32	32	30	29	28	28	30
Daily average treatment:										
Doshier Farm (MGD) ¹	2.200	1.430	2.240	3.210	2.290	1.900	3.010	2.010	2.700	2.190
Temple-Belton WWTP (MGD) ¹	6.340	6.490	7.070	8.460	5.220	6.230	8.230	7.010	7.800	7.200
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	20,826	21,386	21,983	22,757	23,489	24,232	25,142	26,545	27,658	28,820

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

⁵ - In FY 2021, paved streets' total was restated from 1,183.04 lane miles to 1,146.83 lane miles for FY 2020

⁶ - In FY 2021, unpaved streets' total was restated from 1.31 miles to 0.65 miles for FY 2020

Source: Data collected from various departments for the budget statistical section.

**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 Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate ⁽¹⁾	(8) Prior Service Portion of the TMRS Rate
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%
2020	193,970,131	225,023,374	86.2%	31,053,243	38,252,963	81.2%	16.91%	6.79%
2021	208,403,786	240,710,106	86.6%	32,306,320	40,019,740	80.7%	17.05%	6.58%

Source: Texas Municipal Retirement System

Note: In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructuring 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 Annual Comprehensive Financial Report.

⁽¹⁾ This rate does not include the supplemental death benefit component of the total TMRS rate.

**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) UAAAL as a Percentage of ACP (4/5)	(7) Total Actual Contribution Rate
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%
2020	48,418,257	67,708,335	71.5%	19,290,078	9,252,053	208.5%	16.22%
2021	57,652,557	70,404,082	81.9%	12,751,525	9,481,306	134.5%	16.23%

Source: Temple Firefighters' Relief and Retirement Fund

* Measurement date September 30

CITY OF TEMPLE, TEXAS
ACTIVE AND RETIREE HEALTH CARE COSTS
Last Ten Fiscal Years

Fiscal Year	Total Health Care Expenses	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
2013	\$ 3,778,482	\$ 609,871	16.1%	559	106	319	63	19.0%	\$ 327,884	\$ (281,987)	7.5%	\$ 5,668	\$ 5,754
2014 ¹	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
2021	5,586,851	458,156	8.2%	624	95	445	104	15.2%	129,430	(328,726)	5.9%	8,219	4,823
2022	5,431,959	414,416	7.6%	613	88	460	103	14.4%	120,115	(294,301)	5.4%	8,185	4,709
Total	\$ 48,926,573	\$ 5,152,575							\$ 3,236,412	\$ (1,916,163)		\$ 72,001	\$ 50,313
Average	\$ 4,892,657	\$ 515,257	10.8%	606	102	398	86	16.9%	\$ 323,641	\$ (191,616)	4.0%	\$ 7,200	\$ 5,031

Source: City records, Texas Municipal Retirement System and the Temple Firefighters' Relief and Retirement Fund.
¹ - 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>Maximum Daily Treatment Capacity (MGD) ¹</u>	<u>Peak Day Usage (MGD)</u>
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
2021	15.9000	41.14	33.80
2022	18.7400	41.14	32.92

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

<u>Fiscal Year</u>	<u>Annual Treated Water (Acre feet)</u>	<u>Total Available Water (Acre feet)</u>
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
2021	17,809	44,453
2022	21,008	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
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%
2021	5,811,790	4,732,557	135,617	83.76%	20,287,335	-5.57%	-7.30%
2022	6,708,071	5,812,427	187,334	89.44%	25,649,247	26.43%	22.82%

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>Commercial¹ / Wholesale</u>	<u>Total</u>	<u>Percentage Growth</u>
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%
2021	29,143	3,101	32,244	4.97%
2022	30,289	3,171	33,460	3.77%

Source: Utility Business Office

¹ - In FY 2019, commercial customers were restated from FY 2013 to FY 2018 to include wholesale customers.

AVERAGE DAILY TREATED WASTEWATER VS. AVERAGE DAILY TREATMENT CAPACITY

Last Ten Fiscal Years

Fiscal Year	Average Daily Wastewater Treated (MGD)			Average Daily Treatment Capacity (MGD)
	Temple-Belton WWTP	Doshier WWTP	Total	
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
2021	7.80	2.70	10.50	17.50
2022	7.20	2.19	9.39	17.50

Source: Public Works Administration Office

CITY OF TEMPLE, TEXAS
WATER AND WASTEWATER UTILITY SYSTEM
Schedule of Wastewater Customers - Residential and Commercial

Table XXIX

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>	<u>Percentage Growth</u>
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%
2021	25,361	2,297	27,658	4.19%
2022	26,490	2,330	28,820	4.20%

Source: Utility Business Office

WATER RATES			
Minimum Bill / Minimum Service Charge for the First 2,000 Gallons of Water Consumed			
Meter Size	Effective 10/01/22 ¹	Effective 10/01/21 ²	Effective 10/04/19 ³
5/8" x 3/4"	\$ 11.00	\$ 10.00	\$ 10.00
1"	\$ 17.60	\$ 16.00	\$ 16.00
1-1/2"	\$ 22.00	\$ 20.00	\$ 20.00
2"	\$ 70.40	\$ 64.00	\$ 64.00
3"	\$ 140.80	\$ 128.00	\$ 128.00
4"	\$ 220.00	\$ 200.00	\$ 200.00
6"	\$ 704.00	\$ 640.00	\$ 640.00
8"	\$ 1,232.00	\$ 1,120.00	\$ 1,120.00
10"	\$ 1,936.00	\$ 1,760.00	\$ 1,120.00
Water Volumetric Rates			
Straight Volumetric Rate (above 2,000 gallons)	Effective 10/01/22 ¹	Effective 10/01/21 ²	Effective 10/04/19 ³
Industrial Class - Large Volume User	\$ 3.20	\$ 3.20	\$ 3.20
All Other Classes	\$ 4.00	\$ 3.95	\$ 3.70

WASTEWATER RATES			
Minimum Bill / Minimum Service Charge for the First 2,000 Gallons of Wastewater Produced			
	Effective 10/01/22 ¹	Effective 10/01/21 ²	Effective 10/04/19 ³
Industrial Class - Large Volume User	\$ 17.60	\$ 16.00	\$ 16.00
All Other Classes	\$ 17.60	\$ 16.00	\$ 16.00
Wastewater Volumetric Rates			
Straight Volumetric Rate (above 2,000 gallons)	Effective 10/01/22 ¹	Effective 10/01/21 ²	Effective 10/04/19 ³
Industrial Class - Large Volume User	\$ 5.75	\$ 4.75	\$ 4.50
All Other Classes	\$ 6.75	\$ 5.75	\$ 5.50

Source: Finance Department

¹ - Effective October 1, 2022 per Resolution No. 2022-0234-R

² - Effective October 1, 2021 per Resolution No. 2021-0293-R

³ - Effective October 4, 2019 per Resolution No. 2019-9850-R

**City of Temple, Texas
Top 10 Water Customers
For the year ended September 30, 2022**

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Niagara Bottling, LLC	267,116,500	\$ 878,897	3.27%	4.60%
Baylor Scott & White Hospital	246,661,400	1,078,842	4.01%	4.24%
City of Morgan's Point Resort *	204,126,000	816,510	3.04%	3.51%
City of Temple	187,334,100	907,439	3.37%	3.22%
City of Troy*	130,259,100	521,255	1.94%	2.24%
VA Hospital	68,491,900	296,778	1.10%	1.18%
Wilsonart International	61,131,000	260,505	0.97%	1.05%
Pactiv Corporation	54,879,800	230,555	0.86%	0.94%
Temple Public Schools	40,025,372	204,846	0.76%	0.69%
Housing Authority	39,967,500	182,008	0.68%	0.69%
	1,299,992,672	\$ 5,377,635	20.00%	22.36%

* Wholesale customers

**City of Temple, Texas
Top 10 Wastewater Customers
For the year ended September 30, 2022**

Customer	Gallons	Revenue	% of Total Annual Revenue	% of Total Usage
Baylor Scott & White Hospital	134,059,700	\$ 771,265	4.53%	5.01%
Niagara Bottling, LLC	123,768,400	585,816	3.44%	4.62%
VA Hospital	55,310,500	317,537	1.87%	2.07%
Housing Authority	33,563,525	193,607	1.14%	1.25%
Wilsonart International	32,337,600	186,172	1.09%	1.21%
Pactiv Corporation	23,073,600	132,660	0.78%	0.86%
Temple Public Schools	20,515,424	119,685	0.70%	0.77%
Meadow Village Apartments	17,478,600	100,588	0.59%	0.65%
City of Temple	16,989,400	102,904	0.60%	0.63%
Goyne Sr, LLC	14,339,200	82,426	0.48%	0.54%
	471,435,949	\$ 2,592,659	15.22%	17.61%

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	\$	318,843,378	Real and Personal	\$ 5,000	10/01/22
Fine Arts/Valuable Papers:					
Texas Municipal League	\$	949,950	Fine Arts	\$ 500	10/01/22
	\$	1,600,000	Valuable Papers & Records: Includes EDP Media	\$ 5,000	10/01/22
Mobile equipment:					
Texas Municipal League	\$	7,819,741		\$ 1,000	10/01/22
Portable Equipment:					
Texas Municipal League	\$	300,000	Equipment	\$ 1,000	10/01/22
Liability:					
Employee Dishonesty, Theft, Disappearance, & Destruction:					
Texas Municipal League	\$	50,000		\$ 5,000 per event	10/01/22
Airport:					
Texas Municipal League	\$	1,000,000	Premises	\$ 0	10/01/22
	\$	1,000,000	Products/ Completed Operations	\$ 0	10/01/22
	\$	1,000,000	Hangar- Keepers-Each Aircraft	\$ 2,500	10/01/22
	\$	1,000,000	Non-Owned- Each Occurrence	\$ 0	10/01/22
Cyber Liability & Data Breach (Computer Fraud)	\$	50,000	Each Claim	\$ 5,000	10/01/22
Error & Omissions:					
Texas Municipal League	\$	2,000,000		\$ 10,000	10/01/22
General:					
Texas Municipal League	\$	2,000,000		\$ 0	10/01/22

(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	10/01/22
Auto Physical Damage:			
Texas Municipal League	Per Schedule	\$ 10,000	10/01/22
Law Enforcement:			
Texas Municipal League	\$ 2,000,000	\$ 10,000	10/01/22
Bonds:			
Western Surety Company	\$ 500,000	Finance Director	03/03/22
Hartford Casualty Ins. Co	\$ 500,000	City Manager	12/20/22
Hartford Casualty Ins. Co	\$ 800,000	Each (4) Finance	07/07/22
Hartford Casualty Ins. Co	\$ 200,000	City Secretary	07/02/22
Worker's Compensation:			
Texas Municipal League			10/01/22

Source: City of Temple Legal Department

⁽¹⁾ Per occurrence, unless noted.

⁽²⁾ Policies are renewed annually or replaced with similar coverage.

MISCELLANEOUS STATISTICAL DATA

2023 Population	92,183 ¹
2023 Assessed Value	\$7,360,078,454
Median Age	34.9
Median Household Income	\$53,723
Total Employment in Temple	35,608
Total Labor Force in Temple	37,043
City Total Square Miles	77.975
Developable Land Remaining	11,984 acres
Agricultural	7,977 acres
Heavy/Light Industrial	1,822 acres
Various Commercial	883 acres
Various Residential	1,302 acres
Housing Units:	
Owner Occupied	65.4%
Renter Occupied	34.6%
Vacant	10.3%
Average Home Sale Price	\$289,803
Average Temperatures in January	HI: lower 60's LOW: upper 30's
Average Temperatures in July	HI: upper 90's LOW: lower 70's
Average Annual Temperature	66.83 degrees

Rainfall:

Wettest Month	May / 4.43"
Driest Month	July / 1.30"
Average Annual Rainfall	28.07"

Only Health & Bioscience District in Texas

Baylor Scott & White Hospital

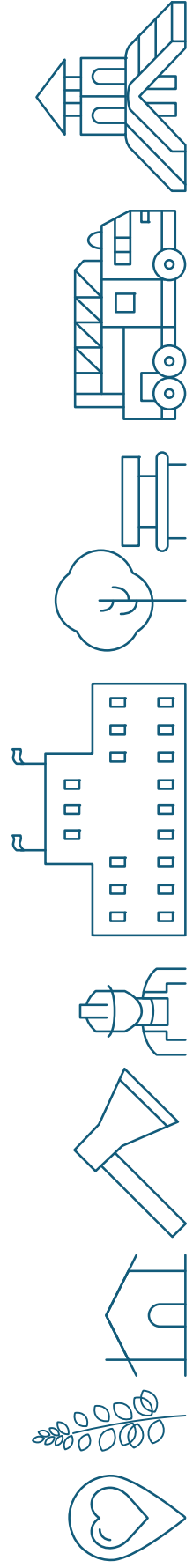
Only Level I Trauma Center between Dallas and Austin

McLane Children's Hospital Scott & White

80% of Texas' population is within 180 miles of Temple

1 - 2023 Population is estimated based on average growth for the past 5 years (2018 - 2022) of new residential water customers multiplied by 2020 Census data of average household size of 2.65.

Sources: 2020 United States Census, 2021 American Community Survey, Texas Workforce Commission, Texas Labor Market Information, National Weather Service Forecast Office, 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.....	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

Agriculture.....	31.916
Commercial/Industrial	23.584
Mixed use.....	0.3461
Residential.....	21.128

LAND USE SQ. MILES



AIRPORT

7,000ft

full precision approach runway and 4,740' RNAV approach crosswind runway serving general aviation and military aircraft

FIRE PROTECTION



fire stations



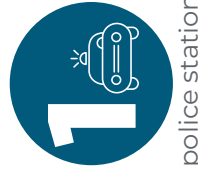
fire hydrants



firefighters

Firefighters per 1,000 population 1.37
 Insurers Services Office (ISO) Rating 3

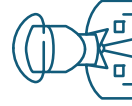
POLICE PROTECTION



police station



police officers



officers per 1,000 population

LIBRARIES



public library

152,509

of volumes

522,487

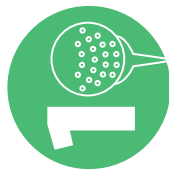
circulation of volumes



library cards in force

MISCELLANEOUS STATISTICAL DATA

Park acreage developed.....1,170.33
 Park acreage undeveloped.....158.46



1 golf course



25 baseball & softball fields



1 football fields



4 swimming pools



160 tennis courts

PARKS & RECREATION

Soccer fields.....13
 Picnic pavilions.....33
 Basketball courts.....20
 Playgrounds.....50
 Community center.....3
 Recreation center.....3
 Multi-use fields.....8
 Sand volleyball courts.....3
 Trail miles.....29.33
 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.....679 miles
 Daily average water treatment.....18.74 MGD
 Water treatment plant capacity.....41.14 MGD
 Number of water service connections.....33,460
 Source of water.....Surface water
 Miles of wastewater collection system lines.....481 miles
 Number of lift stations.....30
 Daily average wastewater treatment:
 Doshier Farm WWTP.....2.19 MGD
 Temple-Belton WWTP.....7.20 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.....28,820

*MGD—Million gallons daily

STREETS

Paved streets.....526.51 miles
 Unpaved streets.....0.61 miles
 Paved alleys.....10.01 miles
 Unpaved alleys.....28.31 miles

(all figures are approximate)

TRAFFIC CONTROL

Traffic signals.....79 signals

MISCELLANEOUS STATISTICAL DATA

Temple Independent School District

Senior high schools.....	2
Number of students.....	2,473
Middle schools.....	3
Number of students.....	1,801
Elementary schools.....	8
Number of students.....	3,915
Early childhood academy.....	1
Number of students.....	403
Alternative education program.....	1
Number of students.....	71

Private Schools

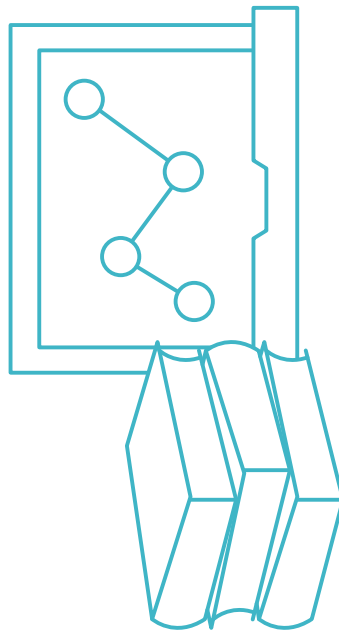
Central Texas Christian School (Pre K - 12th grade)
Holy Trinity Catholic School (9th - 12th grade)
Immanuel Lutheran School (Pre K - 8th grade)
Primrose Schools (Pre K - Kindergarten)
St. Francis Episcopal School (Pre K - Kindergarten)
St. Mary's Catholic School (Pre K - 8th grade)
The Montessori Schools of Central Texas (Pre K - 4th grade)

Temple College

Number of classrooms & labs.....	197
Number of principal administrative officers.....	9
Number of full-time professors.....	137
Number of full-time students.....	2,170
Number of part-time students.....	2,292
Population served.....	447,436
Counties served.....	3
(East Bell, Milam and East Williamson Counties)	
Annual budget.....	\$50,131,212

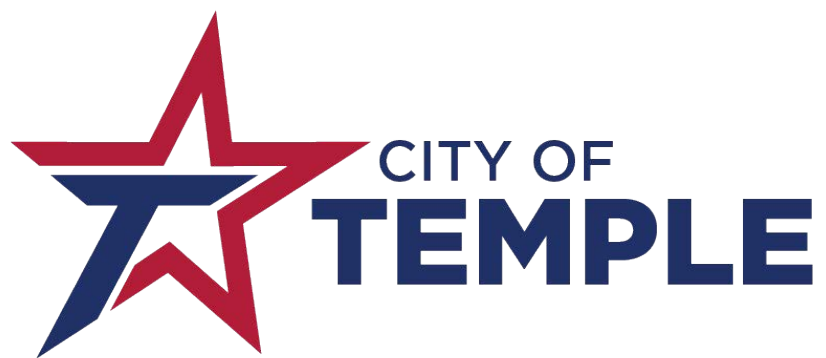
Higher Educational Institutions (within 75 miles of Temple)

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



A close-up photograph of a person wearing a dark suit and a green sash, writing in a book with a pen. A wooden gavel is visible in the foreground on the left. The scene is set on a wooden desk.

COMPLIANCE SECTION





**INDEPENDENT AUDITOR'S 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, 2022, 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 6, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

**INDEPENDENT AUDITOR'S 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)**

Report on 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 financial statements. 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 6, 2023



**INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited City of Temple, Texas' (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Temple, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

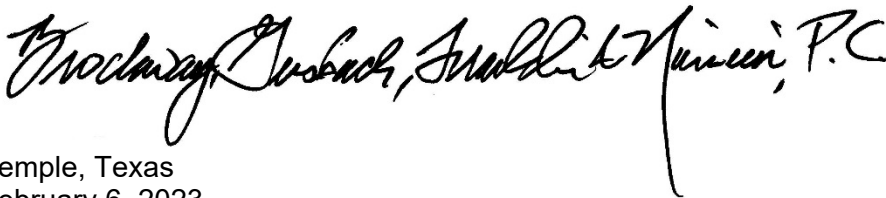
Report on Internal Control over Compliance

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 6, 2023

**CITY OF TEMPLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued was unmodified.

Internal control over financial reporting:

Material weakness(es) identified:	___yes	<u>X</u> no
Significant deficiency(ies) identified:	___yes	<u>X</u> none reported
Noncompliance material to financial statements noted?	___yes	<u>X</u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified:	___yes	<u>X</u> no
Significant deficiency(ies) identified:	___yes	<u>X</u> no none reported

Type of auditor's 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)?

___yes Xno

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between
type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Xyes ___no

**CITY OF TEMPLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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.

