



## **TEMPLE CITY COUNCIL**

**MUNICIPAL BUILDING**

**2 NORTH MAIN STREET**

**TEMPLE, TX**

### **NOTICE OF SPECIAL MEETING**

**THURSDAY, AUGUST 28, 2008**

**CITY COUNCIL CHAMBERS – 2<sup>ND</sup> FLOOR**

**5:00 P.M.**

### **AGENDA**

#### **I. CALL TO ORDER**

1. Invocation
2. Pledge of Allegiance

#### **II. BUDGET ITEMS**

3. PUBLIC HEARING – Conduct a public hearing regarding the [City's budget](#) for fiscal year beginning October 1, 2008 and ending September 30, 2009 and consider adopting a resolution:
  - (A) Ratifying the property tax increase reflected in the budget – “This budget will raise more total property taxes than last year’s budget by \$1,073,378 (6.67%) and of that amount, \$791,061 is tax revenue to be raised from new property added to the tax roll this year;” and
  - (B) [2008-5488-R](#): Adopting the City’s budget for fiscal year beginning October 1, 2008 and ending September 30, 2009, including the Operating Budget for 2008-2009, two Civil Service Compensation Plans and Fiscal & Investment Policies.

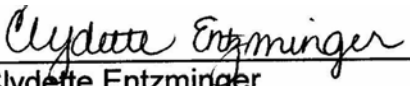
4. [2008-5489-R](#): Consider adopting a resolution authorizing the adoption of the 2009-2013 Capital Improvement Plan.
5. [2008-4251](#): FIRST & FINAL READING – PUBLIC HEARING - Consider adopting an ordinance approving the tax roll and authorizing calculation of the amount of tax that can be determined for all real and personal property in the City for the tax year 2008, to be considered on an emergency basis.
6. [2008-4252](#): FIRST & FINAL READING - PUBLIC HEARING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2008, making the appropriation for the regular operation of the City, to be considered on an emergency basis.
7. [2008-5490-R](#): Consider adopting a resolution funding the rates for medical/prescription insurance and dental insurance for employees and under age 65 retirees, as well as, Life Insurance, Accidental Death & Dismemberment Insurance and Long Term Disability Insurance.

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***The City Council reserves the right to discuss any items in executive (closed) session whenever permitted by the Texas Open Meetings Act.***

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I hereby certify that a true and correct copy of this Notice of Meeting was posted in a public place at 1:40 PM on August 22, 2008.

  
Clydette Entzminger  
City Secretary

I certify that this Notice of Meeting Agenda was removed by me from the outside bulletin board in front of the City Municipal Building on \_\_\_\_\_ day of \_\_\_\_\_ 2008.

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## COUNCIL AGENDA ITEM MEMORANDUM

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08/28/08  
Item #3  
Regular Agenda  
Page 1 of 2

### **DEPT./DIVISION SUBMISSION & REVIEW:**

David Blackburn, City Manager  
Traci L. Barnard, Director of Finance

**ITEM DESCRIPTION:** PUBLIC HEARING – Conduct a public hearing regarding the City's budget for fiscal year beginning October 1, 2008 and ending September 30, 2009 and consider adopting a resolution:

- (A) Ratifying the property tax increase reflected in the budget – “This budget will raise more total property taxes than last year’s budget by \$1,073,378 (6.67%) and of that amount, \$791,061 is tax revenue to be raised from new property added to the tax roll this year;” and
- (B) Adopting the City’s budget for fiscal year beginning October 1, 2008 and ending September 30, 2009, including the Operating Budget for 2008-2009, two Civil Service compensation plans and Fiscal & Investment Policies.

**STAFF RECOMMENDATION:** Conduct public hearing, ratify the property tax increase and adopt resolution as described in item description.

**ITEM SUMMARY:** This item is to conduct a public hearing and adopt the 2008-2009 proposed budget. Attached is a list of changes, for all funds, that have been made since the budget was filed with the City Secretary on June 27, 2008. The changes are a result of Council work sessions, public input and updated information since the Council last reviewed the budget.

The ad valorem tax rate is proposed to decrease from the prior year’s rate of \$0.5681 to \$0.5595. This decrease of \$0.0086 is comprised of a decrease in the maintenance and operation rate of \$0.0070 and the debt service rate of \$0.0016. The proposed Maintenance and Operation rate (M&O) is \$0.3322 and the Interest and Sinking fund rate (I&S) is \$0.2273 for a total rate of \$0.5595. The proposed rate is 2.98% above the effective tax rate of \$0.5433.

The proposed Budget with the subsequent changes as listed on the attached page remains balanced with the use of Undesignated Fund Balance-Capital Projects and meets the operational needs as requested.

The budget is summarized below by fund.

### **FY 2009 Proposed Annual Budget**

(As Compared to Adopted FY 2008 Budget)

<b>Expenditures/Transfers</b>	<b>Adopted Budget FY 2008</b>	<b>Proposed Budget FY 2009</b>	<b>% Increase/ (Decrease)</b>
General Fund	\$ 54,985,867 <sup>(1)</sup>	\$ 55,934,881 <sup>(2)</sup>	1.73%
Water & Wastewater Fund	25,506,688	26,033,246	2.06%
Debt Service Fund	7,042,041	7,430,032	5.51%
Hotel/Motel Tax Fund	1,242,900	1,276,000	2.66%
Federal/State Grant Fund	561,548	533,154	-5.06%
Drainage Fund	829,884	959,735	15.65%
Reinvestment Zone No. 1 Fund	12,633,945	4,154,262	-67.12%
<b>Total Expenditures/Transfers</b>	<b>\$ 102,802,873</b>	<b>\$ 96,321,310</b>	<b>-6.30%</b>

<sup>(1)</sup> Includes \$2,599,362 in Capital and TEDC Matrix allocation funded with Undesignated Fund Balance - Capital Projects

<sup>(2)</sup> Includes \$1,626,292 in Capital (\$1,141,292), Strategic Investment Zone (\$85,000) and TEDC Matrix allocation (\$400,000) funded with Undesignated Fund Balance - Capital Projects

### **Compensation Plan –**

Staff recommends, at Council direction, 4% increases for Fire and Police Pay Plans in the FY 2009 Proposed Budget to be effective November 14, 2008. In addition, the FY 2009 Proposed Budget includes 4% increases for General Government employees rated ME and above in the performance evaluation system, and an additional appropriation for increases for General Government employees rated ME+ and EE with an effective date to be determined.

**FISCAL IMPACT:** N/A

### **ATTACHMENTS:**

Budget Transmittal Letter

Schedule of adjustments to the proposed budget filed with City Secretary on June 27, 2008

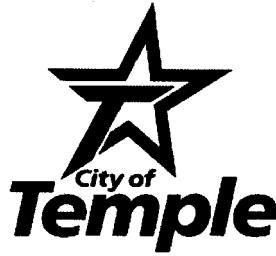
Civil Service – Police Pay Schedule

Civil Service – Fire Pay Schedule

Fiscal & Budgetary Policy

Investment Policy

Resolution



June 27, 2008

Honorable Mayor and City Council,

I am pleased to present the Preliminary Fiscal Year 2008-2009 Budget for the City of Temple totaling \$96,341,800 for all funds. Of this amount, \$90,580,591 is proposed for the operations and maintenance budget which includes debt service and transfers. As in previous years, the FY 2009 Preliminary Budget is a balanced budget under the policies and parameters discussed in earlier planning sessions with the City Council.

In addition, \$37,456,209 is proposed for capital improvements programs (CIP). The CIP can be divided into four categories:

- ▶ Multi-year Non-Routine Capital Recommended for Utility Revenue Bond Funding (U.R. CIP) - \$15,000,000

- ▶ Multi-year Non-Routine Capital Recommended for General Obligation Bond Funding (G.O. CIP) - \$13,995,000

- ▶ Non-Routine Capital Recommended for Hotel/Motel Fund Combination Tax and Revenue Certificates of Obligation Bond Funding (HOT-MOT C.O.) - \$2,700,000

- ▶ Routine Capital Recommended for General Operating Budget Funding - \$5,761,209 is proposed for the capital budget which includes equipment and public infrastructure projects that are underway and/or planned for this fiscal year.

\$1,141,292 of the Routine Capital recommended for General Operating Budget Funding is recommended to be funded with unallocated fund balance.

### **Background & Overview**

As with the approach taken over the past two years, I would encourage you to look at the FY 2009 Budget from two general perspectives: 1) operations and maintenance ('O&M') and 2) capital improvement projects and planning ('CIP'). Both O&M and CIP are necessary and critical components in the delivery of the best services in the most efficient way possible to our residents.

I continue to work on the Budget and CIP program with the following policy perspectives and budget parameters that were briefed to the Council at the March 13 and May 29, 2008 work sessions, which were:

1. Follow the Fiscal and Budgetary Policy Statement to provide a balanced budget, which may incorporate “surplus” fund balances for capital items and economic development matrix funding;
2. Maintain the existing tax rate with the addition of costs for general obligation bond debt;
3. Maintain current programs and services to the extent possible while maintaining the existing tax rate;
4. If resource allocation adjustments must be considered in order to comply with other budget parameters, consider both internal and external resource allocation adjustments;
5. Continue to align planning documents with resource allocation documents;
6. Maintain priority emphasis on our primary asset- our people and recognize that the City is a service-based organization and compensation and benefits must remain competitive;
7. Maintain emphasis on economic development recognizing that growing the tax base is a critical component in our ability to meeting both current and future demands for service.

### **Budget Highlights**

With this background, I would like to highlight a few areas of general priority and emphasis in the FY 2009 Budget. The primary focus of our resources and activities over the past two years has been on the Capital Improvement Program. Our primary focus for the upcoming fiscal year will be on sustaining our existing programs and services to our community while facing ever increasing expenses and slower or declining growth in revenue sources.

### **Tax Rate**

A primary parameter for the development of the FY 2009 Preliminary Budget was the maintenance of the existing tax rate. Maintaining the existing tax rate, and attempting to maintain existing levels of service, presented several extraordinary challenges this year. Among the challenges this year no single factor was more significant than fuel costs. Our FY 2008 Budget anticipated fuel costs to be in the range of \$2.90 per gallon for both unleaded and diesel fuel. As of this writing, our fuel costs are in the range of \$3.74 per gallon unleaded and \$4.33 per gallon diesel. This 38% increase in fuel costs has cut across every service and delivery area. With our total expenditures for fuel approaching \$1,744,464 this budget year, I am forecasting total fuel expenditures for FY 2009 to be \$2,035,875, a 46% increase over FY 2008 budgeted fuel expenditures.

Another opportunity for FY 2009 is the passage of two General Obligation bond issues, one for Parks and one for Fire. This Preliminary FY 2009 Budget proposes to incorporate into the existing tax rate 1¢ in accordance with the passage of the November, 2007 Parks Bond issue. The Fire Bond passage tax rate impact is programmed for FY 2010.

Thus, the preliminary tax rate for FY 2009 is proposed at 57.81¢ per \$100 valuation. This rate is based on the FY 2008 rate of 56.81¢ plus an additional 1¢ as approved by the voters for the November 2007 Parks General Obligation Bond debt. The tax rate is comprised of two

components, the Maintenance and Operations rate (M&O) and the Interest Sinking rate (I&S). This year's proposed tax rate is 34.38¢ for the M&O rate and 23.43¢ for the I&S rate.

The parameters that were applied when developing the tax rate for the budget were that the tax rate will be set to provide sufficient revenue for existing levels of service delivery and the increase above the effective tax rate would not exceed 2.99% in addition to incorporating the 1¢ for the Parks GO Bond debt. Sufficient data will not be available to calculate the effective tax rate until the certified appraisal roll is received from the Appraisal District of Bell County. Therefore, the proposed tax rate is based on assumptions and may require adjustments prior to the final adoption of the budget to reflect the current parameters set forth by Council. The certified appraisal roll for Ad Valorem taxes will not be available until late July. The FY 2009 Preliminary Budget for Ad Valorem Tax revenue is \$17,199,728, an increase of \$1,110,402 or 6.90% compared to prior year. This budget was prepared using a preliminary appraisal roll of \$3,017,035,099, an increase of 5.68% compared to the prior year.

### **Our Primary Asset- Our People**

You have heard me say that our most important asset isn't our brick and mortar, it isn't our trucks, it isn't our tools...it is our people. I think this Preliminary Budget continues a policy and approach that commits available resources to that end.

The FY 2009 Preliminary Budget includes a 4% pay adjustment for all city employees effective November 14, 2008. As you will recall, authorization for a 2007 Compensation and Benefits Study was granted in the prior fiscal year. This study is underway and will provide us with a comprehensive look and update for all of our pay plans. The study is still ongoing and we do anticipate that the review process will be complete prior to the adoption of the Budget. I have scheduled one of your July work sessions to review and discuss the market study. It is possible that the study will recommend adjustments in excess of 4% for certain positions. However, based upon available funding levels and other budget parameters and priorities, I cannot recommend full implementation of the market recommendations at this time. I believe your review and guidance in July, coupled with the passage of some time to monitor our expenses for the upcoming year, would be a prudent course of action at this time. I am recommending that at midyear a review be conducted to determine if funding is available that would support the consideration of implementing any additional market-based adjustments.

The FY 2009 Preliminary Budget also includes funding for the implementation of the first year of an eight year plan to fund the unfunded liability that has been projected under the new actuarial cost method and assumptions adopted by the Texas Municipal Retirement System.

### **Managing Our Resources and Overcoming Budget Challenges**

Inflation and the rising cost of fuel and other expenses affects city government just as it does businesses and individuals. Budgeted fuel costs for FY 2009 have increased 46% over the FY 2008 budget and have strained resources available to provide sufficient funding for current programs and services. Several strategies are being recommended in this FY 2009 Preliminary Budget to address these challenges, to include:

→ Across the board Departmental Budget Reductions. During the preparation process for the Preliminary Budget all General Fund Departments were requested to make 2% reductions from their original budget proposals. Departments were asked not to reduce funding for items such as fuel, utilities, cost-of-goods sold, insurance and bonds, and contracts. The 'effective' percentage of the reductions in line item funding as a result of these limitations was in the range of 20 to 25% for the Departments. I would like to commend the Departments for their work in

identifying areas and means for making reductions in base budgets as submitted at this level and at the same time working to maintain our current service levels.

→ Public Service Agency Funding Reductions. In accordance with the budget parameters discussed above, I have also looked at what we fund in terms of our service delivery thru external organizations. Along with departmental reductions, the FY 2009 Preliminary Budget also includes recommendations in reduction of funding to Public Service Agency requests. Funding for agencies that received funding in FY 2008 has been included in the Preliminary Budget, but at a level reduced by \$100,000 from prior year. Health care agencies whose funding is based on a contractual formula were not changed. All other organizations receiving funding from the General Fund have been reduced by a proportional amount in order to achieve the \$100,000 reduction in funding and no new funding for agencies not funded in the FY 2008 Budget has been included in the Preliminary Budget.

→ Creative and Innovative Fuel Management and Conservation Approaches. As fuel costs continue to rise, we must consider multiple strategies to address the budget pressure resulting from increased expenditures and decreased purchasing power of current revenue. No single solution exists to completely address the issue; rather various options must be considered in order to effectively manage our fuel consumption and costs. Several possible strategies will be explored during the upcoming fiscal year including modifications to vehicle specifications for increased fuel efficiency, modification of take-home vehicle program in various city departments, review of solid waste routes, and modification of our policy on the use of city "pool" cars versus mileage reimbursement. Some of these strategies are already being engaged and more will follow.

### **Expanding and Growing Our Tax Base**

One of the strategic focus areas identified in our Strategic Plan is to 'expand and grow the tax base'. 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 this objective be met. The current tax base will not provide sufficient base for meeting either current or projected service demands.

As Council will recall, the FY 2008 Budget set historic, unprecedented levels of funding for economic development. The funding levels were increased by almost 100%, from around \$1,000,000 annually to almost \$2,000,000 annually. This increase also included funding a 'matrix incentive pool' at \$800,000. This 'matrix incentive pool' was intended to be funding for economic development incentives relating to economic development agreements with new and/or expanding businesses. The commitment made in the FY 2008 Budget was to maintain this matrix incentive pool at a level of \$800,000. The FY 2009 Preliminary Budget continues that commitment and includes a \$400,000 'placeholder' investment level. It is anticipated that additional discussions with TEDC will clarify the actual level of funding needed and that such discussions will occur between the filing of this Preliminary Budget and adoption of the final FY 2009 Budget in August.

### **Fund Overview**

#### **General Fund Revenues**

Total revenues for the FY 2009 General Fund Budget are presented at \$54,308,589, an increase of 3.67% compared to the FY 2008 adopted budget.



#### → Sales Tax

Sales Tax revenue is budgeted at \$15,798,275, an increase of 2.35% (excluding the Primus Agreement) compared to the FY 2008 adopted budget. Sales tax revenue accounts for 29.09% of the General Fund revenues and is the single largest revenue source of the General Fund. Because sales tax revenue is somewhat volatile in nature and is dependent on the general economic conditions of the region and nation, the City of Temple historically has and will continue to budget sales tax revenue conservatively.

The fact that sales tax revenue is closely associated with the general economy means that the slowing of the economy also results in a slowing of the growth in sales tax revenue. As noted above, during FY 2008 we have not experienced the same rate of growth in our sales tax as we have historically trended and we are not projecting to experience sales tax growth at the historical rates during FY 2009. We will continue to monitor sales tax collections closely throughout the coming months and year. We will also need to be prepared to make additional adjustments in our budget as conditions may warrant.

#### → Interest Income

Interest Income revenue for FY 2009 is budgeted at \$500,000 a decrease of \$818,024 or 62% compared to prior year. During FY 2008 interest rates decreased dramatically resulting in significantly reduced revenues from this source. While interest rates are projected to stabilize we are not anticipating rate increases at this time that would generate additional interest income.

#### → Solid Waste

The FY 2009 Preliminary Budget includes a recommended increase in Solid Waste rates for both residential and commercial customers. Solid Waste revenues for FY 2009 are increased by \$454,495 or 5.99% over prior year. Of this amount \$38,522 is attributable to net growth in the customer base and \$415,973 is attributable to increased rates to cover the higher costs of fuel.

As has already been mentioned, rising fuel costs have impacted every area of city services. No department is more impacted by rising fuel costs than Solid Waste. Solid Waste consumes approximately 40% of our overall fuel costs. In order to address both current and anticipated fuel costs, this Preliminary FY 2009 Budget recommends adjusting residential customer base rate from \$13.30 to \$14.55, and increase of \$1.25 per month. An adjustment of 6% is also recommended for our commercial accounts. These adjustments are directly attributable to increased fuel costs and are needed to maintain current service levels.

#### → Parks and Leisure Charges for Service

The FY 2009 Preliminary Budget also includes some rate increase for certain Parks and Leisure services to include Parks Department User Fees from \$2 per player to \$4 per player. These fees are assessed to players participating in athletic leagues not sponsored by the City. Parks Facility Rental fees are proposed to increase by 10%. Golf Cart Rental fees are proposed to increase by 50¢ per rider and golf membership packages are proposed to increase by 10%.

### **General Fund Expenditures**

→ Total expenditures for the FY 2009 General Fund Budget are presented at \$55,934,881, an increase of 1.73% compared to the FY 2008 adopted budget. Our primary focus for the General Fund Budget is on sustaining our existing programs and services to the greatest extent possible while still maintaining the tax rate. Because of the slowed growth in two major General Fund revenues sources- Sales Tax and Interest Income- and the record cost of fuel and other indirect

expense increases related to fuel, service levels will be impacted to some degree. Our priority remains high quality, affordable service to the citizens of Temple.

As previously noted, the City Council called two general obligation bond elections during the past fiscal year- one for Parks and one for Fire and Rescue Services. The voters of Temple approved both bond packages and, as a result, our City will be opening and operating several new facilities in FY 2009. The operating costs associated with these projects have been included in the FY 2009 Preliminary Budget. These costs include an additional Aquatics Maintenance Worker position, the reclassification of a Recreation Specialist position, and the match portion of four Fire and Rescue Officer positions with partial SAFER grant funding.

A Fire Bunker Gear Inspection Program (\$17,000) is included in the FY 2009 Preliminary Budget as well as an enhanced Downtown Parking Enforcement Program (net increase of \$5,370). The Downtown Parking Enforcement Program includes a motorized parking vehicle, associated fuel, a handheld citation unit, associated software maintenance fees, a wheel immobilizer, and funding for the construction of parking signage. Also a part of this program is a proposed increase in the fine for parking violations.

### **Capital Improvements Program**

The CIP proposals in the Preliminary FY 2009 Budget address multiple areas of interest and opportunity in our City and with our residents. All totaled, \$37,456,209 in CIP projects and planning is being proposed. All of the CIP proposals have but one end objective in mind...to make our City stronger and better.

The approach I am recommending with regard to the CIP work continues to be a multi-layered, multi-year framework. This framework has four components:

1. Multi-year Non-Routine Capital Recommended for Utility Revenue Bond Funding (U.R. CIP) - \$15,000,000 for various Water and Sewer projects including construction for Phase I of Birdcreek Wastewater Line and South Temple Water System Improvements, water treatment plant improvements, and West Temple water and wastewater extension.
2. Multi-year Non-Routine Capital Recommended for General Obligation Bond Funding (Fire G.O. CIP) - \$13,995,000 for rebuilding of Central Fire Station, construction of Station 8 with Training Center and EOC, and the purchase or replacement of three engines.
3. Non-Routine Capital Recommended for Hotel/Motel Fund Combination Tax and Revenue Certificates of Obligation Bond Funding (HOT-MOT C.O.) - \$2,700,000 for the renovation of the Mayborn Center.
4. Routine Capital Recommended for General Operating Budget Funding- \$5,761,209 is proposed for the capital budget which includes equipment and public infrastructure projects that are underway and/or planned for this fiscal year. Of this amount, \$1,141,292 of capital will be funded with Fund Balance Designated for Capital – Unallocated.

Within the Capital Improvement Projects section of this document, the specific projects recommended within each category of funding are listed. Also included are the projects identified for future funding.

Two notes relating to the CIP projects and approach:

1. With regard to the U.R. CIP ... the majority of the projects recommended are related to repair and renovation of our existing infrastructure. Many of the projects have some history with one or more regulatory agencies and require our attention. Additionally, I would anticipate that the update of our Water & Sewer Master Plan will require the modification of the listing. A significant, multi-year approach to our utility infrastructure planning and maintenance is both needed and assumed in the recommendations. Finally, rate increases (estimated at \$2.20 per month for our average residential customer, approximately 3.64% increase; \$10.39 for our average commercial customers, approximately 2.93% increase) are associated with the U.R. CIP and needed to support the projects being recommended.
2. As previously mentioned, the voters of Temple approved a G.O. Bond in May of 2008 for Fire and Rescue Services, and as a result the City will be issuing \$13,995,000 of debt to fund the projects associated with this bond issue.

#### **Water and Wastewater Fund**

Total revenues for the FY 2009 Water and Wastewater Fund Budget are presented at \$26,033,246, an increase of 2.06% compared to the FY 2008 adopted budget. Revenues for the water and wastewater fund are based on a proposed rate increase of 3.79% for a residential water customer assuming an average use of 10,000 gallons, 3.45% for a residential sewer customer assuming an average use of 6,000 gallons, 3.40% for a commercial water customer assuming an average use of 48,854 gallons, and 2.55% for a commercial sewer customer assuming an average use of 47,092 gallons. The proposed rate increase is necessary in order to support needed capital improvements and replacements. The total water connections for this utility is 19,502 for residential, 2,938 for commercial and 3 wholesale. The water connections are growing at a rate of approximately 2.5% per year.

Expenses, capital improvements and debt service for the FY 2009 Water and Wastewater Fund Budget are presented at \$26,033,246, an increase of 2.06%. The capital improvements include the allocation of \$2,160,000 to continue the long-term replacement program of water and sewer infrastructures. This annual amount is in addition to the capital improvement program improvements described herein. An additional \$144,000 is included to fund equipment needs.

#### **Hotel and Motel Fund**

Total revenues and expenditures are presented at \$1,276,000 an increase of 2.66% compared to the FY 2008 adopted budget. The Railroad and Heritage Museum is funded with a total of \$193,139. As mentioned above, a Combination Tax and Revenue Certificates of Obligation Bond is recommended to fund capital projects associated with the renovation of the Mayborn Center.

#### **Federal and State Grant Fund**

Total revenues include the award of two grants; Community Development Block Grant (CDBG) - \$503,239 and Project FOCUS grant (\$29,915). It is worth noting that for the seventh straight year CDBG funding levels have declined. The proposed allocation of CDBG funds are as follows - public services \$70,453, street/drainage improvements \$130,138, park improvements \$100,000, demolitions \$100,000, and general administration \$102,648.

**Drainage Fund**

Total revenues are presented at \$959,735, an increase of 42.16% and expenditures at \$959,735, an increase of 15.65% compared to the FY 2008 adopted budget. The drainage fee was originally created in FY 1998 for 5 years and approved for another 5 years in FY 2004. The fee has remained unchanged since its original implementation in FY 1998. The FY 2009 Preliminary Budget includes an increase in the drainage fee of 75¢ per month. This increase will be used to fund the Texas Pollutant Discharge Elimination System ('TPDES') program that is required by the Texas Commission on Environmental Quality ('TCEQ'). I consider this program an unfunded mandate from the State. Part of this program will include the addition of a Stormwater Program Technician position to ensure permit compliance and data collection and analysis. The expenditures of the drainage fund represent personnel, operational, and capital cost related to maintenance of existing drainage systems.

Additionally, Council will have the opportunity to discuss and consider a significant update to your Drainage Master Plan this year. The 2008 Drainage Master Plan Update is currently underway and I anticipate that Council will be given an opportunity to identify projects, priorities and funding avenues with the consideration of the 2008 Drainage Master Plan.

**Conclusion**

I have attempted to provide you with a brief synopsis of the Preliminary Budget for FY 2009. Developing the budget is a team effort that requires participation and input by citizens, City Council and City staff. My thanks to all of the Department and Division Heads who helped put this Preliminary Budget together. Their ability to respond, many times on short notice, to my inquiries and requests for additional information was appreciated and helpful.

I also want to extend a special word of appreciation to Director of Finance, Traci Barnard and her staff for the many hours of work and effort they put in toward the development of this Preliminary Budget. Of special note is the work done by Assistant Finance Director, Melissa Przybylski and Budget Analyst, Miranda Hennig. I also need to recognize Assistant City Manager Kim Foutz, Assistant to the City Manager Brynn Reynolds, and Director of Human Resources Amy House for their work and input into the development of this Preliminary FY 2009 Budget. Quite simply, this document could not have been produced without them.

I look forward to the coming weeks of discussion, review, and direction by Council.

Respectfully Submitted,



David Blackburn  
City Manager  
City of Temple, Texas

**FY 2009**  
**GENERAL FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-27-08	Current as of 8-28-08	
<b>Projected Revenues</b>	\$ 54,308,589	\$ 54,308,589	\$ - <sup>A</sup>
<b>Proposed Budget Expenditures</b>	55,533,558	55,533,558	- <sup>B</sup>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(1,224,969)</b>	<b>(1,224,969)</b>	-
<b>Transfers In (Out):</b>			
Less: Transfer Out To Debt Service Fund [Energy Program]	(98,440)	(98,440)	-
Less: Transfer Out To Debt Service Fund [Limited Tax Note]	(302,883)	(302,883)	-
<b>Total Transfer In (Out)</b>	<b>(401,323)</b>	<b>(401,323)</b>	-
<b>Excess Revenues Over (Under) Expenditures for FY 2009</b>	<b>\$ (1,626,292)</b>	<b>\$ (1,626,292)</b>	<b>\$0.00</b>
<b>Recommended Use of Undesignated Fund Balance-Capital Projects</b>			
-Capital Equipment Funding	\$ 1,141,292	\$ 1,141,292	\$ -
-TEDC Funding	400,000	400,000	-
-Strategic Investment Zone Program	85,000	85,000	-
	<u>\$ 1,626,292</u>	<u>\$ 1,626,292</u>	<u>\$ -</u>
Estimated Balance @ 9/30/2008 <sup>(1)</sup>	<u>\$ 3,288,735</u>	<u>\$ 3,075,046</u>	<u>\$ (213,689)</u>

<sup>(1)</sup> Estimated Balance @ 9/30/2008 as proposed in the filed copy of the budget was based on financial forecast at 3/31/2008. Current proposed budget estimated balance is based on financial forecast at 6/30/2008.

**Explanation of Changes from Filed Budget to Proposed Budget @ 8/28/2008:**

<sup>A</sup> **Revenue Changes:**

Reduced property tax - from preliminary to certified roll	\$ (35,417)
Increased electric franchise revenue	35,417
<b>Total Revenue Changes</b>	<u>\$ -</u>

<sup>B</sup> **Expenditure Changes:**

Increased Compensation Contingency to appropriate funding for Civil Service and General Government compensation pay plan adjustments to include performance pay and incentive/certification pay adjustments.	\$ 184,700
Reduced personnel services for all departments to fund compensation pay plan adjustments. Changes to personnel services include deferring implementation date for General Government employees and a reduction in health insurance premiums to actual rate.	(184,700)
<b>Total Expenditure Changes</b>	<u>\$ -</u>
<b>Net Revenue Over (Under) Expenditures</b>	<u>\$ -</u>

**FY 2009**  
**WATER & WASTEWATER FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-27-08	Current as of 8-28-08	
<b>Water &amp; Wastewater Fund:</b>			
<b>Projected Revenues</b>	\$ 26,033,246	\$ 26,033,246	\$ - <sup>A</sup>
<b>Proposed Budget Expenses</b>	26,033,246	26,033,246	- <sup>B</sup>
<b>Net Revenues for FY 2009</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**Explanation of Changes from Filed Budget to Proposed Budget @ 8/28/2008:**

<sup>A</sup> **Revenue Changes:**

<b>Total Revenue Changes</b>	\$ -
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<sup>B</sup> **Expense Changes:**

Increased Compensation Contingency to appropriate funding for General Government compensation pay plan adjustments to include performance pay and incentive/certification pay adjustments.	\$ 34,334
Reduced personnel services for all departments to fund compensation pay plan adjustments. Changes to personnel services include deferring implementation date for General Government employees and a reduction in health insurance premiums to actual rate.	(34,334)
<b>Total Expense Changes</b>	\$ -
<b>Net Revenue Over (Under) Expenses</b>	\$ -

**FY 2009**  
**DEBT SERVICE FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-27-08	Current as of 8-28-08	
<b>Projected Revenues</b>	\$ 6,996,159	\$ 7,008,338	\$ 12,179 <sup>A</sup>
<b>Proposed Budget Expenditures</b>	7,430,032	7,430,032	- <sup>B</sup>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>\$ (433,873)</b>	<b>\$ (421,694)</b>	<b>12,179</b>
<b>Transfers In (Out):</b>			
Plus: Transfer In From Hotel/Motel Fund [Energy Program]	20,371	20,371	-
Plus: Transfer In From General Fund [Energy Program]	98,440	98,440	-
Plus: Transfer In From General Fund [Solid Waste Equipment]	302,883	302,883	-
<b>Excess Revenues Over (Under) Expenditures for FY 2009</b>	<b>\$ (12,179)</b>	<b>\$ -</b>	<b>\$ 12,179</b>

***Explanation of Changes from Filed Budget to Proposed Budget @ 8/28/2008:***

<sup>A</sup> ***Revenue Changes:***

Reduced property tax - from preliminary to certified roll	\$ (1,607)
Increased interest earnings	13,786
<b>Total Revenue Changes</b>	<b>\$ 12,179</b>

<sup>B</sup> ***Expenditure Changes:***

<b>Total Expenditure Changes</b>	<b>\$ -</b>
<b>Net Revenue Over (Under) Expenditures</b>	<b>\$ 12,179</b>

**FY 2009**  
**HOTEL/MOTEL TAX FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	<b>Proposed Budget</b>		
	<b>Filed Copy as of 6-27-08</b>	<b>Current as of 8-28-08</b>	<b>Increase (Decrease)</b>
<b>Projected Revenues</b>	\$ 1,276,000	\$ 1,276,000	\$0.00 <sup>A</sup>
<b>Proposed Budget Expenditures</b>	1,255,629	1,255,629	- <sup>B</sup>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>\$ 20,371</b>	<b>\$ 20,371</b>	<b>-</b>
<b>Transfers In (Out):</b>			
Less: Transfer Out To Debt Service [Energy Loan]	(20,371)	(20,371)	-
<b>Total Transfer In (Out)</b>	<b>(20,371)</b>	<b>(20,371)</b>	<b>-</b>
<b>Excess Revenues Over (Under) Expenditures for FY 2009</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**Explanation of Changes from Filed Budget to Proposed Budget @ 8/28/2008:**

<sup>A</sup> **Revenue Changes:**

**Total Revenue Changes**

\$ -

<sup>B</sup> **Expenditure Changes:**

Increased Compensation Contingency to appropriate funding for General Government compensation pay plan adjustments to include performance pay.	\$ 5,401
Reduced personnel services to fund compensation pay plan adjustments. Changes to personnel services include deferring implementation date for General Government employees and a reduction in health insurance premiums to actual rate.	(5,401)

**Total Expenditure Changes**

\$ -

**Net Revenue Over (Under) Expenditures**

\$ -



**FY 2009**  
**FEDERAL/STATE GRANT FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-27-08	Current as of 8-28-08	
Projected Revenues	\$ 533,154	\$ 533,154	\$0.00 <sup>A</sup>
Proposed Budget Expenditures	533,154	533,154	- <sup>B</sup>
Excess Revenues Over (Under) Expenditures for FY 2009	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

***Explanation of Changes from Filed Budget to Proposed Budget @ 8/28/2008:***

<sup>A</sup> ***Revenue Changes:***

<i>Total Revenue Changes</i>	\$ -
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<sup>B</sup> ***Expenditure Changes:***

Reduced personnel services - changes to personnel services include deferring implementation date for General Government employees.	\$ (160)
Increased Other Contracted Services for after school programs.	160
<i>Total Expenditure Changes</i>	\$ -
<i>Net Revenue Over (Under) Expenditures</i>	\$ -

**FY 2009**  
**DRAINAGE FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-27-08	Current as of 8-28-08	
Projected Revenues	\$ 959,735	\$ 959,735	\$0.00 <sup>A</sup>
Proposed Budget Expenditures	959,735	959,735	- <sup>B</sup>
<b>Excess Revenues Over (Under) Expenditures for FY 2009</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$0.00</b>

***Explanation of Changes from Filed Budget to Proposed Budget @ 8/28/2008:***

<sup>A</sup> ***Revenue Changes:***

***Total Revenue Changes***

\$ -

<sup>B</sup> ***Expenditure Changes:***

Increased Compensation Contingency to appropriate funding for General Government compensation pay plan adjustments to include performance pay and incentive/certification pay adjustments.	\$ 4,631
Reduced personnel services to fund compensation pay plan adjustments. Changes to personnel services include deferring implementation date for General Government employees and a reduction in health insurance premiums to actual rate.	(4,631)

***Total Expenditure Changes***

\$ -

***Net Revenue Over (Under) Expenditures***

\$ -

**FY 2009**  
**REINVESTMENT ZONE NO. 1 FUND PROPOSED BUDGET**  
**SCHEDULE OF ADJUSTMENTS AFTER FILING PROPOSED BUDGET**

	Proposed Budget		Increase (Decrease)
	Filed Copy as of 6-27-08	Current as of 8-28-08 <sup>(1)</sup>	
Projected Revenues	\$ 3,982,932	\$ 3,982,932	\$0.00 <sup>A</sup>
Proposed Budget Expenditures	4,174,752	4,154,262	(20,490) <sup>B</sup>
Excess Revenues Over (Under) Expenditures	(191,820)	(171,330)	20,490
Other Financing Sources (uses): Plus: Bond Proceeds	-	-	-
<b>Excess Revenues Over (Under) Expenditures for FY 2009</b>	<b>\$ (191,820)</b>	<b>\$ (171,330)</b>	<b>\$ 20,490</b>

<sup>(1)</sup> As amended in the Financing Plan approved by Council on August 21, 2008

***Explanation of Changes from Filed Budget to Proposed Budget @ 8/28/2008:***

<sup>A</sup> ***Revenue Changes:***

<b><i>Total Revenue Changes</i></b>	<b>\$ -</b>
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<sup>B</sup> ***Expenditure Changes:***

Adjusted debt service to actual for FY 2009	\$ (20,490)
<b><i>Total Expenditure Changes</i></b>	<b>\$ (20,490)</b>
<b><i>Net Revenue Over (Under) Expenditures</i></b>	<b>\$ 20,490</b>

**Civil Service - Police Pay Schedule**  
**Effective November 14, 2008**

Class, Title, Steps and Time in Grade	Effective 11/14/2008		% of Increase
	Annual	% Between Steps	
<b>PSII-021 Police Officer</b>			
1 0-1 Years/Probationary Officer**	<b>\$39,716</b>		<b>4.00%</b>
2 1st Anniversary	<b>\$42,893</b>	<b>8.0%</b>	<b>4.00%</b>
3 3rd Anniversary	<b>\$45,896</b>	<b>7.0%</b>	<b>4.00%</b>
4 6th Anniversary	<b>\$48,191</b>	<b>5.0%</b>	<b>4.00%</b>
5 10th Anniversary	<b>\$50,601</b>	<b>5.0%</b>	<b>4.00%</b>
6 15th Anniversary	<b>\$53,131</b>	<b>5.0%</b>	<b>4.00%</b>
7 20th Anniversary	<b>\$55,787</b>	<b>5.0%</b>	<b>4.00%</b>
<b>PSII-022 Corporal</b>			
3 3rd Anniversary	<b>\$48,191</b>		<b>4.00%</b>
4 6th Anniversary	<b>\$50,601</b>	<b>5.0%</b>	<b>4.00%</b>
5 10th Anniversary	<b>\$53,131</b>	<b>5.0%</b>	<b>4.00%</b>
6 15th Anniversary	<b>\$55,787</b>	<b>5.0%</b>	<b>4.00%</b>
7 20th Anniversary	<b>\$58,576</b>	<b>5.0%</b>	<b>4.00%</b>
<b>PSII-023 Police Sergeant</b>			
3 3rd Anniversary	<b>\$54,714</b>		<b>4.00%</b>
4 6th Anniversary	<b>\$57,176</b>	<b>4.5%</b>	<b>4.00%</b>
5 10th Anniversary	<b>\$59,750</b>	<b>4.5%</b>	<b>4.00%</b>
6 15th Anniversary	<b>\$62,439</b>	<b>4.5%</b>	<b>4.00%</b>
7 20th Anniversary	<b>\$65,249</b>	<b>4.5%</b>	<b>4.00%</b>
<b>PSII-024 Police Lieutenant</b>			
3 5th Anniversary	<b>\$64,155</b>		<b>4.00%</b>
4 8th Anniversary	<b>\$67,042</b>	<b>4.5%</b>	<b>4.00%</b>
5 12th Anniversary	<b>\$70,059</b>	<b>4.5%</b>	<b>4.00%</b>
6 16th Anniversary	<b>\$73,212</b>	<b>4.5%</b>	<b>4.00%</b>
7 20th Anniversary	<b>\$76,507</b>	<b>4.5%</b>	<b>4.00%</b>
<b>PSII-025 Deputy Police Chief</b>			
4 7th Anniversary	<b>\$78,727</b>		<b>4.00%</b>
5 12th Anniversary	<b>\$82,662</b>	<b>5.0%</b>	<b>4.00%</b>
6 16th Anniversary	<b>\$85,969</b>	<b>4.0%</b>	<b>4.00%</b>
7 20th Anniversary	<b>\$89,409</b>	<b>4.0%</b>	<b>4.00%</b>
** All anniversaries are based on years served as a Temple Police Officer			

**Civil Service - Fire Pay Schedule**  
**Effective November 14, 2008**

Class, Title, Steps and Time in Grade	Effective 11/14/2008		% of Increase
	Annual	% Between Steps	
<b>PSI-030 &amp; PSI-031 Fire Control &amp; Rescue Officer</b>			
1 0-1 Years	<b>\$36,751</b>		4.00%
2 1st Anniversary	<b>\$38,588</b>	<b>5.0%</b>	4.00%
3 3rd Anniversary	<b>\$40,518</b>	<b>5.0%</b>	4.00%
4 5th Anniversary	<b>\$42,544</b>	<b>5.0%</b>	4.00%
5 7th Anniversary	<b>\$44,671</b>	<b>5.0%</b>	4.00%
6 9th Anniversary	<b>\$46,905</b>	<b>5.0%</b>	4.00%
7 15th Anniversary	<b>\$49,250</b>	<b>5.0%</b>	4.00%
<b>PSI-032 &amp; PSI-037 Fire Driver</b>			
1 1st Anniversary	<b>\$46,866</b>		4.00%
2 3rd Anniversary	<b>\$48,740</b>	<b>4.0%</b>	4.00%
3 5th Anniversary	<b>\$50,202</b>	<b>3.0%</b>	4.00%
4 7th Anniversary	<b>\$52,210</b>	<b>4.0%</b>	4.00%
5 9th Anniversary	<b>\$54,298</b>	<b>4.0%</b>	4.00%
6 15th Anniversary	<b>\$55,928</b>	<b>3.0%</b>	4.00%
<b>PSI-033 &amp; PSI-034 Fire Captain</b>			
1 3rd Anniversary	<b>\$55,105</b>		4.00%
2 5th Anniversary	<b>\$57,033</b>	<b>3.5%</b>	4.00%
3 7th Anniversary	<b>\$59,030</b>	<b>3.5%</b>	4.00%
4 9th Anniversary	<b>\$61,095</b>	<b>3.5%</b>	4.00%
5 15th Anniversary	<b>\$62,928</b>	<b>3.0%</b>	4.00%
<b>PSI-035 &amp; PSI-036 Deputy Fire Chief</b>			
1 5th Anniversary	<b>\$72,779</b>		4.00%
2 7th Anniversary	<b>\$75,327</b>	<b>3.5%</b>	4.00%
3 9th Anniversary	<b>\$77,962</b>	<b>3.5%</b>	4.00%
4 15th Anniversary	<b>\$80,691</b>	<b>3.5%</b>	4.00%

# Fiscal and Budgetary Policy Statement

## I. STATEMENT OF PURPOSE

The broad purpose of the following Fiscal and Budgetary Policy Statements is to enable the City to achieve and maintain a long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, full disclosure and communication.

The more specific purpose is to provide guidelines to the Director of Finance in planning and directing the City's day-to-day financial affairs and in developing recommendations to the City Manager and City Council.

The scope of these policies generally spans, among other issues, accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, asset management, debt management, and planning concepts, in order to:

- A. present fairly and with full disclosure the financial position and results of the financial operations of the City in conformity to generally accepted accounting principles (GAAP) and;
- B. determine and demonstrate compliance with finance-related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

The City Council will annually review and approve the Fiscal and Budgetary Policy Statements as part of the budget process.

## II. OPERATING BUDGET

- A. **Preparation** – Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The “operating budget” is the City's annual financial operating plan. The annual budget includes all of the operating departments of the general fund, proprietary fund, the debt service fund, special revenue funds, and capital project funds of the City. The budget is prepared by the City Manager and Director of Finance with the cooperation of all City Departments, on a basis which is consistent with generally accepted accounting principles. The City Manager presents the budget to the City Council and in accordance with Article 12 of the Charter, files a copy with the City Secretary and the Director of Finance. The budget should be presented to the City Council no later than the 1<sup>st</sup> day of August and should be enacted by the City Council on or before the fifteenth day of the last month of the preceding fiscal year.
  - 1. **Proposed Budget** – A proposed budget shall be prepared by the City Manager with the participation of all the City's Department Heads within the provisions of the City Charter.
    - a. The budget shall include four basic segments for review and evaluation. These segments are: (1) revenues, (2) personnel costs, (3) operations and maintenance costs, and (4) capital and other (non-capital) project costs.
    - b. The budget review process shall include City Council participation in the development of each of the four segments of the proposed budget and Public Hearings to allow for citizen participation in the budget preparation.

- c. The budget process shall span sufficient time to address policy and fiscal issues by the City Council.
  - d. A copy of the proposed budget shall be filed by the City Manager with the City Secretary, Director of Finance when it is submitted to the City Council in accordance with the provisions of the City Charter.
2. Adoption – Upon the presentation by the Director of Finance of a proposed budget document to the City Council, the City Council shall call and publicize a public hearing. The City Council will subsequently adopt by Ordinance such budget, as it may have been amended, as the City's Annual Budget effective for the fiscal year beginning October 1<sup>st</sup>.
- B. **Balanced Budget** – The operating budget will be balanced with current revenues, which may include beginning fund balances less required reserves as established by City Council, greater than or equal to current expenditures/expenses.
  - C. **Planning** – The budget process will be coordinated so as to identify major policy issues for City Council consideration several months prior to the budget approval date. This will allow adequate time for appropriate decisions and analysis of financial impacts.
  - D. **Reporting** – Periodic financial reports will be prepared by the Director of Finance to enable the Department Managers to manage their budgets and to enable the Director of Finance to monitor and control the budget as authorized by the City Manager. Summary financial and budgetary reports will be presented by the Director of Finance to the City Council to understand the overall budget and financial status.
  - E. **Control and Accountability** – The Department Heads of each department will be solely responsible to insure that their department budgets will not exceed budgeted amounts. In addition, each Department Head will be solely responsible to achieve budgeted revenues that are generated by activities of that department. Failure to achieve budgetary control of their individual expenditure and revenue budgets will be evaluated and investigated by the City Manager.
  - F. **Expenditure Requests** – The Finance Department will evaluate expenditure requests from departments to ensure that the requests are in the amount and kind originally budgeted in those departments and that adequate funds are available to comply with individual expense request. The Director of Finance will make every effort to assist departments in obtaining purchases to accomplish the goals and objectives delineated in the budget information for each department set forth in the current yearly adopted budget.
  - G. **Contingent Appropriation** – The City Manager should establish an adequate contingent appropriation in each of the operating funds. Expenditures from this appropriation shall be made only in cases of emergency or an unforeseen/unusual need. A detailed account shall be recorded and reported. The transfer of this budget appropriation shall be under the control of the City Council. Any transfer of contingency must be expressly approved in advance by the City Council.

All transfers from the contingent appropriation will be evaluated using the following criteria:

- 1. Is the request of such an emergency nature that it must be made immediately?
- 2. Why was the item not budgeted in the normal budget process?
- 3. Why the transfer cannot be made within the division or department?

### III. REVENUE POLICIES

A. **Characteristics** – The City Finance Department will strive for the following optimum characteristics in its revenue system:

1. **Simplicity** – The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs for the taxpayer or service recipient. A corresponding decrease in the City's cost of collection and a reduction in avoidance to pay should result.
2. **Certainty** – A knowledge and understanding of revenue sources increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.
3. **Equity** – The City shall make every effort to maintain equity in its revenue system structure; i.e., the City should seek to minimize or eliminate all forms of subsidization between entities, funds, services, utilities, and customer classes.
4. **Revenue Adequacy** – The City should require that there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
5. **Administration** – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. The cost of collection should be reviewed annually for cost effectiveness as a part of the indirect cost of service analysis. Where appropriate, the City will use the administrative processes of State, Federal or Local Governmental collection agencies in order to reduce administrative cost.
6. **Diversification and Stability** – A diversified revenue system with a stable source of income shall be maintained. This will help avoid instabilities in two particular revenue sources due to factors such as fluctuations in the economy and variations in the weather.

B. **Issues** – The following considerations and issues will guide the City Finance Department in its revenue policies concerning specific sources of funds:

1. **Cost/Benefit of Abatement** – The City will use caution in the analysis of tax or fee incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) and analysis should be performed as part of such caution.
2. **Non-Recurring Revenues** – One-time or non-recurring revenues should not be used to finance current ongoing operations. Non-recurring revenues should be used only for non-recurring expenditures and not be used for budget balancing purposes.
3. **Property Tax Revenues** – All real and business personal property located within the City shall be valued at 100% of the fair market value for any given year based on the current appraisal supplied to the City by the Bell County Tax Appraisal District. Reappraisal and reassessment shall be done every third year.

Conservative budgeted revenue estimates result in a projected ninety-eight percent (98%) budgeted collection rate for current ad valorem taxes. Two percent (2%) of estimated current ad valorem taxes will be projected and used as the budget for delinquent ad valorem tax collections. The combined ad valorem tax collections budgeted each fiscal year will be no less than one hundred percent (100%) of the tax



levy and should insure that ad valorem tax collection projections will not be over estimated.

The Finance Department will endeavor with the Tax Assessor Collector to collect ad valorem taxes in excess of ninety-seven percent (97%) of total ad valorem tax levy with a goal of one hundred percent (100%) collection of actual ad valorem taxes levied in each fiscal year.

All delinquent taxes shall be aggressively pursued each year by the Tax Assessor/Collector. Tax accounts delinquent greater than 90 days shall be submitted for collection each year to an attorney selected by the Bell County Tax Appraisal District. A penalty shall be assessed on all delinquent property taxes, which shall include all court costs, as well as an amount for compensation of the attorney as permitted by State law and in accordance with the attorney's contract with the County. Annual performance criteria will be developed for the attorney and reported to the City Council.

4. Interest Income – Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the equity balance of the fund from which monies were provided to be invested.
5. User-Based Fees and Service Charges – For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review by all Department Heads of fees and charges to ensure that fees provide adequate coverage of cost of services for their respective departments.

The City Council will determine how much of the cost of a service should be recovered by fees and charges.

6. Enterprise Fund Rates – The Director of Utilities will review rates annually, and the City Council will adopt rates that will generate revenues sufficient to cover operating expenses, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital.

Additionally, enterprise activity rates and other legal funds of the City will include transfers to and receive credits from other funds as follows:

- a. General and Administrative Charges – Administrative costs should be charged to all funds for services of general overhead, such as administration, finance, customer billing, personnel, data processing, engineering, and legal counsel, and other costs as appropriate. The charges will be determined by the Director of Finance through an indirect cost allocation following accepted practices and procedures not to exceed 9%.
- b. Payment in-lieu-of-costs – This transfer will be made in accordance with the following methods, not to exceed 5% of the total estimated operating revenues of the respective fund.
  - (1) *In-Lieu-of-franchise-fee.* In-lieu-of-franchise fee will be included as a part of the rate computation of gross sales consistent with the franchise rates charged to investor owned utility franchises to operate within the City. Currently, the City levies a 5% franchise fee.

- (2) *Payment-in-lieu-of-ad valorem tax.* Rates will be calculated so as to include a fee equal to the ad valorem taxes lost as a result of municipal ownership of the various utility and other enterprise activities owned by the City. Net book value will be used as a basis, barring absence of known market value and applied only to capital assets actually within the incorporated City limits.
7. Intergovernmental Revenues (Federal/State/Local) – All potential grants will be examined for matching requirements and the source of the matching requirements. These revenue sources will be expended only for intended purpose of grant aid. It must be clearly understood that operational requirements set up as a result of a grant or aid could be discontinued once the term and conditions of the project have terminated.
8. Revenue Monitoring – Revenues actually received will be compared to budgeted revenues by the Director of Finance and any variances considered to be material will be investigated. This process will be summarized in the appropriate budget report. The Director of Finance will report results of that investigation to the City Manager and City Council.

#### **IV. EXPENDITURE POLICIES**

- A. Appropriations – The point of budgetary control is at the department level budget for all funds. When budget adjustments among Departments and/or funds are necessary, they will be made in accordance with the City Charter. Budget appropriation amendments at lower levels of control shall be made in accordance with the applicable administrative procedures.
- B. Central Control – No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Head without the prior authorization of the City Manager. This control will realize budget savings each year that will be recognized in the approved budget as “unexpended appropriations” or contingency “sweep” accounts. The City Manager is authorized, without further City Council action, to transfer appropriations within individual department budgets for each fund from line item to line item greater than \$5,000 provided that the total funds appropriated by the City Council for each individual department budget are neither increased nor decreased. The Director of Finance is authorized without further City Council action, to transfer appropriations within individual department budgets for each fund from line item to line item less than \$5,000 provided that the total funds appropriated by the City Council for each individual department budget are neither increased nor decreased.
- C. Purchasing – All City purchases of goods or services will be made in accordance with the City’s current Purchasing Manual.
- D. Prompt Payment – All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt in accordance with the provisions of Article 601f, Section 2 of the State of Texas Civil Statutes.

The Director of Finance shall establish and maintain proper procedures which will enable the City to take advantage of all purchase discounts, when possible, except in the instance where payments can be reasonably and legally delayed in order to maximize the City’s investable cash.

- E. **Reporting** – Quarterly reports will be presented by the Director of Finance in open Council meetings describing the financial and budgetary conditions of the City. Comparisons of actual to budget and actual to prior year, appropriate ratios and graphs to fully disclose and present meaningful information will be used whenever possible.

## **V. CAPITAL BUDGET AND PROGRAM**

- A. **Preparation** – The City's Capital Budget will include all capital project funds and all capital resources. The budget will be prepared annually and on a project basis. The Capital Budget will be prepared by the City Manager with the involvement of responsible departments.
- B. **Control** – All capital project expenditures must be appropriated in the Capital Budget. The Finance Department must certify the availability of resources before any capital project contract is presented to the City Council for approval.
- C. **Program Planning** – The Capital Budget will be taken from capital improvements plan for future years. The planning time frame for the capital improvements project plan should normally be five years, but a minimum of at least three years. The replacement and maintenance for capital items should also be projected for the next ten (10) years. Future maintenance and operational costs will be considered so that these costs can be included in the operating budget.
- D. **Financing Programs** – Where applicable, assessments, impact fees, pro rata charges, or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners.

Recognizing that long-term debt is usually a more expensive financing method, alternative-financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases.

- E. **Timing** – The Financial Analyst will work with Department Heads during the budget preparation to schedule the timing of capital equipment purchases to insure funds availability. The final schedule of capital purchases will be given to Directors or Department Heads to assist them in timing purchase requests to the Purchasing Department.
- F. **Infrastructure Maintenance** – The City recognizes the deferred maintenance increases future capital costs. Therefore, a portion of all individual funds with infrastructure should be budgeted each year to maintain the quality of the City's infrastructure. Replacement schedules should be developed in order to anticipate the deterioration and obsolescence of infrastructure.
- G. **Reporting** – Periodic financial reports will be prepared by the Director of Finance to enable the Department Heads to manage their capital budgets and to enable the Finance Department to monitor and control the capital budget as authorized by the City Manager.

## **VI. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING**

- A. **Accounting** – The City Finance Department is solely responsible for the reporting of the financial affairs, both internally and externally. The Director of Finance is the City's Chief Fiscal Officer and, through responsibility delegated to the Assistant Director of Finance, is responsible for establishing the Chart of Accounts and for properly recording financial transactions.

**B. Auditing –**

1. Qualifications of the Auditor – In conformance with the City’s Charter and according to the provisions of Texas Local Government Code, Title 4, Chapter 103, the City will be audited annually by outside independent accountants (“auditor”). The auditor must be a CPA that can demonstrate that it has the breadth and depth of staff to conduct the City’s audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must hold a license under Article 41a-1, Section 9, of the Civil Statutes of Texas, capable of demonstrating that it has sufficient staff which will enable it to conduct the City’s audit in accordance with generally accepted auditing standards as required by the City Charter and applicable state and federal laws. The auditor’s report on the City’s financial statement will be completed within 120 days of the City’s fiscal year end, and the auditor will jointly review the management letter with the City Council within 30 days of its receipt by the staff.

In conjunction with their review, the Director of Finance shall respond within 100 days in writing to the City Manager and City Council regarding the auditor’s Management Letter, addressing the issues contained therein. The City Council shall schedule its formal acceptance of the auditor’s report upon the resolution of any issues resulting from the joint review.

2. Responsibility of Auditor to City Council – The auditor is retained by and is accountable directly to the City Council and will have access to direct communication with the City Council if the City Staff is unresponsive to auditor recommendations or if the auditor considers such communication necessary to fulfill its legal and professional responsibilities.

**C. Financial Reporting –**

1. External Reporting – The City Finance Department shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City’s auditor within 60 days of the City’s fiscal year end. Accuracy and timeliness of the CAFR is the responsibility of the City staff. The CAFR will be prepared in accordance with generally accepted accounting principles (GAAP). If City staffing limitations preclude such timely reporting, the Director of Finance will inform the City Council of the delay and the reasons therefore. Upon the completion and acceptance of the CAFR, the City’s auditor shall present the audited CAFR to the City Council within 120 days of the City’s fiscal year end.
2. Internal Reporting – The Finance Department will prepare internal financial reports, sufficient to plan, monitor, and control the City’s financial affairs. Internal financial reporting objectives are addressed throughout these policies. As the Finance Department strives for excellence in financial reporting, the following Qualitative Characteristics of Accounting Information will be incorporated in all reports and policies that are prepared or implemented.

**Definitions of Qualitative Characteristics of Accounting Information:**

- **Bias** – Bias in measurement is the tendency of a measure to fall more often on one side than the other of what it represents instead of being equally likely to fall on either side. Bias in accounting measures means a tendency to be consistently too high or too low. Financial reporting will strive to eliminate bias in accounting data.

- **Comparability** – The quality of information that enables users to identify similarities in and differences between two sets of economic phenomena.
- **Completeness** – The inclusion in reported information of everything material that is necessary for faithful representation.
- **Conservatism** – A prudent reaction to uncertainty to try to insure that uncertainty and risks inherent in financial situations are adequately considered.
- **Consistency** – Conformity from period to period with unchanging policies and procedures.
- **Feedback Value** – The quality of information that enables users to confirm or correct prior expectations.
- **Materiality** – The magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.
- **Neutrality** – Absence in reported information of bias intended to attain a predetermined result or to induce a particular mode of behavior.
- **Predictive Value** – The quality of information that helps users to increase the likelihood of correctly forecasting the outcome of past or present events.
- **Relevance** – The capacity of information to make a difference in a decision by helping users to form predictions about the outcomes of past, present, and future events or to confirm or correct prior expectations.
- **Reliability** – The quality of information that assures that information is reasonably free from error and bias and faithfully represents what it purports to present.
- **Representational Faithfulness** – Correspondence or agreement between a measure or description and the phenomenon that it purports to represent (sometimes called validity).
- **Timeliness** – Having information available to a decision-maker before it loses its capacity to influence decisions.
- **Understandability** – The quality of information that enables users to perceive its significance.
- **Verifiability** – The ability through consensus among measurers to insure that information represents what it purports to represent or that the chosen method of measurement has been used without error or bias.

## **VII. ASSET MANAGEMENT**

- A. **Investments** – The Director of Finance shall promptly deposit all City funds with the City's Depository Bank in accordance with the provisions of the current Bank Depository Agreement. The Director of Finance will then promptly invest all funds in any negotiable

instrument that the Council has authorized under the provisions of the Public Funds Investment Act, and in accordance with the City Council approved Investment Policies.

- B. **Cash Management** – The City’s cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, utility bills, building and related permits and licenses, and other collection offices as appropriate.

The Finance Department shall use the facsimile check-signing machine, bearing the signatures of the City Manager and Director of Finance.

The Director of Finance may transfer funds, via electronic transfer, through verbal or electronic instructions to the City’s Depository only for payment of any obligation of the City under the conditions applicable to the use of the facsimile machine. Payment authorization shall be in accordance with the pay authorization criteria as defined in the current Bank Depository Agreement, approved by Council, stipulating the conditions and control procedures on such activity.

## **VIII. TREASURY**

**Cash/Treasury Management** – Periodic review of each cash flow position will be performed to determine performance of cash management and investment policies. A detailed policy structure will be followed with respect to Cash/Treasury Management. The underlying theme will be that idle cash will be invested with the intent to 1) safeguard assets, 2) maintain liquidity, and 3) maximize return. Where legally permitted, pooling of investments will be done.

The City will adhere to the investments authorized through the Public Funds Investment Act and any amendments to such act and will additionally establish a comprehensive Investment Policies and Guidelines. Such policies will clarify acceptable investment securities, brokers, terms, and other pertinent investment information.

## **IX. DEBT MANAGEMENT**

- A. **Policy Statement** – The City of Temple recognizes the primary purpose of capital facilities is to support provision of services to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to two tests – efficiency and equity. The test of efficiency equates to the highest rate of return for a given investment of resources. The test of equity requires a determination of who should pay for the cost of capital improvements. In meeting the demand for additional capital facilities, the City will strive to balance the load between debt financing and “pay as you go” methods. The City realizes failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects. Through the rigorous testing of the need for additional debt financed facilities and the means by which the debt will be repaid, the City Director of Finance will strike an appropriate balance between service demands and the amount of debt.

- B. **Types of Debt** –

1. **General Obligation Bonds (GO’s)** – General obligation bonds will be used only to fund capital assets of the general government, are not to be used to fund operating needs of the City and are backed by the full faith and credit of the City as well as the ad valorem taxing authority of the City as prescribed by law. The term of a bond issue will not exceed the useful life of the asset(s) funded by the bond issue and will generally be limited to no more than twenty years. General obligation bonds must be authorized by a vote of the citizens of the City of Temple.

2. **Revenue Bonds (RB's)** – Revenue bonds will be issued to provide for the capital needs of any activities where the capital requirements are necessary for continuation or expansion of a service which produces a revenue and for which the asset may reasonably be expected to provide for a revenue stream to fund the debt service requirements. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the bond issue and will generally be limited to no more than twenty years.
  3. **Certificates of Obligation, Contract Obligations, etc. (CO's)** – Certificates of Obligations or Contract Obligations will be used in order to fund capital requirements which are not otherwise covered under either Revenue Bonds or General Obligation Bonds. Debt service for CO's may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. Generally CO's will be used to fund capital assets where full bond issues are not warranted as a result of cost of the asset(s) to be funded through the instrument. The term of the obligations may not exceed the useful life of the asset(s) to be funded by the proceeds of the debt issue and will generally be limited to no more than twenty years.
  4. **Method of Sale** – The Director of Finance will use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the Director of Finance will publicly present the reasons why, and the Director of Finance will participate with the financial advisor in the selection of the underwriter or direct purchaser.
- C. **Analysis of Financing Alternatives** – Finance Staff will explore alternatives to the issuance of debt for capital acquisitions and construction projects. These alternatives will include, but are limited to: 1) grants-in-aid, 2) use of reserves/designations, 3) use of current revenues, 4) contributions from developers and others, 5) leases, and 6) impact fees.
- D. **Conditions for using debt** – Debt financing of capital improvements and equipment will be done only when the following conditions exist:
- When non-continuous projects (those not requiring continuous annual appropriations) are desired;
  - When it can be determined that future users will receive a benefit from the improvement;
  - When it is necessary to provide basic services to residents and taxpayers (for example, purchase of water rights);
  - When total debt, including that issued by overlapping governmental entities, does not constitute an unreasonable burden to the residents and taxpayers.
- E. **Federal Requirements** – The City Finance Department will maintain procedures to comply with arbitrage rebate and other Federal requirements.
- F. **Sound Financing of Debt** – When the City utilizes debt financing, it will ensure that the debt is soundly financed by:
- Conservatively projecting the revenue sources that will be used to pay the debt;

- Financing the improvement over a period not greater than the useful life of the improvement;
- Determining that the benefits of the improvement exceed the costs, including interest costs;
- Maintaining a debt service coverage ratio which ensures that combined debt service requirements will not exceed revenues pledged for the payment of debt; and
- Evaluating proposed debt against the target debt indicators.

G. **Financing Methods** – The City maintains the following policies in relation to methods of financing used to issue debt:

- An Ad Valorem tax rate of \$1.20 per \$100 of assessed value is the maximum municipal tax rate (by City Charter) that may be levied for all General Fund tax supported expenditures and debt service;
- Where possible, the City will use revenue or other self-supporting bonds in lieu of General Obligation Bonds;
- When appropriate, the City will issue non-obligation debt, for example, Industrial Development Revenue bonds, to promote community stability and economic growth; and
- Staff will maintain open communications with bond rating agencies about its financial condition and whenever possible, issue rated securities.

H. **Elections** – The Charter also regulates which securities may be issued only after a vote of the electors of the City and approved by a majority of those voting on the issue.

1. **Election Required** – Securities payable in whole or in part from Ad Valorem taxes of the City except issues such as tax increment securities, certificates of obligation, and contractual obligations.

2. **Election Not Required** –

- Short-term notes (12 months or less) issued in anticipation of the collection of taxes and other revenues.
- Securities issued for the acquisition of water rights or capital improvements for water treatment.
- Securities payable solely from revenue other than Ad Valorem taxes of the City.
- Refunding securities issued to refund and pay outstanding securities.
- Securities for any special or local improvement district, such as a Public Improvement District (PID).
- Tax increment securities payable from Ad Valorem tax revenue derived from increased valuation for assessment of taxable property within a plan of development or other similar area as defined by applicable State Statutes.
- Securities issued for the acquisition of equipment or facilities pursuant to a lease-purchase contract.



## X. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

- A. **Operational Coverage** – (*No Operating Deficits*) – The City’s Proprietary Utility fund will comply with all bond covenants and maintain an operational coverage of at least 125%, such that current operating revenues will exceed current operating expenses.

Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums as stated in Paragraph B, following.

B. **Operating Reserves/Fund Balances** –

1. The General Fund’s **fund balance** should be at least 33% of the General Fund’s annual operating expenditures. This percentage is the equivalent of four months operational expenditures.
2. The Enterprise Fund **working capital** should be maintained at 33% of total operating expenses or the equivalent of four months.

- C. **Liabilities and Receivables** – Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice. Accounts Receivable procedures will target collection for a maximum of 30 days from service. Receivables aging past 120 days will be sent to a collection agency. The Finance Director is authorized to write-off non-collectible accounts that are delinquent for more than 180 days, provided proper delinquency procedures have been followed. The Finance Director will make an annual report to the City Council of the status of delinquent write-offs of non-collectible accounts.

D. **Capital and Debt Service Funds** –

1. Monies in the Capital Projects Funds should be used within 24 months of receipt or within a reasonable time according to construction schedule. Balances will be used to generate interest income to offset construction cost. Any unused monies can be used to fund similar projects as outlined by bond covenants and remaining excess funds will be transferred to the Debt Service Fund, provided that this complies with the bond covenant.

Revenues in the Debt Service Fund are based on property tax revenues, interest earnings and transfers from other funds. Reserves in the Debt Service Fund are designed to provide funding between the date of issuance of new debt and the time that property tax levies are adjusted to reflect the additional debt. Reserve levels should not exceed one month of average annual debt service.

2. Revenue obligations will maintain debt coverage ratios as specified by the bond covenants.

E. **Ratios/Trend Analysis** –

Ratios and significant balances will be incorporated into monthly, quarterly and financial reports. This information will provide users with meaningful data to identify major trends of the City’s finances through analytical procedures. We have selected the following ratios/balances as key indicators:

- Fund Balance/Equity:  
FB/E                      Assets – liabilities  
AL (Acceptable level)  $\geq 33.0\%$  of operations
- Working Capital:  
CA – CL                      Current assets less current liabilities  
AL  $\geq 33.0\%$  of operations
- Current Ratio:  
CA/CL                      Current assets divided by current liabilities  
AL  $> 1.00$
- Quick Ratio:  
Liquid CA/CL                      “Liquid” current assets divided by current liabilities  
AL  $> 1.00$
- Debt/Assessed  
Ad Valorem Taxes:  
D/AV                      Debt divided by assessed Ad Valorem value  
AL  $< 5$
- Debt Ratio (%):  
CL+LTL/TA                      Current liabilities plus long term liabilities divided  
by total assets  
AC  $< 1.00$
- Enterprise Operational  
Coverage:  
OR/OE                      Operating revenue divided by operating expense  
AL  $> 1.25$

Our goal is to develop minimum/maximum levels for the ratios/balances above through analyzing City of Temple historical trends and anticipated future trends. We will also analyze/compare City of Temple to other municipalities to develop these acceptable levels.

## XI. INTERNAL CONTROLS

- A. **Written Procedures** – Wherever possible, written procedures will be established and maintained by the Director of Finance for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.
- B. **Department Heads Responsibilities** – Each Department Head is responsible to ensure that good internal controls are followed throughout their Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

## XII. STAFFING AND TRAINING

- A. **Adequate Staffing** – Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload allocation alternatives will be explored before adding staff.
- B. **Training** – The City will support the continuing education efforts of all financial staff members including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, and sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.

- C. **Awards, Credentials, Recognition** – The Finance Department will support efforts and involvement which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Management Accountant, Certified Internal Auditor, and Certified Cash Manager.

The Finance Department will strive to maintain a high level of excellence in its accounting policies and practices as it prepares the CAFR. The CAFR will be presented annually to the Governmental Finance Officers Association for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting. The Budget will also be submitted to the GFOA for evaluation and consideration of the Distinguished Budget Presentation Award.

# **Investment Policy**

The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, prescribes that each City is to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures, and practices, which must be exercised to ensure effective and judicious fiscal management of the City's funds.

The Director of Finance is designated as the investment officer of the City of Temple, Texas, and is responsible for all investment decisions and activities.

## **I. Scope**

This Policy applies to all investment activities of the City's funds under its control, except those subject to other investment covenants, or excluded by contract. The Investment Policy will govern the activities of the Director of Finance and designated deputies in their management of all public funds covered by this Investment Policy.

In order to make effective use of the City's resources, all funds shall be pooled for investment purposes, except for those funds required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts or City policy. The pooled funds will include, but are not limited to, the funds of the General Fund, Water & Wastewater, GO Interest & Sinking, Hotel/Motel, Capital Projects, Federal/State Grant, Drainage, and Tax Increment Funds. The Firemen's Pension Fund, Deferred Compensation Plans, and any investments donated to the City for a particular purpose, or under terms of use specified by the donor, are outside the scope of this Investment Policy.

This Policy also requires the formal adoption of an Investment Strategy that specifically addresses each of the City's fund groups. (See Attachment A)

## **II. Objectives**

The primary objectives of the City investment activities, in order of priority, shall be:

- A. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of principal.
- B. Liquidity – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.
- C. Yield – The City's investment strategy is conservative. Given this strategy, the benchmark used by the Director of Finance to determine whether market yields are being achieved shall be the 90-day T-bill rate. Return on investment is of least importance compared to the safety and liquidity objectives.

Each investment transaction shall seek to first ensure that principal losses are avoided, whether they are from security defaults or erosion of market value.

## **III. Delegation Of Authority**

The Director of Finance may designate deputies to assist with the management of the investment portfolio.

The Director of Finance or designated deputy shall be responsible for all transactions, compliance with internal controls, and insuring that all safekeeping, custodial, and collateral duties are in compliance with this investment policy and other applicable laws and regulations.

#### **IV. Standard Of Care**

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. This investment principle shall be applied in the context of managing the overall investment portfolio.

The Director of Finance or designated deputy, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely manner to the City Manager, and appropriate action is taken to control adverse developments.

#### **V. Ethics And Conflicts Of Interest**

The Director of Finance and designated deputies shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. An individual who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement with the Texas Ethics Commission and the City Council disclosing that personal business interest. A disclosure statement will also be filed if the Director of Finance or any designated deputy is related within the second degree by affinity of consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the City.

For the purpose of this section, an individual has a personal business relationship with a business organization if:

- A. The individual owns 10 percent or more of the voting stock or shares of the business organization, or owns \$5,000 or more of the fair market value of the business organizations;
- B. Funds received by the individual from the business organization exceed 10 percent of the individual's gross income for the previous year; or
- C. The individual has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the individual.

#### **VI. Accounting/Reporting**

The Director of Finance shall, not less than quarterly, prepare and submit to the City Council a written report of investment transactions for all funds covered by this investment policy for the preceding reporting period. The report should:

- A. Describe the investment position of the entity on the date of the report;
- B. Be prepared and signed by the Director of Finance and Treasury Manager;
- C. Contain a summary statement prepared in compliance with generally accepted accounting principles that states the beginning market values, additions and changes to the market value, ending market value and fully accrued interest for the reporting period;
- D. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by type of asset and fund type invested;
- E. State the maturity date of each separately invested asset that has a maturity date;
- F. State the compliance of the investment portfolio as it relates to the City's Investment Policy, the City's Investment Strategy and the Public Funds Investment Act; and
- G. The reports should be formally reviewed at least annually by an independent auditor.

The method used to monitor the market price of acquired investments is to obtain market rates for the total portfolio from at least two independent brokers or from a recognized entity that provides a similar service.

## **VII. Internal Controls**

The management of the City of Temple, Texas, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this policy, we have identified procedural controls for the purchase of investments (See Attachment B). Significant internal control structure policies and procedures are beyond the scope of this policy. The Director of Finance shall comply with the City's Internal Control Policies and Procedures at all times.

## **VIII. Diversification**

The City will diversify use of investment types and issuers to avoid incurring unreasonable risks inherent in over-investment in specific instruments, individual issuers or maturities.

The investment portfolio shall not exceed the following guidelines without prior approval of the City Manager:

- A. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single investment type.
- B. Investment in any one single U.S. Agency Issue shall not exceed 30% of the total investment portfolio.
- C. Commercial Paper shall not exceed more than 5% of the total investment portfolio.
- D. With the exception of U.S. Treasury securities, no more than 40% of the total investment portfolio shall be invested with a single issuer.
- E. Investment with maturities of three years shall be limited to a maximum of 20% of the total portfolio.
- F. The minimum maturity on any individual investment shall be one day (overnight). Maturities will be scheduled to meet liquidity and operating requirements.
- G. The maximum maturity for each investment and the total portfolio will be timed to maturity to meet cash flow needs established by the cash flow analysis. The maximum maturity of any individual investment shall not exceed three (3) years.
- H. The maximum dollar-weighted average maturity of the total investment portfolio is 270 days.

Maturity schedules shall be timed according to anticipated liquidity needs. Investments, from time to time, may be liquidated before maturity for cash-flow purposes. To meet these disbursement schedules, market gains or losses may be required. Any losses for early maturity liquidation should be minimized, and they should be

reported as such to the City Manager in a timely manner. Actual risk of default shall be minimized by adequate collateralization. Market risk shall be minimized by diversification of investment type and maturity.

The Director of Finance shall routinely monitor the contents of the investment portfolio, the available markets and the relative values of competing instruments, and shall adjust the investment portfolio accordingly, keeping in mind the overall objectives of the investments.

**IX. Cash Flow Analysis**

The Director of Finance will develop and maintain a comprehensive cash flow analysis for all of the City's fund types. The purposes will be to determine liquidity needs and the available funds for investing. The summarized cash flow analysis reports will be provided to the City Council and the City Manager on a quarterly basis.

**X. Authorized Investments**

The following is a list of authorized investments:

- A. Obligations issued, guaranteed, insured by, or backed by the full faith and credit of the United States or its agencies and instrumentalities (i.e. U.S. Treasury and Agency Issues).
- B. Certificates of Deposit, which are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and are secured by obligations of the United States or its agencies and instrumentalities, that have a market value of not less than the principal amount of the certificates.
- C. Fully collateralized repurchase agreements that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities. The securities purchased by the City must be pledged to the City, held in the City's name and deposited at the time the investment is made with the City's custodial bank. Repurchase agreements can only be placed through primary government securities dealers or financial institutions doing business in Texas. The maximum term for repurchase agreements is ninety (90) days from the date the reverse security repurchase agreement is delivered and securities held as collateral must not mature later than the agreement's expiration date.
- D. Commercial paper with a stated maturity of 270 days or less from the date of issuance. Must be rated not less than A-1 or P-1, or an equivalent, by at least two nationally recognized credit rating agencies or rated by one credit rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank.
- E. Investment pools that are authorized by Council, invest only in investments approved by the Public Funds Investment Act, have an advisory board and are continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating agency. Investment pools must provide an offering circular, investment transaction confirmations, and monthly reports.
- F. S.E.C. registered no-load money market mutual funds that have a dollar-weighted average stated maturity of ninety (90) days or less and include in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

An investment that requires a minimum rating under this policy does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Director of Finance will take all prudent measures that are consistent with this policy to liquidate an investment that does not have the minimum rating; however, the Director of Finance will not be required to liquidate investments that were authorized investments at the time of purchase.

The Director of Finance is specifically prohibited from investing in:

- A. Structured notes, investments with inverse-floaters, collateralized mortgage obligations, or any other form of derivatives;
- B. Any investment not authorized by this Policy or the Public Funds Investment Act;
- C. Any instrument for which there would not be a ready market for immediate resale;
- D. Any investment pool in which the City would own more than 20% of the market value of the pool;
- E. Highly sophisticated investments not freely conducted in the marketplace e.g., derivatives; and
- F. Any one mutual fund in which the City would own more than 10% of the total assets of the mutual fund.

The Director of Finance is also specifically prohibited from borrowing funds for the purpose of reinvesting the funds to leverage return.

#### **XI. Eligible Institutions**

The following financial institutions are eligible for consideration for investment transactions by the Director of Finance:

- A. State or national banks domiciled in the State of Texas.
- B. Savings banks domiciled in the State of Texas.
- C. State or federal credit unions domiciled in the State of Texas.
- D. Brokers approved and designated as primary dealers by the Federal Reserve Bank of New York.
- E. Secondary or regional brokers who meet the following requirements:
  - 1. National Association of Security Dealers certified;
  - 2. Carry Texas State Registration;
  - 3. Have net capital of \$1 million or more for Delivery Versus Payment investment transactions or net capital of \$50 million or more for Repurchase Agreement transactions; and
  - 4. Have at least five (5) years of operation.
- F. Local government investment pools, i.e. Texpool, TexSTAR, etc.
- G. S.E.C. registered money market mutual funds.

Due to possible conflicts of interest, we feel that it is in the best interest of the City for the City's depository to be ineligible for quote-qualified investment transactions. Other routine investment transactions, not covered in the scope of this policy such as sweep accounts, certificates of deposit, and float interest earnings, would be allowed with the City's depository.

A written copy of the City's investment policy shall be presented to any financial institution offering to engage in an investment transaction with the City. The qualified representative of the financial institution offering to engage in an investment transaction with the City shall execute an Investment Policy Certification substantially to the effect that the financial institution has:

- A. Received and reviewed the City's investment policy; and



- B. Acknowledged that the financial institution has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the institution that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

A list of individual qualified institutions authorized to engage in investment transactions with the City shall, at least annually, be reviewed, revised, and adopted by the City Council. (See Attachment C)

All broker/dealers will have on file, with the City, Trading Authorization Agreements.

## **XII. Security Purchases/Trades**

The City will purchase securities on an "as needed" basis only. The City will determine investment requirements based on cash flow analysis and current cash positions. The City will evaluate all bids given for determination of the securities best suited for the City's requirements.

Security selections and term will be determined in accordance with, (1) safety of principal, (2) cash flow needs, (3) investment type as a percentage of total investment portfolio and (4) yield.

Brokers/dealers are not encouraged to contact the City on currently available securities that the broker/dealers believe are items of interest to the City.

All securities placed will be solicited from no less than three qualified institutions. The Treasury Manager will obtain the quotes and get approval from the Director of Finance or a designated deputy prior to making any investment decision. All security purchases and trades conducted through the City will be settled with the City's third party custodial bank. The use of Delivery versus Payment (DVP) for investment transactions/purchases, except with investment pools and money market mutual funds, will be continually used by the Director of Finance at the City's third party custodian bank.

The Director of Finance, Assistant Director of Finance, Treasury Manager, Senior Accountant, City Manager, and City Secretary are the only individuals authorized to wire funds for the City. Dual authorization shall be used for all nonrepetitive wire transfers.

The City must approve any Substitution of securities on repurchase agreements. The City will only enter repurchase agreements under the terms of the Public Securities Agreement (PSA) – Master Repurchase Agreement format.

## **XIII. Collateralization Requirements**

Consistent with the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, the City will require full collateralization of all deposits with depository institutions. In order to anticipate market changes and provide a level of security, the collateralization level will be 102% of market value of principal and accrued interest on the deposits less the amount insured by the Federal Deposit Insurance Corporation. Securities pledged as collateral shall be held in the City's name by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership must be supplied to the City for retention. The City must approve any release and/or substitution of collateral before such action is taken. Collateral shall be reviewed daily to assure that the market value of the securities pledged equals or exceeds the related deposit.

Securities authorized by the Public Funds Collateral Act are acceptable for collateralization purposes.

Private insurance coverage is not an acceptable collateralization form.

**XIV. Investment Training**

The Director of Finance and designated deputies shall attend:

- A. At least one training session relating to the Director of Finance or designated deputies' responsibilities within 12 months after taking office or assuming duties.
- B. Investment training sessions not less than once in a two year period and receive not less than ten (10) hours of instruction relating to investment responsibilities.

Training must include education in investment controls, security risks, strategy risks, market risks, diversification of the investment portfolio, and compliance with the Public Funds Investment Act.

All training shall be from an independent source on the list of approved training seminar sponsors. (See Attachment D)

**XV. Conclusion**

The Director of Finance and designated deputies will adhere to the investment policy in all investment decisions of the City. The Director of Finance will provide quarterly written reports to the City Manager and City Council on the investment activity of the City's investment portfolio.

All current investment activity, which does not comply with the above stated policy, will be allowed to mature, and all future investment activity will be negotiated under the terms of the stated policy.

In conjunction with the annual financial audit, a compliance audit will be performed on management controls and adherence to this policy.

An annual review of the Investment Policy and Strategy will be conducted by the Director of Finance. The Investment Policy and Strategy, with any changes, will then be presented for the City Council to review. Formal adoption of the Investment Policy and Strategy will be documented in the minutes of the City Council meeting and the adopting ordinance.

**INVESTMENT STRATEGY –*****Attachment A***

The investment strategy of the City of Temple, Texas, is adopted to provide investment guidelines that will minimize the risk of loss. In order to make effective use of the City's resources, all monies shall be pooled into one fund, except for those monies required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts or City policy. Investment priorities (in order of importance) are as follows:

- A. Suitability – Any investment allowed by the Investment Policy is suitable. Maturity schedules shall be timed according to anticipated needs.
- B. Safety of Principal – All investments should be of high quality with no perceived default risk.
- C. Liquidity – Local government investment pools and mutual funds shall provide daily liquidity. Fixed maturity investments shall provide liquidity as required by anticipated needs.
- D. Marketability – Investments should have an active and efficient secondary market to enable the City to liquidate investments prior to the maturity for unanticipated cash requirements.
- E. Diversification – The City will diversify use of security types, issuers and maturities. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio shall be invested in a single security type. With the exception of U.S. Treasury securities, no more than 40% of the total investment portfolio shall be invested with a single issuer. Maturity schedules shall be timed according to anticipated liquidity needs. The maximum dollar-weight average maturity is 270 days.
- F. Yield – The City's investment strategy is conservative. The benchmark used by the Director of Finance to determine whether market yields are being achieved shall be the 90-day T-bill rate.

**INVESTMENT PURCHASING PROCEDURAL CONTROLS –*****Attachment B***

- A. Director of Finance, or designated deputy, and Treasury Manager shall analyze cash flow and determine specific cash flow needs of the City before any current securities mature or any new money is invested.
- B. Director of Finance and Treasury Manager agree to type of security (as allowed or as authorized by law, contract, or investment policy), denominations, and duration.
- C. Treasury Manager
  - Obtains three (3) net quotes for securities from authorized brokers listed on Attachment C;
  - Prepares quote listing with relevant information from the offerers;
  - Submits quote listing with recommendation for best responsible net offerer to Director of Finance or designated deputy;
  - Director of Finance or designated deputy approves best responsible net offerer; and
  - Contacts selected offerer with instructions to buy.
- D. Broker faxes or calls Treasury Manager with details of the purchase (disc, etc.).
- E. Treasury Manager contacts safekeeping with details, and faxes copy of CUSIP to safekeeping for security verification.
- F. Safekeeping compares CUSIP to delivered securities to initiate payment. The purchase of individual securities shall be executed "delivery versus payment" (DVP) through the Federal Reserve System. By so doing, City funds are not released until the City has received, through the Federal Reserve wire, the securities purchased.

- G. A letter is prepared with Director of Finance and Treasury Manager's signature stating all details of the purchase, and is sent to the broker.
- H. The broker must verify the letter for understanding and correctness of securities purchased, sign it, and return it to the City of Temple.
- I. The investment portfolio and cash flow documents are updated to reflect security transactions. The Treasury Manager reconciles the investment portfolio with the general ledger daily. The reconciliation is reviewed and approved by the Assistant Director of Finance.
- J. Safekeeping receipts are received by a Finance employee who is independent from the initiating or approval of the purchase, and are verified with the Daily Balance Report; if correct, the receipts are filed for documentation upon arrival.

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### **LIST OF QUALIFIED INSTITUTIONS –**

*Attachment C*

A list of institutions that are authorized to engage in investment transactions with the City shall, at least annually, be reviewed, revised, and adopted. The following institutions, listed by type, are authorized for use by the Investment Officer:

#### **Brokers/Dealers:**

Duncan Williams  
First Southwest Company  
Frost National Bank  
Great Pacific Securities  
Seattle Northwest Securities  
Simmons First National Bank  
Vining-Sparks IBG  
Wachovia Securities Financial Network  
Zions First National Bank

#### **Local government investment pools:**

Texpool  
TexSTAR  
CLASS by MBIA Municipals Investors Service Cooperation

This list shall be revised when necessary throughout the year to account for additions and deletions.

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### **TRAINING SEMINAR SPONSORS –**

*Attachment D*

All investment training shall be from an independent source approved by the City Council. The following sponsors are hereby approved:

- A. Government Finance Officer's Association (GFOA);
- B. Texas Society of Certified Public Accountants (TSCPA);
- C. Texas Municipal League (TML);
- D. Government Treasurer's Organization of Texas (GTOT);
- E. Sponsors approved by the TSCPA and GFOA, GFOAT, GTOT, to provide CPE credits; or
- F. Other sponsors approved on an individual basis by the Director of Finance.

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, RATIFYING THE PROPERTY TAX INCREASE REFLECTED IN THE BUDGET, AND ADOPTING THE CITY BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2008, AND CLOSING SEPTEMBER 30, 2009, INCLUDING THE FOLLOWING COMPONENTS: OPERATING BUDGET FOR 2008-2009, FISCAL AND BUDGETARY POLICY STATEMENT, INVESTMENT POLICY; AND EMPLOYEE PAY SCHEDULES; AND PROVIDING AN OPEN MEETINGS CLAUSE.

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**Whereas**, after notice and a public hearing has been held as required by law and after considering the comments of the public at such public hearing, the City Council desires to adopt the budget for the fiscal year 2008-2009, the Fiscal and Investment Policies, and employee pay schedules; and

**Whereas**, the proposed budget will require raising more revenue from property taxes than in the previous year;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:**

**Part 1:** The City Council ratifies the property tax increase reflected in the budget.

**Part 2:** The first public hearing was held on August 7, 2008, at 5:00 p.m., and after the conclusion of the public hearing held at 5:00 p.m. on the 28<sup>th</sup> day of August, 2008, the budget for the City of Temple for the fiscal year beginning October 1, 2008, and closing September 30, 2009, together with the changes and amendments adopted by the City Council, attached hereto and made a part hereof as Exhibit A, is hereby adopted and approved.

**Part 3:** The City Council adopts the Fiscal and Budgetary Policy Statement and the Investment Policy, attached hereto as Exhibits B and C, respectively.

**Part 4:** The City Council adopts the General Government pay schedule, Council Appointed Pay Schedule, Civil Service – Police Pay Schedule, and Civil Service – Fire Pay Schedule, attached hereto as Exhibit D, and the Summary Budget Adjustment for the ECI Adjustment, attached hereto as Exhibit E.

**Part 5:** It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED on this the 28<sup>th</sup> day of August, 2008.

THE CITY OF TEMPLE, TEXAS

\_\_\_\_\_  
WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Clydette Entzminger  
City Secretary

\_\_\_\_\_  
Jonathan Graham  
City Attorney



## COUNCIL AGENDA ITEM MEMORANDUM

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08/28/08  
Item #4  
Regular Agenda  
Page 1 of 2

### **DEPT./DIVISION SUBMISSION & REVIEW:**

D. Blackburn, City Manager  
Kim Foutz, Assistant City Manager

**ITEM DESCRIPTION:** Consider adopting a resolution authorizing the adoption of the 2009-2013 Capital Improvement Plan.

**STAFF RECOMMENDATION:** Adopt resolution as presented in item description.

**ITEM SUMMARY:** As part of the of City's annual budget process, the City Manager prepares and presents a multi-year Capital Improvement Plan. The Manager presented his recommended capital improvement projects in conjunction with the delivery of the Preliminary FY 2008-09 Budget on June 27, 2008. The recommended Plan funds capital projects in three ways: 1) Utility Revenue ('UR') Bonds; 2) General Obligation (GO') Bonds; and 3) Hotel/Motel Fund Balance. The FY '09 recommended plan did not include any new Certificate of Obligation projects. The total amount recommended for funding for FY 2009 is \$29,728,890.

There was also \$228,241,700 in projects recommended for future consideration, bringing the total amount of projects considered in the City Manager's process to \$257,970,590.

Subsequent to the delivery of the recommendations, the City Council has engaged in several discussions relating to the recommendations. Those discussions have yielded the 2009-2013 Capital Improvement Plan' ('Plan'). The Plan lists projects in 5 categories:

UR funded projects	\$ 15,000,000
CO funded projects	\$ 0
GO funded projects	\$ 13,995,000
Hotel/Motel	\$ 733,890
<b>Subtotal</b>	<b>\$ 29,728,890</b>
 Future Consideration projects	 \$228,241,700

It should be noted that the adoption of this Plan does not bind future City Councils. This document is intended to be a planning guide and, as such, will be used in concert with the Strategic Plan, the Comprehensive Plan, and the Budget. The Plan should be reviewed on an annual basis to ensure that it is aligned properly with the Strategic Plan, Comprehensive Plan, the Budget and current City Council priorities. The Plan could, and most likely will, be modified from time to time.

City Council changes from the City Manager's original recommendations for FY 2009 projects include:

- o \$2,700,000 was proposed for various renovations for the Mayborn Center utilizing Certificates of Obligation. Council revised program reflects \$733,899 utilizing Fund Balance.
- o Partial re-allocation of funding from wireless broadband network to police cars
- o Re-prioritized traffic signals (no change in total allocated funding)

**FISCAL IMPACT:** Proposed funding for the FY 2009 projects in the amount of \$29,728,890 is as follows:

**2009 Water and Wastewater Revenue Bonds:**

The Utility Revenue (UR) CIP includes \$15,000,000 in projects. Projects were derived from the Water and Wastewater Master Plan. The majority of the projects recommended are related to repair and renovation of our existing infrastructure. Many of the projects have some history with one or more regulatory agencies and require our attention. Sample projects include construction of Phase I of the Birdcreek Wastewater Line and South Temple Water System Improvements, water treatment plant improvements, and West Temple water and wastewater extension. Proposed water and wastewater rates were calculated to cover debt service on the FY 2009 Revenue Bonds and 'pay-as-you-go' capital improvements. The bonds are planned to be sold in the summer of 2009.

**General Obligation Bonds:**

The General Obligation (GO) Bonds were approved through an election for Public Safety projects on May 10, 2008 in the amount of \$13,995,000. Projects are consistent with the Fire Master Plan. Projects include rebuilding of Central Fire Station #1, construction of a new combined Fire Station #8/Training Center/Emergency Operations Center, and the purchase or replacement of three engines. The estimated Interest and sinking (I&S) tax rate for the bonds is 1.5 cents per \$100 valuation. The 1.5 cents will be added to the FY 2010 tax rate.

**Hotel/Motel Fund Balance:**

The Hotel/Motel Fund Balance includes renovation projects for the Mayborn Center totaling \$733,890. These improvements include: Wi-Fi, Voice/Data, kitchen upgrades, new carpet, dimmable lighting, refurbish operable walls, wall finish upgrades, re-painting, lighting, and concession stand upgrades.

**Certificates of Obligation:**

No new projects were recommended for funding utilizing Certificates of Obligation for FY 2009.

**ATTACHMENTS:**

[Resolution](#)



RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE,  
TEXAS, ADOPTING THE 2009-2013 CAPITAL IMPROVEMENT PLAN;  
AND PROVIDING AN OPEN MEETINGS CLAUSE.

---

**Whereas**, the City's Capital Improvement Plan (CIP) determines the priorities for capital expenditures and coordinates the projects selected;

**Whereas**, as part of the City's Strategic Planning process, the City Council directed the City Manager to prepare and present a multi-year capital improvement plan;

**Whereas**, the City Manager presented his recommended capital improvement projects in conjunction with the delivery of the Preliminary FY 2008-2009 budget on June 27, 2008;

**Whereas**, the City Council has had several discussions relating to the CIP since the delivery of the Preliminary FY 2008-09 Budget; and

**Whereas**, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

**Part 1:** The City Council adopts the 2009-2013 Capital Improvement Plan, incorporated herein and referred to by reference, a copy of which is on file in the Office of the City Secretary.

**Part 2:** It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **28<sup>th</sup>** day of **August**, 2008.

THE CITY OF TEMPLE, TEXAS

\_\_\_\_\_  
WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Clydette Entzminger  
City Secretary

\_\_\_\_\_  
Jonathan Graham  
City Attorney



## COUNCIL AGENDA ITEM MEMORANDUM

08/28/08  
Item #5  
Regular Agenda  
Page 1 of 2

### DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

**ITEM DESCRIPTION:** FIRST & FINAL READING – PUBLIC HEARING - Consider adopting an ordinance approving the tax roll and authorizing calculation of the amount of tax that can be determined for all real and personal property in the City for the tax year 2008, to be considered on an emergency basis.

**STAFF RECOMMENDATION:** Conduct public hearing and adopt ordinance on first and final reading as presented in item description.

**ITEM SUMMARY:** The proposed ordinance will adopt the ad valorem property tax roll certified by the Tax Appraisal District of Bell County, in the amount of **\$3,230,553,530**. The total 2008 taxable value is as follows:

Taxable Value –

	Certified Taxable Value	% of +/- from Prior Year
City of Temple	\$2,792,191,331	7.53%
Freeze Taxable*	308,304,707	19.44%
Transfer Adjustment*	98,193	0.00%
Tax Increment District	129,959,299	5.31%
Total Taxable Value	<u>\$3,230,553,530</u>	<u>8.47%</u>

**FISCAL IMPACT:** The tax levy at the proposed tax rate of \$0.5595 in the 2008-2009 fiscal year is:

	TAX RATE	TAX LEVY
General Fund (M&O)	\$0.3322	\$ 9,275,660
Debt Service (I&S)	0.2273	6,346,651
Frozen Taxes*	--	1,540,393
<b>Total</b>	<b><u>\$0.5595</u></b>	<b><u>\$17,162,704</u></b>
Tax Increment District (Reinvestment Zone No. 1)	<u>\$0.5595</u>	<u>\$ 727,122</u>

\* - Freeze taxable value plus transfer adjustment of frozen value = \$308,402,900

**ATTACHMENTS:**

2008 Certified Tax Roll  
Ordinance

# TAX APPRAISAL DISTRICT

OF  
BELL COUNTY



P.O. Box 390

Belton, Texas 76513-0390

CHIEF APPRAISER  
Marvin Hahn, RPA, RTA  
DEPUTY CHIEF APPRAISER  
Roger Chesser, RPA, RTA  
BUSINESS/FINANCIAL MANAGER  
Mary Lou David, RTC  
CHIEF ACCOUNTANT  
Vivian Mitchell, RTC  
CHIEF COLLECTIONS  
Tammy Hubrik  
CHIEF MAPPING  
Ruth Ann Shumate  
ADMINISTRATIVE ASSISTANT  
Linda Hearrell, RTA

BOARD MEMBERS  
Royce Matkin, Chairman  
Jacquelyn McLaughlin, Secretary  
DIRECTORS  
Bill Holmes  
Bill Kiewer  
Carl Bozon  
Dell Martin  
Jerry Pickle

July 21, 2008

City of Temple  
Bill Jones III, Mayor  
2 North Main, Room #103  
Temple TX 76501

Dear Mayor Jones

The enclosed information contains the certified values for the 2008 tax year for your entity. The Appraisal Review Board of Bell County certified the appraisal roll on the 18<sup>th</sup> of July 2008. The Appraisal District has certified a total freeze adjusted taxable value for your entity as \$2,922,150,630.

Sincerely

Marvin Hahn  
Chief Appraiser

MH/lh

## 2008 CERTIFIED TOTALS

Property Count: 33,082

TTE - CITY OF TEMPLE

Grand Totals

7/18/2008

2:31:58PM

Land		Value			
Homestead:		174,091,053			
Non Homestead:		253,940,149			
Ag Market:		38,440,358			
Timber Market:		0	Total Land	(+)	484,471,560
Improvement		Value			
Homestead:		1,546,061,980			
Non Homestead:		1,226,109,357	Total Improvements	(+)	2,772,191,337
Non Real		Count	Value		
Personal Property:	3,593		908,846,118		
Mineral Property:	0		0		
Autos:	1,425		11,659,375	Total Non Real	(+)
				Market Value	=
					920,505,493
					4,157,168,390
Ag		Non Exempt	Exempt		
Total Productivity Market:	38,435,084		5,294		
Ag Use:	2,402,473		312	Productivity Loss	(-)
Timber Use:	0		0	Appraised Value	=
Productivity Loss:	34,032,591		4,982		84,032,591
				Homestead Cap	(-)
				Assessed Value	=
					27,964,590
					4,095,171,209

Exemption	Count	Local	State	Total		
AB	26	59,551,498	0	59,551,498		
CH	6	673,892	0	673,892		
DP	312	3,103,082	0	3,103,082		
DV1	265	0	1,837,505	1,837,505		
DV1S	24	0	120,000	120,000		
DV2	101	0	788,089	788,089		
DV2S	8	0	60,000	60,000		
DV3	142	0	1,438,217	1,438,217		
DV3S	16	0	160,000	160,000		
DV4	484	0	5,788,989	5,788,989		
DV4S	74	0	886,861	886,861		
EX	2,318	0	447,838,918	447,838,918		
EX(Prorated)	7	0	83,124	83,124		
EX366	87	0	18,023	18,023		
HS	12,404	285,948,671	0	285,948,671		
OV65	4,096	40,644,292	0	40,644,292		
OV65S	186	1,855,633	0	1,855,633		
PC	32	14,020,885	0	14,020,885	Total Exemptions	(-)
						864,617,679
					Net Taxable	=
						3,230,553,530

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count		
DP	20,941,612	13,408,907	67,046.40	67,516.16	280		
OV65	428,661,844	294,895,800	1,473,347.24	1,486,958.50	4,058		
Total	449,623,456	308,304,707	1,540,392.64	1,554,474.66	4,338	Freeze Taxable	(-)
							308,304,707
					Tax Rate	0.568100	

Transfer	Assessed	Taxable	Post % Taxable	Adjustment	Count		
OV65	2,046,293	1,513,923	1,415,730	98,193	14		
Total	2,046,293	1,513,923	1,415,730	98,193	14	Transfer Adjustment	(-)
							98,193

Bell County

## 2008 CERTIFIED TOTALS

As of Certification

Property Count: 33,082

TTE - CITY OF TEMPLE  
Grand Totals

7/18/2008 2:31:58PM

Freeze Adjusted Taxable = 2,922,150.630

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE \* (TAX RATE / 100)) + ACTUAL TAX  
 $18,141,130.37 = 2,922,150.630 * (0.568100 / 100) + 1,540,392.64$

Tif Zone Code	Tax Increment Loss
TETIF1	129,959,299
Tax Increment Finance Value:	129,959,299
Tax Increment Finance Levy:	739,298.78

**2008 CERTIFIED TOTALS**

Property Count: 33,082

TTE - CITY OF TEMPLE  
Grand Totals

7/18/2008

2:32:25PM

**State Category Breakdown**

State Code	Description	Count	Acres	New Value Market	Market Value
A	SINGLE FAMILY RESIDENCE	17,364		\$65,515,760	\$1,824,744,712
B	MULTIFAMILY RESIDENCE	589		\$7,192,674	\$179,352,539
C	VACANT LOT	3,165		\$0	\$51,834,683
D1	QUALIFIED AG LAND	565	14,788.7047	\$0	\$36,436,064
D2	NON-QUALIFIED LAND	324	3,815.2510	\$0	\$15,315,671
E	FARM OR RANCH IMPROVEMENT	243		\$340,860	\$24,039,756
F1	COMMERCIAL REAL PROPERTY	1,715		\$43,397,118	\$483,075,888
F2	INDUSTRIAL REAL PROPERTY	124		\$7,332,090	\$157,303,842
J1	WATER SYSTEMS	2		\$0	\$40,576
J2	GAS DISTRIBUTION SYSTEM	7		\$241,100	\$3,096,559
J3	ELECTRIC COMPANY (INCLUDING CO-OP)	28		\$0	\$48,965,197
J4	TELEPHONE COMPANY (INCLUDING CO-O	10		\$0	\$16,763,730
J5	RAILROAD	38		\$0	\$17,190,789
J6	PIPELAND COMPANY	22		\$0	\$623,350
J7	CABLE TELEVISION COMPANY	3		\$0	\$7,439,280
L1	COMMERCIAL PERSONAL PROPERTY	4,307		\$13,998,906	\$336,938,696
L2	INDUSTRIAL PERSONAL PROPERTY	324		\$0	\$453,652,117
M1	TANGIBLE OTHER PERSONAL, MOBILE H	426		\$105,022	\$4,076,395
O	RESIDENTIAL INVENTORY	1,576		\$5,407,129	\$24,461,171
S	SPECIAL INVENTORY TAX	62		\$0	\$23,287,365
X	TOTALLY EXEMPT PROPERTY	2,411		\$2,437,462	\$448,530,833
		<b>Totals</b>	<b>18,403.9557</b>	<b>\$146,967,921</b>	<b>\$4,157,168,390</b>

Bell County

**2008 CERTIFIED TOTALS**

As of Certification

Property Count: 33,082

TTE - CITY OF TEMPLE  
Effective Rate Assumption

7/18/2008

2:32:25PM

**New Value**TOTAL NEW VALUE MARKET:  
TOTAL NEW VALUE TAXABLE:\$146,967,921  
\$128,518,459**New Exemptions**

Exemption	Description	Count	2007 Market Value	Exemption Amount
EX	TOTAL EXEMPTION	124		\$2,421,741
ABSOLUTE EXEMPTIONS VALUE LOSS				\$2,421,741

Exemption	Description	Count	Exemption Amount
DP	DISABILITY	29	\$290,000
DV1	DISABLED VET	24	\$134,000
DV2	DISABLED VET	19	\$147,000
DV2S	DISABLED VET	1	\$7,500
DV3	DISABLED VET	25	\$258,000
DV4	DISABLED VET	28	\$336,000
DV4S	DISABLED VET	8	\$94,861
HS	HOMESTEAD	900	\$23,968,066
OV65	OVER 65	161	\$1,610,000
OV65S	OVER 65 Surviving Spouse	1	\$10,000
PARTIAL EXEMPTIONS VALUE LOSS			\$26,855,426
TOTAL EXEMPTIONS VALUE LOSS			\$29,277,167

**New Ag / Timber Exemptions****New Annexations**

Count	Market Value	Taxable Value
5	\$271,378	\$56,624

**New Deannexations**

Count	Market Value	Taxable Value
3	\$36,104	\$21,104

**Average Homestead Value****Category A and E**

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
12,223	\$116,877	\$25,639	\$91,038

**Category A Only**

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
12,097	\$116,272	\$25,518	\$90,754

**Lower Value Used**

Count of Protested Properties	Total Market Value	Total Value Used
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ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, APPROVING THE TAX ROLL AND AUTHORIZING THE AMOUNT OF TAX THAT CAN BE DETERMINED AS A PRELUDE TO ADOPTING A TAX RATE FOR ALL REAL AND PERSONAL PROPERTY IN THE CITY OF TEMPLE, TEXAS, FOR THE TAX YEAR 2008; AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS AS MAY BE REQUIRED BY THE TAX APPRAISAL DISTRICT OF BELL COUNTY; PROVIDING AN EFFECTIVE DATE; PROVIDING A SEVERABILITY CLAUSE; DECLARING FINDINGS OF FACT; PROVIDING AN OPEN MEETINGS CLAUSE; AND DECLARING AN EMERGENCY.

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WHEREAS, the Chief Appraiser has determined the total appraised value, the total assessed value, and the total taxable value of property taxable within the City of Temple, Texas, in order to submit the Tax Appraisal Roll to the City Council as required by Article 26.04 of the Property Tax Code;

WHEREAS, the Chief Appraiser has presented evidence that in order to verify all calculations of the Tax Appraisal District of Bell County and to fully comply with the legal requirements of the City Charter and State law, that August 28, 2008, is the date that is as soon as practicable after August 1, 2008, to present the Tax Appraisal Roll to the City Council, and the City Council after a public hearing has determined this to be true; and

WHEREAS, the City Council desires to approve the Tax Roll for tax year 2008 and to authorize calculation of the amount of tax that can be determined as a prerequisite to adopting the tax rate for the tax year 2008 as submitted by the Tax Appraisal District of Bell County.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS:

**Part 1:** The City Council approves the Tax Appraisal Roll, as previously submitted by the Tax Appraisal District of Bell County, showing the total taxable assessed value of all real and personal property within the limits of the City of Temple, Texas, at **\$3,230,553,530** more particularly shown on the attached Exhibit A, which is made a part of this ordinance for all purposes as if written word for word herein, and authorizing assessment at 100% of market value.

**Part 2:** The City Council authorizes the Mayor of the City of Temple, Texas, to execute all documents as may be required to calculate the amount of tax that can be determined as a prelude to adopting the tax rate for the tax year 2008 for the City of Temple, Texas, as may be required by the Tax Appraisal District of Bell County.

**Part 3:** The declarations, determinations, and findings declared, made and found in the preamble of this ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

**Part 4:** This ordinance shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Temple, Texas.

**Part 5:** If any provision of this ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

**Part 6:** It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

**Part 7:** The fact that the tax roll must be approved prior to the start of the 2008-2009 fiscal year and in conjunction with the adoption of a tax rate creates an emergency and an urgent public necessity requiring the suspension of the charter rule which requires that all ordinances be passed on two separate readings and such rule is hereby suspended and this ordinance is finally passed on the date of its introduction as an emergency ordinance.

PASSED AND APPROVED On First and Final Reading on this the **28<sup>th</sup>** day of **August**, 2008.

THE CITY OF TEMPLE, TEXAS

\_\_\_\_\_  
WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Clydetta Entzminger  
City Secretary

\_\_\_\_\_  
Jonathan Graham  
City Attorney



## COUNCIL AGENDA ITEM MEMORANDUM

08/28/08  
Item #6  
Regular Agenda  
Page 1 of 3

### DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

**ITEM DESCRIPTION:** FIRST & FINAL READING - PUBLIC HEARING - Consider adopting an ordinance levying taxes and setting a tax rate for the City for the tax year 2008, making the appropriation for the regular operation of the City, to be considered on an emergency basis.

**STAFF RECOMMENDATION:** Conduct public hearing and adopt ordinance on first and final reading as presented in item description.

**ITEM SUMMARY :** The Fiscal 2008-2009 budget will require adoption of a property tax rate of \$0.5595 per \$100 of taxable assessed property value. The proposed tax rate will generate \$15,622,311 of property tax levy when applied to an ad valorem tax base of \$3,100,594,231 less \$308,402,900 of freeze taxable value. In addition, there will be \$1,540,393 in frozen tax levy for a total property tax levy of \$17,162,704. The proposed tax rate of \$0.5595 is a \$0.0086 decrease over last year's tax rate of \$0.5681 and represents a 2.98% increase over the effective tax rate of \$0.5433.

The fiscal year 2008-2009 tax rate is comprised of the Maintenance and Operation rate and the Debt Service rate. These two components are as follows:

TAX RATE			TAX LEVY		
	FY 2009	FY 2008		FY 2009	FY 2008
Maintenance & Operations	\$ 0.3322	\$ 0.3392	Maintenance & Operations	\$ 9,275,660	\$ 8,807,749
Debt Service	0.2273	0.2289	Debt Service	6,346,651	5,943,672
	--	--	Frozen Taxes*	1,540,393	1,337,905
Total Tax Rate	<u>\$ 0.5595</u>	<u>\$ 0.5681</u>	Total Tax Levy	<u>\$ 17,162,704</u>	<u>\$ 16,089,326</u>
Tax Increment District (Reinvestment Zone No. 1)			Tax Increment District (Reinvestment Zone No. 1)		
Total Tax Rate	<u>\$ 0.5595</u>	<u>\$ 0.5681</u>	Total Tax Levy	<u>\$ 727,122</u>	<u>\$ 701,066</u>

\* - Frozen value = \$308,402,900

The residential homestead exemption for property owners is \$5,000 or 20% of the assessed value whichever is greater. In addition to the homestead exemption, property owners 65 years of age or older will continue to receive an additional \$10,000 exemption and all disabled individual property owners will receive an exemption of \$10,000 in accordance with Texas Tax Code Section 11.13.

The ad valorem tax freeze on the residence homestead of a person who is disabled or sixty-five (65) years of age or older (as approved in an election held in the City of Temple on May 7, 2005) applies to Tax Year 2006 (FY 2007). The amount of the qualifying homeowners tax ceiling was determined on the Tax Year 2005 (FY 2006). Future city taxes on that homestead cannot exceed the 2005 tax amount (but may be less). The tax limitation, however, may be adjusted higher for an increase in improvements to the homestead, other than repairs and those improvements made to comply with governmental regulations.

The motion to adopt an ordinance setting a tax rate that exceeds the effective tax rate must be made in the following form: **"I move that property taxes be increased by the adoption of a tax rate of 55.95 cents per \$100 valuation."**

The second motion is as follows: **"I move that the ordinance setting the 2008-2009 tax rate for the City of Temple be adopted."**

Pursuant to Section 11.20 of the City Charter, all taxpayers shall be allowed discounts for the payment of taxes due to the City if such taxes are paid in the year for which such taxes are due as follows: 3% in October; 2% in November; and 1% in December.

#### **FISCAL IMPACT:**

##### **Example 1 – Annual Property Tax - \$100,000 Taxable Value:**

With the proposed tax rate of 55.95 cents per \$100 valuation, the cost to a homeowner with a taxable value of \$100,000 would be an annual savings of \$8.60 if there was no change in taxable value from the prior year. If a homeowner with a taxable value of \$100,000 in 2008 experienced an increase in taxable value of 4.92% (average increase in appraised value), the annual property tax would increase by \$18.93.

##### **Example 2 – Annual Property Tax – Average Taxable Value for City of Temple:**

The preceding tax year's average taxable value for of a residence homestead in Temple is \$85,865. In the current tax year, the average taxable value of a residence homestead in Temple is \$91,038. With the proposed tax rate of 55.95 cents per \$100 valuation, there would be an annual increase of \$21.56 in taxes.

**ATTACHMENTS:**

Assessed Value of Taxable Property  
Comparison of Taxes  
Tax Rate FY 2000-2009  
Ordinance

**CITY OF TEMPLE, TEXAS**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

<u>Fiscal Year Ending September 30,</u>	<u>Taxable Property Valuation <sup>(3)</sup></u>	<u>Percent (%) Increase (Decrease)</u>
2000	\$1,882,231,429	3.49%
2001	1,927,421,579	2.40%
2002	1,971,358,175	2.28%
2003	2,081,235,886	5.57%
2004	2,152,111,633	3.41%
2005	2,307,589,214	7.22%
2006	2,441,277,465	5.79%
2007	2,622,803,439 <sup>(2)</sup>	7.44%
2008	2,854,755,588 <sup>(2)</sup>	8.84%
<b>2009</b>	<b>3,100,594,231 <sup>(1)</sup></b>	<b>8.61%</b>

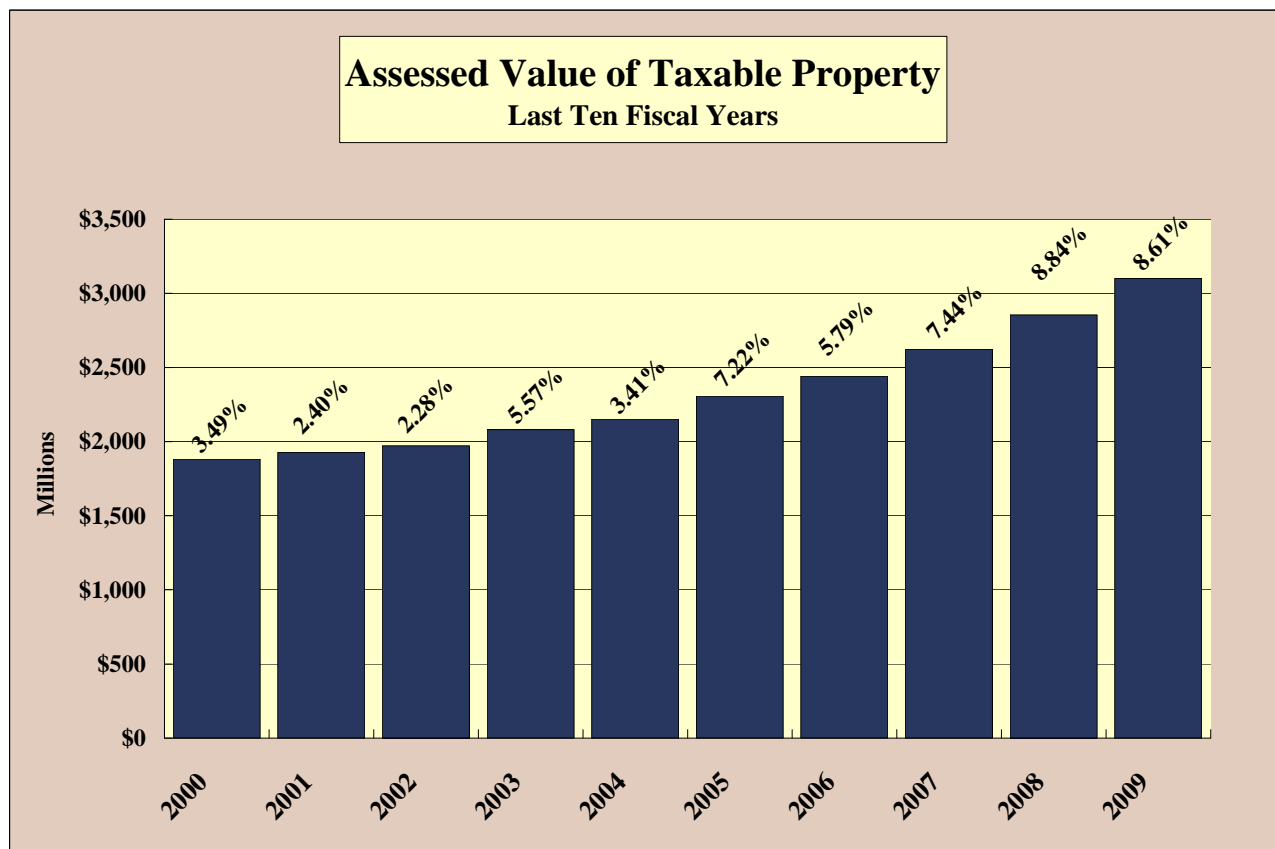
<b>Average Annual Increase</b>	<b>5.51%</b>
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<sup>(1)</sup> **Source Document:** Tax Appraisal District of Bell County - Certified Tax Roll - July 21, 2008

Net taxable value not adjusted for frozen values - frozen levy \$1,540,393

<sup>(2)</sup> Net taxable value not adjusted for frozen values

<sup>(3)</sup> Excludes amount applicable to the Tax Increment District (Reinvestment Zone No. 1)



CITY OF TEMPLE, TEXAS  
ANALYSIS OF TAX RATE

		PROPOSED			%
	FY	FY	Increase	Effective	FY 2009
	2008	2009	(Decrease)	Tax Rate	> EFT

Proposed Tax Rate

M&O (Maintenance & Operation)	\$ 0.3392	\$ 0.3322	\$ (0.0070)		
I&S (Interest & Sinking - Debt)	0.2289	0.2273	(0.0016)		
	<u>\$ 0.5681</u>	<u>\$ 0.5595</u>	<u>\$ (0.0086)</u>	<u>\$ 0.5433</u>	<u>2.98%</u>

# CITY OF TEMPLE, TEXAS

## ADOPTED TAX RATE VS. EFFECTIVE TAX RATE

Fiscal Year	Adopted Tax Rate			Effective Tax Rate	Increase in Adopted Rate over Effective Tax Rate	
	I & S	M & O	Total		\$	%
2000	\$0.2302	\$0.3270	\$0.5572	\$0.5404	\$0.0168	3.11%
2001	0.2402	0.3520	0.5922	0.5518	0.0404	7.32%
2002	0.2445	0.3520	0.5965	0.5792	0.0173	2.99%
2003	0.2620	0.3273	0.5893	0.5722	0.0171	2.99%
2004	0.2537	0.3510	0.6047	0.5972	0.0075	1.26%
2005	0.2349	0.3674	0.6023	0.5731	0.0292	5.10%
2006	0.2199	0.3546	0.5745	0.5579	0.0166	2.98%
2007	0.2339	0.3395	0.5734	0.5568	0.0166	2.98%
2008	0.2289	0.3392	0.5681	0.5516	0.0165	2.99%
<b>2009*</b>	<b>0.2273</b>	<b>0.3322</b>	<b>0.5595</b>	<b>0.5433</b>	<b>0.0162</b>	<b>2.98%</b>

\* PROPOSED tax rate



ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, LEVYING TAXES AND SETTING A TAX RATE FOR THE CITY OF TEMPLE FOR THE TAX YEAR 2008, MAKING APPROPRIATIONS FOR THE REGULAR OPERATION OF THE CITY AND FOR THE OPERATION OF ITS WATER AND SEWER SYSTEMS; DECLARING FINDINGS OF FACT; PROVIDING AN EFFECTIVE DATE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN OPEN MEETINGS CLAUSE; AND DECLARING AN EMERGENCY.

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WHEREAS, the City Council held a public hearing on the proposed FY 2008-2009 budget on August 7, 2008, and at that meeting discussed the tax rate and took a record vote to set the meeting for adoption of the proposed tax rate of \$0.5595 per \$100 valuation for August 28, 2008;

WHEREAS, the City Council also took a record vote at the August 7, 2008, City Council meeting to set the public hearings on the proposed tax rate of \$0.5595 per \$100 valuation for August 15, 2008, special meeting and August 21, 2008, regular meeting;

WHEREAS, the City Council did hold the two public hearings on the proposed tax rate for tax year 2008 as scheduled;

WHEREAS, at each public hearing the City Council did announce the 28<sup>th</sup> day of August, 2008, at 5:00 p.m. as the date and time for a vote on the proposed tax rate;

WHEREAS, the City Council did set and announce the 28<sup>th</sup> day of August, 2008, at 5:00 p.m. as the date and time for a public hearing on the proposed budget for the fiscal year beginning October 1, 2008, and ending September 30, 2009, and in accordance with the City Charter requirements, notice was published in the TEMPLE DAILY TELEGRAM that the hearing on the proposed budget would be held on the 28<sup>th</sup> day of August, 2008, at 5:00 p.m.;

WHEREAS, the City Council did consider and adopt the City Budget for the fiscal year beginning October 1, 2008, and ending September 30, 2009; and

WHEREAS, the City Council did approve the tax appraisal roll and authorize the collection of the total amount of tax that can be determined for the tax year 2008 and wishes to establish the tax rate on \$100 valuation of all property; real, personal, and mixed, subject to taxation for that tax year that would result in a tax rate of \$0.5595 per \$100 of assessed property valuation.

**Part 1:** The following tax rate on \$100 valuation for the City of Temple, Texas, be and is hereby levied and adopted for the tax year 2008 as follows:

For the payment of principal and interest on  
bonds, warrants and certificates of obligation \$ 0.2273  
and other debt of this City;

Total Estimated Tax Levy (100%)	<u>\$17,162,704</u>
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**Part 2:** THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

**Part 3:** THIS TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$0.00.

**Part 4:** The Director of Finance is hereby authorized to assess and collect the taxes of the City of Temple employing the above tax rate.

**Part 5:** The *Residential Homestead Exemption* for property owners shall remain at \$5,000 or 20% of the assessed value whichever is greater. The *Over 65 Residential Homestead Exemption* shall remain at \$10,000. The *Disabled Individual Property Owners Exemption* shall be \$10,000 (as authorized by an ordinance passed by the City Council on July 3, 2003, and in accordance with Texas Tax Code Section 11.13).

**Part 6:** The ad valorem tax freeze on the residence homestead of a person who is disabled or sixty-five (65) years of age or older shall also be effective (as authorized in an

election held in the City of Temple on May 7, 2005). The amount of tax year 2005 City taxes will set the qualifying homeowners tax ceiling amount. Future City taxes on that homestead cannot exceed the tax year 2005 tax amount (but may be less). The tax limitation, however, may be adjusted higher for an increase in improvements to the homestead, other than repairs and those improvements made to comply with governmental regulations.

**Part 7:** All monies on hand on the 1st day of October, 2008, belonging to the City of Temple, Texas, and other than monies belonging to the credit of its Water and Sewer Departments, and all monies received by the City during the fiscal year 2008, other than monies received from operation of its Water and Sewer Department, be and are hereby appropriated for the several purposes other than its water and sewer systems and in the respective amounts set forth in the budget adopted by the City Council on the 28<sup>th</sup> day of August, 2008.

**Part 8:** Any funds needed for carrying out the budget shall be financed by deficiency warrants, and authority is hereby given to the City Manager and the Mayor to issue deficiency warrants, if necessary, to defray the current expenses for the City during the ensuing fiscal year in such amounts and at such times as shall be necessary in the judgment of the City Council.

**Part 9:** The declarations, determinations, and findings declared, made and found in the preamble of this ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

**Part 10:** This ordinance shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Temple, Texas.

**Part 11:** If any provision of this ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not effect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

**Part 12:** It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

**Part 13:** The fact that it is necessary to immediately prepare 2008 tax statements and billings, creates an emergency and imperative necessity which authorize and require that all Charter provisions, ordinances, and rules commanding the reading of ordinances on two separate regular meetings of the City Council, and prohibiting the passage of an ordinance on the date of its introduction be suspended and they are hereby suspended, and this ordinance is

hereby passed as an emergency ordinance on the date of its introduction and shall be in effect from and after its adoption.

PASSED AND APPROVED On First and Final Reading on this the **28<sup>th</sup>** day of **August**, 2008.

THE CITY OF TEMPLE, TEXAS

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WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

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Clydette Entzminger  
City Secretary

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Jonathan Graham  
City Attorney



## COUNCIL AGENDA ITEM MEMORANDUM

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08/28/08  
Item #7  
Consent Agenda  
Page 1 of 1

### **DEPT./DIVISION SUBMISSION & REVIEW:**

Amy M. House, Director of Human Resources

**ITEM DESCRIPTION:** Consider adopting a resolution funding the rates for medical/prescription insurance and dental insurance for employees and under age 65 retirees, as well as, Life Insurance, Accidental Death & Dismemberment Insurance and Long Term Disability Insurance.

**STAFF RECOMMENDATION:** Adopt resolution as presented in item description.

**ITEM SUMMARY:** At their meeting on July 24, 2008, the trustees of the City of Temple Employee Benefits Trust agreed to purchase insurance contracts from Scott & White Health Plan and Met Life for medical/prescription insurance and dental insurance for employees and under age 65 retirees. The City must now, with the adoption of the budget, fund the cost of those benefits and other benefits previously awarded in addition to allowing for the biweekly transfer of contributions made by the City and by employees/retirees to the trust.

**FISCAL IMPACT:** Funding of the contracts awarded by the Trust reflects a decrease in costs from current year.

Budgeted FY08-09 amount:	\$1,751,020 for medical/prescription insurance for employees
	\$ 64,785 for dental insurance for employees
	\$ 135,450 for medical/prescription and dental insurance for retirees < age 65
	\$ 43,154 for life insurance for employees
	\$ 8,302 for ad&d insurance for employees
	\$ 63,017 for long term disability insurance for employees

### **ATTACHMENTS:**

[Resolution](#)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, APPROVING FUNDING OF THE RATES FOR MEDICAL/PRESCRIPTION INSURANCE AND DENTAL INSURANCE FOR EMPLOYEES AND UNDER AGE 65 RETIREES AND THE BIWEEKLY TRANSFER OF THE CITY'S EMPLOYEES' AND RETIREES' CONTRIBUTIONS TO THE TRUST FOR THE PAYMENT OF BENEFITS PURCHASED BY THE CITY OF TEMPLE EMPLOYEE BENEFIT TRUST; AND PROVIDING AN OPEN MEETINGS CLAUSE.

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**Whereas**, at their meeting on July 24, 2008, the trustees of the City of Temple Employee Benefits Trust agreed to purchase insurance contracts from Scott & White Health Plan and Met Life for medical/prescription insurance and dental insurance for employees and under age 65 retirees;

**Whereas**, the City must now, with the adoption of the FY2008-09 budget, fund the cost of those benefits and allow for the biweekly transfer of contributions made by the City and by employees/retirees to the trust;

**Whereas**, funding of the contracts awarded by the Trust reflects a decrease in costs from the current year and funds are budgeted in the FY2008-09 budget for this expense; and

**Whereas**, the City Council has considered the matter and deems it in the public interest to authorize this action.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:**

**Part 1:** The City Council approves funding of the rates for medical/prescription insurance and dental insurance for employees and under age 65 retirees and the biweekly transfer of the City's employees' and retirees' contributions to the trust for the payment of benefits purchased by the City of Temple Employee Benefit Trust.

**Part 2:** It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **28<sup>th</sup>** day of **August**, 2008.

THE CITY OF TEMPLE, TEXAS

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WILLIAM A. JONES, III, Mayor

ATTEST:

APPROVED AS TO FORM:

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Clydette Entzminger  
City Secretary

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Jonathan Graham  
City Attorney