

# THE COLONY, TEXAS

ANNUAL OPERATING BUDGET

FISCAL YEAR 2015/2016

**Growth**  
Just Ahead

## Annual Operating Budget for Fiscal Year 2015/2016

This budget will raise more total property taxes than last year's budget by \$2,208,000 which is a 13% increase. \$670,000 of the increased tax revenue is from new property added to the tax roll this year.

The proposed tax rate is \$.67 per \$100 valuation which is ¼ cent less than the current tax rate of \$.6725 per \$100 valuation.

### Record Vote on Tax Rate:

For: Marks, Schrag, Terre, McCourry, Wade, Boyer, and Mikulec

Against: None

### Property Tax Comparison:

	<u>2014/15</u>	<u>2015/16</u>
Adopted Tax Rate	.6725	.67
M & O	.476336	.51036
Debt Rate	.196164	.15964
Effective Rate	.66509	.64522
Rollback Rate	.681859	.689274

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## **City of The Colony Memorandum**

**To:** Mayor and City Council Members

**From:** Troy Powell, City Manager  
Tim Miller, Assistant City Manager

**Date:** September 15, 2015

**Reference:** Proposed FY 2015-2016 Budget

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Enclosed is the proposed budget for FY 2015-16. The purpose of this memo is to summarize significant items.

Key principles included in the budget are as follows:

- One quarter of a cent reduction in the property tax rate from .6725 to .6700 (\$67k).
- 3% increase in Water and Sewer Rates, 3<sup>rd</sup> of 5 year plan.
- Debt service costs for 11.6 million issuance in bonds to provide for residential street and alleyway reconstruction, WWTP cost increases, sewer trunk line replacement, and assorted street and utility equipment.
- Surplus operating revenues to provide for added personnel including six firefighters, two dispatch officers, fire battalion chief, street hot shot crew, and a sanitation inspector. Also, raises and assorted vehicle replacements and equipment.
- CDC Park improvements of \$1.55 million.
- Fund balances operating days will remain the same as last year's budget: General Fund 80 days; Utility Fund 60 days; and Parks 60 days.

The proposed FY 2015-16 Budget is respectfully submitted for your approval.

**GENERAL FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>TAXES</b>				
Ad Valorem Taxes				
Current Property Taxes	9,925,994	10,424,020	11,898,465	15,665,606
Rendition Penalty Revenue	2,413	3,567	2,000	2,000
Ag. Roll Back Taxes	(63,487)	2,650	2,000	2,000
Delinquent Property Tax	131,428	26,002	25,000	25,000
Penalties & Interest	68,100	40,140	50,000	40,000
<b>Total</b>	<b>10,064,448</b>	<b>10,496,379</b>	<b>11,977,465</b>	<b>15,734,606</b>
City Sales Taxes				
Sales Taxes	3,982,219	4,278,859	4,600,796	5,235,000
Mixed Beverage Tax	87,095	173,815	70,000	185,000
<b>Total</b>	<b>4,069,314</b>	<b>4,452,674</b>	<b>4,670,796</b>	<b>5,420,000</b>
Franchise Taxes				
Electric	1,081,920	1,210,304	1,159,000	1,234,510
Natural Gas	112,108	156,042	125,000	145,000
Telephone	186,068	177,492	175,000	175,000
PEG Fees	60,843	79,167	60,000	75,000
Video Service	518,522	511,864	420,000	475,000
Sanitation-Residential	157,931	167,746	160,000	160,000
Sanitation-Commercial	88,070	112,909	89,500	100,000
<b>Total</b>	<b>2,205,462</b>	<b>2,415,524</b>	<b>2,188,500</b>	<b>2,364,510</b>
<b>TOTAL TAXES</b>	<b>16,339,224</b>	<b>17,364,577</b>	<b>18,836,761</b>	<b>23,519,116</b>
<b>LICENSES &amp; PERMITS</b>				
Building Permits-New Homes	587,306	494,055	490,000	490,000
Building Permits-Other	278,984	334,167	250,000	340,000
Commercial Permits	54,840	400,689	150,000	150,000
Certificates Of Occupancy	5,550	5,212	5,000	5,000
Zoning Fees	8,860	9,945	6,000	6,000
Fire Fees	12,668	34,452	15,000	20,000
Solicitors Permits	785	5,160	1,200	1,200
Health Permits	84,866	99,534	82,000	85,000
Platting Fees	24,423	30,169	20,000	20,000
Alcohol Permits	7,730	10,480	7,000	7,000
Code Enforcement Fees	25,937	18,231	26,000	19,000
Floodplain Development Permits	1,300		800	800
Inspection - Developer Fees		354,154		100,000
Grading Permit	1,300	12,072	1,000	1,000
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>1,094,549</b>	<b>1,808,320</b>	<b>1,054,000</b>	<b>1,245,000</b>
<b>CHARGES FOR SERVICES</b>				
Fire & Ambulance				
Ambulance Calls	368,442	389,787	325,000	355,000
Ambulance Subscription Revenue	15,000	17,061	15,000	15,000
Service Liens	39,125	31,977	15,000	15,000
County Ambulance Funds	21,237	21,090	21,000	21,000
County Fire Funds	10,000	10,000	10,000	10,000
<b>Total</b>	<b>453,804</b>	<b>469,915</b>	<b>386,000</b>	<b>416,000</b>
Library				
County Library Funds	40,500	36,740	39,750	41,000
<b>Total</b>	<b>40,500</b>	<b>36,740</b>	<b>39,750</b>	<b>41,000</b>

**GENERAL FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
Engineering Inspections				
Inspection Fees	33,072	74,944		
Total	33,072	74,944		
<b>TOTAL CHARGES FOR SERVICES</b>	<b>527,376</b>	<b>581,599</b>	<b>425,750</b>	<b>457,000</b>
<b>FINES AND FORFEITURES</b>				
Municipal Court Fines	1,167,905	1,211,987	1,120,000	900,000
Library Fees	7,673	8,400	6,000	8,400
Animal Control Fees	27,205	25,115	23,750	24,050
<b>TOTAL FINES AND FORFEITURES</b>	<b>1,202,783</b>	<b>1,245,502</b>	<b>1,149,750</b>	<b>932,450</b>
<b>INVESTMENT INCOME</b>				
Interest Income	11,457	10,195	10,000	5,000
<b>TOTAL INVESTMENT INCOME</b>	<b>11,457</b>	<b>10,195</b>	<b>10,000</b>	<b>5,000</b>
<b>GRANT REVENUES</b>				
Federal Police Grant			1,000	
Library Grant -ELOC	9,411			
LEISD Grant				50,000
LISD Grant	33,815	77,214	75,000	77,000
<b>TOTAL GRANT REVENUES</b>	<b>43,226</b>	<b>77,214</b>	<b>76,000</b>	<b>127,000</b>
<b>OTHER REVENUES</b>				
Auction Proceeds	24,656	38,042	10,000	10,000
Tower Rental Fees	251,557	257,766	251,557	250,000
Insurance Reimbursement		3,157	1,000	1,000
Miscellaneous	68,426	35,289	20,000	20,000
Police Reports	4,247	4,713	4,000	4,000
Alarm Fees	34,176	43,260	32,000	33,000
Horizon - Rentals	6,010			
Annex Lease		101,725	15,650	
<b>TOTAL OTHER REVENUES</b>	<b>389,072</b>	<b>483,952</b>	<b>334,207</b>	<b>318,000</b>
<b>TOTAL REVENUES</b>	<b>19,607,687</b>	<b>21,571,359</b>	<b>21,886,468</b>	<b>26,603,566</b>
<b>TRANSFER IN</b>				
Overhead Costs				
Transfer - CDC				
Transfer - EDC	28,000	21,250	22,715	22,715
Transfer - Storm Water Utility	168,800	168,800	250,000	250,000
Transfer - Utility Fund	1,361,231	1,914,906	2,322,406	611,500
Transfer - Utility Fund - Tribute Ad Valorem	162,259			
Transfer - Child Safety Fund	20,000	20,000	20,000	20,000
Transfer - Debt Service/Operating Surplus				
Transfer - Capital Projects		245,673		
<b>TOTAL TRANSFERS</b>	<b>1,740,290</b>	<b>2,370,629</b>	<b>2,615,121</b>	<b>904,215</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>21,347,977</b>	<b>23,941,988</b>	<b>24,501,589</b>	<b>27,507,781</b>

**GENERAL FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>EXPENDITURES</b>				
Non-Departmental	3,562,487	3,979,604	5,107,088	5,983,879
General Administration	804,798	773,718	775,445	820,960
City Council	29,289	37,738	37,805	29,322
Community Image	387,048	389,327	426,632	416,395
City Secretary	237,999	284,817	308,694	340,897
Human Resources	262,291	272,662	263,923	281,586
Finance	793,300	790,697	843,946	862,089
Information Technology	437,394	416,730	429,647	594,184
Municipal Court	362,359	374,175	374,615	409,951
Fire	5,350,137	5,508,411	5,559,920	6,131,273
Police	6,612,181	6,867,119	7,347,220	7,783,297
Library	939,424	974,439	978,108	998,495
Engineering	1,274,748	1,301,583	1,390,896	1,474,518
Facilities Maintenance	415,816	418,377	407,983	438,783
Fleet Services	502,880	512,490	532,623	686,490
2015 P&I (20yr \$21M; 10yr \$2M)			1,324,270	-
Reserved - Capital Projects			3,478,053	2,440,710
<b>TOTAL EXPENDITURES</b>	<b>21,972,151</b>	<b>22,901,882</b>	<b>29,586,868</b>	<b>29,692,829</b>
<b>TRANSFER OUT</b>				
Transfer - CVB	140,000	165,000	120,000	100,000
Transfer - Special Events	-	100,000	100,000	80,000
Transfer - KTB	20,000	20,000	20,000	20,000
Transfer - Parks Fund	2,259,884	2,289,884	2,149,884	2,208,700
<b>TOTAL TRANSFER OUT</b>	<b>2,419,884</b>	<b>2,574,884</b>	<b>2,389,884</b>	<b>2,408,700</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>24,392,035</b>	<b>25,476,766</b>	<b>31,976,752</b>	<b>32,101,529</b>
<b>OH COST ALLOCATION</b>	<b>(3,945,663)</b>	<b>(3,945,663)</b>	<b>(3,945,663)</b>	<b>(3,945,663)</b>
<b>BEGINNING FUND BALANCE</b>	<b>6,504,221</b>	<b>7,405,826</b>	<b>9,816,711</b>	<b>6,287,211</b>
<b>EXCESS/(DEFICIENCY)</b>	<b>901,605</b>	<b>2,410,885</b>	<b>(3,529,500)</b>	<b>(648,085)</b>
<b>ENDING FUND BALANCE</b>	<b>7,405,826</b>	<b>9,816,711</b>	<b>6,287,211</b>	<b>5,639,126</b>
<b>RESERVE FOR HIDDEN COVE PARK</b>	<b>(165,000)</b>	<b>(165,000)</b>	<b>(165,000)</b>	<b>(165,000)</b>
<b>UNRESERVED FUND BALANCE</b>	<b>7,240,826</b>	<b>9,651,711</b>	<b>6,122,211</b>	<b>5,474,126</b>
Working Days In Fund Balance	108	138	80	80

**PARKS FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>CHARGES FOR SERVICES</b>				
Parks & Recreation				
Recreation Program Revenue	131,848	138,195	132,000	132,000
Athletic Program Revenue	114,805	117,489	115,000	115,000
Athletic & Recreation Facility Revenue	141,452	143,006	141,000	141,000
Pass Revenue	23,487	20,546	23,000	20,000
<b>Total</b>	<b>411,592</b>	<b>419,236</b>	<b>411,000</b>	<b>408,000</b>
Aquatic Park				
Swimming Lessons	110,181	132,423	110,000	110,000
Season Passes	11,031	11,200	11,000	11,000
Swimming Team	21,086	30,907	21,000	21,000
Entrance Fees	44,589	41,595	45,000	42,000
Concession Sales	1,865	1,368	1,500	1,400
Private Party Fees	34,784	32,867	33,660	33,000
Aerobic Classes	17,109	14,712	17,000	14,500
<b>Total</b>	<b>240,645</b>	<b>265,072</b>	<b>239,160</b>	<b>232,900</b>
Community Center				
Rental Revenue	10,672	11,025	10,000	10,000
Program Revenue	3,038	1,489	3,000	1,500
Trip Revenue	41,695			
Membership Fees	6,207	5,381	6,200	5,000
<b>Total</b>	<b>61,612</b>	<b>17,895</b>	<b>19,200</b>	<b>16,500</b>
<b>TOTAL CHARGES FOR SERVICES</b>	<b>713,849</b>	<b>702,203</b>	<b>669,360</b>	<b>657,400</b>
<b>OTHER INCOME</b>				
Horizon Lease Payment	202,933	228,501	200,000	215,000
Miscellaneous	10,809	3,675	1,000	1,000
Interest Income	1,543	716	1,000	500
<b>TOTAL OTHER INCOME</b>	<b>215,285</b>	<b>232,892</b>	<b>202,000</b>	<b>216,500</b>
<b>TOTAL REVENUES</b>	<b>929,134</b>	<b>935,095</b>	<b>871,360</b>	<b>873,900</b>
<b>TRANSFER IN</b>				
Transfer - General Fund	2,259,884	2,289,884	2,149,884	2,246,700
Transfer - CDC Five Star Maintenance	150,000	165,000	165,000	165,000
Transfer - CDC Fund Personnel	122,845	122,845	122,845	122,845
Transfer - Lake Parks Fund	35,000	35,000	35,000	35,000
<b>TOTAL TRANSFERS</b>	<b>2,567,729</b>	<b>2,612,729</b>	<b>2,472,729</b>	<b>2,569,545</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>3,496,863</b>	<b>3,547,824</b>	<b>3,344,089</b>	<b>3,443,445</b>
<b>EXPENDITURES</b>				
Overhead Expenditures	1,014,192	1,014,192	1,014,396	1,014,396
Parks & Recreation	1,675,796	1,917,174	2,087,848	2,075,540
Aquatic Park	398,551	399,552	401,149	427,866
Community Center	156,760	122,104	125,771	135,213
<b>TOTAL EXPENDITURES</b>	<b>3,445,299</b>	<b>3,453,022</b>	<b>3,629,164</b>	<b>3,653,015</b>
BEGINNING FUND BALANCE	950,281	1,001,845	1,096,647	811,572
<b>EXCESS (DEFICIENCY)</b>	<b>51,564</b>	<b>94,802</b>	<b>(285,075)</b>	<b>(209,570)</b>
<b>ENDING FUND BALANCE</b>	<b>1,001,845</b>	<b>1,096,647</b>	<b>811,572</b>	<b>602,002</b>
Working Days in Fund Balance	106	116	82	60

**UTILITY FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>CHARGES FOR SERVICES</b>				
Water Service	8,395,877	8,320,168	8,647,753	8,907,186
Wastewater Service	4,699,344	4,847,322	4,940,323	5,088,533
Reconnect Fees	21,780	24,320	20,000	20,000
Penalties	410,748	449,948	410,000	425,000
Tap Connection Fees	177,685	217,560	200,000	200,000
Investment Income	5,484	2,158	4,000	2,000
Miscellaneous	30,329	73,467	28,200	35,000
Recycling Billing	38,765	29,906	35,000	30,000
Recycling Education Contribution	36,000	36,000	36,000	36,000
<b>TOTAL REVENUES</b>	<b>13,816,012</b>	<b>14,000,849</b>	<b>14,321,276</b>	<b>14,743,718</b>
<b>TRANSFERS IN</b>				
Transfer - Storm Water Utility Fund	290,000	350,000	350,000	350,000
Transfer - Capital Projects - Tribute	162,259	-	-	-
Transfer - Capital Projects - Water meters	-	135,000	-	-
Transfer - Capital Projects - Streets	-	200,000	200,000	-
<b>TOTAL TRANSFERS IN</b>	<b>452,259</b>	<b>685,000</b>	<b>550,000</b>	<b>350,000</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>14,268,271</b>	<b>14,685,849</b>	<b>14,871,276</b>	<b>15,093,718</b>
<b>EXPENDITURES</b>				
Overhead Expenses	2,593,752	2,593,752	2,593,752	2,593,752
Non-Departmental	336,958	34,419	103,636	143,700
Water Production	2,451,029	2,855,987	2,770,034	2,808,995
Water Distribution	1,100,757	1,174,030	1,123,347	1,282,583
Wastewater	568,581	673,631	659,386	708,230
Utility Administration	608,433	650,500	680,785	667,852
Public Works	1,317,398	1,486,054	1,579,325	1,596,336
Storm Water - Engineering	17,640	38,243	38,400	38,400
Storm Water - Public Works	117,312	115,546	147,363	145,807
Environmental	140,205	154,605	154,919	163,888
<b>TOTAL EXPENDITURES</b>	<b>9,752,065</b>	<b>9,776,767</b>	<b>9,850,947</b>	<b>10,149,543</b>
<b>TRANSFERS OUT</b>				
Transfer - General Fund	1,361,231	1,914,906	2,322,406	611,500
Transfer - D. S. Utility Tax	2,260,000	2,275,000	2,275,000	3,650,000
Transfer - D. S. Revenue bonds	1,295,630	900,000	995,000	1,100,000
Transfer - Special Projects	-	-	45,000	-
Transfer - General Fund - Tribute	162,259	-	-	-
Transfer - Capital Projects	-	-	-	-
<b>TOTAL TRANSFERS OUT</b>	<b>5,079,120</b>	<b>5,089,906</b>	<b>5,637,406</b>	<b>5,361,500</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>14,831,185</b>	<b>14,866,673</b>	<b>15,488,353</b>	<b>15,511,043</b>
BEGINNING FUND BALANCE	3,815,359	3,752,445	3,571,621	2,954,544
<b>EXCESS (DEFICIENCY)</b>	<b>(62,914)</b>	<b>(180,824)</b>	<b>(617,077)</b>	<b>(417,325)</b>
<b>ENDING FUND BALANCE</b>	<b>3,752,445</b>	<b>3,571,621</b>	<b>2,954,544</b>	<b>2,537,219</b>
Working Days In Fund Balance	96	88	72	60

**GENERAL DEBT SERVICE  
Revenue & Expenditure Projections  
Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>CHARGES FOR SERVICES</b>				
Current Property Taxes	4,739,099	4,927,183	4,900,000	4,900,000
Delinquent Property Taxes	(30,193)	10,633	30,000	10,000
Ag. Roll Back Taxes	53,842	41	-	-
Penalty & Interest	30,047	18,629	20,000	20,000
Investment Income	2,936	941	-	-
Misc Income	122,047	165,613	-	-
<b>TOTAL REVENUES</b>	<b>4,917,778</b>	<b>5,123,040</b>	<b>4,950,000</b>	<b>4,930,000</b>
<b>TRANSFERS IN</b>				
Transfers In - General Fund	-	-	612,007	-
Transfers In - Engineering Inspections	-	-	-	-
Transfers In - 4A - 2013 Bond	-	152,000	154,106	152,506
Transfers In - 4A Jackson Shaw/Memorial	292,547	291,767	293,549	293,596
Transfers In - Hike & Bike Trail	128,938	127,150	130,200	127,400
Transfers In - Parking Lot	63,096	64,205	64,339	64,306
Transfers In - Parks 4B Projects - 5 Starr Debt	523,500	526,100	524,700	523,000
<b>TOTAL TRANSFERS IN</b>	<b>1,008,081</b>	<b>1,161,222</b>	<b>1,778,901</b>	<b>1,160,808</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>5,925,859</b>	<b>6,284,262</b>	<b>6,728,901</b>	<b>6,090,808</b>
<b>EXPENDITURES</b>				
Certificates of Obligation - 2003: Refund	208,000	-	-	-
Certificates of Obligation - 2004	382,606	254,188	-	-
Refunding Bonds - 2005	1,162,844	1,160,406	1,161,844	1,161,969
Certificates of Obligation - 2006	244,501	364,115	145,530	-
Certificates of Obligation - 2007	516,232	547,804	520,981	546,580
Certificates of Obligation - 2008	322,034	61,108	69,106	66,920
Certificates of Obligation - 2010	946,624	907,610	948,400	735,856
Certificates of Obligation - 2010A	210,400	207,002	208,750	178,533
Refunding Bonds - 2010/2001	523,500	526,100	524,700	523,000
Refunding Bonds - 2011/2002	680,732	682,252	682,290	689,472
Refunding Bonds - 2012/2003 & 2007	916,988	1,077,412	1,061,812	993,638
Certificates of Obligation - 2013	-	150,606	154,106	152,506
Refunding Bonds - 2013/2004 GF/Utility	-	130,120	371,120	371,890
Refunding Bonds - 2014/2006 GF/Utility	-	23,077	82,065	226,984
Certificates of Obligation - 2014	-	-	612,007	199,406
Fiscal Agent Fees & Other	97,853	36,394	4,000	4,000
<b>TOTAL EXPENDITURES</b>	<b>6,212,314</b>	<b>6,126,194</b>	<b>6,546,711</b>	<b>5,850,754</b>
<b>EXCESS (DEFICIENCY)</b>	<b>(286,455)</b>	<b>158,068</b>	<b>182,191</b>	<b>240,054</b>
BEGINNING FUND BALANCE	778,409	491,954	650,022	832,213
<b>ENDING FUND BALANCE</b>	<b>491,954</b>	<b>650,022</b>	<b>832,213</b>	<b>1,072,267</b>

**UTILITY TAX SUPPORTED DEBT  
Revenue & Expenditure Projections  
Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>CHARGES FOR SERVICES</b>				
Current Property Taxes				
Delinquent Property Taxes				
Premium	55,167	421,454		
Penalty & Interest				
Investment Income				
<b>TOTAL REVENUES</b>	<b>55,167</b>	<b>421,454</b>		
<b>TRANSFERS IN</b>				
Transfers In - EDC 4A	306,999	306,711	306,999	307,161
Water Impact Fees	-	100,000	100,000	100,000
Revenue Bond Refunding transfers In - Utility Fund	2,260,000	2,275,000	2,275,000	3,650,000
<b>TOTAL TRANSFERS IN</b>	<b>2,566,999</b>	<b>2,681,711</b>	<b>2,681,999</b>	<b>4,057,161</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>2,622,166</b>	<b>3,103,165</b>	<b>2,681,999</b>	<b>4,057,161</b>
<b>EXPENDITURES</b>				
Certificates of Obligation - 2006	1,461,051	1,969,779	893,970	
Certificates of Obligation - 2007	598,237	570,164	598,987	568,889
Certificates of Obligation - 2010	279,400	318,890	281,200	258,544
Certificates of Obligation - 2010A	37,000	42,398	36,000	36,567
General Obligation Refunding Bonds - 2011	214,968	215,448	215,460	217,728
General Obligation Refunding Bonds - 2013		520,480		
General Obligation Refunding Bonds - 2014		112,668	504,111	1,356,991
Certificate of Obligation - 2014 Fee/Cost of Issuance		181,834		1,224,925
<b>TOTAL EXPENDITURES</b>	<b>2,590,656</b>	<b>3,931,661</b>	<b>2,529,728</b>	<b>3,663,644</b>
<b>EXCESS (DEFICIENCY)</b>	<b>31,510</b>	<b>(828,496)</b>	<b>152,271</b>	<b>393,517</b>
<b>BEGINNING FUND BALANCE</b>	<b>277,500</b>	<b>309,010</b>	<b>(519,486)</b>	<b>(367,215)</b>
<b>ENDING FUND BALANCE</b>	<b>309,010</b>	<b>(519,486)</b>	<b>(367,215)</b>	<b>26,302</b>

**REVENUE BOND DEBT SERVICE**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>CHARGES FOR SERVICES</b>				
Fees	401,861	407,303	400,000	400,000
Investment Income	2,268	700	2,000	500
<b>TOTAL REVENUES</b>	<b>404,129</b>	<b>408,003</b>	<b>402,000</b>	<b>400,500</b>
<b>TRANSFERS IN</b>				
Transfers in - Utility Fund	1,295,630	-	995,000	1,100,000
Transfers in - Impact Fees	-	-	-	-
<b>TOTAL TRANSFERS IN</b>	<b>1,295,630</b>	<b>-</b>	<b>995,000</b>	<b>1,100,000</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>1,699,759</b>	<b>408,003</b>	<b>1,397,000</b>	<b>1,500,500</b>
<b>EXPENDITURES</b>				
Revenue Bonds - 2004	1,631,162	1,027,125		
Revenue Refunding Bonds - 2008				
Revenue Refunding Bonds - 2012 (03,07,08)	305,663	339,082	353,938	331,213
General Obligation Refunding Bonds - 2013 (10,07,08)			1,484,480	1,487,560
Cost of Issuance				
Transfer to Utility Debt Service				
Fiscal Agent fees & Other	195,985			
<b>TOTAL EXPENDITURES</b>	<b>2,132,810</b>	<b>1,366,207</b>	<b>1,838,418</b>	<b>1,818,773</b>
<b>EXCESS (DEFICIENCY)</b>	<b>(433,051)</b>	<b>(958,204)</b>	<b>(441,418)</b>	<b>(318,273)</b>
BEGINNING FUND BALANCE	2,214,182	1,781,131	822,927	381,509
<b>ENDING FUND BALANCE</b>	<b>1,781,131</b>	<b>822,927</b>	<b>381,509</b>	<b>63,236</b>

**ECONOMIC DEVELOPMENT - TYPE A SALES TAXES**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>CITY SALES TAXES</b>				
Sales Tax Revenues	1,991,109	2,139,429	2,300,000	2,617,500
Investment Income	5,694	2,258	4,000	1,000
Miscellaneous Revenue	-	1,407	-	-
<b>TOTAL REVENUES</b>	<b>1,996,803</b>	<b>2,143,094</b>	<b>2,304,000</b>	<b>2,618,500</b>
<b>EXPENDITURES-OPERATIONAL</b>				
Personnel Services	357,856	263,742	298,392	305,304
Contractual Services	158,395	202,120	60,160	27,768
Supplies	14,398	6,373	12,140	13,390
Maintenance	-	-	-	500
Capital Outlay	-	-	-	-
Overhead Costs	71,376	71,376	71,380	71,380
<b>TOTAL EXPENDITURES</b>	<b>602,025</b>	<b>543,611</b>	<b>442,072</b>	<b>418,342</b>
<b>EXPENDITURES-ECONOMIC INCENTIVES</b>				
Marketing	-	-	322,129	392,625
Economic Development Incentives	165,000	81,000	3,000,000	1,000,000
Sales Tax Rebate	246,934	251,528	275,000	300,000
Transfer Out - General Fund BPP	28,000	21,250	22,715	22,715
Transfer Out - General Fund Cap Contribution	-	-	2,000,000	-
Transfer Out - Debt Service 2013	-	151,220	154,106	152,206
Transfer Out - Gen Debt. Serv. Fund	292,547	292,547	293,549	293,621
Transfer Out - Tax Supported Debt	306,999	306,711	306,999	307,161
<b>TOTAL EXPENDITURES</b>	<b>1,039,480</b>	<b>1,104,256</b>	<b>6,374,498</b>	<b>2,468,328</b>
<b>TOTAL EXPENDITURES</b>	<b>1,641,505</b>	<b>1,647,867</b>	<b>6,816,570</b>	<b>2,886,670</b>
<b>EXCESS (DEFICIENCY)</b>	<b>355,298</b>	<b>495,227</b>	<b>(4,512,570)</b>	<b>(268,170)</b>
BEGINNING FUND BALANCE	6,015,914	6,371,212	6,866,439	2,353,869
<b>ENDING FUND BALANCE</b>	<b>6,371,212</b>	<b>6,866,439</b>	<b>2,353,869</b>	<b>2,085,699</b>
RESERVE FOR MARKETING	(402,656)	(470,827)	(470,827)	(470,827)
<b>UNRESERVED FUND BALANCE</b>	<b>5,968,556</b>	<b>6,395,612</b>	<b>1,883,042</b>	<b>1,614,872</b>

**COMMUNITY DEVELOPMENT - TYPE B SALES TAXES**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>CITY SALES TAXES</b>				
Sales Tax Revenues	1,991,109	2,139,430	2,300,000	2,617,500
Investment Income	2,298	950	2,000	500
Miscellaneous				
<b>TOTAL REVENUES</b>	<b>1,993,407</b>	<b>2,140,380</b>	<b>2,302,000</b>	<b>2,618,000</b>
<b>TRANSFERS IN</b>				
Transfer from General Fund				
Transfer from Capital Projects Fund				
<b>TOTAL TRANSFERS IN</b>				
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>1,993,407</b>	<b>2,140,380</b>	<b>2,302,000</b>	<b>2,618,000</b>
<b>EXPENDITURES-OPERATIONAL</b>				
Personnel Services	49,713	86,418	94,876	94,876
Contractual Services	21,381	26,850	29,500	29,500
Supplies	3,613	1,147	4,000	4,000
Maintenance	15,483	7,468	25,100	37,100
Capital Outlay				
Overhead Costs	35,688	35,688	35,690	35,690
<b>TOTAL EXPENDITURES</b>	<b>125,878</b>	<b>157,571</b>	<b>189,166</b>	<b>201,166</b>
<b>EXPENDITURES-SPECIAL PROJECTS</b>				
Existing Park Improvements	475,000	654,500	1,215,000	1,552,500
Sports Complex Debt Service	523,500	526,100	524,700	523,600
<b>TOTAL EXPENDITURES</b>	<b>998,500</b>	<b>1,180,600</b>	<b>1,739,700</b>	<b>2,076,100</b>
<b>TRANSFERS OUT</b>				
Transfer to Parks Fund - Five Star Maint.	150,000	165,000	165,000	165,000
Transfer to Gen. Debt Serv -Hike & Bike Trail	128,938	127,150	130,200	127,400
Transfer to Gen. Debt Serv.-Parking Lot	63,096	64,205	64,339	64,306
Transfer to Parks Fund - Personnel	122,845	122,845	122,845	122,845
<b>TOTAL TRANSFERS OUT</b>	<b>464,879</b>	<b>479,200</b>	<b>482,384</b>	<b>479,551</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>1,589,257</b>	<b>1,817,371</b>	<b>2,411,250</b>	<b>2,756,817</b>
<b>EXCESS (DEFICIENCY)</b>	<b>404,150</b>	<b>323,009</b>	<b>(109,250)</b>	<b>(138,817)</b>
BEGINNING FUND BALANCE	1,422,115	1,826,265	2,149,274	2,040,024
<b>ENDING FUND BALANCE</b>	<b>1,826,265</b>	<b>2,149,274</b>	<b>2,040,024</b>	<b>1,901,207</b>

**TIRZ ONE PID  
Revenue & Expenditure Projections  
Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>REVENUES</b>				
Assessment			1,379,301	1,899,026
<b>TOTAL REVENUES</b>			<b>1,379,301</b>	<b>1,899,026</b>
<b>EXPENDITURES</b>				
Personnel Services			212,330	427,600
Contractual Services			122,421	647,426
Street Lights & Traffic Mgmt			553,590	215,000
Maintenance & Utility			88,810	329,000
Capital Outlay			402,150	280,000
<b>TOTAL EXPENDITURES</b>			<b>1,379,301</b>	<b>1,899,026</b>
<b>EXCESS (DEFICIENCY)</b>				
BEGINNING FUND BALANCE				
<b>ENDING FUND BALANCE</b>			-	-

**HOTEL/MOTEL TAX FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>HOTEL/MOTEL TAXES</b>				
Taxes	425,177	473,744	425,000	550,000
Miscellaneous	843	1,407		
Investment Income				
<b>TOTAL REVENUES</b>	<b>426,020</b>	<b>475,151</b>	<b>425,000</b>	<b>550,000</b>
<b>TRANSFERS IN</b>				
Transfer from - General Fund	140,000	165,000	120,000	100,000
<b>TOTAL TRANSFERS IN</b>	<b>140,000</b>	<b>165,000</b>	<b>120,000</b>	<b>100,000</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>566,020</b>	<b>640,151</b>	<b>545,000</b>	<b>650,000</b>
<b>EXPENDITURES</b>				
<b>Communications</b>				
Personnel Services	142,636	182,798	75,961	79,002
Contractual Services	4,566	755	4,340	840
Supplies	1,164	946	1,800	1,350
<b>CVB</b>				
Personnel Services	78,713	85,536	207,545	214,749
Contractual Services	39,581	35,711	36,345	53,900
Supplies	3,381	4,081	4,500	5,600
Overhead	35,688	35,688	35,688	35,688
<b>TOTAL EXPENDITURES</b>	<b>305,729</b>	<b>345,515</b>	<b>366,179</b>	<b>391,129</b>
<b>TRANSFERS OUT</b>				
Transfer to Special Event	320,000	250,000	250,000	300,000
<b>TOTAL TRANSFERS OUT</b>	<b>320,000</b>	<b>250,000</b>	<b>250,000</b>	<b>300,000</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>625,729</b>	<b>595,515</b>	<b>616,179</b>	<b>691,129</b>
<b>EXCESS (DEFICIENCY)</b>	<b>(59,708)</b>	<b>44,636</b>	<b>(71,179)</b>	<b>(41,129)</b>
BEGINNING FUND BALANCE	145,823	86,115	130,751	59,572
<b>ENDING FUND BALANCE</b>	<b>86,115</b>	<b>130,751</b>	<b>59,572</b>	<b>18,443</b>

**SPECIAL EVENTS FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2011-2012 Actual	2012-2013 Actual	2014-2015 Budget	2015-16 Budget
<b>REVENUES</b>				
Donations & Sponsorships	9,893	24,123	10,000	10,000
Investment Income				
Event Revenues	50,984	58,439	40,000	50,000
<b>TOTAL REVENUES</b>	<b>60,877</b>	<b>82,562</b>	<b>50,000</b>	<b>60,000</b>
<b>TRANSFERS IN</b>				
Transfer from - General Fund		100,000	100,000	80,000
Transfer from - Hotel/Motel Tax	320,000	250,000	250,000	300,000
<b>TOTAL TRANSFERS IN</b>	<b>320,000</b>	<b>350,000</b>	<b>350,000</b>	<b>380,000</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>380,877</b>	<b>432,562</b>	<b>400,000</b>	<b>440,000</b>
<b>EXPENDITURES</b>				
Personnel	65,410	65,368	68,822	69,216
Supplies		91		
Christmas	5,000	3,766	5,000	5,000
Christmas Light Show Supplemental	14,527	13,183	17,500	17,500
Christmas Light Show Base	6,500	6,500	6,500	6,500
Liberty by The Lake	84,838	88,432	90,000	90,000
American Heroes	115,506	114,972	120,000	130,000
Pirate Days/Mail Box				
Cultural Arts Board - Operating		20,993		
Cultural Arts Board - Grant	10,634	98		
Chalk This Way				
Parent Child Event	4,149	3,785	4,250	4,500
Halloween Campout	3,419	4,384	3,900	6,000
Easter Egg Hunt	3,230	3,116	3,300	3,500
Event Marketing	2,908	2,465	3,020	3,020
Arbor Day	2,500	2,413	2,500	2,500
Movies In The Park	2,444	3,434	2,550	2,550
Kids Chase/Up, Up & Away(15-16)	700	495	700	2,500
Back To School	1,925	1,789	1,950	1,950
Bow Wow Pow Wow	2,041	1,506	1,800	1,800
Colony Playhouse	6,000			
Road Runners Club		10,000	10,000	10,000
CMAC			20,000	20,000
Knights of Columbus - Liberty Fun Run			5,000	
THC -ROTC	2,000		2,000	2,000
Lakeside Community Theatre	10,000	15,000	12,000	12,000
Mothers Opposing Bullying				2,500
Metro Relief				6,000
Overhead	35,600	35,600	35,670	35,670
<b>TOTAL EXPENDITURES</b>	<b>379,419</b>	<b>403,478</b>	<b>416,462</b>	<b>434,706</b>
<b>EXCESS (DEFICIENCY)</b>	<b>1,458</b>	<b>29,084</b>	<b>(16,462)</b>	<b>5,294</b>
BEGINNING FUND BALANCE	42,648	44,106	73,190	56,728
<b>ENDING FUND BALANCE</b>	<b>44,106</b>	<b>73,190</b>	<b>56,728</b>	<b>62,022</b>

**CAPITAL PROJECTS ADMINISTRATION**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013	2013-2014	2014-2015	2015-2016
	Actual	Actual	Budget	Budget
<b>REVENUES</b>				
TXDOT				
Investment Income				
Miscellaneous				
<b>TOTAL REVENUES</b>				
<b>TRANSFERS IN</b>				
Transfer - Revenue Bond Projects				
Transfer - Impact Fees Fund	500,000	200,000	200,000	300,000
Transfer - Capital Account (216/846)				
Transfer - General Obligation Bonds				
Transfer - Utility Fund Cert of Oblig				
<b>TOTAL TRANSFERS IN</b>	<b>500,000</b>	<b>200,000</b>	<b>200,000</b>	<b>300,000</b>
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>500,000</b>	<b>200,000</b>	<b>200,000</b>	<b>300,000</b>
<b>EXPENDITURES</b>				
Personnel Services	100,454	99,354	108,420	111,555
Contractual Services	191	190	500	
Supplies	140	157	500	1,000
Maintenance				
Overhead Costs	159,576	159,276	159,265	159,265
<b>TOTAL EXPENDITURES</b>	<b>260,361</b>	<b>258,977</b>	<b>268,685</b>	<b>271,820</b>
<b>TRANSFER OUT</b>				
Transfer - General Fund				
<b>TOTAL TRANSFERS OUT</b>				
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>260,361</b>	<b>258,977</b>	<b>268,685</b>	<b>271,820</b>
<b>EXCESS (DEFICIENCY)</b>	102,805	(58,977)	(68,685)	28,180
<b>BEGINNING FUND BALANCE</b>	(32,277)	70,528	11,551	(57,134)
<b>ENDING FUND BALANCE</b>	<b>70,528</b>	<b>11,551</b>	<b>(57,134)</b>	<b>(28,954)</b>

**STORM WATER UTILITY FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2015-2016 Budget
<b>REVENUES</b>				
Storm Water Utility Fees	499,711	511,900	490,000	500,000
Investment Income				
<b>TOTAL REVENUES</b>	<b>499,711</b>	<b>511,900</b>	<b>490,000</b>	<b>500,000</b>
<b>TRANSFERS IN</b>				
Transfer - General Fund				
<b>TOTAL TRANSFERS IN</b>				
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>499,711</b>	<b>511,900</b>	<b>490,000</b>	<b>500,000</b>
<b>EXPENDITURES</b>				
Personnel Services				
Contractual Services				
Supplies				
Maintenance				
Capital Outlay				
Contingencies				
Overhead Costs				
<b>TOTAL EXPENDITURES</b>				
<b>TRANSFERS OUT</b>				
Transfer - General Fund	290,000	168,800	250,000	250,000
Transfer - Environmental Fund				
Transfer - Utility Fund	168,800	350,000	350,000	350,000
<b>TOTAL TRANSFERS OUT</b>	<b>458,800</b>	<b>518,800</b>	<b>600,000</b>	<b>600,000</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>458,800</b>	<b>518,800</b>	<b>600,000</b>	<b>600,000</b>
<b>EXCESS (DEFICIENCY)</b>	40,911	(6,900)	(110,000)	(100,000)
BEGINNING FUND BALANCE	261,752	302,663	295,763	185,763
<b>ENDING FUND BALANCE</b>	<b>302,663</b>	<b>295,763</b>	<b>185,763</b>	<b>85,763</b>

**WATER/SEWER IMPACT FEES FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-15 Budget	2015-16 Budget
<b>IMPACT FEES</b>				
Water Impact Fees	408,838	431,104	200,000	200,000
Sewer Impact Fees	197,581	172,598	65,000	65,000
Investment Income				-
<b>TOTAL REVENUES</b>	<b>606,419</b>	<b>603,702</b>	<b>265,000</b>	<b>265,000</b>
<b>EXPENDITURES</b>				
Water Impact Fee Reimbursement		79,837	60,000	60,000
Sewer Impact Fee Reimbursement	118,924		60,000	60,000
Contractual Services - Water Master Plan	-	30,730	-	-
<b>TOTAL EXPENDITURES</b>	<b>118,924</b>	<b>110,567</b>	<b>60,000</b>	<b>60,000</b>
<b>TRANSFERS OUT:</b>				
Transfer - Capital Project Admin		200,000	200,000	300,000
Transfer - Utility Revenue Debt Service	500,000	100,000	100,000	100,000
<b>TOTAL TRANSFERS OUT</b>	<b>500,000</b>	<b>300,000</b>	<b>300,000</b>	<b>400,000</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>618,924</b>	<b>410,567</b>	<b>360,000</b>	<b>460,000</b>
<b>EXCESS (DEFICIENCY)</b>	<b>(12,505)</b>	<b>193,135</b>	<b>(95,000)</b>	<b>(195,000)</b>
BEGINNING FUND BALANCE	186,212	173,707	366,842	271,842
<b>ENDING FUND BALANCE</b>	<b>173,707</b>	<b>366,842</b>	<b>271,842</b>	<b>76,842</b>

**CHILD SAFETY FUND**  
**Revenue & Expenditure Projections**  
**Fiscal Year 2015-2016**

	2012-2013 Actual	2013-2014 Actual	2014-15 Budget	2015-16 Budget
<b>REVENUES</b>				
Child Safety Fund Revenue	14,270	1,216	8,000	8,000
Denton County Child Safety Fund	50,336	55,550	40,000	40,000
Interest Income				
<b>TOTAL REVENUES</b>	<b>64,606</b>	<b>56,766</b>	<b>48,000</b>	<b>48,000</b>
<b>TRANSFERS IN</b>				
Transfer In - General Fund				
<b>TOTAL TRANSFERS IN</b>				
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>64,606</b>	<b>56,766</b>	<b>48,000</b>	<b>48,000</b>
<b>EXPENDITURES</b>				
Contractual Services				
Supplies				
Maintenance				
Capital Outlay				
Overhead Costs				
Child Advocacy Center	31,915	27,354	28,979	30,914
<b>TOTAL EXPENDITURES</b>	<b>31,915</b>	<b>27,354</b>	<b>28,979</b>	<b>30,914</b>
<b>TRANSFER OUT</b>				
Transfer - General Fund	20,000	20,000	20,000	20,000
<b>TOTAL TRANSFER OUT</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>51,915</b>	<b>47,354</b>	<b>48,979</b>	<b>50,914</b>
<b>EXCESS (DEFICIENCY)</b>	<b>12,691</b>	<b>9,412</b>	<b>(979)</b>	<b>(2,914)</b>
<b>BEGINNING FUND BALANCE</b>	<b>30,812</b>	<b>43,503</b>	<b>52,915</b>	<b>51,936</b>
<b>ENDING FUND BALANCE</b>	<b>43,503</b>	<b>52,915</b>	<b>51,936</b>	<b>49,022</b>

**PROPOSED MASTER FEE SCHEDULE CHANGES FY 2015/2016**

<b>Item</b>	<b>Existing Fee</b>	<b>Proposed Fee</b>	<b>Eff Date</b>
<b><u>PARKS FUND</u></b>			
<b>AQUATIC PARK:</b>			
Swim Lessons- Duo-Priv		\$160/4 hr	10/01/16
Swim Lessons - Lifeguard	\$230/27 hr	\$235/27 hr	10/01/16
Entrance Fees-Sr. & Adult Lap Swim	\$2/hr	AquaFIT Tickets 12 for \$40	10/01/16
Aerobic Classes-daily	\$8.00/hr	\$6.00/hr	10/01/16
Aerobic Classes - monthly bulk discount	\$20(T/Th) or 30(M/W/F)	AquaFIT Tickets 12 for \$40	10/01/16
<b><u>GENERAL FUND</u></b>			
<b>MISCELLANEOUS</b>			
- Paper - Oversized	\$ .50/each	Add to description (11x17 green bar etc)	10/01/16
- Specialty Paper(color maps, \$1 sqft.)		Actual cost	10/01/16
- Magnetic Tape	Actual Cost	Remove Fee	10/01/16
- VHS	\$2.50/each	Remove Fee	10/01/16
- Other Electronic Media		Actual Cost	10/01/16
- Other	actual cost	Remove Fee	10/01/16
<b>ALARM FEES-PERMIT</b>	\$20 annual-alarm permit	\$25 annual residential, \$50 business	10/01/16
<b>ANIMAL CONTROL FEES</b>			
Private Cremation Fees	\$100	Remove Fee	10/01/16
Incinerator Fees	\$25 per animal	Remove Fee	10/01/16
<b>LIBRARY FEES</b>			
Graphic Novel	\$12.00, plus \$5.00 proc fee	\$17.00, plus \$5.00 proc fee	10/01/16
Book Club kits	\$60.00 plus \$5.00 proc fee	Remove Fee	10/01/16
Videocassette	\$8.00, plus \$8.00 proc fee	Remove Fee	10/01/16
Photocopy Fee	\$ .15 per copy	\$.10 per page	10/01/16
<b>COMMUNITY IMAGE FEES</b>			
Health Card Video Deposit	\$75	Remove Fee	10/01/16
<b>FIRE FEES</b>			
Mileage	\$7/mile	\$12/per mile	10/01/16
Disposable supplies	\$10	\$35	10/01/16
<b>DEVELOPMENT SERVICES FEES</b>			
Billboard			
Registration	\$75	Remove Fee	10/01/16
Annual Renewal	\$150	Remove Fee	10/01/16
Foundation Repair	\$25	Remove Fee	10/01/16
Newspaper Box - Annual Permit	\$20	Remove Fee	10/01/16
Newspaper Box - Relocation Permit	\$10	Remove Fee	10/01/16
Donation Box - Annual Permit	\$10	Remove Fee	10/01/16
Donation Box - Relocation Permit	\$5	Remove Fee	10/01/16
Tent	\$50	Change description to: Tent, Bouncehouse, Climbing Wall	10/01/16

**2014-2015**

<b>Water Rates</b>			
<i>Inside city</i>		<i>Outside city</i>	
<i>Meter size (inches)</i>	<i>Rate</i>	<i>Meter size (inches)</i>	<i>Rate</i>
5/8	16.83	5/8	25.25
3/4	22.32	3/4	33.49
1	31.63	1	47.46
1 1/2	61.41	1 1/2	92.10
2	102.34	2	153.53
3	158.20	3	237.24
4	246.49	4	369.74
6	554.61	6	831.89
8	1,247.88	8	1,871.81
10	2,807.75	10	4,211.61
<b>Commodity rate (per th. Gallons)</b>		<b>Commodity rate (per th. Gallons)</b>	
2,001-15,000	3.81	2,001-15,000	5.72
15,001-25,000	4.75	15,001-25,000	7.10
25,001-40,000	5.07	25,001-40,000	7.57
40,001 and over	5.52	40,001 and over	8.29

**2015-2016**

<b>Water Rates (includes a 3% increase)</b>			
<i>Inside city</i>		<i>Outside city</i>	
<i>Meter size (inches)</i>	<i>Rate</i>	<i>Meter size (inches)</i>	<i>Rate</i>
5/8	17.33	5/8	26.01
3/4	22.99	3/4	34.49
1	32.58	1	48.88
1 1/2	63.25	1 1/2	94.86
2	105.41	2	158.14
3	162.95	3	244.36
4	253.88	4	380.83
6	571.25	6	856.85
8	1285.32	8	1927.96
10	2891.98	10	4337.96
<b>Commodity rate (per th. Gallons)</b>		<b>Commodity rate (per th. Gallons)</b>	
2,001-15,000	3.92	2,001-15,000	5.89
15,001-25,000	4.89	15,001-25,000	7.31
25,001-40,000	5.22	25,001-40,000	7.80
40,001 and over	5.69	40,001 and over	8.54

Adopted September 15, 2015

**2014-2015**

**Sewer Rates**

<i>Inside city</i>		<i>Outside city</i>	
<i>Meter size (inches)</i>	<i>Rate</i>	<i>Meter size (inches)</i>	<i>Rate</i>
5/8	16.30	5/8	24.46
3/4	19.80	3/4	29.73
1	26.83	1	40.25
1 1/2	44.39	1 1/2	66.58
2	65.43	2	98.18
3	114.60	3	171.90
4	184.80	4	277.21
6	473.12	6	709.67
8	1,211.16	8	1,816.71
10	3,100.55	10	4,650.80
Commodity rate (per th. Gallons)		Commodity rate (per th. Gallons)	
Residential(over 2,000 gal)	3.42	Residential(over 2,000 gal)	5.14
Commercial(over 2,000 gal)	4.62	Commercial(over 2,000 gal)	6.91

**2015-2016**

**Sewer Rates (includes a 3% increase)**

<i>Inside city</i>		<i>Outside city</i>	
<i>Meter size (inches)</i>	<i>Rate</i>	<i>Meter size (inches)</i>	<i>Rate</i>
5/8	16.79	5/8	25.19
3/4	20.39	3/4	30.62
1	27.63	1	41.46
1 1/2	45.72	1 1/2	68.58
2	67.39	2	101.13
3	118.04	3	177.06
4	190.34	4	285.53
6	487.31	6	730.96
8	1247.49	8	1871.21
10	3193.57	10	4790.32
Commodity rate (per th. Gallons)		Commodity rate (per th. Gallons)	
Residential(over 2,000)	3.52	Residential(over 2,000)	5.29
Commercial(over 2,000)	4.62	Commercial(over 2,000)	7.12

Adopted September 15, 2015

**PROPOSED CIP  
2016**

DEPT	2016	GENERAL DESCRIPTION
<b>20 Year Bond</b>		
PW	5,000,000	Residential Street/Alleyway Reconstruction
WW	3,200,000	WWTP cost overages
WW	2,200,000	Trunk line for WWTP
TOTAL	10,400,000	
<b>10 Year Bond</b>		
PW	35,000	Asphalt Bed Inset
PW	100,000	8 YRD Dump Truck - replaces unit 357
PW	230,000	Street Sweeper Replacement
WW	40,000	Sewer Main Steerable Tractor for Inspection Camera.
PW	35,000	Battery Backup for Traffic Lights
PW	90,000	Replace/Upgrade Traffic Light Controllers and Cameras
IT	300,000	IT Upgrades
PW	350,000	Hot Shot Equipment (8 YD Dump Truck, Backhoe, Pickup, Trailer, Tools)
TOTAL	1,180,000	
<b>CASH</b>		
PM	162,000	3 Police Tahoes replacing Crown Vics. 2 Tahoes purchased in current year.
FM	25,000	Pickup Replacement - Hybrid and battery is going out.
FM	55,000	Replace 2001 Dodge 3/4 Ton Pickup 121,146 + Miles with 1 Ton, Utility Bed, Lift Gate & crane
PW	60,000	Replace Two 1/2 Ton Pickups
PW	80,000	Kiosks for Utility & Court Payments, 2 machines-City Hall and at Court- take both payments (includes machines, software, & install).
PW	17,500	Equipment to improve video (see list). Includes video for Fire Dept and replace TVs outside Council chambers.
PW	24,000	3/4 Ton Pickup Replaces 551 in Parks.
WD	6,500	Tire machinel mount, dismount and balance).
WD	8,000	Upgrade and Maintain Optimcom Controls at Various Locations.
WD	11,000	Install Remote Optimcom Controls at Station #3 & #1
WP	60,000	Pavement Marking Maintenance for Streets and Throughfares
TOTAL	509,000	

Grand Total 12,089,000

2,440,710 Available Funds from Operations  
 1,529,800 Increased Debt Service for Bonded CIP (above) and Cash Projects (above)  
 900,000 Increased Personnel Costs  
10,910

## CDC 2015-16 CIP

**2016 CIP List** **\$1,500,000 - \$1,552,500**

Additional Dog Park Funding*	\$110,000 - \$ 162,500
Skate park renovations	\$ 350,000
Trail/Flood Recovery (full cost unknown)	\$ 100,000
Ridgepointe Tot Playground	\$ 30,000
Aquatic Park: (Indoor filter & pump; splash zone safety surface)	\$ 110,000
Five Star: Bleachers & Goals	\$ 15,000
West Shore Park Development	\$ 435,000
Veterans Memorial	\$ 350,000
Christmas Tree	\$ 35,000
Image Enhancements (funding available in Fund 825)**	\$ 0
Dog Park Landscape - \$35,000	
John Yates - \$40,000	
Taylor - \$40,000	
Park Loop Trail - \$47,000 – from remaining Park Loop Trail Funds	

\* *In addition to the \$240,000 previously budgeted*

\*\* *Landscape/Irrigation projects combined for a total of \$175,000*

*2014/2015 Image Enhancement budget balance: \$190,000*

*Park Loop Trail balance \$47,000*

**COMPREHENSIVE IMPROVEMENT PLAN  
2016**

DEPT	2016	2017	2018	2019	2020	GENERAL DESCRIPTION
FIRE	95,000	-	-	-	-	Replace (2) Staff Vehicles - Asst. Chief, Fire Marshal (1) SUVs and (1) 1/2 ton pickup) including emergency equip.
PD	162,000	-	-	-	-	3 Vehicle Replacements (2wd Tahoes)
PD	136,000	-	-	-	-	Vehicles Associated with New Positions
PD	55,000	-	-	-	-	Replace Animal Services Truck-Replace worn 2006 model with smaller and more economical version
PD	-	275,000	-	-	-	5 Vehicle Replacements (4 Patrol, 1 Unmarked Tahoes)
PD	-	90,000	-	-	-	2 Police Motorcycles
PD	-	-	280,000	-	-	5 Vehicle Replacements (4 Patrol, 1 Unmarked Tahoes)
PD	-	-	-	285,000	-	5 Vehicle Replacements (4 Patrol Tahoes, 1 Unmarked Car)
PD	-	-	-	50,000	-	Property and Evidence Light Duty Pickup Truck with Lift Gate
PD	-	-	-	84,000	-	Vehicles Associated with New Positions
PD	-	-	-	-	290,000	5 Vehicle Replacements (4 Patrol Tahoes, 1 Unmarked)
PD	-	-	-	-	40,000	Replace Motorcycles on Trade-in
PD	-	-	-	-	84,000	Vehicles Associated with New Positions
PM	23,500	-	-	-	-	3/4 Ton Pickup - Replace #551 (2001, Inoperable, blown engine)
PM	40,000	-	-	-	-	3/4 Ton Cut away van utility truck - Replace #503 (2002 model, 81,000 miles, driveable but in very bad overall condition, not to be driven out of the City limits)
PM	-	-	15,000	-	-	Utility Vehicle - Replace Kawasaki Mule #545E (2003 model, on-going problems with coolant system and overheating and deteriorating overall condition)
FM	25,000	-	-	-	-	Pickup Replacement - Hybrid and battery is going out.
FM	-	-	30,000	-	-	Van Replacement
PW	-	60,000	-	-	-	3/4 Ton With Bed & Rack (replace unit 352)
PW	-	-	60,000	-	-	3/4 Ton crew cab with tool box bed (replace unit 350)
PW	-	-	-	60,000	-	3/4 Ton crew cab With Bed & Rack (unit 361)
WD	-	75,000	-	-	80,000	Two 3/4-ton trucks (unit 360 & 359)
WD	-	65,000	-	-	-	3/4 ton flatbed truck (for Goose Neck Trailer)
WD	-	-	-	-	-	replace vehicle #6115 Utility bed
WD	-	-	70,000	-	-	Vehicle #6114
WP	55,000	-	-	-	-	Replace 2001 Dodge 3/4 Ton Pickup 121,146 + Miles with 1 Ton, Utility Bed, Lift Gate & crane
WP	-	50,000	-	-	-	Replace 2004 Chevy 1/2 Ton Pickup 105,374 Miles with 3/4 ton pickup with Utility Bed and lift.gate.
WP	-	-	-	55,000	-	Replace Unit 6120 2006 Ford 3/4 Ton pickup with 3/4 Ton, Utility Bed, Lift Gate & crane
WP	-	-	-	-	30,000	Replace Unit 6121 Ford Transit Van, Tool racks and Caution lights.
WW	60,000	-	-	-	-	Replace Two 1/2 Ton Pickups
CVB	40,000	-	-	-	-	Mobile Marketing Vehicle to be "wrapped" for events, conventions, mobile advertising.
CC	-	-	-	-	80,000	Fun Times bus replacement (28 passenger, current bus is 2003 model)
FLEET	-	-	-	45,000	-	Service truck
SUBTOTAL	691,500	615,000	455,000	579,000	604,000	CLES

**COMPREHENSIVE IMPROVEMENT PLAN  
2016**

GENERAL DESCRIPTION						
DEPT	2016	2017	2018	2019	2020	
FIRE	70,000	-	-	-	-	Shop lift for fleet maint. To service fire apparatus
PD	-	90,000	-	-	-	Skywatch Trailer
PARK	-	40,000	-	-	-	Mowing Tractor - Replace 572E (1998 model, recent excessive downtime with clutch and transmission problems)
PARK	-	80,000	-	-	-	Front End Loader / Box Blade - Replace 567E (1993 model, deteriorating hydraulics and power issues)
PARK	-	-	-	60,000	-	Skid Steer (would be used for trail maintenance and playground fall zone material)
PW	35,000	-	-	-	-	Asphalt bed insert-keep asphalt pliable between jobs & allow bulk purchase. Substantial increase in effrcncy/effctvns. Excess Park's Truck.
PW	100,000	-	-	-	-	8 YRD Dump Truck replace unit 357 (bad engine out of operation)
PW	230,000	-	-	-	-	Street Sweeper unit 349 (body is rusting out and constantly breaks down)
PW	-	-	160,000	-	-	Tandem Axel 16 YRD Dump Truck (for hauling of concrete & sweeper debris)
PW	-	-	70,000	-	-	Asphalt Lay Down Machine & Trailer ( asphalt overlays and improved asphalt patches)
PW	-	-	-	30,000	-	1.5 ton asphalt roller (replace 399E 2007 model)
PW	-	-	-	100,000	-	8 YRD Dump Truck replace unit 354 (replace worn out truck)
PW	-	-	-	65,000	-	Crack seal machine replace 394E
PW	-	-	-	-	80,000	Loader box blade tractor (replace unit 368E)
WD	40,000	-	-	-	-	Sewer Main steerable tractor for Inspection Camera. Currently not operable and will cost close to a new one to repair. Required to do.
WD	360,000	-	-	-	-	Vactruck/Hydro Excavator. Existing unit doesn't allow us to properly maintain lines and prevent major problems.
WD	70,000	-	-	-	-	Pintle Hitch Low Boy Trailer (haul excavator)
WD	-	85,000	-	-	-	Small Dump truck 8 Yrd.
WD	-	114,000	-	-	-	Mini Excavator (Trackhoe)
WD	-	120,000	-	-	-	Ditch Witch
WD	-	125,000	-	135,000	-	Tandem Axle Dump Truck 16yd
WD	-	-	-	-	-	John Deere (410G) backhoe and front loader /forks/jackhammer/ 18" Bucket
FLEET	-	65,000	-	-	-	Heavy Duty independent mobile 6 lifts
SUBTOTAL	905,000	719,000	350,000	390,000	80,000	HEAVY EQUIP

**COMPREHENSIVE IMPROVEMENT PLAN  
2016**

DEPT	2016	2017	2018	2019	2020	GENERAL DESCRIPTION
CS	25,000	-	-	-	-	NEW- Parts and installation of new sound equipment for chambers (est. provided by IT); equipment could be relocated if needed in the future
CS	-	1,800	-	-	-	FUTURE- Public Info Mgmt System to better handle information requests between departments
CS	-	-	-	7,000	-	FUTURE- Laserfiche Records Mgmt Module to assist with paper & paperless record retention requirements
CC	-	-	9,000	-	-	Replace kitchen equipment (refrigerator, freezer and ice maker, current equipment is 2005 model)
IT	5,000	-	-	-	-	Wireless Access Points for All Fire Stations
IT	20,000	-	-	-	-	Consolidated voicemail server
IT	15,000	-	-	-	-	kiosks for Utility & Court Payments, 2 machines-City Hall and at Court- take both payments (includes machines, software, & install).
UA	80,000	-	-	-	-	Equipment to improve video (see list). Includes video for Fire Dept and replace TVs outside Council chambers.
PEG	17,500	-	-	-	-	Police Hand Held Radios
PD	65,000	-	-	-	-	Phase 2 to Complete Radio System and Move Off Backup System- Establish Microwave Link-we are the last city to do so.
PD	-	150,000	-	-	-	Replace 30-Year Old Emergency Generator at PD and Courts-can't find parts. Ensures 9-1-1 and Police and Fire Dispatch operate during power outages
PD	-	-	185,000	-	-	Backup Radio Microwave Uplink-Redundant link the rest of the cities on Plano radio system have.
PD	-	-	-	150,000	-	Recliner and Mattresses Replacement
FIRE	9,500	-	-	-	-	EMS patient cot and dehumidator replacement
FIRE	-	100,000	-	-	-	(2) CPR machines
FIRE	-	-	100,000	-	-	Replace City Christmas tree (current tree was purchased in 2000, had 10 year life expectancy)
PARKS	30,000	-	-	-	-	Game room equipment replacement (pool, ping pong, air hockey, etc, current equipment mostly 5-8 years old)
PARKS	8,000	-	-	-	-	Towable light tower 6kw (save \$2,100/year immediately, another \$1,800 in potential savings, in 3-4 years pays for itself, 10 year life expectancy)
PARKS	12,000	-	-	-	-	Soccer Goals, Bleachers (practice fields)
PARKS	12,000	-	-	-	-	Gymnasium basketball goal height adjustor replacement (6 goals, all still function but are close to end of life cycle)
PARKS	-	12,000	-	-	-	Towable 50 kw generator (save \$3,850/year immediately, another \$1,500/year in potential savings, in 8-9 years pays for itself, 15 year life expectancy)
AQP	42,000	-	45,000	-	-	Filter replacement on indoor pool
AQP	29,500	-	-	-	-	Pump Replacement on Indoor Pool, includes Variable Frequency Drive to improve pump's efficiency
AQP	35,000	-	-	-	-	Rubber fall zone surfacing on Splash Zone Interactive play area
AQP	-	29,500	-	-	-	Pump Replacement on Outdoor Lagoon, includes Variable Frequency Drive to improve pump's efficiency
AQP	-	35,000	-	-	-	Deck Heater for winter swim classes
AQP	-	-	12,000	-	-	LED replacement underwater light fixtures on Indoor Pool
AQP	-	-	12,000	-	-	LED replacement underwater light fixtures on Outdoor Pool
AQP	-	-	22,250	-	-	Add'l Play Features for Splash Zone
AQP	-	-	-	22,500	-	Add'l Play Features for Splash Zone
PW	-	70,000	-	-	-	Diesel Concrete Saw \$35k, Slide in Hopper Sand Spreader \$10k, Stump Grinder/Small Equip \$25k
PW	-	115,000	-	-	-	Arrow Master Concrete Breaker & Trailer (replace concrete breaker)
PW	-	-	-	-	15,000	Slide in hopper sand spreader
PW	-	-	-	-	25,000	Small equipment ( concrete saws, plate compactors, pumps, chain saws)
PW	-	-	-	-	-	Marketing booth for trade shows - similar to EDC's booth
PW	-	-	-	-	-	Expanded rack card display, storage shelves for VIC
PW	-	-	-	-	-	Pole Inspection Camera (for trunk lines)
PW	-	-	-	-	-	Digital Chl. Meter No. 26300
PW	-	-	-	-	-	EUJ20001 with dual lights (work lights)
PW	-	-	-	-	-	Replacement, repairs and upgrades to Aries equipment
PW	-	-	-	-	-	Replace small equipment (pumps, generators, saws, and tapping machines)
PW	-	-	-	-	-	Ingersoll Air Comp P185WDJ
PW	-	-	-	-	-	New emergency power backup generator and switchgear for pump station # 2 and 3. (two 800 to 1000 KVA generator systems)
PW	-	-	-	-	-	Outfall Sampling to replace existing model with newer technology \$10k, Electronic Sludge Analyzer \$20k, and Lab Equip \$20k
PW	-	-	-	-	-	John Deere Gator Replacement for WWTP
PW	-	-	-	-	-	GIS Field Instrument for measurements
PW	-	-	-	-	-	Paint Cluster mailboxes
PW	-	-	-	-	-	Electronic testing equipment
PW	-	-	-	-	-	Tire machine( mount,dismount and balance)
PW	-	-	-	-	-	Plasma cutter
PW	-	-	-	-	-	Lift replacement (to fit Tahoe)
PW	-	-	-	-	-	EQUIPMENT
SUBTOTAL	552,000	1,473,900	460,250	211,100	40,000	

COMPREHENSIVE IMPROVEMENT PLAN  
2016

DEPT	2016	2017	2018	2019	2020	GENERAL DESCRIPTION
FIRE	460,000	-	-	-	-	Replace Breathing Air System - meet NFPA standards. Obtaining parts for repairs are getting difficult.
FIRE	75,000	-	-	-	-	Emergency Medical Dispatch Software
FIRE	100,000	-	-	-	-	Complete personal protective clothing replacement
FIRE	-	185,000	-	-	-	Purchase rapid response squad/Equip - small engine/ambulance for medical runs to reduce future purchases and operating cost and for parking garages
FIRE	-	-	250,000	-	-	Additional Ambulance for Station #2
FIRE	-	-	750,000	-	-	Fire Apparatus and Equipment for Station #4
FIRE	-	-	900,000	-	-	Ambulance and apparatus for station #5
PD	95,000	-	-	-	-	Replace SRT Home-Made Armored Vehicle that is quickly becoming too unsafe to operate
PD	170,000	-	-	-	-	Tasers, 5-Year Warranty, Legal Support and Prepayment for Next Purchase in 5 Years. (Current Tasers are not longer supported or repairable)
PD	60,000	-	-	-	-	Department Issued Handguns
PD	20,000	-	-	-	-	Body Cameras
PD	-	55,000	-	-	-	Barrier Vest Replacements-replace expired vests
PD	-	-	-	15,000	-	Replace 6 old M4 Rifles
PD	-	-	-	40,000	-	Replace SRT Gas Launchers
PD	-	-	-	60,000	-	Barrier Vest Replacements-replace expired vests
PD	-	-	-	20,000	-	Replace 1 old Sniper Rifle
PD	-	-	-	-	15,000	Replace 6 old M4 Rifles
PD	-	-	-	-	60,000	Barrier Vest Replacements-replace expired vests
PD	-	-	-	-	55,000	Barrier Vest Replacements-replace expired vests
PD	-	-	-	-	350,000	Mobile Command Post
SUBTOTAL	980,000	240,000	1,900,000	135,000	480,000	
IT	70,000	-	-	-	-	Replacement of firewalls at city hall and engineering services for installation and configuration
IT	20,000	-	-	-	-	Consolidated voicemail server
IT	15,000	-	-	-	-	10Gb line card for switch at PD
IT	60,000	-	-	-	-	City main website redesign.
IT	75,000	-	-	-	-	Replace 10 servers. 15 servers are past warranty, 9 are 5 years old or older, 4 are 4 years old
IT	120,000	-	-	-	-	Replacement of core switch at city hall and engineering services for installation and configuration
IT	5,000	-	-	-	-	Replace wireless access points at all fire stations & Wireless Connectivity at City Facilities - allow employees, to access network when near a City facility.
IT	3,000	-	-	-	-	Add NDMP license to backup system to backup Network Storage system
IT	5,000	-	-	-	-	Increase backup storage capacity
ENG	45,000	-	-	-	-	Trackit App for Inspector Cell Phones - Can access permits in field
IT	-	50,000	-	-	-	Replace end of life firewalls (Network perimeter security devices)
IT	-	-	30,000	-	-	Start 5 Year Replacement schedule for CPUs and 10 year for monitors
IT	-	-	150,000	-	-	Replacement of Server Core Switch Card which are no longer under warranty
IT	-	-	20,000	-	-	Network Infrastructure upgrades (switch upgrades/replacement)
IT	-	-	-	350,000	-	Fiber Loop (NFM to Memorial via South Colony overpass) to provide all City facilities redundant network paths & street light control.
IT	-	-	-	72,000	-	1/3 Computer replacement on 5 year rotation schedule
IT	-	-	-	40,000	-	Server replacement 5 year replacement schedule
ENGR	20,000	-	-	-	-	Plan Review Software
CC	24,000	-	-	-	-	Computer lab computer replacement (12 work stations, current workstations 10-11 years old)
FM	45,000	-	-	-	-	Upgrade City Works Software Server Version - to replace desktop versions and meet requirement to track sign reflectivity
LIB	-	52,000	-	-	-	Convert to RFID Materials Security & Inventory Control System: Phase 1 (material conversion)
LIB	-	-	568,000	-	-	Convert to RFID Materials Security & Inventory Control System: Phase 2 (self-check & security gates)
LIB	-	-	-	\$19,520	-	Replace 32 Public Access Computers (5 yr replacement schedule - last replaced 13-14
LIB	-	-	-	\$44,000	-	RFID Automated Book Returns (3)
LIB	-	-	-	-	\$13,000	Replace Early Literacy Computers (at end of warranty/support)
PD	65,000	-	-	-	-	Crime Analysis Software Module-needed for resource deployment and tracking crimes
PD	-	25,000	-	-	-	Field Interview Records Module
PD	-	-	60,000	-	-	20 AEDs for Patrol Cars-establish compatibility with FD
PD	-	-	-	-	-	Message Switch Server for Police and Jail Management Software
PD	-	12,000	-	-	-	Animal Services Management Software-Move off of pen and paper system
PD	-	20,000	-	-	-	Valve Machine Software Upgrade - compatible with City Works (work order sys) and provides better blueprint of City.
WD	-	-	35,946	-	-	Replace SCADA Computers
WP	-	-	-	-	10,000	
SUBTOTAL	572,000	219,000	303,946	485,520	135,000	
TOTAL	3,700,500	3,266,900	3,469,196	1,800,620	1,339,000	

**COMPREHENSIVE IMPROVEMENT PLAN  
2016 - 2020**

DEPT	2016	2017	2018	2019	2020	TYPE	GENERAL DESCRIPTION
FM	45,000	45,000	-	-	-	ROOF	Recoat Roofs at Community Center, Parks & Rec and PD
FM	18,000	-	-	-	-	ROOF	Replace roof at Office Creek
FM	-	21,000	-	-	-	ROOF	Replace roof at Wastewater main office
WP	-	-	15,000	-	-	ROOF	Well Site #3 Building & Roof Repair
PARKS	35,000	-	-	-	-	SECURITY	Recreation Center security camera upgrade (current system not sufficient, need additional cameras and higher quality cameras)
CC	25,000	-	-	-	-	SECURITY	Community Center security camera system (no system currently, ongoing vandalism issues)
WP	-	-	-	90,000	-	SECURITY	Security Improvements - for Office Creek Pump Station and Wynnwood, Improve security fence, add video and alarm system to facility.
FM	200,000	-	-	-	-	UPGRADE	Court and Admin Camera Security upgrade - (Use of Court Security Funds)
FM	48,000	24,000	24,000	24,000	24,000	UPGRADE	HVAC upgrades Various City Buildings - Put In Operations Budget
FM	15,000	15,000	-	-	-	UPGRADE	Muni #5 AC upgrade and Energy saving Improvement
FM	50,000	-	-	-	-	UPGRADE	Upgrades and general maintenance to Aquatic Park Building
FM	105,000	105,000	75,000	75,000	75,000	UPGRADE	Fire Station Roll Up Door Change Out to Bifold+Auto Shut and Other Maint Repairs. Bifold doors less costly to maintain.
FM	-	20,000	-	20,000	-	UPGRADE	Automatic Gate replacement and upgrades
FD	50,000	-	-	-	-	UPGRADE	Training facility upgrades at the Yard
PARKS	-	60,000	-	-	-	UPGRADE	Gymnasium floor replacement (current floor installed in 2001, 10 year warranty, starting to have some bubbling issues)
PARKS	-	12,000	-	-	-	UPGRADE	Gym Divider Curtain Equipment Replacement
FM	435,000	-	-	-	-	REMODEL	Remodel PD Dispatch Area \$250k, Replace Generator and Transfer Switch for Dispatch \$185k.
FM	75,000	-	-	-	-	REMODEL	Remodel 1 Harris Plaza
FM	350,000	-	-	-	-	REMODEL	Remodel City Hall Annex
FM	450,000	350,000	100,000	-	-	REMODEL	AGE for Fire Station # 4 (Architect, Engineering & CMAR) in TIRZ
WP	-	246,100	-	-	-	REPAIRS	Repair for foundation and Piping movement for Wynnwood pump station. Per Alan Plummer's technical study
WP	401,000	-	340,000	-	-	REPAIRS	Ground Storage Tank roof repairs and concrete sealing, Exterior paint and interior piping and equipment repairs (6 tanks)
PD	-	1,200,000	-	-	-	EXPANSION	Expand Police and Fire 9-1-1 Center for additional PSAP Station (Includes Police, Fire and Building Services costs)
PD	-	-	250,000	-	-	EXPANSION	Phase 2 and 3 of Police / Court Facility - currently no room for more employees
CDC	-	750,000	-	-	-	EXPANSION	Expand Animal Services Building by 1,500 Square Feet
FM	-	250,000	-	-	-	EXPANSION	Maintenance Facility Expansion - Eliminate Eastvale PARD Facility
FM	-	50,000	-	-	-	EXPANSION	Animal Control Remodel Expansion
IT	-	100,000	-	-	-	EXPANSION	Cover area at Household Hazardous Waste
CC	-	-	-	750,000	-	EXPANSION	New storage system at the police department and increase capacity at city hall.
WP	565,000	-	-	-	-	NEW	Water Treatment: Chemical Building & Equip Improvements-add 3 buildings @ Pump Stations 1,2&3 to store Gas and replace Chlorine and Ammonia Gas feed systems.
FM	-	3,400,000	900,000	-	-	NEW	Construction of Fire Station # 4 in TIRZ
FM	-	-	350,000	150,000	-	NEW	AGE for Fire Station # 5(Architect & Engineering) in TIRZ
FM	-	-	-	-	2,800,000	NEW	Construction of Fire Station #5 in TIRZ
FD	-	-	4,000,000	-	-	NEW	Fire Administration and Training Facility
LIB	-	\$50,000	-	-	-	NEW	Consulting Services for preliminary planning for new library facility
LIB	-	-	\$890,000	-	-	NEW	Architectural & Engineering for new library facility
LIB	-	-	-	\$13,750,080	-	NEW	New Library Facility Construction (based on 42,969 sq. ft. per updated Space Needs worksheet)
CDC	-	-	-	20,000,000	-	NEW	Rec Center @ East Five Star - 50,000 sf @ \$350-\$400/sf; design process to begin as debt retirement on Five-Star begins
CVB	-	?	-	-	-	NEW	Lease (purchase?) space in Grandscap for official Visitor Information Center - cost unknown
TOTAL	2,867,000	6,698,100	6,944,000	34,859,080	2,899,000		
OTHER	(650,000)	(3,750,000)	(1,350,000)	(20,150,000)	(2,800,000)		
TOTAL	2,217,000	2,948,100	5,594,000	14,709,080	99,000		

**COMPREHENSIVE IMPROVEMENT PLAN  
2016 - 2020**

DEPT	2016	2017	2018	2019	2020	GENERAL DESCRIPTION
CDC	350,000	-	-	-	-	Skate park renovation and expansion - Include security devices: cameras, etc.
CDC	50,000	-	-	-	-	Slay-Baker Pavilion - No pavilion at park. Purchase and install new pavilion.
CDC	50,000	-	-	-	-	Friendship Park Pavilion - replacement. Purchase and install new pavilion.
CDC	30,000	-	-	-	-	Replace Tot Structure at Ridgepointe Park
CDC	30,000	-	-	-	-	GIS - Base model would req. staff to provide inventory
CDC	40,000	-	-	-	-	Shoreline Trail Erosion Study
CDC	350,000	-	-	-	-	West Shore Park Improvement - Interpretive sign; Parking Lot; Playground; Kayak Launch & Trail; Landscape & Irrigation
CDC	60,000	-	-	-	-	Park Loop Trail Landscape & Irrigation - Replace landscaping on N. Colony-Legends
CDC	40,000	-	-	-	-	John Yates Landscape - after LISD has completed bridge and trail
CDC	40,000	-	-	-	-	Taylor Street Landscape - In ROW around utility boxes, etc.
CDC	-	685,000	-	-	-	Park Loop Trail - Greenway to Bridges Park Phase 1 on Electric Easement - Approx. 1 mile
CDC	-	490,000	-	-	-	Park Loop Trail - Connection to new section of trail at BB Owen and to N. Colony - Approx. 1/2 mile - Bridge Park Loop Trail
CDC	-	-	TBD	-	-	Ballfield Light Replacements - LED technology available in near future
CDC	-	-	75,000	-	-	Perryman Park Pavilion - replaces and relocates pavilion to area closer to playground and outside of electric easement
CDC	-	-	575,000	-	-	Bill Allen Park Erosion - Addresses serious erosion on bank upstream from the amphitheater
CDC	-	-	200,000	-	-	Five Star Playgrounds - Replace 2 existing playground structures
CDC	-	-	400,000	-	-	Kids Colony Splashpad - Continuation of phased development of Kids Colony Park
CDC	-	?	-	-	-	Shoreline Trail Erosion Issues: Near old driving range
CDC	-	-	625,000	-	-	Park Loop Trail - Bridges Park to Frisco city limit - Phase 2 on Electric Easement - Approx. 1 mile
LP	65,000	-	-	-	-	Boat Ramp Area Retaining Wall
LP	20,000	-	-	-	-	Dumpster and Portalet Enclosures (2) - SCP
LP	-	120,000	-	-	-	Pavilion - Day Use Area
LP	-	60,000	-	-	-	Replace Post & Cable
LP	-	-	50,000	-	-	Electrical Upgrades - Phase II
LP	-	-	150,000	-	-	Trail Head / Boat Ramp Restroom
LP	-	-	-	-	750,000	Event Pavilion / Parking Lot
PM	-	-	-	-	300,000	Pond Improvements and Aeration - BB Owen (CDC?)
TOTAL	1,125,000	1,355,000	2,075,000	-	1,050,000	

**COMPREHENSIVE IMPROVEMENT PLAN  
2016 - 2020**

DEPT	2016	2017	2018	2019	2020	GENERAL DESCRIPTION
ENGR	40,000	-	-	-	-	Austin Ranch Lift Station Flow Meter
ENGR	1,100,000	-	-	-	-	Rehab & Upgrade Bridges Trunk Sewer WWTP to North Colony (Sewer line near failure)
ENGR	45,000	-	-	-	-	Water & Wastewater Impact Fee Update (Use Water/Sewer Impact Fees)
ENGR	-	140,000	-	-	-	Comprehensive Plan Update
ENGR	-	1,300,000	-	-	-	Rehab Curry Road Trunk Sewer (Sewer in Poor condition)
ENGR	-	-	600,000	-	-	Rehab & Upgrade Bridges Trunk Sewer North Colony to Miller
ENGR	-	-	-	25,000	-	Wastewater Master Plan Update
ENGR	-	-	-	80,000	-	Water Master Plan Update
ENGR	-	-	-	-	7,000,000	Extend Austin Ranch Force Main
WD	10,000	10,000	10,000	10,000	10,000	Flush Valve Replacement - 5 per year \$10K
WD	75,000	75,000	75,000	75,000	75,000	Manhole rehab (lining inside)
WD	120,000	120,000	120,000	120,000	120,000	Lining sewer mains that run between houses
WP	1,649,000	-	-	-	-	Well Site Electric & PLC Improvements @ pump station 1,2,3 and OCPs - replace 40yr old Motor Control Center, underground electrical. Service
WP	46,802	-	-	-	-	Replace water pipes and valves from well discharge pipes entering cooling towers at PS1, 2 and 3.
WP	260,000	-	-	-	-	Trinity Well # 3 Pumping Equip Maintenance - Pull/service water well pumping equipment. Pumping efficiency has dropped off 14% from 2009 to
WP	-	52,000	-	-	-	Pull and service Five Star Park irrigation well equipment maint and replacement motor and pump.
WP	-	100,000	-	-	-	Wynwood Pump Station Pump Improvements. Add Larger HS Pumps/Motors to keep up with increase demands in the Tribute development.
WP	-	-	350,000	-	-	Pump Station Water Quality Improvement - install water circulating systems in 7 storage tanks to improve water quality & prevent stagnation.
WP	-	-	50,000	-	-	Remove/Replace Deteriorating Concrete Basin and Steel Beams Under Cooling at pump station 1, 2 and 3.
WP	-	-	60,000	-	-	Automated well pump shaft lubricators/monitoring-System remotely monitors & controls the lubrication rate, sends alarms to SCADA. Increases
WP	-	-	-	40,000	-	Replace water pipe valves and at EST # 1 and 2 (Water Towers)
WP	-	-	-	260,000	-	Trinity Well # 2 Pumping Equip Maintenance - Pull and service water well pumping equipment. 8 Year maintenance
WP	-	-	-	52,500	-	Vault & Flow meter installation to monitor water storage tank fill rate at Wynwood Pump Station
WP	-	-	-	-	45,000	Replace Pump Controls panels, Discharge Plumbing and Pumps for French Drains Systems - OCPs & Pump Station 2,3.
WP	-	-	-	-	400,000	Pump Station Updates: Replace original perimeter security fence, lighting & improve driveways & property grading for water drainage from site.
WP	-	-	-	-	300,000	Trinity Well # 4 Pumping Equipment Maintenance - Pull and service water well pumping equipment. 8 year maint.
WP	-	-	-	-	60,000	Wynwood water Treatment equipment replacement
WW	40,000	-	-	-	-	SCADA Improvements for Lift Stations
WW	707,650	-	-	-	-	WWTP Phase 1 Remaining Balance for Design & Construction
WW	-	800,000	-	-	-	Curry Road Sewer Trunk Line Replacement
WW	-	450,000	-	-	-	Extend Austin Ranch Forced Main Sewer Line to Office Creek Trunk Line
WW	-	120,000	-	-	-	Add 3rd pump & VFD at Austin Ranch Lift Station
WW	-	-	1,800,000	-	-	Master Lift Station 1 expansion to 15MGD - third phase of the expansion project.
WW	-	-	-	2,300,000	-	Extend Austin Ranch Force Main Sewer to WWTP
WW	-	-	-	24,000,000	-	Wastewater Treatment Plant Expansion to 6.1 MGD Phase 2
SUBTOTAL	4,093,452	3,167,000	3,065,000	26,962,500	8,010,000	
OTHER	(45,000)	-	-	-	-	
TOTAL	4,048,452	3,167,000	3,065,000	26,962,500	8,010,000	

**CITY OF THE COLONY**

**DEBT MANAGEMENT POLICIES**

**September 15<sup>th</sup>, 2015**

**Prepared by the Finance Department**

**Approved by the City Manager  
Confirmed by the City Council on September 15<sup>th</sup>, 2015**

## DEBT MANAGEMENT POLICIES

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I. **PURPOSE**

The Debt Management Policies set forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that:

1. The City obtains financing only when necessary.
2. The process for identifying the timing and amount of debt or other financing is as efficient as possible.
3. The most favorable interest rates and lowest costs of issuance are obtained.
4. The City strives to maintain flexibility for future debt issuances.

II. **RESPONSIBILITY**

The primary responsibility for developing financing recommendations rests with the City Manager. In developing the recommendations, the City Manager shall be assisted by the Assistant City Manager and the Finance Director and their responsibilities shall be to:

1. Meet periodically to consider the need for financing and assess progress on the Capital Improvement Program.
2. Meet as necessary in preparation for financing.
3. Review changes in state and federal legislation.
4. Review annually the provisions of ordinances authorizing issuance of obligations.
5. Annually review services provided by the Financial Advisor, Bond Counsel, Paying Agent and other service providers to evaluate the extent and effectiveness of services provided.

Every February, under the direction of the Assistant City Manager, Departments will submit Capital Projects for the Capital Improvement Program. The report shall be prepared by the Finance Director and be based in part on information from the department directors in the City and shall include a projection of near term financing needs compared to available resources, an analysis of the impact of contemplated financings on the property tax rate and user charges, and a financing recommendation.

In developing financing recommendations, city management shall consider the following:

1. The amount of time proceeds of obligations are expected to remain on hand and the related carrying cost.
2. The options for interim financing including short term and interfund borrowing, taking into consideration federal and state reimbursement regulations.
3. The effect of proposed action on the tax rate and user charges.
4. Trends in interest rates.
5. Other factors as appropriate.

**A. Bond Counsel Involvement**

The Bond Counsel will issue an opinion as to the legality and tax-exempt status of any obligations. The City will also seek the advice of Bond Counsel on all other types of financings and on any other questions involving federal tax or arbitrage law.

The Bond Counsel is also responsible for the preparation of the ordinance authorizing issuance of obligations, and all of the closing documents to complete their sale and delivery, and will perform other services as defined by the contract approved by the City Council.

**B. Financial Advisor Involvement**

The City will seek the advice of the Financial Advisor when necessary. The Financial Advisor will advise on the structuring of obligations to be issued, inform the City of various options, advise the City as to how choices will impact the marketability of City obligations and will provide other services as defined by contract approved by the City Council. Financial Advisor will be able to bid on any City competitive debt issues if approval is given by the City. The Financial Advisor will inform the City Manager of significant issues.

**III. SHORT TERM DEBT**

**A. General**

When appropriate, the city may consider short-term obligations. Some forms of short-term obligations can be obtained quicker than long-term obligations and thus can be used in emergencies until long-term financing can be obtained. In some cases when the amount of financing required in the immediate future is relatively small, it may be cheaper for the City to issue a small amount of short-term obligations to provide for its immediate needs, than to issue a larger amount of long-term obligations to provide financing for both immediate, and future needs when the carrying costs of issuing obligations, which are not immediately needed are taken into account.

The amount of short-term obligations due to mature in a year shall not exceed 5% of the aggregate principal amount of outstanding long-term debt.

**IV. LONG TERM DEBT**

**A. General**

Long-term obligations will not be used for operating purposes, and the life of the obligations will not exceed the useful life of the projects financed.

A resolution of intent to issue bonds or other debt obligations authorizing staff to proceed with preparations shall be presented for the consideration of the City

Council when capital projects are identified. This provision may be waived in the event of emergencies or other good cause.

Debt service structure will approximate level debt service unless operational matters dictate otherwise.

The cost of issuance of private activity bonds is usually higher than for governmental purpose bonds. Consequently, private activity bonds will be issued only when they will economically benefit the City.

The cost of taxable debt is higher than the cost of tax-exempt debt. However, the issuance of taxable debt is mandated in some circumstances, and may allow valuable flexibility in subsequent contracts with users or managers of the improvement constructed with the bond proceeds. Therefore, the City will usually issue obligations tax-exempt, but may occasionally issue taxable obligations.

**B. Bonds**

Long-term general obligation or revenue bonds may be issued to finance significant capital improvements. If required by state law or charter, an election will be held to authorize such obligations.

Bonds will have a maximum repayment term of 25 years or less. When cost/beneficial, and when permitted under applicable ordinances, the City may consider the use of surety bonds, lines of credit, or similar instruments to satisfy reserve requirements.

**C. Certificates of Obligation**

Certificates of Obligation may be issued to finance permanent improvements, land acquisition, and other public purposes. The life of certificates of obligation issued to finance equipment shall match to the extent possible the useful life of the equipment, which is usually three to five years.

Certificate of Obligations will be secured by a tax pledge and/or a revenue pledge, as required by law and as determined to be in the best interest of the City. Some revenues are restricted as to the uses for which they may be pledged. Water and wastewater revenues may be pledged without limit.

**D. Public Property Finance Contractual Obligation**

Public property finance contractual obligations may be issued to finance the acquisition of personal property. The life of the contractual obligations issued to finance personal property shall match the useful life of the personal property.

**E. Anticipation Notes**

Anticipation Notes may be used to finance projects or acquisition that could also be financed with Certificates of Obligation.

Anticipation Notes may be secured and repaid by a pledge of revenue, taxes, a combination of revenue and taxes or the proceeds of a future debt issue. Anticipation Notes are authorized by an ordinance adopted by the City.

Anticipation Notes have several restrictions, which include:

1. Anticipation Notes issued for general purposes must mature before the seventh anniversary of the date the Attorney General approves the issue.
2. A governing body may not issue Anticipation Notes that are payable from bond proceeds unless the proposition authorizing the issuance of the bonds has already been approved by the voters and the proposition states that anticipation notes may be issued.

**F. Negotiated versus Competitive Sale versus Private Placement**

When feasible and economical, obligations shall be issued by competitive sale rather than negotiated sale. A sale may be negotiated when the issue is predominantly a refunding issue or in other non-routine situations, which require more flexibility than a competitive sale allows. In addition, market volatility may necessitate a negotiated sale. Whenever the option exists to offer an issue either for competitive sale or for negotiated sale, analysis of the options shall be performed to aid in the decision making process. When a sale is not competitively bid, the City will participate with the Financial Advisor in the selection of the underwriter or direct purchaser.

The criteria used to select a winning bidder in a competitive sale shall be the true interest cost. In a negotiated sale, the underwriter may be selected through a request for proposals (RFP). The criteria used to select an underwriter in a negotiated sale should include the following:

1. Overall experience
2. Marketing philosophy
3. Capability
4. Previous experience with the City as managing or co-managing underwriter
5. Financial Statement
6. Public Finance team and resources
7. Breakdown of underwriter's discount
  - a. Management fee – compensation to the underwriter for their work in structuring the issue.
  - b. Underwriting fee – compensation to the underwriter for using their capital to underwrite the bonds.
  - c. Average takedown – the portion of the underwriter's discount used to pay the sales force.
  - d. Expenses – administrative costs such as underwriter's counsel and administrative fees.

In a negotiated underwriting, the sale will be, to the extent appropriate, negotiated with a consortium of underwriting firms, to preserve some of the benefits of competition.

When cost/beneficial, the City may privately place its debt. Since no underwriter participates in a private placement, it may result in lower cost of issuance. Private placement is sometimes an option for small issues. The opportunity may be identified by the Financial Advisor.

#### **G. Bidding Parameters**

The notice of sale will be carefully constructed to ensure the best possible bid for the City, in light of existing market conditions and other prevailing factors. Parameters to be examined include:

1. Limits between lowest and highest coupons
2. Coupon requirements relative to the yield curve
3. Method of underwriter compensation, discount or premium coupons
4. Use of true interest cost (TIC) versus net interest cost (NIC)
5. Use of bond insurance
6. Deep discount bonds
7. Variable rate bonds
8. Call provisions

#### **H. Bond Elections**

Before a bond election, the City Manager and City Councilmembers will be provided with competent debt capacity analyses, tax and user fee impact projections and other information as directed by the City Manager's Office. The Bond Counsel and Financial Advisor will provide support during the process.

#### **V. REFUNDING**

The City shall consider refunding debt whenever an analysis indicates the potential for present value savings or the city's needs to restructure its debt payments.

As a general rule, private activity bonds may be refunded in a current refunding only.

#### **VI. CAPITAL LEASING**

Capital leasing is an option for the acquisition of a piece or package of equipment costing less than \$1,000,000.

Leasing shall not be considered when funds are on hand for the acquisition unless the interest expense associated with the lease is less than the interest that can be earned by investing the funds on hand or when other factors such as budget constraints or vendor responsiveness override the economic consideration.

Whenever a lease is arranged with a private sector entity, a tax-exempt rate shall be sought. Whenever a lease is arranged with a government or other tax-exempt entity, the City shall strive to obtain an explicitly defined taxable rate so that the lease will not be counted in the City's total annual borrowings subject to arbitrage rebate.

The lease agreements shall permit the City to refinance the lease at no more than reasonable cost should the City decide to do so. A lease, which can be called at will, is preferable to one, which can merely be accelerated.

Since the market for lease financings is relatively inefficient, the interest rates available at any one time may vary widely. Therefore, the City shall attempt to obtain at least three competitive proposals for any major lease financing. The net present value of competitive bids shall be compared; taking into account whether payments are in advance or in arrears, and how frequently, payments are made. The purchase price of equipment shall be competitively bid as well as the financing cost.

The advice of the City's Bond Counsel shall be sought in any leasing arrangement and when federal tax forms 8038 are prepared to ensure that all federal tax laws are obeyed.

The City may consider issuing certificates of participation to finance a very large project. Care should be taken because financing costs may be greater than for other types of financing. When possible, the lease agreement will be backed with a tax pledge.

If the City is obligated to make payment, more than a year in the future then the agreement will probably be considered debt by the State. However, if the payments are subject to annual appropriation by the City Council, then they may not.

#### **VII. OTHER TYPES OF FINANCING**

From time to time, other types of financing may become available. Examples of these options are debt pools with other entities and low-interest loans from State Agencies such as the Texas Water Development Board. The Finance Director will prepare a written analysis of an option, with the advice of the City's Bond Counsel and Financial Advisor.

#### **VIII. RATIOS AND RESERVES**

The portion of the City's property tax levied for debt service shall not exceed 40% of the total tax rate levied each year even though the Texas Attorney General's Office, in its review of bonds or other obligations secured by Ad Valorem Taxes, generally imposes a limit of \$1.50 for debt service for cities with a \$2.50 maximum tax rate. However, the City is obligated to levy an Ad Valorem Tax sufficient to provide for the timely payments of its debt obligations secured by Ad Valorem Taxes.

The City will maintain net revenues equaling to at least 1.10 times the maximum annual principal and interest requirement and 1.25 times the average annual principal and interest requirements of all parity bonds outstanding in the Water and Wastewater Fund.

For water and sewer, and other types of revenue bonds, the bond documents will designate the reserve fund amount if a reserve fund is to be established.

When revenue supported debt is issued, a debt service reserve or similar alternative may be established. The requirements for and source of the reserve will be determined on a case-by-case basis.

## IX. **OFFICIAL STATEMENT**

The Official Statement is the disclosure document prepared by or on behalf of the City for an offering of securities.

### A. **Responsibility**

The preparation of the Official Statement is the responsibility of the Finance Director with the help of the Financial Advisor. Information for the Official Statement is gathered from departments/divisions throughout the City.

### B. **Timing**

The Finance Director will begin assembling the information needed to update the Official Statement before the offering of debt. Audited financial statement information is expected in March. As soon as it is available, audited financial statement information and capital budget information will be incorporated.

If the next anticipated bond sale is expected to be more than twelve months after fiscal year end, then the prior year's audited financial statement information may be updated using unaudited figures.

The Financial Advisor shall begin preparing the Official Statement at least eight weeks prior to an anticipated bond issuance. Subsequent timing will generally be as follows:

1. The first draft of the preliminary Official Statement takes approximately 2 weeks to create.
2. Copies of the first draft are provided to the City's Bond Counsel and City Staff, who will review it for 2 weeks. In the case of a negotiated sale, the underwriter's counsel will also be asked for comments.
3. Comments from reviewers should be submitted during the two-week review period. About 1 week will be required to make the requested changes. After they have been made, the Official Statement is either sent to print or subjected to a second review.

4. During the printing process or the second review, a copy of the draft Official Statement is sent to the rating agencies for their review.
5. The preliminary Official Statement should be completed and mailed or electronically distributed to underwriters 2 weeks prior to the bond sale date. The preliminary document will be titled "preliminary" with red printed disclosure language and will be called a "red herring".
6. After interest rates have been accepted by the City Council, the final Official Statement must be prepared and distributed to the underwriter within seven business days of the date of sale.

**C. Auditor's Involvement**

The City will include a review of its Official Statement in the contract for services with its external auditor if required.

**D. Printing**

The Financial Advisor may print the Official Statement for the City.

**X. RATINGS**

The City's goal is to maintain or improve its bond ratings. To that end, prudent financial management policies will be adhered to in all areas.

Full disclosure of operations will be made to the bond rating agencies. The City staff, with the assistance of the Financial Advisor and Bond Counsel, will prepare the necessary materials for presentation to the rating agencies.

The City may choose to use Fitch Ratings, Moody's or Standard and Poor's. The City shall maintain a line of communications with those rating agencies (Moody's, Standard and Poor's, or Fitch), informing them of major financial events in the City as they occur. The Comprehensive Annual Financial Report shall be distributed to the rating agencies after it has been accepted by the City Council.

The rating agencies will also be notified either by telephone or through written correspondence when the City begins preparation for a debt issuance. After the initial contact, a formal ratings application will be prepared and sent along with the draft of the Official Statement relating to the bond sale to the rating agencies. This application and related documentation should be sent several weeks prior to the bond sale to give the rating agencies sufficient time to perform their review.

A personal meeting with representatives of the rating agencies will be scheduled every few years or whenever a major project is initiated.

## **XI. CREDIT ENHANCEMENTS**

Credit enhancements are mechanisms that guarantee principal and interest payments. They include bond insurance and a line or letter of credit. Credit enhancement will usually bring a lower interest rate on debt and a higher rating from the rating agencies, thus lowering overall costs.

During debt issuance planning, the Financial Advisor will advise the City whether or not a credit enhancement is cost effective under the circumstances and what type of credit enhancement, if any, should be purchased. In a negotiated sale, bids will be taken during the period prior to the pricing of the sale. In a competitive sale, the bidder may purchase bond insurance if the issue qualifies for bond insurance.

## **XII. SECONDARY MARKET DISCLOSURE**

SEC 15c2-12 regulations became effective July 3, 1995. The new regulation requires municipal debt issuers to provide specified financial and operating information for fiscal years beginning on January 1, 1996, or later. The information provided should mirror the information provided in an official statement at the time of a primary offering.

The annual financial information is to be sent to all Nationally Recognized Municipal Information Depositories (NRMSIRs) designated by the SEC. Additionally, issuers must notify the State Information Depositories (SIDs) if one exists.

In addition to the financial and operating information, any material event must be provided to all NRMSIRs, Municipal Securities Rulemaking Board (MSRB) and to the state SID's. Municipal debt issuers will be obligated to provide ongoing disclosure on the status of the following material events:

1. Principal and interest payment delinquencies
2. Non-payment-related defaults
3. Unscheduled draws on reserves
4. Unscheduled draws on credit enhancements
5. Substitution of credit or liquidity providers, or the failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to rights of security holders
8. Bond calls
9. Defeasances
10. Matters affecting collateral
11. Rating changes

The Finance Director will be designated "Compliance Officer" for disclosure requirements. Levels of reporting will include:

1. Notification by certified mail to NRMSIRs, and SID's of material events, with copies to the City Council
2. Copies of CAFR and updated tables from the Official Statement to NRMSIRs and SIDs within six months of fiscal year end.

### XIII. **ARBITRAGE LIABILITY MANAGEMENT**

It is the City's policy to minimize the cost of arbitrage rebate and yield restrictions while strictly complying with the law.

#### A. **General**

Federal arbitrage legislation is intended to discourage entities from issuing tax-exempt obligations unnecessarily. In compliance with the spirit of this legislation, the City will not issue obligations except for identifiable projects with very good prospects of timely initiation. Obligations will be issued as closely in time as feasible to the time contracts are expected to be awarded so that they will be spent quickly.

#### B. **Responsibility**

Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the advice of Bond Counsel and other qualified experts will be sought whenever questions about arbitrage rebate regulations arise. The City contracts outside consultants for arbitrage rebate services.

The Accounting Manager will be responsible for identifying the amount of unspent debt proceeds including interest which is on hand and will be responsible for ensuring that, to the extent feasible, the oldest proceeds on hand are spent first.

The consultants will maintain a system for computing and tracking the arbitrage rebate liability. The consultants will notify the City within 60 days of year-end of the amount of accrued liability. The consultants will also be responsible for notifying the City two months in advance of when a rebate of excess arbitrage earnings is due to the Internal Revenue Service.

The City's Bond Counsel and Financial Advisor may be requested to review in advance any arbitrage rebate payments and forms sent to the Internal Revenue Service.

The expenditure of obligation proceeds will be tracked in the financial accounting system by type of issue. Investments will be pooled for financial accounting purposes and may, at the discretion of the Finance Director, be pooled for investment purposes. When investments of bond proceeds are co-mingled with other investments, the City shall adhere to the Internal Revenue Service rules on accounting allocations.

Arbitrage rebate costs shall be charged as negative interest revenue to the funds in which the related obligation proceeds were originally deposited.

#### C. **Internal Interim Financing**

In order to defer the issuance of obligations, when sufficient non-restricted reserve funds are on hand, consideration shall be given to appropriating them to

provide interim financing for large construction contracts or parts of contracts. When the appropriations are subsequently re-financed with proceeds of obligations or other resources, the non-restricted reserve funds shall be repaid.

When expenditures are reimbursed from debt issuances, applicable state law and the Internal Revenue Service rules on reimbursements will be complied with so that the reimbursements may be considered expenditures for arbitrage purposes. Requirements are in general:

1. The City shall declare its intention to reimburse expenditure with debt proceeds before paying the expenditure, and will exclude cost of issuance.
2. Reimbursement bonds must be issued and the reimbursement made within eighteen months after the expenditure was made or the property financed by the expenditure was placed in service, whichever is later.
3. The expenditure to be reimbursed must be a capital expenditure.

**D. Spend-out Exceptions For Federal Rebate**

Arbitrage rebate regulations provide certain spending exceptions to the imposition of Federal rebate obligations. One such safe harbor applies to obligations issued for construction if certain rules are adhered to and the proceeds are spent within two years. Other such exceptions apply to expenditures of proceeds within 6 months or eighteen months. These options should be considered when circumstances indicate the City will with certainty be successful in achieving a spend-out goal. Such circumstances may include, but are not limited to the following:

1. Obligations are issued to finance a variety of small construction projects, not large projects that might be unexpectedly delayed after the issuance. In addition, project management understands the requirements and is firmly committed to achieving the spend-out goal.
2. Obligations are issued for a single, large high priority project with a relatively short construction period and there is a high level of commitment to speedy completion.

When the two-year spend-out option is elected, debt will be issued for an estimated one year of expenditures to provide for unexpected delays of up to a year without incurring penalties.

The exercise of the spend-out options will always be coordinated with Bond Counsel and the Financial Advisor. The city shall coordinate with Bond Counsel and the Financial Advisor regarding the proper elections to be made in connection therewith.

XIV. **MODIFICATIONS TO POLICIES**

Management staff will review these policies annually and significant changes may be made with the approval of the City Manager. Significant policy changes will be presented to the City Council for confirmation.

**CITY OF THE COLONY**

**FINANCIAL MANAGEMENT POLICIES**

**SEPTEMBER, 2015**

**Prepared by the Finance Department**

**Confirmed by the City Council on September 15<sup>th</sup>, 2015**

## FINANCIAL MANAGEMENT POLICIES

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## I. PURPOSE STATEMENT

These policies are developed by the City Manager to guide the Finance Director, and staff in financial matters. The overriding goal of the Financial Management Policies is to enable the City to achieve a long-term stable and positive financial condition while conducting its operations consistent with the council-manager form of government established in the City Charter. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The purpose of the Financial Management Policies is to provide guidelines for the financial management staff in planning and directing the City's day-to-day financial affairs and in developing recommendations to the City Manager.

The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management.

## II. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- A. **ACCOUNTING** – The City's Assistant Finance Director is responsible for establishing the chart of accounts, and for properly recording financial transactions.
- B. **FUNDS** - Self-balancing groups of accounts are used to account for City financial transactions in accordance with generally accepted accounting principles. Each fund is created for a specific purpose except for the General Fund, which is used to account for all transactions not accounted for in other funds. Funds are created and fund names are changed by City Council approval through resolution either during the year or in the City Council's approval of the annual operating budget ordinances.
- C. **EXTERNAL AUDITING** – The City will be audited annually by outside independent auditors. The auditors must be a CPA firm capable to demonstrate that they have the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards, generally accepted government auditing standards, and contractual requirements. The auditors' report on the City's financial statements including federal grants single audit when required, will be completed within 120 days of the City's fiscal year end, and the auditors' management letter will be presented to the City staff within 150 days after the City's fiscal year end. An interim management letter will be issued prior to this date if any materially significant internal control weaknesses are discovered. The City staff and auditors will jointly review the management letter with the City Council within 60 days of its receipt by the staff.

- D. **EXTERNAL AUDITORS RESPONSIBLE TO CITY COUNCIL** – The external auditors are accountable 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 auditors consider such communication necessary to fulfill their legal and professional responsibilities.

The City Council may conduct closed session annually with the auditors present without the presence of City staff. Such meeting shall be conducted in accordance with the Open Meetings Act.

- E. **EXTERNAL AUDITOR ROTATION** – The City will not require external auditor rotation, but will circulate requests for proposal for audit services periodically, normally at five-year intervals.
- F. **EXTERNAL FINANCIAL REPORTING** – The City will prepare and publish a Comprehensive Annual Financial Report (CAFR). The CAFR will be prepared in accordance with generally accepted accounting principles, and will be presented annually to the Government Finance Officers Association (GFOA) for evaluation and awarding of the Certification of Achievement for Excellence in Financial Reporting. The CAFR will be published and presented to the City Council within 120 days after the end of the fiscal year. City staffing limitations may preclude such timely reporting. In such case, the Finance Director will inform the City Manager and the City Manager will inform the City Council of the delay and the reasons therefore.
- G. **INTERNAL FINANCIAL REPORTING** - The Finance Department will prepare internal financial reports sufficient for management to plan, monitor, and control the City's financial affairs. Internal financial reporting objectives are addressed throughout the policies.

### III. **INTERNAL CONTROLS**

- A. **WRITTEN PROCEDURES** – The Finance Director is responsible for developing citywide written guidelines on accounting, cash handling, and other financial matters, which will be approved by the City Manager.

The Finance Department will assist department directors as needed in tailoring these guidelines into detailed written procedures to fit each department's requirements.

- B. **DEPARTMENT MANAGERS RESPONSIBLE** – Each department director is responsible to the City Manager to ensure that good internal controls are followed throughout his or her department, that all guidelines on accounting and internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

#### IV. OPERATING BUDGET

- A. **PREPARATION** – The City's "Operating Budget" is the City's annual financial operating plan. It consists of governmental and proprietary funds, including the general obligation and revenue supported Debt Service Funds, but excluding Capital Projects Funds. The budget is prepared by the Finance Department with the cooperation of all City departments, and is submitted to the City Manager who makes any necessary changes and transmits the document to the City Council.

The preliminary budget should be filed with the City Secretary's office on or before July 31<sup>st</sup> each fiscal year, and presented to the City Council. Thereafter, the final budget should be enacted by the City Council prior to fiscal year end. The operating budget shall be submitted to the GFOA annually for evaluation and awarding of the Award for Distinguished Budget Presentation.

- B. **BALANCED BUDGET** – The operating budgets will be balanced, with current revenues, and prior year surpluses greater than or equal to current expenditures/expenses except a rainy day fund reserve of sixty (60) days.
- C. **PLANNING** – The budget process will be coordinated to identify major policy issues for City Council's consideration several months prior to the budget approval date.
- D. **REPORTING** – Periodic financial reports will be prepared to enable the department directors to manage their budgets and to enable the Finance Department to monitor and control the budget as authorized by the City Council. Summary financial reports will be presented to the City Council each month within four weeks after the month end. Such reports will include current year revenue and expenditures in comparison to budget and prior year actual revenues and expenditures.
- E. **CONTROL** – Operating Expenditure Control is addressed in another section of the Policies.
- F. **PERFORMANCE MEASURES AND PRODUCTIVITY INDICATORS** – Where appropriate, performance measures and productivity indicators will be used as guidelines and reviewed for efficiency and effectiveness. This information will be included in the annual budgeting process.
- G.

#### V. CAPITAL IMPROVEMENT PROGRAM

- A. **PREPARATION** – The City's Capital Improvement Program will include all capital projects. The Capital Improvement Plan will be prepared annually on a fiscal year basis. The Capital Improvement Plan will be reviewed annually by the City Council.

The Capital Improvement Plan will be prepared by the Finance Department with the involvement of all City departments.

- B. **CONTROL** – All capital project expenditures must be approved by City Council. The Finance Department must ensure the availability of resources before a capital project contract is presented by the City Manager to the City Council for approval.
- C. **PROGRAM PLANNING** – The Capital Improvement Plan will include capital improvements program plans for future years. The planning time frame should normally be at least five years. The replacement and maintenance for capital items should also be projected for the next 5 years. Future maintenance and operations will be fully costed, so that these costs can be considered in the operating budget.
- D. **ALTERNATE RESOURCES** – Where applicable, assessments, impact fees, or other user-based fees should be used to fund capital projects, which have a primary benefit to certain property owners.
- E. **DEBT FINANCING** – Recognizing that 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, which equal or exceed the average life of the debt issued. 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.
- F. **STREET MAINTENANCE** – The City recognizes that deferred street maintenance increases future capital costs by an estimated 5 to 10 times. Therefore, a portion of the General Fund Budget and/or debt issuances may be set aside each year to maintain the quality of streets. The amount will be established annually so that repairs will be made.
- G. **WATER/WASTEWATER MAIN REHABILITATION AND REPLACEMENT** – The City recognizes that deferred water/wastewater main rehabilitation and replacement increases future costs due to loss of potable water from water mains and inflow and infiltration into wastewater mains. Therefore, to ensure that the rehabilitation and replacement program is adequately funded, the City may annually appropriate an amount to provide for a water and wastewater main repair and replacement program.
- H. **WATER AND WASTEWATER SPECIAL PROJECTS** – A special fund will be maintained for water and wastewater capital projects. The fund will be funded with operating surpluses, interest earnings, and transfers from water and wastewater operations. As soon as practicable, after each fiscal year end when annual operating results are known, any Water/Wastewater Fund operating surplus in excess of budget which is not required to meet ending resources requirements, may be transferred to the Special Projects Fund with the approval of the City Council. The fund will be used for funding water/wastewater main rehabilitation and replacement, for major capital outlay, and for unplanned projects.
- I. **REPORTING** – Periodic financial reports will be prepared to enable the department managers to manage their capital budgets and to enable the Finance Department to monitor the capital budget as authorized by the City Council.

## VI. REVENUE MANAGEMENT

- A. **SIMPLICITY** – The City will strive to keep the revenue system simple, which will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay. The City will avoid nuisance taxes, fees, or charges as revenue sources.
- B. **CERTAINTY** – An understanding of the revenue source increases the reliability of the revenue system. The City will enact consistent collection policies for its revenues so that assurances can be provided that the revenue base will materialize according to budgets and plans.
- C. **EQUITY** – The City will strive to maintain equity in the revenue system structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances, e.g., senior citizen property tax exemptions or partial property tax abatement.
- D. **ADMINISTRATION** – The benefits of revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed annually for cost effectiveness. Where appropriate, the City will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
- E. **REVENUE ADEQUACY** – The City will require that there be a balance in the revenue system. That is, the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
- F. **COST/BENEFIT OF ABATEMENT** – The City will use due caution in the analysis of any tax, fee, or water and wastewater incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such analysis.
- G. **DIVERSIFICATION AND STABILITY** – In order to protect the government from fluctuations in revenue source due to fluctuations in the economy, and variations in weather, (in the case of water and wastewater), a diversified revenue system will be maintained.
- H. **NON-RECURRING REVENUES** – One-time revenues will not be used for ongoing operations. Non-recurring revenues will be used only for non-recurring expenditures. Care will be taken not to use these revenues for budget balancing purposes.
- I. **PROPERTY TAX REVENUES** – Property shall be assessed at 100% of the fair market value as appraised by the Denton Central Appraisal District. Reappraisal and reassessment shall be done regularly as required by State law.

All delinquent taxes will be aggressively pursued, with delinquents greater than 150 days being turned over to the City Attorney or a private attorney, and a penalty assessed to compensate the attorney as allowed by state law, and in accordance with the attorney's contract.

- J. **USER-BASED FEES** – 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 a periodic review of fees and charges to ensure that fees provide adequate coverage of costs of services. User charges may be classified as “full cost recovery,” “partial cost recovery,” and “minimal cost recovery,” based upon City Council policy.
- K. **IMPACT FEES** – Impact fees are currently imposed for water, wastewater, roadway, and drainage in accordance with applicable city ordinances and State Law. Impact fees will be re-evaluated at least every five years as required by law.
- L. **GENERAL AND ADMINISTRATIVE CHARGES** – A method will be maintained whereby the General Fund can impose a charge to the enterprise funds or special revenue funds for general and administrative services (indirect costs), performed on their behalf. The details will be documented in the annual budget process in the form of transfers between funds.
- M. **UTILITY RATES** – The City will review utility rates periodically, and if necessary, adopt new rates that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, provide for an adequate level of working capital needs and debt service requirements. This policy does not preclude drawing down cash balance to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects.
- N. **INTEREST INCOME** – Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the average monthly cash balances.
- O. **REVENUE MONITORING** – Revenues actually received will be regularly compared to budgeted revenues and variances will be investigated. This process will be summarized in the appropriate budget report.

## VII. EXPENDITURE CONTROL

- A. **APPROPRIATIONS** – The level of budgetary control is the department level in the General Fund, Parks Fund, and Utility Fund and the fund level in all other funds. When budget adjustments (i.e., amendments) between departments and/or funds are necessary, these must be approved by the City Council. Budget appropriation amendments at lower levels of control shall be made in accordance with the applicable administrative procedures.
- B. **CONTINGENCY ACCOUNT EXPENDITURES** – The City Council must approve all contingency account expenditures of \$50,000 or more, as discussed under Purchasing.
- C. **PURCHASING** – All purchases shall be in accordance with the City's Purchasing Policies.

- D. **PROFESSIONAL SERVICES** – Professional services will generally be processed through a request for proposal process, except for smaller contracts. The City Manager may execute any professional services contract for less than \$50,000 provided there is an appropriation for such contract.
- E. **PROMPT PAYMENT** – All invoices will be paid within 30 days of receipt of goods and services or receipt of invoices, whichever is later in accordance with the prompt payment requirements of state law. Procedures will be used to take advantage of all purchase discounts where considered cost effective. However, payments will also be reasonably delayed in order to maximize the City's investable cash, where such delay does not violate the agreed upon payment terms.
- F. **EQUIPMENT FINANCING** – Equipment may be financed when the useful life is at least three years. Vehicles to be replaced are identified and evaluated every year during the budget process. Depending on available resources, financing may be made by debt issuance rather than from the General Fund and Utility Fund accounts.
- G. **INFORMATION TECHNOLOGY** – Certain information technology acquisitions will be funded in the Information Technology Department's budget or by debt issuance. Acquisitions may include all related professional services costs for researching and/or implementing an information technology project. Lease cost is also an eligible expense.

#### **VIII. ASSET MANAGEMENT**

- A. **INVESTMENTS** – The City's investment practices will be conducted 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. A monthly report is provided by the Finance Director to the Assistant City Manager for presentation to the City Council.
- C. **FIXED ASSETS AND INVENTORY** – These assets will be reasonably safeguarded and properly accounted for, and prudently insured.

#### **IX. FINANCIAL CONDITION AND RESERVES**

- A. **NO OPERATING DEFICITS** – Current expenditures will be paid with current revenues and prior year surplus. Deferrals, short-term loans, or one-time sources will be avoided as budget balance techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums.
- B. **INTERFUND LOANS** - Non-routine interfund loans shall be made only in emergencies where other temporary sources of working capital are not available and with the approval of the City Council. At the time an interfund loan is considered, a plan to repay it prior to fiscal year end shall also be considered.

A fund will only lend money that it will not need to spend in the immediate future. A loan may be made from a fund only if the fund has ending resources in excess of the minimum requirement for the fund. Total interfund loans outstanding from a fund shall not exceed 15% of the target fund balance for the fund. If any interfund loan is to be repaid from the proceeds of a future debt issue, a proper reimbursement resolution will be approved at the time the loan is authorized.

- C. **OPERATING RESERVES** – in accordance with GASB-54, it is the policy of the City of The Colony to classify fund balances as Non-spendable, Restricted, Committed, Assigned, or Unassigned and develop policy for establishment and activity of each classification. Non-spendable fund balance is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact as an endowment. Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources. Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal year. These amounts can be used only for specific purposes determined by a formal action of the City Council and require the same level of formal action to remove the constraint. Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Council. The purpose of the assignment must be narrower than the purpose of the General Fund. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget. Unassigned fund balance represents the residual classification of fund balance and includes all spendable amounts not contained within other classifications. Restricted, Committed, and Assigned fund balance expenditures require prior Council approval.

(1) Policy on Committing Funds:

It is the policy of the City of The Colony that fund balance amounts will be reported as "Committed Fund Balance" only after formal action and approval by City Council. The action to constrain amounts in such a manner must occur prior to year end; however, the actual dollar amount may be determined in a subsequent period. After approval by the City Council, the amount reported a Committed Fund Balance cannot be reversed without Council approval.

(2) Policy of Assigning Funds:

Funds that are intended to be used for a specific purpose but have not received the formal approval by Council may be recorded as Assigned Fund Balance. It is the policy of the City of The Colony that fund balance amounts will be reported as "Assigned Fund Balance" only after the City Manager has assigned those amounts based on intentions for use of the City Council.

(3) Policy on Unassigned General, Parks, and Utility Fund balances:

It is the goal of the City to achieve and maintain an unassigned General Fund, Parks Fund, and Utility Fund balance equal to 60 days of expenditures. The required minimum fund balance of 60 days of expenditures is to provide working capital needs in emergencies. The 60 days fund balance is considered as committed fund balance in the General Fund and is approved by the City Council via the resolution adopting this policy. To the extent reasonably possible, in the event that the General fund balance is drawn down below the target level, it will be replenished by the following fiscal year.

(4) Order of fund expenditure

When multiple categories of fund balance are available for expenditure, the City will first spend the most restricted category of funds. Normally, this will result in the use of committed, then restricted, and lastly, unassigned fund balances.

Failure to meet these standards will be disclosed to the City Council as soon as the situation is recognized and a plan to replenish the ending resources over a reasonable time frame shall be adopted.

- D. **RISK MANAGEMENT PROGRAM** – The City will aggressively pursue every opportunity to provide for the public's and City employees' safety and to manage its risks.
- D. **LOSS FINANCING** – All reasonable options will be investigated to finance losses. Such options may include risk transfer, insurance, and risk retention.
- E. **ENTERPRISE FUND SELF-SUFFICIENCY** – The City's enterprise funds resources will be sufficient to fund operating and capital expenditures. The enterprise funds will pay (where applicable) their fair share of general and administrative expenses in lieu of property taxes and/or franchise fees. If an enterprise fund is temporarily unable to pay all expenses, then the City Council may waive general and administrative expenses in lieu of property taxes and/or franchise fees until the fund is able to pay them.

**X. DEBT MANAGEMENT**

- A. **GENERAL** – The City's borrowing practices will be conducted in accordance with the City Council approved Debt Management Policies.
- B. **SELF-SUPPORTING DEBT** - When appropriate, self-supporting revenues will pay debt services in lieu of tax revenues.
- C. **ANALYSIS OF FINANCING ALTERNATIVES** – The City will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees, and use of reserves or current monies.
- D. **VOTER AUTHORIZATION** – The City shall obtain voter authorization before issuing General Obligation Bonds as required by law. In general, voter authorization is not required for the issuance of Revenue Bonds and Certificates of Obligation.

## **XI. STAFFING AND TRAINING**

- A. **ADEQUATE STAFFING** – Staffing levels will be adequate for the fiscal functions of the City to function effectively. Workload shedding alternatives will be explored before adding staff.
- B. **TRAINING** - The City will support the continuing education efforts of all financial staff 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** – The City will support efforts and involvements which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, and personnel. Staff certifications may include Certified Public Accountant, Certified Management Accountant, Certified Internal Auditor, Certified Payroll Professional, Certified Government Finance Officer, Professional Public Buyer, Certified Cash Manager, and others as approved by the City Manager upon recommendation of the Finance Director.

## **XII. GRANTS FINANCIAL MANAGEMENT**

- A. **GRANT SOLICITATION** – The City will stay informed about available grants and will apply for any, which would be cost/beneficial and meet the City's objectives.
- B. **RESPONSIBILITY** – Departments will oversee the day to day operations of grant programs, will monitor performance and compliance, and will also keep Finance Department contacts informed of significant grant-related plans and activities. Departments will also report re-estimated annual grant revenues and expenses to the Finance Department after the second quarter of each year. Finance Department staff members will serve as liaisons with grantor financial management personnel, and will keep the book of accounts for all grants.

## **XIII. ANNUAL REVIEW & REPORTING**

- A. These Policies will be reviewed administratively by the City Manager at least annually, and will be presented to the City Council for confirmation of any significant changes.
- B. The Finance Director will report annually to the City Council on compliance with these policies.

**CITY OF THE COLONY**  
**THE COLONY ECONOMIC DEVELOPMENT CORPORATION**  
**THE COLONY COMMUNITY DEVELOPMENT CORPORATION**

**INVESTMENT POLICY**

**September 15, 2015**

**Prepared by the Finance Department**

## THE COLONY INVESTMENT POLICY

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## **THE COLONY INVESTMENT POLICY**

### **I. SCOPE OF POLICY**

This Investment Policy shall govern the investment activities of all funds of the City of The Colony, The Colony Economic Development Corporation, and The Colony Community Development Corporation (collectively herein referred to as "THE COLONY"), excluding any specific funds cited hereafter. This Policy serves to satisfy the state statutory requirement to define and adopt a formal investment policy.

#### **A. FUNDS INCLUDED:**

All financial assets of all current funds of THE COLONY and any new funds created in the future, unless specifically exempted, will be administered in accordance with this Policy. These funds are accounted for in the City's Annual Financial Report and may include: General Fund, Enterprise Funds, Capital Project Funds, Special Revenue Funds, Trust and Agency Funds.

#### **B. FUNDS EXCLUDED:**

This Policy excludes Employee Retirement and Pension Funds administered or sponsored by THE COLONY and excludes bond funds held in trust escrow accounts. THE COLONY will maintain responsibility for these funds as required by Federal and State law and Charters and Codes.

#### **C. POOLING OF FUNDS:**

Except for cash in certain restricted and special funds, THE COLONY will consolidate cash balances from all funds to optimize potential investment earnings. Investment income will be allocated to the various funds based on their respective percentage participation and in accordance with the generally accepted accounting principles.

#### **D. ADDITIONAL REQUIREMENTS:**

In addition to this Policy, bond funds (to include capital project, debt service, and reserve funds) will be managed by the governing debt ordinance and the provisions of the Internal Revenue Code applicable to the issuance of tax-exempt obligations and the investment of debt proceeds.

### **II. PRUDENCE**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of the capital as well as the probable income to be derived. The standard of prudence to be used by Investment Officers shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio of funds, rather than a consideration as to the prudence of a single investment. Investment Officers acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the City Manager, and the City Council, and appropriate

action is taken by the Investment Officers and their oversight managers to control adverse developments in accordance with the terms of this Policy.

### **III. OBJECTIVES OF POLICY**

The primary objectives of THE COLONY's investment program in order of priority shall be preservation and safety of principal, liquidity, public trust, and yield.

#### **A. SAFETY:**

The foremost and primary objective of THE COLONY's investment program is the preservation and safety of capital. Each investment transaction will seek first to ensure that capital losses are avoided, whether the loss occurs from the default of a security or from erosion of market value. The objectives will be to mitigate credit risk and interest rate risk. To control credit risk, investments should be limited to the safest types of investments. Financial institutions, broker/dealers and advisors who serve as intermediaries, shall be pre-qualified by THE COLONY. The credit ratings of investment pools and individual securities will be monitored to assure compliance with this Policy and State law.

To control interest rate risk, THE COLONY will structure the investment portfolio so that investments mature to meet cash requirements for ongoing operations and will regularly monitor marketable securities. Should an issuer experience a downgrade of its credit rating by a nationally recognized credit rating agency below the required minimum rating, all prudent measures will be taken to liquidate the investment.

#### **B. LIQUIDITY:**

THE COLONY's investment portfolio will remain sufficiently liquid to enable THE COLONY to meet operating requirements that might be reasonably anticipated. Liquidity will be achieved by maintaining adequate cash equivalent balances, matching investment maturities with forecasted cash flow funding requirements, and by diversifying maturities. Furthermore, since all possible cash demands cannot be anticipated, the portfolio, or portions thereof may be placed in bank accounts, money market mutual funds or local government investment pools, which offer same day liquidity.

#### **C. PUBLIC TRUST/TRANSPARENCY:**

Investment Officers shall seek to act responsibly as the custodians of public trust. Investment Officers shall avoid any transaction that might impair public confidence in THE COLONY's ability to govern effectively. To increase public trust and transparency, the Investment Policy will limit investments to those easily understood. Investments are limited to money market accounts of the Depository Bank and local governmental investment pools, and certificates of deposit of up to 1 year in maturity as described below in section V. Authorized Investments.

#### **D. YIELD:**

THE COLONY's investment portfolio will be designed with the objective of regularly meeting or exceeding the optimum rate of return of a reasonable benchmark considering the risk, liquidity, and transparency constraints. Investment Officers will seek to preserve principal, maintain liquidity levels needed, maintain as much transparency as possible and optimize the yield of

these funds. However, it is understood that if the yield achieved by THE COLONY is higher than the arbitrage yield, positive arbitrage income will be rebated to the federal government as required by current federal regulations.

#### **IV. RESPONSIBILITY AND CONTROL**

##### **A. DELEGATION:**

The Director of Finance has oversight management responsibility to establish written procedures and controls for the operation of the investment program, consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for the daily cash management operation, execution of investment transactions, overall portfolio management, and investment reporting. The Director of Finance shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of the Investment Officers.

##### **B. INVESTMENT OFFICERS:**

The Director of Finance and Assistant Finance Director are the "Investment Officers" of THE COLONY. No person shall engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.

##### **C. CONFLICTS OF INTEREST:**

Investment Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. Investment Officers and employees involved in the investment process shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of THE COLONY.

##### **D. DISCLOSURE:**

Investment Officers shall disclose to the City Manager, City Council, Boards of Directors, and the Texas Ethics Commission any financial interests in financial institutions or any relationship within the second degree by affinity or consanguinity to an individual that conducts business with THE COLONY. All Investment Officers shall further disclose any large personal financial investment positions that could be related to the performance of THE COLONY's portfolio. Investment Officers shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

##### **E. INVESTMENT TRAINING:**

In order to ensure qualified and capable investment management, the Director of Finance, the Assistant Finance Director, and any other Investment Officers shall have a finance, accounting, or related degree and knowledge of treasury functions. Additionally, Investment Officers must attend investment training not less than once in a two-year period that begins on the first day of the fiscal year and consists of two consecutive fiscal years after that date and receive not less than 10 hours of instruction relating to investment responsibilities. This investment training may be from educational seminars held by Government Finance Officers Association (GFOA),

Government Treasurers Organization of Texas (GTOT), Government Finance Officers Association of Texas (GFOAT), American Institute of Certified Public Accountants (AICPA), University of North Texas (UNT), North Central Texas Council of Governments (NCTCOG), and Texas Municipal League (TML). All Investment Officers of THE COLONY shall attend at least one training session relating to their cash management and investment responsibilities within 12 months after assuming these duties for THE COLONY. Training must include education in investment controls, security risks, strategy risks, market risks, and compliance with state investment statutes.

## **V. AUTHORIZED INVESTMENTS**

Funds of THE COLONY may be invested in the following investments, as authorized by Chapter 2256 of the Government Code of the State of Texas, known as the "Public Funds Investment Act", and as authorized by this Investment Policy. Investments not specifically listed below are not authorized:

- A. Money Market Mutual Funds of Local Government Joint Investment Pools established and operating in compliance with the Public Funds Investment Act, and are continuously rated no lower than AAA-m or an equivalent rating by at least one nationally recognized rating service, have a dollar-weighted average maturity of 60 days or less, and invest only in obligations listed in the Public Funds Investment Act.
- B. Money Market Deposit accounts with bank depository.
- C. Certificates of Deposits that are issued by a state or national bank that has its main office or branch office in the State of Texas and that a) which are guaranteed or insured by the Federal Deposit Insurance Corporation, b) are secured in compliance with Section IX Collateralization, or c) are executed through a depository institution that has its main office or a branch office in this State that participates in the Certificate of Deposit Account Registry Service (CDARS) and meet the requirements of the Public Funds Investment Act.
- D. Insured Cash Shelter Accounts executed through a trustee bank that has its main office or a branch office in this State.

Only those investments specifically listed in this Policy are authorized.

## **VI. INVESTMENT REPORTS**

The Director of Finance shall submit quarterly an investment report in compliance with the Public Funds Investment Act. This report will be prepared in a manner, which will allow THE COLONY to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report should be provided to the City Council, Boards of Directors, and the City Manager. The reports shall be formally reviewed at least annually by an independent auditor in conjunction with the annual audit. The result of the review shall be reported to the City Council and Boards of Directors by that auditor. The quarterly investment report must be presented within 90 days of the end of the quarter reporting period.

The Director of Finance is responsible for the recording of investment transactions and the maintenance of the investment records with reconciliation of the accounting records of

investments carried out by the Assistant Finance Director. Information to maintain the investment program and the reporting requirements is derived from various sources such as broker/dealer research reports, newspapers, financial on-line market quotes, communication with broker/dealers, government investment pools, and financial consulting services.

## **VII. PORTFOLIO AND INVESTMENT ASSET PARAMETERS**

### **A. BIDDING PROCESS FOR INVESTMENTS:**

Investment Officers for THE COLONY shall solicit bids or quotes for certificates of deposit, or other financial institution deposit accounts either orally, in writing, electronically, or in any combination of these methods. The Investment Officers will strive to create a competitive pricing environment for all portfolio transactions.

### **B. MAXIMUM MATURITIES:**

THE COLONY will manage its investments to meet anticipated cash flow requirements. THE COLONY will not directly invest in certificate of deposits maturing more than one year from the date of purchase.

### **C. MAXIMUM DOLLAR-WEIGHTED AVERAGE MATURITY:**

The maximum dollar-weighted average maturity based on the stated final maturity, authorized by this Investment Policy for the composite portfolio of THE COLONY, shall be 9 months.

### **D. DIVERSIFICATION:**

It is the Policy of THE COLONY to diversify its investment portfolios. Assets held in each investment portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific maturity or specific issuer.

In establishing specific diversification strategies, the following general policies and constraints shall apply:

- 1) CD maturities and shall be staggered in a way that protects interest income from the volatility of interest rates and that avoids undue concentration of assets in a specific maturity or Institution. Investments shall be selected which provide for stability of income and adequate liquidity.

### **E. PERFORMANCE STANDARDS:**

The investment portfolio will be managed in accordance with the objectives specified within this Policy.

## **VIII. SELECTION OF DEPOSITORY, BROKER/DEALERS, AND INVESTMENT ADVISORS**

### **A. DEPOSITORY SOLICITATION PROCESS:**

Primary depositories shall be selected through THE COLONY's banking services procurement process, which shall include a formal request for proposal (RFP) issued not less than every five years. In selecting primary depositories, the credit worthiness of institutions shall be considered. No public deposit shall be made except in a qualified public depository as established by state depository laws.

THE COLONY may also establish agreements with other financial institutions under separate contract for additional services which are necessary in the administration, collection, investment, and transfer of municipal funds. Such deposits will only be made after the financial institution has completed and returned the required written instruments and depository pledge agreements.

### **B. INSURABILITY:**

Banks seeking to establish eligibility for THE COLONY's deposits, shall submit financial statements, evidence of federal insurance, and other information as required by the Investment Officers of THE COLONY.

### **C. INVESTMENT ADVISORS:**

Investment Advisors shall adhere to the spirit, philosophy and specific term of this Policy and shall advise within the same "Standard of Care". Selected Investment Advisors must be registered under the Investment Advisors Act of 1940 or with the State Securities Board. A contract with an Investment Advisor may not be for a term longer than two years and must be approved by the City Council, including any renewals or extensions.

## **IX. COLLATERALIZATION**

### **A. INSURANCE OR COLLATERAL PLEDGED:**

Collateralization shall be required on depository bank deposits and certificates of deposit, in accordance with the "Public Funds Collateral Act" and depository laws. With the exception of deposits secured with irrevocable letters of credit at 100% of amount, the collateralization level will not be less than 102% of market value of principal and accrued interest, less any FDIC insurance. Evidence of the pledged collateral shall be documented by a tri-party custodial or a master repurchase agreement with the eligible collateral pledged clearly listed in the agreement. Collateral shall be monitored at least monthly to ensure that the market value of the securities pledged equals or exceeds the related deposit or investment balance.

### **B. COLLATERAL DEFINED:**

THE COLONY shall only accept, as depository or investment collateral, letters of credit issued by the FHLB or investments stipulated by the Federal Treasury Office of the Comptroller Of The Currency, Title 12 - Banks and Banking, Paragraph 9.11.

**C. AUDIT OF PLEDGED COLLATERAL:**

All collateral shall be subject to verification and audit by the Director of Finance.

**X. SAFEKEEPING AND CUSTODY OF INVESTMENT ASSETS**

All security transactions, including collateral for repurchase agreements, entered into by THE COLONY shall be conducted using the delivery vs. payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the correct security has been received by the safekeeping bank. The safekeeping bank is responsible for matching up instructions from THE COLONY's Investment Officers on an investment settlement with what is wired from the broker/dealer, prior to releasing THE COLONY's designated funds for a given purchase. The security shall be held in the name of THE COLONY or held on behalf of THE COLONY in a bank nominee name. Securities will be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts. The safekeeping bank's records shall assure the notation of THE COLONY's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to THE COLONY. A safekeeping agreement must be in place, which clearly defines the responsibilities of the safekeeping bank. Wires or ACH transactions to and from government investment pools, financial institution deposits, and money market mutual funds are the only exceptions to the DVP method of settlement.

**XI. MANAGEMENT AND INTERNAL CONTROLS**

The Director of Finance shall establish a system of internal controls which shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees or Investment Officers of THE COLONY.

Controls and managerial emphasis deemed most important that shall be employed where practical are:

- A. Control of collusion.
- B. Separation of duties.
- C. Separation of transaction authority from accounting and record keeping.
- D. Custodian safekeeping receipts records management.
- E. Avoidance of bearer-form securities.
- F. Clear delegation of authority.
- G. Documentation of investment bidding events.
- H. Written confirmations from broker/dealers and financial institutions.
- I. Reconcilements and comparisons of security receipts with the investment records.

- J. Compliance with investment policies.
- K. Accurate and timely investment reports as required by law and this Policy.
- L. Validation of investment maturity decisions with supporting cash flow data.
- M. Adequate training and development of Investment Officers.
- N. Verification of all investment income and security purchase and sell computations.
- O. Review of financial condition of all broker/dealers, and depository institutions.
- P. Information about market conditions, changes, and trends that require adjustments in investment strategies.

The above list of internal controls represents only a partial list of a system of internal controls. In conjunction with the annual audit, a process of independent review by an external auditor shall be established.

## **XII. INVESTMENT POLICY ADOPTION**

THE COLONY's Investment Policy shall be adopted by resolution of the City Council and Boards of Directors. The Policy and general investment strategy statements shall be reviewed on an annual basis by the City Council and Boards of Directors, and any modifications made thereto must be approved by them.

## **XIII. INVESTMENT STRATEGY**

Effective investment strategy development coordinates the primary objectives of THE COLONY's Investment Policy and cash management procedures. Cash management to increase the available "investment period" will be employed when necessary to enhance the ability of THE COLONY to earn interest income. Maturity selections shall be based on cash flow and market conditions to take advantage of interest rate cycles. THE COLONY's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

Each major fund type has varying cash flow requirements and liquidity needs. Therefore specific strategies shall be implemented considering the Fund's unique requirements. THE COLONY funds shall be analyzed and invested according to the following major fund types:

- A. Operating Fund
- B. Capital Project Funds and Special Purpose Funds
- C. Debt Service Funds
- D. Bond Reserve Funds

**OVERALL STRATEGY:**

THE COLONY's basic investment strategy is to utilize investment options that represent suitable risk/return alternatives for excess operating reserves which are easily understood by the public. Therefore, investment of excess operating funds shall seek to preserve principal and promote transparency by restricting authorized investment instruments to those investments which are easily understood with suitable and limited credit and market risk.

Liquidity will be maintained by utilizing projected cash flow needs to limit investment maturities and targeting minimum cash balances. Investment marketability will be maintained based on the fund-type strategies to sufficiently and reasonably assure that investments could be liquidated prior to the maturity, if cash needs dictate.

THE COLONY shall also diversify its investment portfolio. Whenever practical, assets held in the investment portfolio shall minimize the risk of loss resulting from concentration of assets in a specific maturity or specific issuer. THE COLONY will group investment instruments into "fund-type investment groups." These groups will reflect similar needs as to maturity limits, diversity, and liquidity.

THE COLONY funds shall seek to achieve a competitive yield appropriate for each strategy. Yield objectives shall at all times be subordinate to the objectives of safety, liquidity and transparency. Tax-exempt debt proceeds shall be invested to optimize the interest earnings retained by THE COLONY, while at the same time fully complying with all applicable State laws and federal regulations, including the arbitrage rebate regulations.

**A. OPERATING FUNDS:**

Operating Funds shall have as their primary objective to assure safety of principal. The secondary objective is to assure that anticipated cash outflows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure, which will experience minimal volatility during changing economic cycles. Objectives may be accomplished by investing in money market accounts of the depository bank or government investment pools or bank certificates of deposits.

**APPENDIX A**

**AUTHORIZED LOCAL GOVERNMENT INVESTMENT POOLS**

TEXPOOL/TEXPOOL PRIME (Texas Local Government Investment Pools)

LOGIC (Local Government Investment Cooperative)

TEXASTERM/TEXASDAILY (Local Government Investment Pools)